

BARONSMEAD

Baronsmead Second Venture Trust plc

2017

Half-yearly report for the six months ended
31 March 2017



About Baronsmead Second Venture Trust plc

Our Investment Objective

Baronsmead Second Venture Trust is a tax efficient listed company which aims to achieve long-term investment returns for private investors.

Investment Policy

- To invest primarily in a diverse portfolio of UK growth businesses, whether unquoted or traded on AIM.
- Investments are made selectively across a range of sectors in companies that have the potential to grow and enhance their value.

Dividend Policy

The Board of Baronsmead Second Venture Trust has the objective to maintain a minimum annual dividend of 4.5p per ordinary share if possible, but this depends primarily on the level of realisations achieved and cannot be guaranteed.

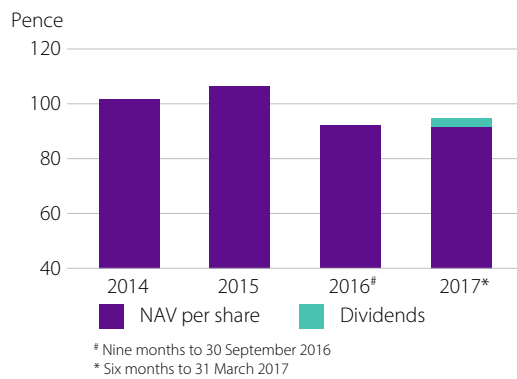
Following final shareholder approval on 30 November 2016 Baronsmead Second Venture Trust plc ("BSVT") acquired the assets of Baronsmead VCT 5 plc ("BVCT5") in consideration for the issue of new BSVT Shares for BVCT5 shareholders. **This is the first set of accounts since BSVT and BVCT5 were combined and it is important to note the comparative prior year figures relate to the original BSVT plc.**

Shareholder choice

The Board wishes to provide shareholders with a number of choices that enable them to utilise their investment in Baronsmead Second Venture Trust in ways that best suit their personal investment and tax planning requirements and in a way that treats all shareholders equally.

- **Fund raising** | From time to time the Company seeks to raise additional funds by issuing new shares at a premium to the latest published net asset value to account for issue costs. This enables shareholders seeking additional investments to do so with taxation relief.
- **Dividend Reinvestment Plan** | The Company offers a Dividend Reinvestment Plan which enables shareholders to purchase additional shares through the market in lieu of cash dividends.
- **Buy back of shares** | From time to time the Company buys its own shares through the market in accordance with its share price discount policy. Subject to certain conditions, the Company seeks to maintain a mid market share price discount of approximately 5 per cent. to net asset value. In the six months to 31 March 2017, 395,000 shares were bought back representing 0.2 per cent. of the shares in issue at 31 March 2017 at prices which represent an average 5.0 per cent. discount to the latest published net asset value at the time the shares were bought back. By providing support to market pricing, this helps those shareholders who need to realise their investment.
- **Secondary market** | The Company's shares are listed on the London Stock Exchange and can be bought or sold by shareholders using a stockbroker or authorised share dealing service in the same way as shares of any other listed company. Approximately 964,000 shares were bought by investors in the Company's existing shares in the six months to 31 March 2017.

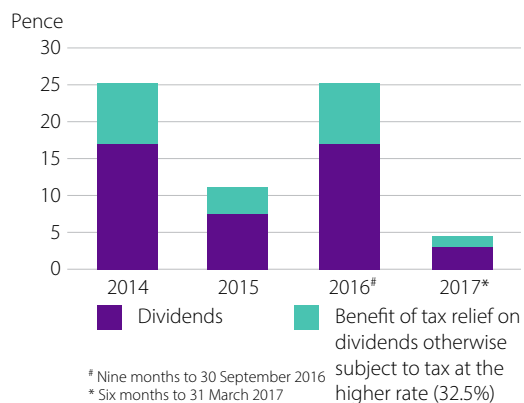
Financial Headlines



Net asset value per share

Net asset value ("NAV") per share increased 2.6 per cent. to 94.56p in the six month period ended 31 March 2017, before deduction of dividends.

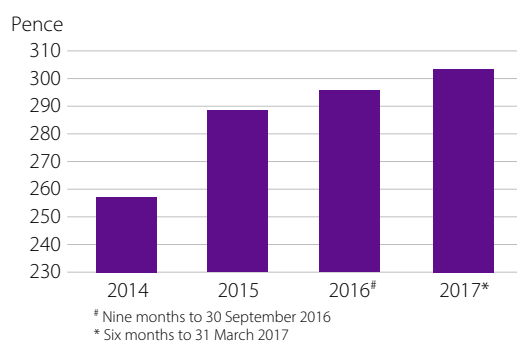
2.6%



Dividends in the period

Dividends totalled 3.0p in the six month period ended 31 March 2017.

3.0p



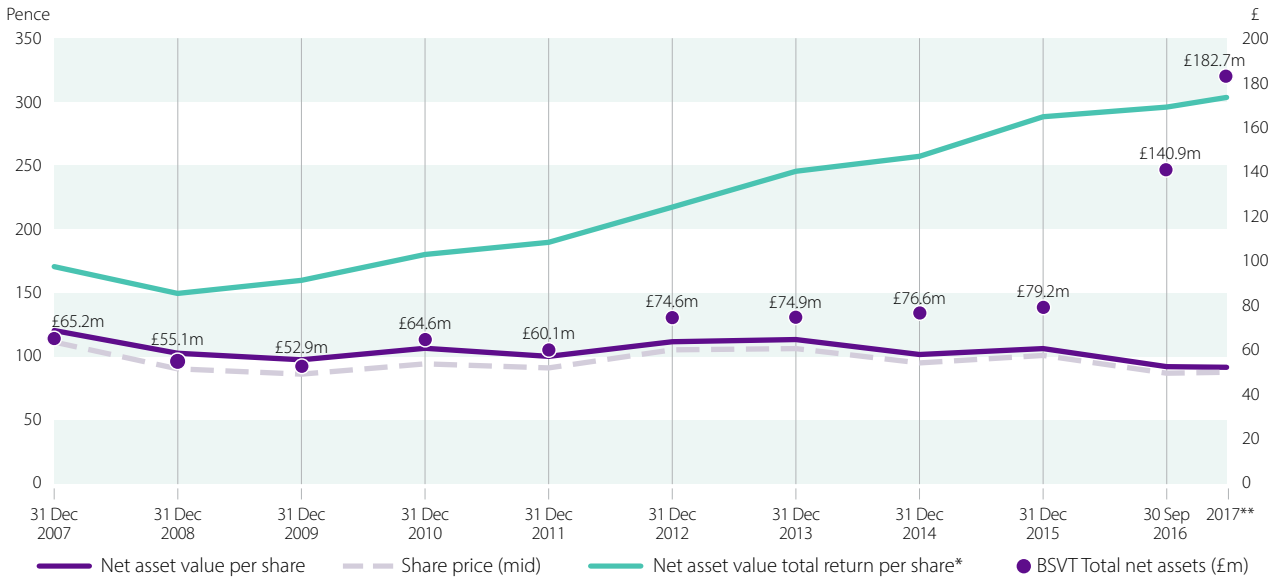
NAV total return

NAV total return to shareholders for every 100.0p invested at launch.

303.4p

Performance Summary

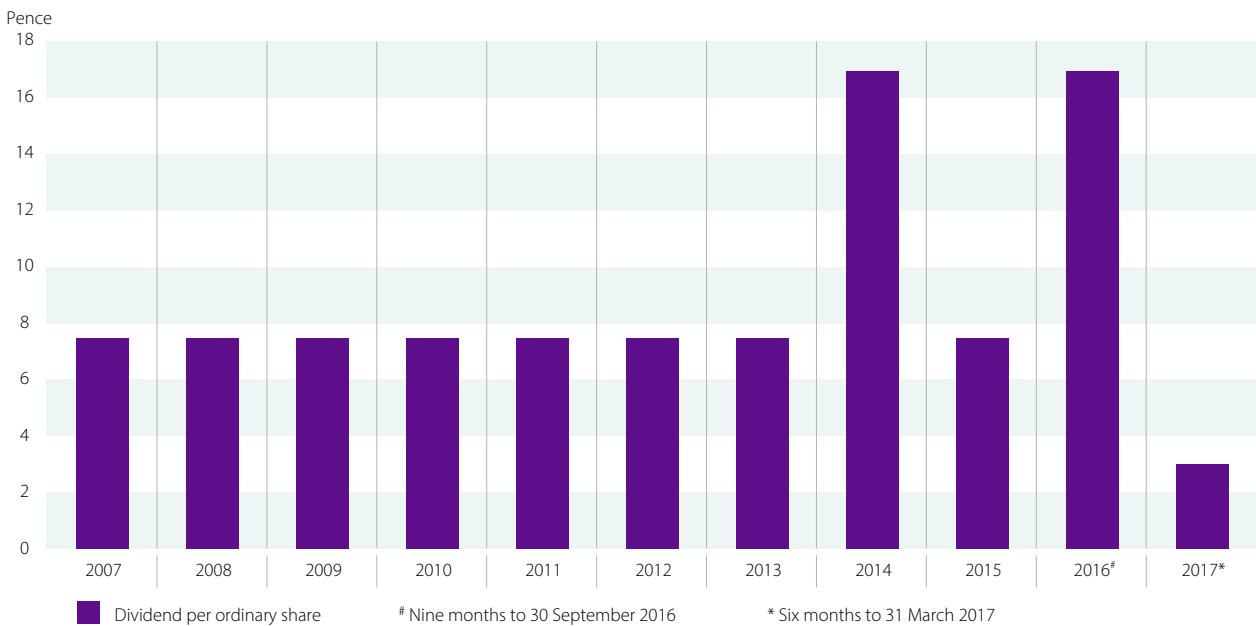
Net Asset Value in the last ten years



* Net asset value total return (gross dividends reinvested) rebased to 100p ** Six months to 31 March 2017

Source: Livingbridge VC LLP

Dividend History in the last ten years



Source: Livingbridge VC LLP

Cash returned to shareholders by date of investment



The table below shows the cash returned to shareholders that invested in **Baronsmead Second Venture Trust plc** dependent on their subscription cost, including the income tax available to be reclaimed on the subscription.

Year subscribed	Cash invested (p)	Income tax reclaim (p)	Net cash invested (p)	Cumulative* dividends paid (p)	Return on cash invested (%)
2001 (January)	100.0	20.0	80.0	122.8	142.8
2005 (March) – C share	100.0	40.0	60.0	83.7	123.7
2010 (March)	103.1	30.9	72.2	74.5	102.2
2012 (December)	117.4	35.2	82.2	56.5	78.1
2014 (March)	112.4	33.7	78.7	36.5	62.5
2016 (February)	107.2	32.2	75.0	20.0	48.7

* Dividends paid to C shareholders post conversion have been adjusted by the conversion ratio (0.85642528).



Chairman's Statement

I am pleased to report a 2.6 per cent. (2.39p) increase in NAV per share for the six months to 31 March 2017 before dividend payments. An interim dividend of 3.0p per share was paid on 31 March 2017 in lieu of the dividend that would have otherwise been paid in June 2017 following the publication of these results.

Anthony Townsend

Chairman

On 30 November 2016, the Company acquired the assets of BVCT5 in exchange for the issue of New Shares to BVCT5 shareholders. At 31 March 2017, the NAV was £182.7m making the Company one of the largest VCTs in the industry.

This is the first set of accounts prepared since the Company's merger with BVCT5 and as a result, the comparative figures in the accounts only relate to the Company prior to the merger and are therefore not a true comparison to the period under review.

Results

During the six months to 31 March 2017, the Company's NAV per share increased 2.6 per cent. from 92.17p to 94.56p before dividends.

	Pence per ordinary share
NAV as at 1 October 2016	92.17
Valuation uplift (2.6 per cent.)	2.39
NAV as at 31 March 2017 before dividends	94.56
Less:	
Interim dividend paid to the shareholders on 31 March 2017	(3.00)
NAV as at 31 March 2017 after dividends	91.56

Portfolio Review

At 31 March 2017, following the merger with BVCT5, the Company's investment portfolio was valued at £147m and comprised investments in 71 unquoted and AIM-traded companies. In addition, the Company's investment in CF Livingbridge UK Micro Cap Fund ("Micro Cap Fund", previously Wood Street Microcap Investment Fund) provides investment exposure to a further £18m in 44 AIM-traded and fully listed companies.

The increase in NAV of 2.6 per cent. was the result of steady progress across the investment portfolio with particularly noteworthy contributions from our AIM-traded investments and from the Micro Cap Fund. As BVCT5's investment portfolio had a relatively higher weighting to these assets, their acquisition as part of the merger has contributed to the return for all of the Company's shareholders over the period under review.

Investment and Divestments

The Company's investments and divestments during the period are set out in the tables on page 8.

The new VCT rules introduced in November 2015 have required the Investment Manager to adapt its investment strategy to focus on the provision of development capital to younger companies to enable them to grow their businesses organically rather than through acquisition. The new rules dictate that these companies will be younger and smaller than those in which the Company has previously invested and, as a result, they may need to be held for longer periods. This may lead to some increased volatility of returns within a portfolio but the Manager remains confident that the returns will enable the Company to continue to fulfil its investment objective and dividend policy.

This transition has taken some time to achieve as the Manager has had to consider how best to deploy funds in what are undoubtedly higher risk investments whilst maintaining its investment quality standards. This has resulted in fewer new investments than its usual pace would have generated. The Board has been supportive of this approach as to have deployed funds too quickly in the early stages of the transition could have proved expensive in terms of a loss of capital and a reduction in the long-term return to shareholders.

I am now pleased to report that either side of the period end the Company made two new unquoted investments as well as three investments in AIM-traded companies. This resulted in the Company investing a total of £2.1m during the period under review and £3.3m since then. The Board is also encouraged to note that the pipeline of potential new investments is improving and anticipates the deployment of further funds in new investments over the course of the Summer.

Dividends

An interim dividend of 3.0p per share was paid on 31 March 2017 in lieu of the dividend that would otherwise have been paid in June 2017 following the publication of the Company's results for the six months to 31 March 2017. The Board aims to sustain a minimum annual dividend level of around 4.5p per ordinary share, although over the past 10 years dividend payments have been at least 7.5p per share per annum. As a result, in the ordinary course of events the Board expects to declare a further dividend for the financial year to 30 September 2017, which would be paid following shareholder approval at the Company's next AGM. However, the timing and level of future dividends depends significantly on the level and timing of profitable realisations and cannot be guaranteed; inevitably there will be variations in the dividends paid year on year.

Acquisition and Fundraising

Acquisition proposals with respect to the Company's merger with BVCT5 were published on 17 October 2016 and the merger completed on 30 November 2016. Following the transfer of all of BVCT5's assets and liabilities to the Company, BVCT5 shareholders received approximately 0.838803 new shares in the Company ("New Shares") for every BVCT5 share held by them (rounded down to the nearest whole share). In aggregate, 47.1m shares were issued to BVCT5 shareholders in consideration for approximately £43.0 million of assets.

The Company and BVCT5 each raised new funds in the 2015/16 tax years but did not do so in the 2016/17 tax year. The Board will be considering whether to raise new funds in the 2017/18 tax year. This decision will be determined by the Company's cashflow and its anticipated requirements to fund new investments over the next two years. The Board appreciates that shareholders would like as much notice as possible of its fundraising intentions so that they can plan their financial affairs accordingly. Ordinarily, the Board would seek to raise funds in January / February having informed shareholders of its fundraising intentions in November when its annual results to 30 September 2017 are published. However, if it becomes appropriate to raise new funds earlier than this, the Board will ensure that shareholders are informed as soon as possible.

VCT Legislation and Policy Review

Legislative changes to VCTs included in the March 2017 Budget were limited to technical changes to the rules concerning the restructuring of investments. In addition, the Government's venture capital schemes (SEIS, EIS and VCTs) will be included in the recently announced Patient Capital Review which aims "to ensure that high growth businesses can access the long-term capital that they need to fund productivity enhancing investment". This will provide the VCT industry with the opportunity to demonstrate that the existing tax reliefs encourage investment and entrepreneurship and are effective, well targeted, and provide excellent value for money for UK taxpayers. The Manager and Board will be fully engaged throughout this process, with a view to informing the conclusions of the Review and any policy recommendations that might be brought forward.

Outlook

Despite signs of a slowdown in the wider economy, as the impact of a much-weakened sterling finally begins to work its way through to the consumer, there are no signs yet of a deterioration in performance in the portfolio. The Company's investee companies continue to make steady progress with the fulfilment of their business plans, although as always some will do better than others.

The outlook for the rest of 2017 remains uncertain, with the potential for macro and geopolitical events to impact sentiment and create market volatility. However, the Manager continues to focus on areas of secular growth and companies that have the potential to grow profits even without a tailwind from the wider economy.

All of these factors are reflected in the valuation of the Company's investments in the NAV at 30 April 2017 which has grown by a further 1.35p per share, to 92.91p per share. Whilst changes in market sentiment may impact the valuation of investments in the short term and the unexpected general election may result in a slowdown of business transactions over the coming months, the diversity and quality of the Company's portfolio should continue to deliver consistent returns for shareholders over the medium to long term.

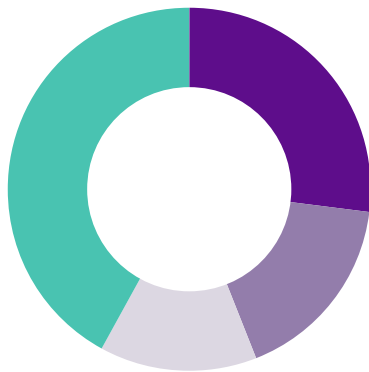
Anthony Townsend

Chairman

24 May 2017

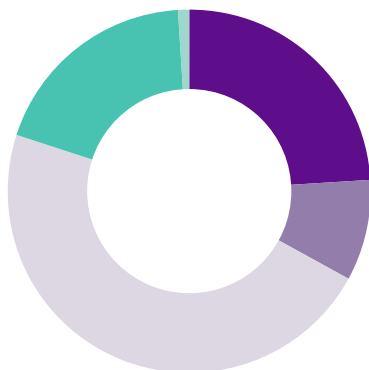
Investment Diversification at 31 March 2017

Sector by value



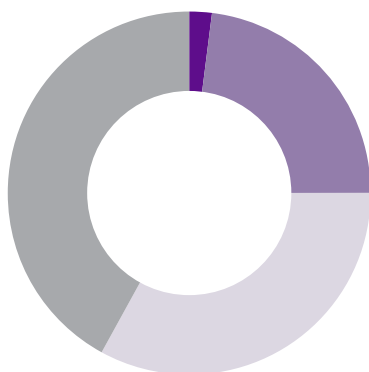
Business Services	27%
Consumer Markets	17%
Healthcare & Education	14%
Technology, Media & Telecommunications ("TMT")	42%

Total assets by value



Unquoted – loan stock	24%
Unquoted – equity	9%
AIM	47%
Collective investment vehicles	19%
Net current assets (principally cash)	1%

Time investments held by value



Less than 1 year	2%
Between 1 and 3 years	23%
Between 3 and 5 years	33%
Greater than 5 years	42%

Investments in the period

Company	Location	Sector	Activity	Book cost £'000
Unquoted investments				
<i>New</i>				
Custom Materials Ltd	London	Consumer Markets	Retailer of customisable products	275
Total unquoted investments				275
AIM-traded investments				
<i>New</i>				
FreeAgent Holdings plc	Edinburgh	TMT*	Online Accounting Software	788
Collagen Solutions plc	London	Healthcare & Education	Develops and manufactures medical grade collagen	412
<i>Follow on</i>				
CloudCall Group plc	Leicestershire	TMT*	Cloud based telephony platform	599
Total AIM-traded investments				1,799
Total investments in the period				2,074[†]

* Technology, Media & Telecommunications ("TMT").

† All investments with the exception of Collagen Solutions and Custom Materials were made prior to BSVT acquiring the assets of BVCT5 on 30 November 2016. Hence, the book cost of new investments shown (except for Collagen Solutions and Custom Materials) relate only to the investments made by BSVT. BSVT acquired the BVCT5 investment portfolio (total £39,138,000) on 30 November 2016.

Realisations in the period

Company		First investment date	Proceeds £'000	Overall multiple return
Unquoted realisations				
CR7 Services Ltd	Part trade sale	Aug 14	13	0.0
Total unquoted realisations			13	
AIM-traded realisations				
Ubisense Group plc	Part market sale	Jun 11	33	0.3
Total AIM-traded realisations			33	
Total realisations in the period			46	

Deferred consideration of £60,000 was received in respect of Kingsbridge Risk Solutions, which had been sold in a prior period.

No realisations were made before the acquisition of the BVCT5 investment portfolio and proceeds shown relate to those made after 30 November 2016.

Independent Review Report to Baronsmead Second Venture Trust plc

Baronsmead Second Venture Trust plc

Half-yearly report for the six months
ended 31 March 2017

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 31 March 2017 which comprises the Condensed Income Statement, Condensed Balance Sheet, Condensed Statement of Changes in Equity, 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.

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA"). Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

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 DTR of the UK FCA.

As disclosed in note 1, the annual financial statements of the Company are prepared in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with FRS 104 *Interim Financial Reporting*.

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.

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 Auditing Practices Board for use in the UK. 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 31 March 2017 is not prepared, in all material respects, in accordance with FRS 104 *Interim Financial Reporting* and the DTR of the UK FCA.

John Waterson for and on behalf of KPMG LLP

Chartered Accountants

Saltire Court
20 Castle Terrace
Edinburgh EH1 2EG
24 May 2017

Responsibility Statement of the Directors in respect of the Half-Yearly Financial Report

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with FRS 104 Interim Financial Reporting
- the interim management report includes a fair review of the information required by:
 - a) DTR 4.2.7R of the *Disclosure Guidance and Transparency Rules*, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
 - b) DTR 4.2.8R of the *Disclosure Guidance and Transparency Rules*, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so

On behalf of the Board,

Anthony Townsend

Chairman

24 May 2017

Condensed Income Statement

Baronsmead Second Venture Trust plc

Half-yearly report for the six months ended 31 March 2017

For the six months to 31 March 2017

	Notes	Six months to 31 March 2017			Six months to 30 June 2016			Nine months to 30 September 2016		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Unrealised gains on movements in fair value of investments	7	–	6,569	6,569	–	855	855	–	5,920	5,920
Realised gains on disposal of investments	7	–	83	83	–	2,130	2,130	–	2,216	2,216
Income		1,239	–	1,239	702	–	702	1,221	–	1,221
Investment management fee		(526)	(1,578)	(2,104)	(398)	(1,194)	(1,592)	(616)	(1,847)	(2,463)
Other expenses		(604)	–	(604)	(650)	–	(650)	(810)	–	(810)
Profit/(loss) on ordinary activities before taxation		109	5,074	5,183	(346)	1,791	1,445	(205)	6,289	6,084
Taxation on ordinary activities		–	–	–	–	–	–	–	–	–
Profit/(loss) for the period, being total comprehensive income for the period		109	5,074	5,183	(346)	1,791	1,445	(205)	6,289	6,084
Return per ordinary share:										
Basic and Diluted	2	0.06p	2.75p	2.81p	(0.29p)	1.50p	1.21p	(0.16p)	4.83p	4.67p

All items in the above statement derive from continuing operations.

There are no recognised gains and losses other than those disclosed in the Income Statement.

The revenue column of the Income Statement includes all income and expenses. The capital column accounts for the realised and unrealised profit or loss on investments and the proportion of the management fee charged to capital.

The total column of this statement is the Statement of Total Comprehensive Income of the Company prepared in accordance with the Financial Reporting Standard ("FRS"). The supplementary revenue return and capital return columns are prepared in accordance with the Statement of Recommended Practice issued in November 2014 and updated in January 2017 by the Association of Investment Companies ("AIC SORP").

Condensed Statement of Changes in Equity

For the six months to 31 March 2017

	Notes	Non-distributable reserves			Distributable reserves		Total £'000
		Called-up share capital £'000	Share premium £'000	Revaluation reserve £'000	Capital reserve £'000	Revenue reserve £'000	
At 1 October 2016		16,196	81,466	24,357	18,394	495	140,908
Profit/(loss) on ordinary activities after taxation		-	-	6,621	(1,547)	109	5,183
Shares issued following the acquisition of Baronsmead VCT5 plc	4	4,708	38,245	-	-	-	42,953
Buyback of shares to be held in treasury	4	-	-	-	(342)	-	(342)
Dividends paid	6	-	-	-	(5,887)	(100)	(5,987)
At 31 March 2017		20,904	119,711	30,978	10,618	504	182,715

	Notes	Non-distributable reserves			Distributable reserves		Total £'000
		Called-up share capital £'000	Share premium £'000	Revaluation reserve £'000	Capital reserve £'000	Revenue reserve £'000	
At 1 January 2016		8,463	8,815	15,460	45,758	700	79,196
Profit/(loss) on ordinary activities after taxation		-	-	3,832	(2,041)	(346)	1,445
Shares issued following the acquisition of Baronsmead VCT4 plc		6,800	63,884	-	-	-	70,684
Net proceeds of share issue, share buybacks & sale of shares from treasury		933	8,767	-	(322)	-	9,378
Dividends paid	6	-	-	-	(10,553)	-	(10,553)
At 30 June 2016		16,196	81,466	19,292	32,842	354	150,150

	Notes	Non-distributable reserves			Distributable reserves		Total £'000
		Called-up share capital £'000	Share premium £'000	Revaluation reserve £'000	Capital reserve £'000	Revenue reserve £'000	
At 1 January 2016		8,463	8,815	15,460	45,758	700	79,196
Profit/(loss) on ordinary activities after taxation		-	-	8,897	(2,608)	(205)	6,084
Shares issued following the acquisition of Baronsmead VCT 4 plc		6,800	63,884	-	-	-	70,684
Net proceeds of share issue, share buybacks & sale of shares from treasury		933	8,767	-	939	-	10,639
Dividends paid	6	-	-	-	(25,695)	-	(25,695)
At 30 September 2016		16,196	81,466	24,357	18,394	495	140,908

Condensed Balance Sheet

Baronsmead Second Venture Trust plc

Half-yearly report for the six months
ended 31 March 2017

As at 31 March 2017

	Notes	As at 31 March 2017 £'000	As at 30 June 2016 £'000	As at 30 September 2016 £'000
Fixed assets				
Unquoted investments	7	60,304	47,538	49,286
Traded on AIM	7	86,485	54,650	58,093
Collective investment vehicles	7	34,548	8,210	9,200
Listed interest bearing securities		–	15,987	–
Investments	7	181,337	126,385	116,579
Current assets				
Debtors		195	370	1,464
Cash at bank and on deposit		2,711	24,700	24,110
		2,906	25,070	25,574
Creditors (amounts falling due within one year)		(1,528)	(1,305)	(1,245)
Net current assets		1,378	23,765	24,329
Net assets		182,715	150,150	140,908
Capital and reserves				
Called-up share capital		20,904	16,196	16,196
Share premium		119,711	81,466	81,466
Capital reserve		10,618	32,842	18,394
Revaluation reserve	7	30,978	19,292	24,357
Revenue reserve		504	354	495
Equity shareholders' funds		182,715	150,150	140,908

	As at 31 March 2017	As at 30 June 2016	As at 30 September 2016
Net asset value per share	91.56p	99.16p	92.17p
Number of ordinary shares in circulation	199,553,707	151,420,796	152,870,796
Treasury net asset value per share	91.39p	99.03p	91.89p
Number of ordinary shares held in treasury	9,484,214	10,539,214	9,089,214
Number of listed ordinary shares in issue	209,037,921	161,960,010	161,960,010

Condensed Statement of Cash Flows

For the six months to 31 March 2017

	Six months to 31 March 2017 £'000	Six months to 30 June 2016 £'000	Nine months to 30 September 2016 £'000
Net cash outflow from operating activities	(1,370)	(760)	(1,156)
Net cash (outflow)/inflow from investing activities	(18,968)	(4,217)	10,740
Equity dividends paid	(5,987)	(10,553)	(25,695)
Net cash outflow before financing activities	(26,325)	(15,530)	(16,111)
Net cash inflow from financing activities	4,926	28,926	28,917
(Decrease)/increase in cash	(21,399)	13,396	12,806
Reconciliation of net cash flow to movement in net cash			
(Decrease)/increase in cash	(21,399)	13,396	12,806
Opening cash position	24,110	11,304	11,304
Closing cash at bank and on deposit	2,711	24,700	24,110
Reconciliation of profit on ordinary activities before taxation to net cash outflow from operating activities			
Profit on ordinary activities before taxation	5,183	1,445	6,084
Gains on investments	(6,652)	(2,985)	(8,136)
Changes in working capital and other non-cash items	99	780	896
Net cash outflow from operating activities	(1,370)	(760)	(1,156)

Notes

- The condensed financial statements for the six months to 31 March 2017 comprise the statements set out on pages 11 to 14 together with the related notes on pages 14 to 16. The Company applies FRS 102 and the AIC's Statement of Recommended Practice issued in November 2014 and updated in January 2017 ('the SORP') for its annual Financial Statements. The condensed financial statements for the six months to 31 March 2017 have therefore been prepared in accordance with FRS 104 'Interim Financial Reporting' and the principles of the SORP. The accounts have been prepared on the same basis as the accounting policies set out in the Company's Annual Report and Financial Statements for the period ended 30 September 2016.
- Return per share is based on a weighted average of 184,194,122 ordinary shares in issue (30 June 2016 – 119,521,416 ordinary shares; 30 September 2016 – 130,242,740 ordinary shares).
- Earnings for the first six months to 31 March 2017 should not be taken as a guide to the results of the full financial year to 30 September 2017.
- During the six months to 31 March 2017 the Company bought 395,000 shares in to treasury. At 31 March 2017, the Company held 9,484,214 ordinary shares in treasury. Shares may be sold out of treasury below Net Asset Value as long as the discount at issue is narrower than the average discount at which the shares were bought into treasury.
On 30 November 2016 the Company acquired all of the assets and liabilities of BVCT5 plc for the issue of 47,077,911 consideration shares, on a relative net asset basis.
- Excluding treasury shares, there were 199,553,707 ordinary shares in circulation at 31 March 2017 (30 June 2016 – 151,420,796 ordinary shares; 30 September 2016 – 152,870,796 ordinary shares).

Notes (continued)

6. The interim dividend of 3.00p per share (2.95p capital, 0.05p revenue) was paid on 31 March 2017 to shareholders on the register on 10 March 2017. The ex-dividend date was 9 March 2017.

During the nine month period from 1 January 2016 to 30 September 2016, the Company paid a first interim dividend on 3 June 2016 of 7.00p per share (7.00p capital, nil revenue) and a second interim dividend on 30 September 2016 of 10.00p per share (10.00p capital, nil revenue).

7. All investments are initially recognised and subsequently measured at fair value. Changes in fair value are recognised in the Income Statement.

The methods of fair value measurement are classified into a hierarchy based on reliability of the information used to determine the valuation.

- Level 1 – Fair value is measured based on quoted prices in an active market.
- Level 2 – Fair value is measured based on directly observable current market prices or indirectly being derived from market prices.
- Level 3 – Fair value is measured using a valuation technique that is not based on data from an observable market.

	Level 1	Level 2	Level 3	
	Traded on AIM £'000	Collective investment vehicles £'000	Unquoted £'000	Total £'000
Opening book cost	47,957	3,525	40,740	92,222
Opening unrealised appreciation	10,136	5,675	8,546	24,357
Opening valuation	58,093	9,200	49,286	116,579
Movements in the period:				
Purchases at cost	1,799	17,000	275	19,074
Holdings acquired following the acquisition of Baronsmead VCT5 plc	23,251	6,810	9,077	39,138
Sales – proceeds	(33)	–	(73)	(106)
– realised gains on sales	22	–	61	83
Unrealised losses realised during the period	(51)	–	(1)	(52)
Increase in unrealised appreciation	3,404	1,538	1,679	6,621
Closing valuation	86,485	34,548	60,304	181,337
Closing book cost	72,945	27,335	50,079	150,359
Closing unrealised appreciation	13,540	7,213	10,225	30,978
Closing valuation	86,485	34,548	60,304	181,337
Equity shares	86,485	–	15,735	102,220
Loan notes	–	–	44,569	44,569
Collective investment vehicles	–	34,548	–	34,548
Closing valuation	86,485	34,548	60,304	181,337

There has been no significant change in the risk analysis as disclosed in the Company's Annual Report and Accounts to 30 September 2016.

Notes (continued)

8. The financial information contained in this half-yearly financial report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The information for the nine month period ended 30 September 2016 has been extracted from the latest published audited financial statements. The audited financial statements for the nine month period ended 30 September 2016, which were unqualified, have been filed with the Registrar of Companies. No statutory accounts in respect of any period after 30 September 2016 have been reported on by the Company's auditors or delivered to the Registrar of Companies.
9. The Company has one reportable segment being investing in primarily a portfolio of UK growth businesses, whether unquoted or traded on AIM.
10. Copies of the half-yearly financial report have been made available to shareholders and are available from the Registered Office of the Company at 100 Wood Street, London EC2V 7AN.

Principal Risks and Uncertainties

The Company's assets consist of equity and fixed interest investments, shares in collective investment schemes, cash and liquid resources. Its principal risks are therefore market risk, credit risk and liquidity risk. Other risks faced by the Company include loss of approval as a Venture Capital Trust, legislative, investment performance, economic, political and other external factors, regulatory and compliance and operational risks. These risks, and the way in which they are managed, are described in more detail in the Principal Risks & Uncertainties table within the Strategic Report section in the Company's Annual Report and Accounts for the nine month period ended 30 September 2016. The Company's principal risks and uncertainties have not changed materially since the date of that report.

Related Parties

Livingbridge VC LLP ('the Manager') manages the investments of the Company. The Manager also provides or procures the provision of secretarial, accounting, administrative and custodian services to the Company. Under the management agreement, the Manager receives a fee of 2.5 per cent. per annum of the net assets of the Company. This is described in more detail under the heading 'The Investment Management Agreement' within the Strategic Report in the Company's Annual Report and Accounts for the nine month period ended 30 September 2016. During the period the Company has incurred management fees of £2,104,000 (30 June 2016 – £1,592,000; 30 September 2016 – £2,463,000) and secretarial and accounting fees of £80,000 (30 June 2016 – £74,000; 30 September 2016 – £110,000) payable to the Manager.

Going Concern

After making enquiries, and bearing in mind the nature of the Company's business and assets, the Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future. In arriving at this conclusion the Directors have considered the liquidity of the Company and its ability to meet obligations as they fall due for a period of at least twelve months from the date that these financial statements were approved. As at 31 March 2017 the Company held cash and readily realisable securities totalling £19,711,000 including £17,000,000 held in JPMorgan Sterling Liquidity Fund. Cash flow projections have been reviewed and show that the Company has sufficient funds to meet both its contracted expenditure and its discretionary cash outflows in the form of the share buyback programme and dividend policy. The Company has no external loan finance in place and therefore is not exposed to any gearing covenants.

Full Investment Portfolio

Company	Sector	Original Book cost† £'000	Accounting Book cost† £'000	31 March 2017 Valuation £'000	30 September 2016 Valuation* £'000	% of net assets	% of Equity held by Baronsmead Second Venture Trust plc	% of Equity held by all funds†
Unquoted								
Create Health Ltd	Healthcare & Education	2,330	4,243	5,644	5,867	3.1	14.0	29.0
Happy Days Consultancy Ltd	Healthcare & Education	4,180	4,482	5,045	4,895	2.7	31.5	65.0
Crew Clothing Holdings Ltd	Consumer Markets	2,904	3,695	4,898	5,023	2.7	13.4	28.1
Pho Holdings Ltd	Consumer Markets	2,422	3,435	4,776	4,707	2.6	13.6	28.0
Eque2 Ltd	TMT*	1,872	2,728	4,164	3,602	2.3	18.6	38.5
Carousel Logistics Ltd	Business Services	2,336	2,967	4,012	3,742	2.2	14.7	40.0
Armstrong Craven Ltd	Business Services	1,645	2,504	3,855	3,573	2.1	18.9	46.0
Key Travel Ltd	Business Services	2,333	2,975	3,804	3,566	2.1	11.5	48.0
CableCom II Networking Holdings Ltd	TMT*	2,500	2,731	3,728	3,187	2.0	4.0	9.2
Kirona Ltd	TMT*	2,332	2,632	3,417	3,269	1.9	9.2	37.5
Upper Street Events Ltd	Consumer Markets	2,330	2,635	2,896	2,788	1.6	19.6	70.1
Ten10 Group Ltd	Business Services	2,331	2,626	2,672	2,690	1.5	11.4	30.6
Niche Finance Group Ltd	Consumer Markets	2,335	2,402	2,564	2,985	1.4	7.7	38.0
Kalyke Investments Ltd	Business Services	2,337	2,337	2,337	2,337	1.3	23.5	48.6
Yeo Bridge Ltd	Business Services	2,337	2,337	2,337	2,337	1.3	23.5	48.6
CR7 Services Ltd	TMT*	2,306	2,304	2,306	2,306	1.3	4.5	24.0
IP Solutions Ltd	TMT*	2,333	1,878	1,574	1,540	0.8	10.8	75.0
Custom Materials Ltd	Consumer Markets	275	275	275	–	0.1	3.0	5.5
Xention Pharma Ltd	Healthcare & Education	893	893	0	0	0.0	1.7	2.9
Total unquoted		42,331	50,079	60,304		33.0		
AIM								
Netcall plc	TMT*	2,616	5,983	8,949	7,840	4.9	10.6	17.7
IDOX plc	TMT*	1,028	2,972	7,748	7,555	4.2	2.7	4.3
Dods (Group) plc	TMT*	3,268	4,253	5,345	5,551	2.9	12.1	20.1
Ideagen plc	TMT*	1,650	2,467	4,781	3,249	2.6	3.1	5.6
Inspired Energy plc	Business Services	861	2,682	4,311	3,764	2.4	5.6	9.4
Cerillion plc	TMT*	2,200	2,432	3,821	3,647	2.1	9.8	17.8
TLA Worldwide plc	Business Services	2,136	3,429	3,713	4,350	2.0	7.4	12.5
Bioventix plc	Healthcare & Education	555	1,688	3,702	2,274	2.0	4.1	7.5
Tasty plc	Consumer Markets	2,033	6,085	3,654	7,558	2.0	8.4	12.9
Plastics Capital plc	Business Services	2,539	2,673	3,131	2,851	1.7	7.1	11.6
Anpario plc	Healthcare & Education	662	2,239	2,924	2,349	1.6	4.2	6.1
Fulcrum Utility Services Ltd	Business Services	438	1,650	2,122	1,331	1.2	2.2	2.4
Electric Word plc	TMT*	2,335	2,445	1,947	1,770	1.1	17.3	27.6
Sanderson Group plc	TMT*	1,324	1,562	1,937	1,682	1.1	4.6	8.8
Wey Education plc	Healthcare & Education	523	516	1,568	560	0.9	15.0	27.3
EG Solutions plc	TMT*	1,985	1,407	1,552	1,139	0.9	10.7	19.1
Vianet Group plc	Business Services	2,092	1,724	1,526	1,542	0.8	5.9	9.6
Escher Group Holdings plc	TMT*	1,842	1,735	1,463	1,788	0.8	5.8	9.7
Everyman Media Group plc	Consumer Markets	956	1,010	1,441	1,257	0.8	1.9	3.5
FreeAgent Holdings plc	TMT*	963	946	1,375	–	0.8	2.8	5.1
CentralNic Group plc	TMT*	1,122	1,354	1,338	1,238	0.7	3.0	5.5
CloudCall Group plc	TMT*	1,008	878	1,313	71	0.7	6.9	12.5
Gama Aviation plc	Business Services	1,004	1,171	1,243	814	0.7	1.4	2.4
Driver Group plc	Business Services	1,529	1,747	1,232	1,378	0.7	5.5	9.6
Property Franchise Group plc (formerly MartinCo plc)	Consumer Markets	838	1,032	1,216	1,299	0.7	3.3	6.0
Venn Life Sciences Holdings plc	Healthcare & Education	1,496	1,488	1,169	1,727	0.6	11.9	21.7

Full Investment Portfolio (continued)

Company	Sector	Original Book cost† £'000	Accounting Book cost† £'000	31 March 2017 Valuation £'000	30 September 2016 Valuation* £'000	% of net assets	% of Equity held by Baronsmead Second Venture Trust plc	% of Equity held by all funds†
AIM (continued)								
SysGroup plc	TMT*	1,579	1,578	1,165	1,469	0.6	11.0	19.9
Eden Research plc	Business Services	1,100	1,105	1,127	1,208	0.6	5.8	10.6
Paragon Entertainment Ltd	Consumer Markets	1,045	642	1,118	503	0.6	11.9	19.1
LoopUp Group plc	TMT*	616	640	924	739	0.5	1.5	2.7
Brady plc	TMT*	653	702	829	741	0.5	1.3	2.0
Belvoir Lettings plc	Consumer Markets	919	826	751	1,040	0.4	2.2	4.0
Crawshaw Group plc	Consumer Markets	835	1,310	719	1,140	0.4	4.4	5.7
Castleton Technology plc	TMT*	247	499	597	606	0.3	1.2	2.2
Begbies Traynor Group plc	Business Services	545	513	592	558	0.3	1.1	2.1
Plant Impact plc	Business Services	462	510	557	554	0.3	1.4	2.5
Science In Sport plc	Consumer Markets	352	330	524	417	0.3	1.3	2.4
STM Group plc	Business Services	755	677	505	692	0.3	2.4	3.6
InterQuest Group plc	Business Services	620	726	394	439	0.2	3.0	6.0
Scholium Group plc	Consumer Markets	1,100	682	385	396	0.2	8.1	14.7
Synectics plc	Business Services	481	373	373	373	0.2	1.0	2.1
Collagen Solutions plc	Healthcare & Education	412	412	371	–	0.2	2.5	4.6
Totally plc	Healthcare & Education	86	197	282	307	0.2	1.0	1.7
Adept4 plc	TMT*	535	359	179	276	0.1	1.4	2.6
MXC Capital Ltd	Business Services	276	308	176	319	0.1	0.3	0.6
Gresham House plc	TMT*	137	145	154	149	0.1	0.4	0.7
Mi-Pay Group plc	Business Services	800	474	90	154	0.0	1.5	3.1
Ubisense Group plc	TMT*	262	128	66	84	0.0	0.3	0.4
One Media iP Group plc	TMT*	276	180	54	81	0.0	3.8	6.9
APC Technology Group plc	Business Services	2,638	946	22	25	0.0	0.3	0.4
Zoo Digital Group plc	TMT*	817	586	10	8	0.0	0.3	0.6
Marwyn Management Partners plc	Business Services	1,950	529	0	0	0.0	0.1	0.1
Total AIM		58,501	72,945	86,485		47.3		
Collective investment vehicles								
CF Livingbridge UK Micro Cap Fund		6,189	10,335	17,548	16,070	9.6		
JPMorgan Sterling Liquidity Fund		17,000	17,000	17,000	–	9.3		
Total collective investment vehicles		23,189	27,335	34,548		18.9		
Total investments		124,021	150,359	181,337		99.2		
Net current assets				1,378		0.8		
Net assets				182,715		100.0		

† The original book cost column provides the pro-forma combined cost of investments made by BVCT3, BVCT4 and BVCT5 prior to the acquisition and re-naming of BVCT3 as BSVT.

BSVT acquired the investments of BVCT4 at fair value on 11 March 2016 (total cost - £51,334,000) and the investments of BVCT5 at fair value on 30 November 2016 (total cost - £39,138,000). The accounting book cost column for the combined BSVT reflects the original cost of BVCT3's assets plus the fair value cost at which BVCT4's and BVCT5's assets were purchased.

The accounting cost column ties into the investment note on page 15 of these accounts however the original cost of the investment has been included to make it clearer for shareholders to review the portfolio.

+ For comparative purposes the valuation as at 30 September 2016 includes the fair value of the companies held by BSVT and BVCT5.

All funds managed by the same investment manager, Livingbridge VC LLP & Livingbridge EP LLP, including Baronsmead Second Venture Trust plc.

* Technology, Media & Telecommunications ("TMT").

Shareholder Information and Contact Details

Baronsmead Second Venture Trust plc

Half-yearly report for the six months ended 31 March 2017

Shareholder Account Queries

The Registrar for **Baronsmead Second Venture Trust plc** is Computershare Investor Services PLC ("Computershare").

The Registrar will deal with all of your queries with regard to your shareholder account, such as:

- Change of address
- Latest share price
- Your current share holding balance
- Your payment history, including any outstanding payments
- Your payment options (cheque, direct payment to your bank/building society account, reinvestment)
- Paper or electronic communications
- Request replacement cheques or share certificates (for which there may be additional administrative and other charges)

You can contact Computershare with your queries in several ways:

Telephone:	0800 923 1534	<ul style="list-style-type: none">• This is an automated self-service system• It is available 24 hours a day, 7 days a week• You should have your Shareholder Reference Number ("SRN") to hand, which is available on your share certificate and dividend tax voucher and which you should always keep confidential for security reasons• Press '0' if you wish to speak to someone• The Contact Centre in Bristol is available on UK business days between 8.30am – 5.00pm Monday to Friday
On-line:	Investor Centre www.investorcentre.co.uk	<ul style="list-style-type: none">• Computershare's secure website, Investor Centre, allows you to manage your own shareholding online• You will need to register to use this service on the Investor Centre web site• You should have your SRN to hand, which is available on your share certificate and dividend tax voucher and which you should always keep confidential for security reasons
Email:	web.queries@computershare.co.uk	
Post:	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS99 6ZZ	

Warning to Shareholders

Many companies are aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based "brokers" who target UK shareholders offering to sell them what often turn out to be worthless or high risk shares in US or UK investments. They can be very persistent and extremely persuasive. Shareholders are therefore advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers for free company reports.

Please note that it is very unlikely that either the Company or the Company's Registrar, Computershare, would make unsolicited telephone calls to shareholders and that any such calls would relate only to official documentation already circulated to shareholders and never in respect of investment "advice".

If you are in any doubt about the veracity of an unsolicited phone call, please call either the Company's Investment Manager or the Registrar on the numbers provided above and on the inside the back cover of this report.

Share Price

The Company's shares are listed on the London Stock Exchange. The mid-price of the Company's shares is given daily in the Financial Times in the Investment Companies section of the London Share Service. Share price information can also be obtained from the link on the Company's website and many financial websites.

Financial Calendar

August 2017 – Quarterly factsheet to 30 June 2017

November 2017 – Announcement of final results for the period to 30 September 2017

January 2018 – Annual General Meeting

Additional Information

The information provided in this report has been produced in order for shareholders to be informed of the activities of the Company during the period it covers. Livingbridge VC LLP does not give investment advice and the naming of companies in this report is not a recommendation to deal in them.

Baronsmead Second Venture Trust plc is managed by Livingbridge VC LLP which is Authorised and regulated by the FCA. Past performance is not necessarily a guide to future performance. Stock market and currency movements may cause the value of investments and the income from them to fall as well as rise and investors may not get back the amount they originally invested. Where investments are made in unquoted securities and smaller companies, their potential volatility may increase the risk to the value of, and the income from, the investment.

Secondary Market in the Shares of Baronsmead Second Venture Trust plc

The existing shares of the Company are listed on the London Stock Exchange and can be bought and sold using a stockbroker in the same way as shares of any other listed company.

The market makers in the shares of Baronsmead Second Venture Trust plc are:

Panmure Gordon & Co. 020 7886 2500 (the Company's broker)

Winterflood 020 3400 0251

Qualifying investors* who invest in the existing shares of the Company can benefit from:

- Tax free dividends;
- Realised gains are not subject to capital gains tax (although any realised losses are not allowable);
- No minimum holding period; and
- No need to include VCT dividends in annual tax returns.

The UK tax treatment of VCTs is on a first in first out basis and therefore tax advice should be obtained before shareholders dispose of their shares and also if they deferred a capital gain in respect of new shares acquired prior to 6 April 2004.

* UK income tax payers, aged 18 or over, who acquire no more than £200,000 worth of VCT shares in a tax year.

Directors

Anthony Townsend (Chairman)[†]
John Davies
Malcolm Groat*
Ian Orrock

Secretary

Livingbridge VC LLP

Registered Office

100 Wood Street
London EC2V 7AN

Investment Manager

Livingbridge VC LLP
100 Wood Street
London EC2V 7AN
020 7506 5717

Registered Number

04115341

Registrars and Transfer Office

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ
Tel: 0800 923 1534

Brokers

Panmure Gordon & Co
One New Change
London EC4M 9AF
Tel: 020 7886 2500

Auditor

KPMG LLP
Saltire Court
20 Castle Terrace
Edinburgh EH1 2EG

Solicitors

Dickson Minto W.S.
Broadgate Tower
20 Primrose Street
London EC2A 2EW

VCT Status Adviser

PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH

Website

www.baronsmeadvcts.co.uk

* Chairman of the Audit Committee.

† Chairman of Management Engagement and Remuneration Committee,
Chairman of the Nomination Committee.



LIVINGBRIDGE

Investment Manager
T 020 7506 5600
www.livingbridge.com

100 Wood Street London EC2V 7AN T 020 7506 5600 F 020 7506 5665 www.baronsmeadvcts.co.uk