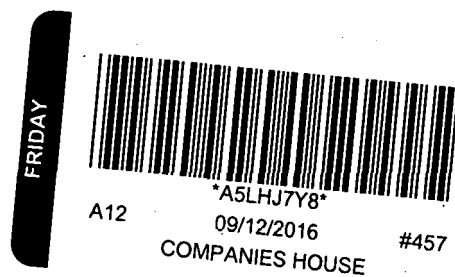


British Smaller Companies VCT plc
Interim Report

for the six months ended 30 September 2016

Company number 03134749



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ABOUT US

British Smaller Companies VCT plc (the "Company") was launched in 1996 and has a diverse portfolio of unquoted and AIM quoted investments. The current investment portfolio has a valuation of £62.7 million at 30 September 2016.

FINANCIAL CALENDAR

Results Announced	6 December 2016
Ex-Dividend Date	15 December 2016
Record Date	16 December 2016
DRIS Election Date	4 January 2017
Dividend Paid	18 January 2017

INVESTMENT POLICY

The investment strategy of the Company is to create a portfolio that blends a mix of companies operating in traditional industries with those that offer opportunities in the application and development of innovation.

The Company invests in UK businesses across a broad range of sectors including Software, IT & Telecommunications, Business Services, Manufacturing & Industrial Services, Retail & Brands and Healthcare and these investments will primarily be in unquoted companies.

Investments will be made with regard to the VCT regulations so as to maintain the Company's venture capital trust status. Whenever possible the Company invests in a combination of equities, preference shares and loan stock to enhance the security of the portfolio and to achieve a balance of income and capital growth.

FINANCIAL HIGHLIGHTS



212.5
pence

212.5p Total Return

Your Company's total return is 212.5 pence per ordinary share, an increase of 3.8 pence per ordinary share from 208.7 pence per ordinary share as at 31 March 2016.



3.8%
increase

3.8% Net Asset Value Increase

Your Company continues to make progress; prior to the payment of dividends of 5.5 pence per ordinary share during the period net asset value per share ("NAV") increased by 3.8 pence per ordinary share to 103.8 pence per ordinary share. This growth was 3.8 per cent of the opening NAV at 31 March 2016 of 100.0 pence per ordinary share.



114.2
pence

114.2p Cumulative Dividends Paid

A final dividend of 3.5 pence per ordinary share in respect of the year ended 31 March 2016 (year ended 31 March 2015: 3.5 pence per ordinary share) was paid on 5 August 2016 which, when taken with the special dividend of 2.0 pence per ordinary share paid on 5 August 2016, takes the cumulative dividends paid since the Company's inception to 114.2 pence per ordinary share.



£3.3
million

£3.3 million Investment Growth

The underlying growth in the overall investment portfolio was £3.3 million, 5.5 per cent of its opening value at 31 March 2016.

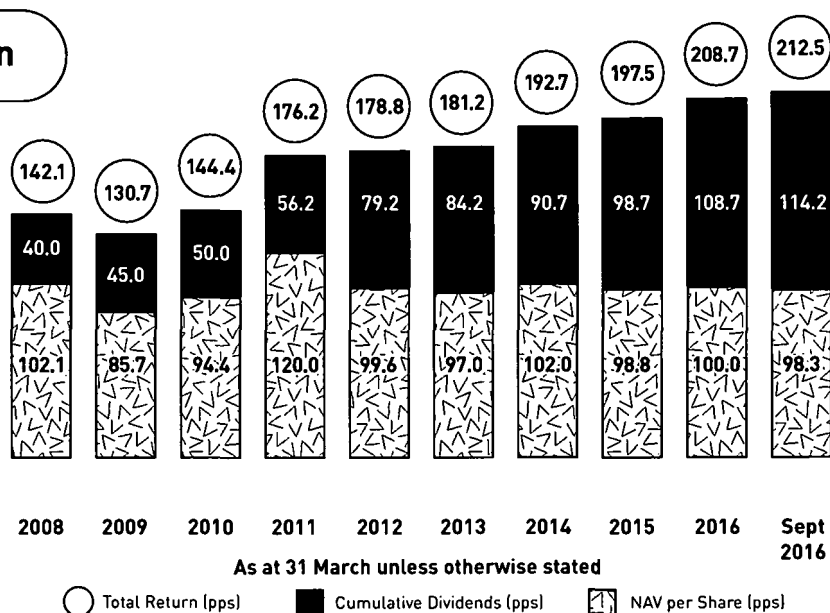
FINANCIAL SUMMARY

for the six months ended 30 September 2016

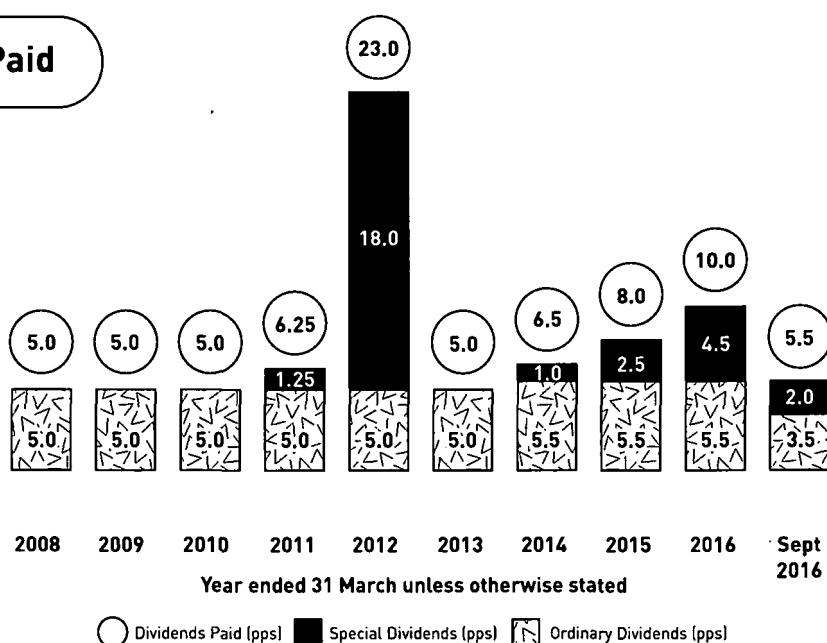
The commonly used benchmarks of performance for VCTs are total return, calculated as cumulative dividends paid plus net asset value, and dividends paid.

The charts below show how the total return of your Company, calculated by reference to the net asset value per ordinary share plus cumulative dividends paid of 114.2 pence per ordinary share, has developed over the last ten years.

Total Return



Dividends Paid



The average dividend paid over the last 5 years was 7.4 pence per ordinary share equivalent to a 7.5 per cent yield per annum.

Your Company's portfolio delivered a total return of 5.5 per cent of its opening value and continued to deliver a strong income stream.

CHAIRMAN'S STATEMENT

During the period your Company's total return increased to 212.5 pence per ordinary share, with the net asset value having increased by 3.8 pence per ordinary share to 103.8 pence per ordinary share, prior to the payment of the final dividend of 3.5 pence per ordinary share for the year ended 31 March 2016 and a special dividend of 2.0 pence per ordinary share for the year ending 31 March 2017.

While the result of the EU referendum has caused some economic volatility the Company's portfolio has continued to perform well, with value growth in a number of businesses during the first half of the year.

Disposal of GO Outdoors

I am pleased to inform you that your Company announced the sale of its residual investment in GO Outdoors to JD Sports Fashion plc on 28 November 2016 generating proceeds of £14.1 million. When aggregated with previous receipts the total proceeds over the life of your Company's investment were £23.1 million, a return of 37 times the original cost. Since your Company's investment in 1998 GO Outdoors has produced a near eighty-fold increase in sales and has grown from one store in Sheffield, with 33 employees, to a nationwide chain of over fifty stores and more than 2,000 employees.

The gain over the valuation and NAV at 30 September 2016 was £2.8 million, equivalent to 2.9 pence per ordinary share.

Following the success of this investment the Board has decided to pay an interim dividend of 16.5 pence per ordinary share (2015/16 2.0 pence per ordinary share) of which 14.5 pence arises from the realisation of GO Outdoors.

New investment

During the period your Company completed an investment of £1.4 million into Sipsynergy, a market-leading cloud collaboration solutions provider and since the end of the period a further £5.1 million has been invested into three businesses, Biz2Mobile, Traveltek and Matillion. In aggregate since HMRC issued its guidelines regarding the new legislation in May this year the Company has completed four new investments totalling £6.5 million. In addition heads of terms granting exclusivity for a further two investments totalling £2.5 million have been signed. Further information on the completed investments is provided in the Investment Review on page 9.

Chairman's Statement (continued)

Financial Results and Dividends

Our experience to date suggests that new investment will need to focus on younger businesses which will almost certainly be unable to provide the same level of regular cash returns and income as the current portfolio. While the

existing investments should provide a reliable income stream until realisation, future returns will become more and more reliant on equity realisations which will mean a more volatile dividend stream for shareholders.

The movements in net asset value per ordinary share and the dividends paid in the six months to 30 September 2016 are shown in the table below.

Net Asset Value

	Pence per ordinary share	£000
NAV at 1 April 2016	100.0	95,723
Net underlying increase in portfolio	3.4	3,334
Net income	0.4	361
Purchase of own shares	-	(306)
Issue of new shares	-	1,221
	3.8	4,610
Dividends paid	(5.5)	(5,260)
	(1.7)	(650)
NAV at 30 September 2016	98.3	95,073
Cumulative dividends paid	114.2	
Total Return: at 30 September 2016	212.5	
at 31 March 2016	208.7	

The portfolio's strong performance resulted in a value gain of £3.3 million, equivalent to an increase in value to shareholders of 3.4 pence per ordinary share.

During the period a final dividend in respect of the year ended 31 March 2016 of 3.5 pence per ordinary share was paid, which, when taken together with the dividend paid in August of 2.0 pence per ordinary share for the year ending 31 March 2017 brings cumulative dividends paid to date to 114.2 pence per ordinary share.

As set out on page 5 the Board has proposed an interim dividend of 16.5 pence per ordinary share,

which will take dividends paid in the financial year to 22.0 pence per ordinary share. The interim dividend will be paid on 18 January 2017 to shareholders on the register on 16 December 2016.

Shareholder Relations

During the period the 21st shareholder workshop was held in conjunction with British Smaller Companies VCT2 plc at the British Library on 17 May 2016. The workshop was well attended, with over 200 attendees, and included presentations from Ness (Holdings) Limited and KeTech

Enterprises Limited, two of our most recent investments, David Hall and David Bell from the Investment Adviser, as well as Wyndham North of HM Treasury.

The introduction of the electronic communications policy has been a great success, with 82 per cent of shareholders now receiving communications in this way. The policy, whereby documents such as the annual report are disseminated via the website www.bscfunds.com rather than by post, has saved on printing costs and is more environmentally friendly.

Your Company's website www.bscfunds.com is refreshed on a regular basis, and provides a comprehensive level of information in a user friendly format.

Stockbrokers

I am pleased to inform you that your Board has agreed to appoint Panmure Gordon (UK) Limited as corporate broker with effect from 1 January 2017. The Panmure Gordon team has a wealth of experience as broker to numerous VCTs and we look forward to working with them in the future. The Board would like to thank Nplus1 Singer for the work they have done as the Company's broker over many years.

Fundraising

The completion of new investments and developing pipeline of investment opportunities is encouraging and in this context the Company has decided that it will undertake a non-prospectus top-up to raise €5 million to be launched on Friday 10 February 2017. In order to address a number of concerns raised by shareholders following last year's oversubscribed fundraising the Board has amended the application process. In particular, only postal applications will be accepted by the receiving agent and the fundraising will remain open to existing shareholders until Monday 6

March 2017. If the fundraising is fully subscribed at that date shares will be allotted by way of a ballot and the fundraising subsequently closed.

If the fundraising 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. The final closing would be 5 April 2017 or earlier if fully subscribed before then. Full details will be provided to all shareholders nearer the time of the launch.

Outlook

Although it will be some time before the full implications of the UK's decision to leave the European Union become clear, your Board is confident that the businesses in your Company's portfolio should be able to adapt to the new economic environment and in the short-term the devaluation of sterling against several major currencies will provide a benefit to exporters.

Your Board will continue to seek to further expand and diversify the portfolio recognising that its composition will change over time as the current portfolio is realised and replaced with newer investments in younger businesses. While the current portfolio should continue to generate more predictable returns, in the long term there is likely to be a greater volatility of returns and your Board will continue to monitor its dividend and buy-back policies through this transition.

Your Board remains committed to continue to build a strong and diversified portfolio to deliver long-term value to shareholders.



Helen Sinclair
Chairman

6 December 2016

OBJECTIVES AND STRATEGY

The Company's objective is to provide investors with an attractive long-term tax free dividend yield whilst seeking to maintain the capital value of their investment and maintain the Company's status as a venture capital trust.

The investment strategy of the Company is to create a portfolio with a mix of companies operating in traditional industries and those that offer opportunities in the development and application of innovation.

The Company invests in UK businesses across a broad range of sectors including but not limited to Software, IT & Telecommunications, Business Services, Manufacturing & Industrial Services, Retail & Brands and Healthcare in VCT qualifying and non-qualifying unquoted securities.

INVESTMENT REVIEW

The Company's portfolio at 30 September 2016 had a value of £62.7 million (excluding the gilt portfolio) consisting of £60.1 million (96 per cent) in unquoted investments and £2.6 million (4 per cent) in quoted investments. The largest single investment represents 11.9 per cent of the net asset value.

Over the six months to 30 September 2016 the portfolio saw a value gain of £3.3 million, which comprises a £2.9 million gain from unquoted investments, and a gain of £0.4 million from quoted investments.

The most significant gains in valuation in the period were:

- | | |
|---------------------------------|--------------|
| • GO Outdoors Topco Limited | £1.9 million |
| • ACC Aviation | £1.2 million |
| • Business Collaborator Limited | £0.6 million |

These gains were partially offset by companies which saw profits impacted by difficult trading conditions:

- | | |
|---------------------------------------|-------------------|
| • Cambrian Park & Leisure Homes | Down £0.7 million |
| • Seven Technologies Holdings Limited | Down £1.0 million |

New and Follow-on Investments

In the six months to 30 September 2016 the Company has made a new investment of £1.35 million into Sipsynergy (via Hosted Network Services Limited) a market-leading cloud collaboration systems provider, and a follow on investment of £0.03 million into Intamac Systems Limited.

Since 30 September 2016, your Company has made the following new investments:

- £1.5 million into Biz2Mobile Limited, a leading provider of software for rugged and industrial enterprise mobile devices.
- £1.5 million into Traveltek Group Limited. Founded in 2002, Traveltek provides travel retailers, agents and wholesalers with the technology to package together an extensive range of hotels, flights, cruises and ancillary travel services in one seamless transaction.
- £2.1 million into Matillion Limited, a developer of Big Data integration software for the cloud.

Realisation of Investments

In the six months to 30 September 2016, the Company received £0.8 million from disposals of investments and repayments of loans. This includes the reduction of AIM holdings following a period of strong share price performance.

A detailed analysis of all investments sold in the period to 30 September 2016 can be found in note 6 to this interim report.

On 27 November 2016 the Company sold its residual investment in GO Outdoors for £14.1 million, generating a gain of £2.8 million over the valuation at 30 September 2016.

INVESTMENT PORTFOLIO

As at 30 September 2016

The top ten investments had a combined value of £40.2 million, 64 per cent of the total portfolio.

Name of Company	Date of initial investment	Current cost	Realised proceeds to date	Investment Valuation at 30 September 2016	Valuation plus proceeds to date
		£000	£000	£000	£000

GO Outdoors Topco Limited

May 98	245	7,792	11,319	19,111
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GO Outdoors is a market leading chain of retail stores selling outdoor clothing and equipment. The company has continued its expansion, opening a further five stores in the 12 months to September 2016, taking the total number of outlets at that date to 58, with further openings planned.

Sheffield – www.gooutdoors.co.uk

Intelligent Office (via IO Outsourcing Limited)

May 14	2,934	-	4,676	4,676
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Intelligent Office is a leading provider of process outsourcing solutions to UK legal practices, which has won a number of significant new customers since investment. The Managed Services division works within firms' own premises to help them transform and manage key administrative functions and secretarial services.

Alloa – www.intelligentofficeuk.com

ACC Aviation (via Newacc (2014) Limited)

Nov 14	2,068	-	4,262	4,262
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With annual sales of over £50 million, ACC Aviation has built an excellent reputation for providing services to clients across the world in all aspects of aircraft leasing, charter and flight management. A new office was opened this year in Dubai and the airline industry continues to change at a fast pace.

Reigate – www.flyacc.com

Name of Company	Date of initial investment	Current cost £000	Realised proceeds to date £000	Investment Valuation at 30 September 2016 £000	Valuation plus proceeds to date £000
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**DisplayPlan
Holdings Limited**

Jan 12 130 1,521 3,768 5,289

DisplayPlan provides retail display solutions from design to finished product delivery to branded product manufacturers and UK retailers. Strong profits have been achieved since investment with an emphasis on use of technology and continuing to broaden its customer base.

Baldock - www.displayplan.com

**Mangar
Health Limited**

Jan 14 2,460 - 3,739 3,739

Mangar is a world leader in inflatable lifting and handling and bathing equipment for the elderly, disabled and emergency services markets. It distributes its products to care providers, local authorities, ambulance services and care homes. Products facilitate extended independence for elderly users.

Powys - www.mangar.co.uk

**GTK (Holdco)
Limited**

Oct 13 1,237 513 2,968 3,481

GTK is a manufacturer of cable assemblies, connectors, optoelectronics and manufacturing solutions for high technology customers. With a small sourcing team in Taiwan it provides design, procurement and manufacturing services of essential electronic components to sectors such as precision instrumentation, security and contract equipment manufacturing.

Basingstoke - www.gtk.co.uk

Investment Portfolio (continued)

Name of Company	Date of initial investment	Current cost £000	Realised proceeds to date £000	Investment Valuation at 30 September 2016 £000	Valuation plus proceeds to date £000
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Business Collaborator Limited

Nov 14	2,010	-	2,591	2,591
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Business Collaborator is an established provider of collaboration software hosted on the cloud to the construction sector and a leader in the nascent Building Information Modelling ("BIM") software market. Sales growth is driven by the products ability to deliver cost savings to its customer base of construction firms and asset owners, supported by government regulations.

Reading - www.groupbc.com

Springboard Research Holdings Limited

Oct 14	2,469	-	2,469	2,469
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Springboard Research is a leading provider of retail performance monitoring: providing footfall, dwell time and conversion rates, sales analysis and driven insights. It is the official provider of footfall data and benchmarks to the British Retail Consortium. A continually shifting retail environment means that retailers and landlords are seeking new ways of improving their competitive advantage.

Milton Keynes - www.spring-board.info

Gill Marine Holdings Limited

Sep 13	2,500	-	2,250	2,250
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Gill Marine is a manufacturer of technical sailing equipment and clothing. Exports account for over 70% of turnover. The strategy is to develop the brand further and increase its share in existing and new markets, including direct to customer through its relaunched website.

Nottingham - www.gillmarine.com

Name of Company	Date of initial investment	Current cost £000	Realised proceeds to date £000	Investment Valuation at 30 September 2016 £000	Valuation plus proceeds to date £000
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**Leengate Holdings
Limited**

Dec 13 1,401 - 2,187 2,187

Leengate Valves is a wholesaler, stockist and distributor, supplying one of the largest ranges of industrial valves in the UK to leading resellers in the gas, water and industrial sectors. In addition it supplies engineering actuation and automation packages, offering a next day service and high quality technical advice.

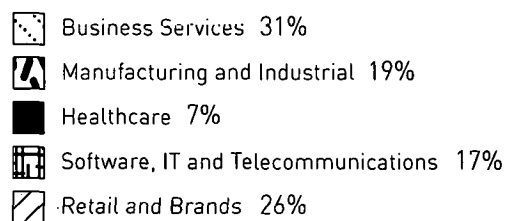
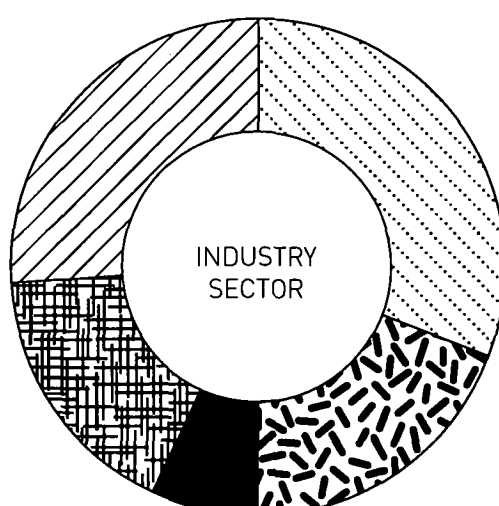
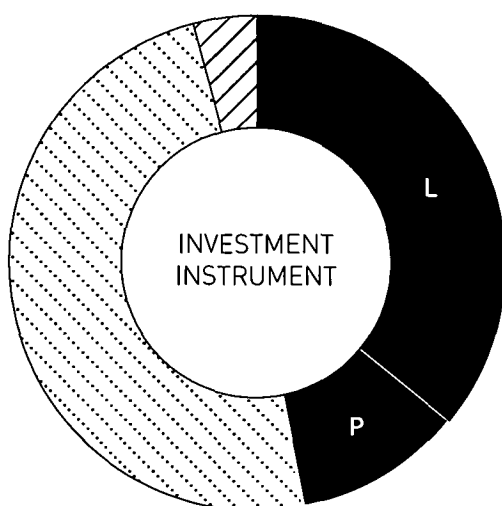
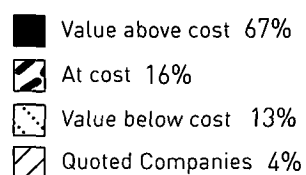
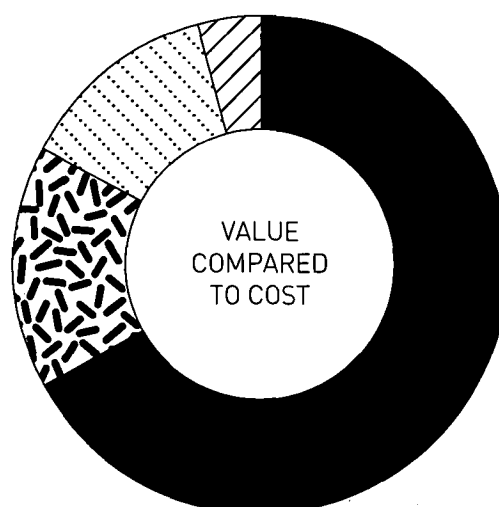
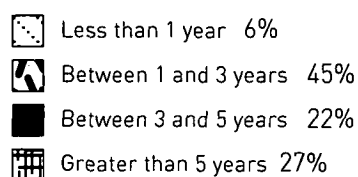
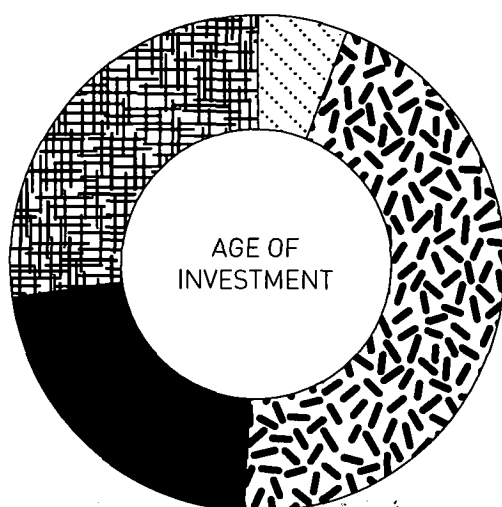
Derbyshire – www.leengatevalves.co.uk

Total top 10 investments 17,454 9,826 40,229 50,055

Investment Portfolio (continued)

	Name of Company	Date of initial investment	Current cost £000	Realised proceeds to date £000	Investment Valuation at 30 September 2016 £000	Valuation plus proceeds to date £000
Top 10 Investments			17,454	9,826	40,229	50,055
Remaining Unquoted Portfolio						
Software	KeTech Enterprises Limited	Nov 15	2,000	-	2,000	2,000
Manufacturing	The Heritage Window Company Holdco Limited	Sep 14	2,203	-	1,432	1,432
Software	Sipsynergy (via Hosted Network Services Limited)	Jun 16	1,350	-	1,350	1,350
Software	Selima Holding Company Ltd	Mar 12	600	-	1,230	1,230
Manufacturing	Wakefield Acoustics (via Malvar Engineering Limited)	Dec 14	1,110	45	1,223	1,268
Business Services	Macro Art Holdings Limited	Jun 14	980	280	1,186	1,466
Manufacturing	Cambrian Park & Leisure Homes Limited (via Cambrian Lodges Holdings Limited)	Oct 14	1,625	175	1,149	1,324
Retail	Harvey Jones Holdings Limited	May 07	735	1,948	1,113	3,061
Investment	Fairlight Bridge Limited	Apr 12	1,000	-	1,000	1,000
Software	Seven Technologies Holdings Limited	Apr 12	1,984	1,524	992	2,516
Industrial	RMS Group Holdings Limited	Jul 07	180	897	984	1,881
Retail & Manufacture	Bagel Nash Group Limited	Jul 11	944	300	829	1,129
Software	Deep-Secure Ltd	Dec 09	1,000	-	797	797
Other investments	£0.75 million and below		6,453	75	4,590	4,665
Total unquoted investments			39,618	15,070	60,104	75,174
Quoted Portfolio						
Manufacturing	AB Dynamics plc	May 13	215	529	948	1,477
Support Services	Mattioli Woods plc	Nov 05	173	517	938	1,455
Other investments	£0.75 million and below		587	476	682	1,158
Total quoted investments			975	1,522	2,568	4,090
Total portfolio			40,593	16,592	62,672	79,264
Full disposals since March 2002			24,534	42,386	-	42,386
Full disposals to March 2002			5,748	1,899	-	1,899
Total investment portfolio			70,875	60,877	62,672	123,549

YOUR PORTFOLIO AT A GLANCE



PRINCIPAL RISKS AND UNCERTAINTIES

In accordance with DTR 4.2.7, the Board confirms that the principal risks and uncertainties facing the Company have not materially changed from those identified in the Annual Report and Accounts for the year ended 31 March 2016. The Board acknowledges that there is regulatory risk and continues to manage the Company's affairs in such a manner as to comply with section 274 of the Income Tax Act 2007.

In summary, the principal risks are:

- Loss of approval as a Venture Capital Trust;
- Economic;
- Investment and strategic;
- Regulatory;
- Reputational;
- Operational;
- Financial; and
- Market/liquidity.

Full details of the principal risks can be found in the financial statements for the year ended 31 March 2016 on pages 30 and 31, a copy of which is available at www.bscfunds.com

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors of British Smaller Companies VCT plc confirm that, to the best of their knowledge, the condensed set of financial statements in this interim report have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the EU, and give a true and fair view of the assets, liabilities, financial position and profit of British Smaller Companies VCT plc, and that the interim management report, which comprises the financial overview and interim strategic report, includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R.

The directors of British Smaller Companies VCT plc are listed in note 9 of these interim financial statements.

By order of the Board



Helen Sinclair

Chairman

6 December 2016

INDEPENDENT REVIEW REPORT

To the Members of British Smaller Companies VCT plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2016 which comprises the condensed statement of comprehensive income, the condensed balance sheet, the condensed statement of changes in equity, the condensed statement of cash flows and the related explanatory notes.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' Responsibilities

The half-yearly financial report is the responsibility of and has been approved by the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the Company are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting its responsibilities in respect of half-yearly financial reporting in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2016 is not prepared, in all material respects, in accordance with International Accounting Standard 34, as adopted by the European Union, and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

BDO LLP

Chartered Accountants
London,
United Kingdom

6 December 2016

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 September 2016

	Notes	Unaudited 6 months ended 30 September 2016			Unaudited 6 months ended 30 September 2015		
		Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Gain on investments held at fair value	6	-	3,247	3,247	-	2,539	2,539
Gain on disposal of investments	6	-	87	87	-	3,043	3,043
Income	2	1,693	-	1,693	1,617	-	1,617
Total income		1,693	3,334	5,027	1,617	5,582	7,199
Administrative expenses:							
Investment Adviser's fee		(239)	(718)	(957)	(219)	(658)	(877)
Incentive fee		-	(108)	(108)	-	-	-
Other expenses		(267)	-	(267)	(264)	-	(264)
		(506)	(826)	(1,332)	(483)	(658)	(1,141)
Profit before taxation		1,187	2,508	3,695	1,134	4,924	6,058
Taxation	3	(125)	125	-	(133)	133	-
Profit for the period		1,062	2,633	3,695	1,001	5,057	6,058
Total comprehensive income for the period		1,062	2,633	3,695	1,001	5,057	6,058
Basic and diluted earnings per ordinary share	5	1.11p	2.74p	3.85p	1.11p	5.61p	6.72p

The Total column of this statement represents the Company's Statement of Comprehensive Income, prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRSs'). The supplementary Revenue and Capital columns are prepared under the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' ('SORP') 2014 published by the Association of Investment Companies.

UNAUDITED BALANCE SHEET

as at 30 September 2016

	Notes	Unaudited 30 September 2016 £000	Unaudited 30 September 2015 £000	Audited 31 March 2016 £000
Assets				
Non-current assets				
Investments		62,672	55,239	58,790
Fixed income government securities		1,451	1,446	1,450
Financial assets at fair value through profit or loss	6	64,123	56,685	60,240
Trade and other receivables		1,206	825	955
		65,329	57,510	61,195
Current assets				
Trade and other receivables		568	396	1,117
Cash on fixed term deposit		14,150	3,003	16,051
Cash and cash equivalents		15,394	29,213	18,619
		30,112	32,612	35,787
Liabilities				
Current liabilities				
Trade and other payables		(368)	(235)	(1,259)
Net current assets		29,744	32,377	34,528
Net assets		95,073	89,887	95,723
Shareholders' equity				
Share capital		10,069	9,499	9,935
Share premium account		28,318	23,408	27,231
Capital redemption reserve		221	221	221
Capital reserve		32,101	40,165	37,418
Investment holding gains		22,106	14,990	18,878
Revenue reserve		2,258	1,604	2,040
Total shareholders' equity		95,073	89,887	95,723
Net asset value per ordinary share	7	98.3p	98.3p	100.0p

Signed on behalf of the Board



Helen Sinclair

Chairman

6 December 2016

UNAUDITED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 September 2016

	Share capital	Share premium	Capital redemption reserve	Capital reserve	Investment holding gains (losses) reserve	Revenue reserve	Total equity
	£000	£000	£000	£000	£000	£000	£000
At 31 March 2015	9,205	20,936	221	40,334	15,735	1,289	87,720
<i>Revenue return for the period before tax</i>	-	-	-	-	-	1,134	1,134
<i>Capital expenses</i>	-	-	-	(658)	-	-	(658)
<i>Gain on investments held at fair value</i>	-	-	-	-	2,539	-	2,539
<i>Gain on disposal of investments in the period</i>	-	-	-	3,043	-	-	3,043
<i>Taxation</i>	-	-	-	133	-	(133)	-
Total comprehensive income for the period	-	-	-	2,518	2,539	1,001	6,058
<i>Issue of share capital</i>	139	1,265	-	-	-	-	1,404
<i>Issue costs</i>	-	(67)	-	-	-	-	(67)
<i>Issue of shares – DRIS</i>	155	1,289	-	-	-	-	1,444
<i>Issue costs – DRIS</i>	-	(15)	-	-	-	-	(15)
<i>Purchase of own shares</i>	-	-	-	(316)	-	-	(316)
<i>Dividends</i>	-	-	-	(5,655)	-	(686)	(6,341)
Total transactions with owners	294	2,472	-	(5,971)	-	(686)	(3,891)
Realisation of prior year investment holding gains	-	-	-	3,284	(3,284)	-	-
At 30 September 2015	9,499	23,408	221	40,165	14,990	1,604	89,887
<i>Revenue return for the period before tax</i>	-	-	-	-	-	1,267	1,267
<i>Capital expenses</i>	-	-	-	(1,657)	-	-	(1,657)
<i>Gain on investments held at fair value</i>	-	-	-	-	3,949	-	3,949
<i>Gain on disposal of investments in the period</i>	-	-	-	792	-	-	792
<i>Taxation</i>	-	-	-	145	-	(145)	-
Total comprehensive (expense) income for the period	-	-	-	(720)	3,949	1,122	4,351
<i>Issue of share capital</i>	368	3,431	-	-	-	-	3,799
<i>Issue costs</i>	-	(130)	-	(27)	-	-	(157)
<i>Issue of shares – DRIS</i>	68	561	-	-	-	-	629
<i>Issue costs – DRIS</i>	-	(39)	-	-	-	-	(39)
<i>Dividends</i>	-	-	-	(2,061)	-	(686)	(2,747)
Total transactions with owners	436	3,823	-	(2,088)	-	(686)	1,485
Realisation of prior year investment holding gains	-	-	-	61	(61)	-	-
At 31 March 2016	9,935	27,231	221	37,418	18,878	2,040	95,723

Unaudited Statement of Changes in Equity (continued)
for the six months ended 30 September 2016

	Share capital	Share premium	Capital redemption reserve	Capital reserve	Investment holding gains (losses) reserve	Revenue reserve	Total equity
	£000	£000	£000	£000	£000	£000	£000
At 31 March 2016	9,935	27,231	221	37,418	18,878	2,040	95,723
<i>Revenue return for the period before tax</i>	-	-	-	-	-	1,187	1,187
<i>Capital expenses</i>	-	-	-	(826)	-	-	(826)
<i>Gain on investments held at fair value</i>	-	-	-	-	3,247	-	3,247
<i>Gain on disposal of investments in the period</i>	-	-	-	87	-	-	87
<i>Taxation</i>	-	-	-	125	-	(125)	-
Total comprehensive (expense) income for the period	-	-	-	(614)	3,247	1,062	3,695
<i>Issue of shares – DRIS</i>	134	1,105	-	-	-	-	1,239
<i>Issue costs – DRIS</i>	-	(18)	-	-	-	-	(18)
<i>Purchase of own shares</i>	-	-	-	(306)	-	-	(306)
<i>Dividends</i>	-	-	-	(4,416)	-	(844)	(5,260)
Total transactions with owners	134	1,087	-	(4,722)	-	(844)	(4,345)
Realisation of prior year investment holding gains	-	-	-	19	(19)	-	-
At 30 September 2016	10,069	28,318	221	32,101	22,106	2,258	95,073

Unaudited Statement of Changes in Equity (continued) **for the six months ended 30 September 2016**

Reserves available for distribution

Under the Companies Act 2006 the capital reserve and the revenue reserve are distributable reserves. The table below shows the amount available for distribution.

	Capital reserve £000	Revenue reserve £000	Total £000
Distributable reserves on page 23	32,101	2,258	34,359
<i>Less cancelled share premium</i>	<i>(2,093)</i>	<i>-</i>	<i>(2,093)</i>
<i>Less Interest and dividends not yet distributable</i>	<i>-</i>	<i>(1,661)</i>	<i>(1,661)</i>
Reserves available for distribution*	30,008	597	30,605

* The revenue reserve of £597,000 is only distributable once these interim financial statements are filed at Companies House.

The capital reserve and the revenue reserve are both distributable reserves. These reserves total £34,359,000, representing a decrease of £5,099,000 in the period since 31 March 2016. The directors also take into account the level of investment holding gains (losses) reserve and the future requirements of the Company when determining the level of dividend payments.

Of the potentially distributable reserves of £34,359,000 shown above, £1,195,000 relates to interest receivable from 2018 onwards, £466,000 related to preference dividends that will become distributable on the realisation of the investment, and £2,093,000 of cancelled share premium which will become distributable on 1 April 2018.

On filing these interim financial statements at Companies House, the reserves available for distribution will be £30,605,000.

UNAUDITED STATEMENT OF CASH FLOWS

for the six months ended 30 September 2016

	Notes	Unaudited 6 months ended 30 September 2016 £000	Unaudited 6 months ended 30 September 2015 £000	Audited Year ended 31 March 2016 £000
Profit before taxation		3,695	6,058	10,409
Decrease (increase) in trade and other receivables		298	(121)	(386)
(Decrease) increase in trade and other payables		(917)	(586)	427
Gain on investments held at fair value		(3,247)	(2,539)	(6,488)
Gain on disposal of investments		(87)	(3,043)	(3,835)
Capitalised interest and dividends		(20)	(93)	(197)
Net cash outflow from operating activities		(278)	(324)	(70)
Cash flows from investing activities				
Purchase of financial assets at fair value through profit or loss		(1,376)	(2,500)	(5,427)
Proceeds from sale of financial assets at fair value through profit or loss	6	847	9,457	13,088
Cash maturing from fixed term deposit		1,901	-	-
Cash placed on fixed term deposit		-	(3,003)	(16,051)
Net cash inflow (outflow) from investing activities		1,372	3,954	(8,390)
Cash flows from financing activities				
Issue of ordinary shares		-	1,404	5,203
Cost of ordinary share issues*		(18)	(383)	(572)
Purchase of own ordinary shares		(306)	(316)	(316)
Dividends paid	4	(3,995)	(4,897)	(7,011)
Net cash outflow from financing activities		(4,319)	(4,192)	(2,696)
Net decrease in cash and cash equivalents		(3,225)	(562)	(11,156)
Cash and cash equivalents at the beginning of the period		18,619	29,775	29,775
Cash and cash equivalents at the end of the period		15,394	29,213	18,619

* Issue costs include both fundraising costs and expenses incurred from the Company's DRIS.

EXPLANATORY NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

1 General information, basis of preparation and principal accounting policies

These half year statements have been approved by the directors whose names appear at note 9, each of whom has confirmed that to the best of their knowledge:

- The interim management report includes a fair review of the information required by rules 4.2.7 and 4.2.8 of the Disclosure Rules and the Transparency Rules.
- The half year statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU, and the Disclosure and Transparency Rules of the Financial Conduct Authority.

The half year statements are unaudited but have been reviewed by the auditors pursuant to the Financial Reporting Council's guidance on Review of Interim Financial Information. They do not constitute full financial statements as defined in section 435 of the Companies Act 2006. The comparative figures for the year ended 31 March 2016 do not constitute full financial statements and have been extracted from the Company's financial statements for the year ended 31 March 2016. Those accounts were reported upon without qualification by the auditors and have been delivered to the Registrar of Companies.

The accounting policies and methods of computation followed in the half year statements are the same as those adopted in the preparation of the audited financial statements for the year ended 31 March 2016.

The financial statements for the year ended 31 March 2016 were prepared in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the EU and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. Where guidance set out in the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued by the Association of Investment Companies in November 2014 ("SORP") is consistent with the requirements of IFRS, the financial statements have been prepared in compliance with the recommendations of the SORP.

The financial statements are presented in sterling and all values are rounded to the nearest thousand (£000), except where stated.

Going Concern: The directors have carefully considered the issue of going concern and are satisfied that the Company has sufficient resources to meet its obligations as they fall due for a period of at least twelve months from the date these half year statements were approved. As at 30 September 2016 the Company held cash balances and fixed term deposits with a combined value of £29,544,000. Cash flow projections show the Company has sufficient funds to meet both its contracted expenditure and its discretionary cash outflows in the form of share buy-backs and the dividend policy. The directors therefore believe that it is appropriate to continue to apply the going concern basis of accounting in preparing these half year statements.

2 Income

	Unaudited 6 months ended 30 September 2016 £000	Unaudited 6 months ended 30 September 2015 £000
Income from investments		
- Dividends from unquoted companies	552	429
- Dividends from AIM quoted companies	6	38
	558	467
- Interest on loans to unquoted companies	959	1,007
- Fixed interest Government securities	8	12
Income from investments held at fair value through profit or loss	1,525	1,486
Interest on bank deposits	168	131
	1,693	1,617

3 Taxation

	Unaudited 6 months ended 30 September 2016			Unaudited 6 months ended 30 September 2015		
	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Profit before taxation	1,187	2,508	3,695	1,134	4,924	6,058
Profit before taxation multiplied by standard rate of corporation tax in UK of 20% (2015: 20%)	237	502	739	227	985	1,212
Effect of:						
UK dividends received	(112)	-	(112)	(94)	-	(94)
Non-taxable profits on investments	-	(667)	(667)	-	(1,116)	(1,116)
Excess expenses	-	40	40	-	(2)	(2)
Tax charge (credit)	125	(125)	-	133	(133)	-

The Company has no provided, or unprovided, deferred tax liability in either period.

Deferred tax assets in respect of losses have not been recognised as the directors do not currently believe that it is probable that sufficient taxable profits will be available against which the assets can be recovered.

Due to the Company's status as a venture capital trust, and the continued intention to meet the conditions required to comply with Chapter 3 Part 6 of the Income Tax Act 2007, the Company has not provided deferred tax on any capital gains or losses arising on the revaluation or realisation of investments.

Explanatory Notes to the Unaudited Condensed Financial Statements (continued)

4 Dividends

Amounts recognised as distributions to shareholders in the period:

	Unaudited 6 months ended 30 September 2016			Unaudited 6 months ended 30 September 2015			Audited Year ended 31 March 2016		
	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Final dividend for the year ended 31 March 2016 of 3.5p (2015 3.5p) per ordinary share	844	2,503	3,347	686	2,471	3,157	686	2,471	3,157
Special interim dividend for the year ending 31 March 2017 of 2.0p (2016: 3.5p) per ordinary share	-	1,913	1,913	-	3,184	3,184	-	3,184	3,184
Special interim dividend for the year ended 31 March 2016 of 1.0p per ordinary share	-	-	-	-	-	-	-	919	919
Interim dividend for the year ended 31 March 2016 of 2.0p per ordinary share	-	-	-	-	-	-	686	1,142	1,828
	844	4,416	5,260	686	5,655	6,341	1,372	7,716	9,088
Shares allotted under DRIS		(1,239)				(1,444)			(2,073)
Unclaimed dividends		(26)				-			(4)
Dividends paid in the Statement of Cash Flows		3,995				4,897			7,011

An interim dividend of 16.5 pence per ordinary share, amounting to approximately £16.0 million is proposed. The dividend has not been recognised in these half year financial statements as the obligation did not exist at the balance sheet date.

5 Basic and Diluted Earnings per Ordinary Share and Changes in Share Capital

The basic and diluted earnings per ordinary share is based on the profit after tax attributable to equity shareholders of £3,695,000 (30 September 2015: £6,058,000) and 95,997,395 (30 September 2015: 90,082,409) ordinary shares, being the weighted average number of ordinary shares in issue during the period.

The basic and diluted revenue return per ordinary share is based on the revenue profit attributable to equity shareholders of £1,062,000 (30 September 2015: £1,001,000) and 95,997,395 (30 September 2015: 90,082,409) ordinary shares, being the weighted average number of ordinary shares in issue during the period.

The basic and diluted capital return per ordinary share is based on the capital return attributable to equity shareholders of £2,633,000 (30 September 2015: £5,057,000) and 95,997,395 (30 September 2015: 90,082,409) ordinary shares, being the weighted average number of ordinary shares in issue during the period.

During the period the Company allotted 1,341,104 new ordinary shares in respect of its dividend reinvestment scheme.

The Company has repurchased 333,334 of its own shares in the period and these shares are held in the capital reserve. The total of 3,922,999 treasury shares has been excluded in calculating the weighted average number of ordinary shares during the period. The Company has no securities that would have a dilutive effect and hence basic and diluted earnings per ordinary share are the same.

6 Financial Assets at Fair Value through Profit or Loss

IFRS 13, in respect of financial instruments that are measured in the balance sheet at fair value, requires disclosure of fair value measurements by level within the following fair value measurement hierarchy:

- **Level 1:** quoted prices in active markets for identical assets or liabilities. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is defined as a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1 and comprise AIM quoted investments or government securities and other fixed income securities classified as held at fair value through profit and loss.
- **Level 2:** the fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. The Company held no such instruments in the current or prior period.

Explanatory Notes to the Unaudited Condensed Financial Statements (continued)

6 Financial Assets at Fair Value through Profit or Loss (continued)

- **Level 3:** the fair value of financial instruments that are not traded in an active market (for example, investments in unquoted companies) is determined by using valuation techniques such as earnings multiples. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

All of the Company's unquoted investments are included in Level 3.

Each investment is reviewed at least quarterly to ensure that it has not ceased to meet the criteria of the level in which it was included at the beginning of each accounting period. There have been no transfers between these classifications in the period (30 September 2015: None). The change in fair value for the current and previous year is recognised through profit or loss.

All items held at fair value through profit and loss were designated as such upon initial recognition.

Valuation of Investments

Initial Measurement: Financial assets are initially measured at fair value. The best estimate of the initial fair value of a financial asset that is either quoted or not quoted in an active market is the transaction price (i.e. cost).

Subsequent Measurement: The International Private Equity and Venture Capital (IPEVC) Valuation Guidelines ("the Guidelines") identify six of the most widely used valuation methodologies for unquoted investments. The Guidelines advocate that the best valuation methodologies are those that draw on external, objective market based data in order to derive a fair value.

Full details of the methods used by the Company were set out on pages 55 and 56 of the financial statements for the year ended 31 March 2016, a copy of which can be found at www.bscfunds.com. Where investments are in quoted stocks, fair value is set at the market price.

The primary methods used for valuing non-quoted investments, and the key assumptions relating to them are:

- **Price of recent investment, reviewed for changes in fair value:** This represents the cost of the investment or the price at which a significant amount of new investment has been made by an independent third party adjusted, if necessary, for factors relevant to the background of the specific investment. The value of the investment is assessed for changes or events that would imply either a reduction or increase to its fair value through comparison of financial, technical and marketing milestones set at the time of investment. Where it is considered that the fair value no longer approximates to the cost of the recent investment an estimated adjustment to the cost, based on objective data, will be made to the investment's carrying value.
- **Earnings multiple:** A multiple that is appropriate and reasonable, given the risk profile and earnings growth prospects of the underlying company, is applied to the maintainable earnings of that company. The multiple is adjusted to reflect any risk associated with lack of marketability and to take account of the differences between the investee company and the benchmark company or companies.

Movements in investments at fair value through profit or loss during the six months to 30 September 2016 are summarised as follows:

IFRS 13 measurement classification	Level 3	Level 1	Level 1		
	Unquoted Investments £000	Quoted Equity Investments £000	Total Quoted and Unquoted £000	Fixed Income Securities £000	Total Investments £000
Opening cost	38,934	1,004	39,938	1,424	41,362
Opening valuation gain	17,599	1,253	18,852	26	18,878
Opening fair value at 1 April 2016	56,533	2,257	58,790	1,450	60,240
Additions at cost	1,376	-	1,376	-	1,376
Capitalised interest	20	-	20	-	20
Disposal proceeds	(723)	(124)	(847)	-	(847)
Net profit on disposal	86	1	87	-	87
Change in fair value	2,812	434	3,246	1	3,247
Closing fair value at 30 September 2016	60,104	2,568	62,672	1,451	64,123
Closing cost	39,618	975	40,593	1,424	42,017
Closing valuation gain	20,486	1,593	22,079	27	22,106
Closing fair value at 30 September 2016	60,104	2,568	62,672	1,451	64,123

There have been no individual fair value adjustments downwards during the period that exceeded five per cent of the total assets of the Company (31 March 2016: none).

Level 3 valuations include assumptions based on non-observable data, such as discounts applied either to reflect changes in fair value of financial assets held at the price of recent investment, or to adjust earnings multiples. IFRS 13 requires an entity to disclose quantitative information about the significant unobservable inputs used. Of the Company's Level 3 investments, 80 per cent are held on an earnings multiple basis, which have significant judgement applied to the valuation inputs. The table on page 32 sets out the range of Price Earnings ratios and discounts applied in arriving at investments valued on an earnings multiple basis. The remaining Level 3 investments, amounting to 20 per cent are held at cost.

Explanatory Notes to the Unaudited Condensed Financial Statements (continued)

6 Financial Assets at Fair Value through Profit or Loss (continued)

	Manufacturing & Industrial Services	Retail & Brands	Software, IT and Telecommunications	Healthcare	Business Services
Earnings multiple					
PE Multiple Range	25.10-32.10	9.42-26.83	27.72-38.21	34.64	25.02-25.10
PE Multiple Weighted Average	29.44	12.00	36.36	34.64	25.04
Combined PE and/or Marketability Discount Range	56%-74%	32%-63%	40%-68%	72%	60%-68%
Combined PE and/or Marketability Discount Weighted Average	68%	38%	61%	72%	63%

The standard also requires disclosure, by class of financial instruments, if the effect of changing one or more inputs to reasonably possible alternative assumptions would result in a significant change to the fair value measurement. Each unquoted portfolio company has been reviewed in order to identify the sensitivity of the valuation methodology to using alternative assumptions. Where discounts have been applied (for example to Earnings levels or PE ratios) alternatives have been considered which would still fall within the IPEVC Guidelines. For each unquoted investment, two scenarios have been modelled: more prudent assumptions (downside case) and more optimistic assumptions (upside case). Applying the downside alternatives the value of the unquoted investments would be £5.1 million or 8.5 per cent lower. Using the upside alternative the value would be increased by £5.2 million or 8.7 per cent.

Of the Company's equity investments 96 per cent are in unquoted companies held at fair value (31 March 2016: 96 per cent). The valuation methodology for these investments includes the application of externally produced FTSE® multiples. Therefore the value of the unquoted element of the portfolio is also indirectly affected by price movements on the listed market. Those using an earnings multiple methodology include judgements regarding the level of discount applied to that multiple. A 10 per cent decrease in the discount applied would have increased the net assets attributable to the Company's shareholders and the total profit by £5.9 million (6.2 per cent of net assets). A change in the opposite direction would have decreased net assets attributable to the Company's shareholders and the total profit for the period by £6.0 million (6.3 per cent of net assets).

Of the Company's equity investments, 4 per cent are quoted on AIM (31 March 2016: 4 per cent). A five per cent increase in stock prices as at 30 September 2016 would have increased the net assets attributable to the Company's shareholders and the total profit for the period by £128,000 (31 March 2016: £113,000). An equal change in the opposite direction would have decreased the net assets attributable to the Company's shareholders and the total profit for the period by an equal amount.

Fixed income securities comprise UK Government stocks and are classified as financial assets at fair value through profit or loss. Their use is as temporary holdings until capital investment opportunities arise.

The following loan repayments and disposals took place during the period.

	Net proceeds from sale	Cost	Opening carrying value as at 1 April 2016	Gain over opening carrying value	Profit on original cost
	£000	£000	£000	£000	£000
Loan repayments					
Bagel Nash Group Limited	10	10	10	-	-
Cambrian Park & Leisure Homes Limited	50	50	50	-	-
Harvey Jones Holdings Limited	469	469	469	-	-
Macro Art Holdings Limited	78	78	78	-	-
Wakefield Acoustics	30	30	30	-	-
	637	637	637	-	-
Equity disposals					
Mattioli Woods plc*	124	29	123	1	95
Lightmain Company Limited	75	75	-	75	-
	199	104	123	76	95
Total proceeds from disposals	836	741	760	76	95
<i>Deferred consideration</i>					
Callstream Group Limited	11	-	-	11	11
Total proceeds from portfolio	847	741	760	87	106

* Designates AIM quoted investments

Explanatory Notes to the Unaudited Condensed Financial Statements (continued)

7 Basic and Diluted Net Asset Value per Ordinary Share

The basic and diluted net asset value per ordinary share is calculated on attributable assets of £95,073,000 (30 September 2015 and 31 March 2016: £89,887,000 and £95,723,000 respectively) and 96,763,440 (30 September 2015 and 31 March 2016: 91,402,772 and 95,755,670 respectively) ordinary shares in issue at 30 September 2016.

The 3,922,999 (30 September 2015 and 31 March 2016: 3,589,665) treasury shares have been excluded in calculating the number of ordinary shares in issue at 30 September 2016. The Company has no securities that would have a dilutive effect and hence basic and diluted net asset value per ordinary share are the same.

8 Total Return

Total return per share is calculated on cumulative dividends paid of 114.2 pence per ordinary share (30 September 2015: 105.7 pence per ordinary share and 31 March 2016: 108.7 pence per ordinary share) plus the net asset value as calculated in note 7.

9 Directors

The directors of the Company are:

Mrs H Sinclair	(non-executive Chairman)
Mr CWER Buchan	(non-executive Director)
Mr P S Cammerman	(non-executive Director)

10 Post Balance Sheet Events

Since the period end the Company has invested £5.1 million in 3 new companies as set out in the Investment Review on page 9.

In addition, the Company realised its investment in GO Outdoors Topco Limited for £14.1 million, and has also received loan repayments of £0.4 million from GTK (Holdco) Limited.

11 Other Information

Copies of the interim report can be obtained from the Company's registered office: 5th Floor, Valiant Building, 14 South Parade, Leeds, LS1 5QS or from www.bscfunds.com.

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