



**BLACKROCK
SMALLER COMPANIES
TRUST PLC**

HALF YEARLY
FINANCIAL REPORT
31 AUGUST 2017

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BlackRock Smaller Companies Trust plc

Investment objective

The Company's investment objective is to achieve long term capital growth for shareholders through investment mainly in smaller UK quoted companies.

aic

The Association of
Investment Companies

A MEMBER OF THE ASSOCIATION OF
INVESTMENT COMPANIES



Details about the Company are available on the BlackRock website at blackrock.co.uk/brsc

Performance record

FINANCIAL HIGHLIGHTS

	Six months ended 31 August 2017	Six months ended 31 August 2016	Year ended 28 February 2017
Performance			
Net asset value per share ^{1,2}	1,447.17p	1,079.28p	1,247.03p
Movement in net asset value per share ^{1,2}	+16.0%	+8.8%	+25.7%
Net asset value per share (capital only) ¹	1,427.60p	1,064.57p	1,232.56p
Movement in net asset value per share (capital only) ¹	+15.8%	+8.8%	+25.9%
Movement in Numis Smaller Companies plus AIM (excluding Investment Companies) Index ²	+9.5%	+9.5%	+20.4%
Share price	1,239.50p	895.50p	1,060.00p
Movement in share price	+16.9%	+3.8%	+22.8%
Discount ³	13.8%	16.3%	14.4%
Revenue return per share	19.57p	14.71p	22.47p
Interim dividend per share	10.00p	8.00p	8.00p
Final dividend per share			13.00p
Change in interim dividend	+25.0%	+14.3%	+14.3%
Change in total dividends			+20.0%
Ongoing charges ratio ⁴	0.7%	0.7%	0.7%
Ongoing charges ratio (including performance fees)	0.9%	0.9%	1.0%
Dividend yield	1.9%	2.1%	2.0%
Gearing	8.5%	6.9%	8.5%

¹ Based on NAV with debt at par value.

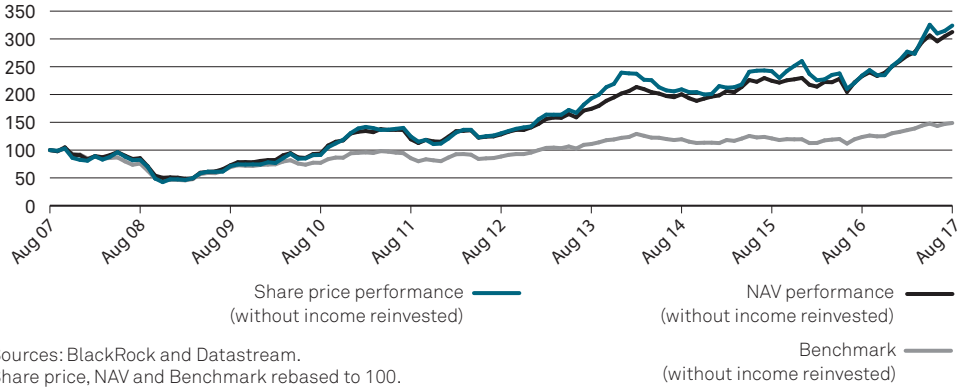
² Excludes income reinvested.

³ Based on NAV with debt at fair value (see note 7 on page 26 for details).

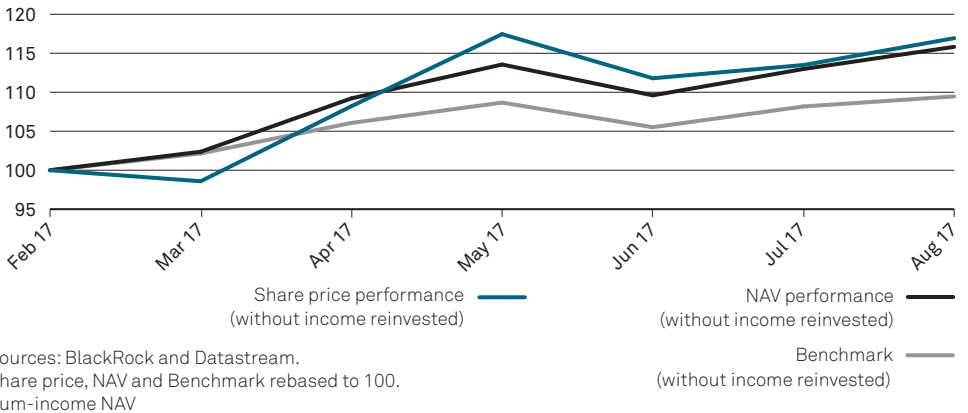
⁴ Annualised ongoing charges ratio calculated as a percentage of average shareholders' funds and using expenses, excluding finance costs, performance fees and taxation, in accordance with AIC guidelines.

Sources: BlackRock and Datastream.

PERFORMANCE FROM 31 AUGUST 2007 TO 31 AUGUST 2017



PERFORMANCE FOR THE SIX MONTHS TO 31 AUGUST 2017



Chairman's statement

for the six months to 31 August 2017

PERFORMANCE

The six month period ended 31 August 2017 was one of generally good economic news from around the world and buoyant global equity markets. UK small and medium sized companies outperformed larger companies. Against this background, the Company's net asset value (NAV) increased by 16.0%¹ to 1,447.17p per share, outperforming the benchmark by 6.1%. The Company's share price increased by 16.9%¹ to 1,239.50p per share over the same period. Performance relative to the benchmark was driven by a mix of gearing, stock selection and sector allocation, details of which are given in the Investment Manager's report on pages 7 to 10.

The FTSE 100 Index rose by 2.3%¹ over the period, the FTSE 250 Index (excluding Investment Companies) rose by 5.4%¹ and the FTSE AIM All Share Index by 11.4%¹. The Company's benchmark (the Numis Smaller Companies plus AIM (excluding Investment Companies) Index) rose by 9.5%¹.

Since the period end, and up until the close of business on 26 October 2017, the Company's NAV per share increased by 3.0% and the share price increased by 3.8%.

The robust performance of both the NAV and share price over the longer term are illustrated in the table below.

Performance to 31 August 2017	3 years change %	5 years change %	10 years change %
Net asset value per share ¹	56.6	144.3	214.4
Share price ¹	54.8	148.9	224.1
Benchmark* ¹	24.5	68.3	48.8
Net asset value per share (with income reinvested)	64.4	163.7	266.4
Share price (with income reinvested)	63.8	171.4	287.7
Benchmark* (with income reinvested)	35.3	92.1	92.5

* Benchmark – Numis Smaller Companies plus AIM (excluding Investment Companies) Index from September 2007; FTSE Small Cap Index (excluding Investment Companies) prior to that date.

¹ All performance figures are in sterling terms without income reinvested.

RETURNS AND DIVIDENDS

The Company's revenue return per share for the six months ended 31 August 2017 amounted to 19.57p per share compared with 14.71p for the corresponding period in the previous year, an increase of 33.0%. After adjusting for the impact of special dividends received, which amounted to 2.03p per share (2016: 1.33p per share), regular dividend income from portfolio companies increased by 30.5% over the same period. The Board is pleased to declare an interim dividend of 10.00p per share (2016: 8.00p per share) representing an increase of 25.0% over the previous interim dividend. The interim dividend will be paid on 15 December 2017 to shareholders on the Company's register on 10 November 2017.

GEARING

The Company has a range of borrowing facilities in place to provide a balance between longer term and short term maturities and between fixed and floating rates of interest. In May 2017 the Company issued £25 million senior unsecured fixed rate private placement notes (the Notes) at a coupon of 2.74% with a 20 year bullet maturity. This is in addition to the Company's £15 million debenture maturing in 2022. Variable rate financing available to the Company consists of a £35 million three year revolving loan facility with Scotia Bank (Ireland) Limited and an uncommitted overdraft facility of £10 million with Bank of New York Mellon (International) Limited.

It is the Board's intention that gearing will not exceed 15% of the net assets of the Company at the time of the drawdown of the relevant borrowings. Under normal operating conditions it is envisaged that gearing will be within a range of 0%-15% of net assets. Gearing levels and sources of funding are reviewed regularly and the Board continues to believe that moderate gearing is in the long term interests of shareholders. At the period end, the Company's gearing was 8.5% of net assets.

DISCOUNT

During the period, the Company's shares traded at an average discount to NAV (with debt at fair value) of 13.8% which was also the discount at 31 August 2017. The Company's shares traded at a discount of 13.3% as at close of business on 26 October 2017.

Chairman's statement continued

for the six months to 31 August 2017

OUTLOOK

The unexpected result in the UK General Election has increased uncertainty around Brexit negotiations which, as time passes, could have an impact on market confidence, economic growth and investment decisions by business. Although earnings growth has been good for many of the Company's holdings, UK company valuations are not cheap. Thus share prices will tend to be more vulnerable to reduced growth expectations or any economic setback.

The Company's portfolio is well diversified with an emphasis on holdings in market leading and well managed companies with strong balance sheets. A significant proportion of portfolio holdings benefit from global exposure. These factors should help to weather possible challenging conditions ahead.

Nicholas Fry

Chairman

30 October 2017

Investment manager's report

for the six months ended 31 August 2017

MARKET REVIEW AND OVERALL INVESTMENT PERFORMANCE

Economic growth and improving corporate earnings drove global equity markets higher, with UK small & medium sized companies outperforming larger companies. The UK launched the process to leave the European Union ("EU"), whilst in France the election of President Macron led to a reduction in political risk. In the US, investors started to question President Trump's ability to enact his pro-business agenda and the US Federal Reserve implied that US interest rates would continue to rise very gradually if economic data remains supportive.

PERFORMANCE REVIEW

The Company's NAV per share increased by 16.0% to 1,447.17p (excluding the reinvestment of income). This compares to an increase in the benchmark index of 9.5% and an increase of 2.3% in the FTSE100 Index (all index calculations are without income reinvested).

Outperformance during the first half of the financial year has been driven by positive stock selection, with a number of our core holdings delivering good trading updates. Gearing also added to performance while sector allocation has been a modest detractor. The largest stock contributors during the period were Keywords Studios, Kaz Minerals, Advanced Medical Solutions and CVS Group.

Keywords Studios, a leading international technical services provider to the global video games industry, was the largest contributor after its share price more than doubled during the period. Keywords' most recent results showed strong growth in revenues and profits, which increased by 50% and 60% respectively, driven by continued organic growth as well as positive contributions from acquisitions. Copper producer Kaz Minerals reported interim results showing better than expected earnings and costs helped by a higher copper price, whilst the company also raised production guidance for the full year. Driven by successful new projects, Kaz remains the fastest growing and one of the lowest cost copper miners in the world. Advanced Medical Solutions, which is engaged in the development of wound care products, delivered positive revenue growth driven by its key product, Liquiband, which continues to take market share. Veterinary surgery operator CVS Group continued to perform well as the company continues with its acquisition strategy and saw further earnings upgrades during the period. The company released another solid trading update in July showing continued like for like sales growth, whilst also acquiring an additional 62 sites in the financial year ending 30 June 2017, including adding to its presence in the Netherlands which now stands at 9 sites. CVS remains well

Investment manager's report continued

for the six months ended 31 August 2017

placed to further consolidate the UK veterinary industry, whilst also benefiting from scale and therefore we believe that it can deliver strong earnings growth.

Negative contributors during the period were limited, with the largest relative detractors to performance coming from strong share price movements in companies that we do not own. Our holding in miner Tharisa fell after the company released a trading update in May, lowering EPS guidance for the second half of 2017. Stockpiling of chrome ore in late 2016 allowed Chinese ferrochrome smelters to hold back on ordering in an attempt to cut prices, resulting in reduced chrome sales and revenues for Tharisa. Elsewhere the underperformance of the energy sector on the back of weakness in the oil price led our holdings in Faroe Petroleum and Cairn Energy to detract from relative performance.

Gearing was on average 8% during the period, and this contributed 0.8% to relative performance.

ACTIVITY

As discussed in previous reports, we have been becoming progressively more cautious about the outlook for the UK economy and in particular those companies exposed to UK consumer spending. We have therefore continued to reduce our exposure to this area of the market.

We have also used strong share price performance to take some profits in a number of long term holdings which have performed well and where valuations are now quite high. Our view on many of these companies remains unchanged and we would add to many of these on any setback.

New holdings included SDL, Gear4Music and Stock Spirits. SDL is a premium translation services provider offering market leading products with high revenue visibility from recurring revenues and significant margin potential through cost base optimisation. Gear4music is a leading retailer of musical instruments and music equipment. Gear4music.com online music shop has more than 38,000 products for sale most of which can be supplied very quickly. The business is increasingly international, with dispatches to the US most days despite no marketing in the US. Customer satisfaction is high and growth rates are fast. Gear4Music provides a much wider range than high street shops, and has a large global market to aim at. Management are very forward thinking and customer focussed. We added Stock Spirits after a second positive meeting with the management team. Stock Spirits is a spirits company with profits mainly generated in Poland and the Czech Republic.

PORTFOLIO POSITIONING

There has been little change to the overall shape of the portfolio, and many of our core holdings remain unchanged reflecting the conviction we have in these companies. Relative to our benchmark index we remain overweight in media companies, industrial engineers, housing related companies, construction companies and financial services companies. Our media stocks include 4imprint and Next Fifteen which are both heavily US and business to business focussed. Our engineering holdings include Hill & Smith, Trifast, Bodycote and Gooch & Housego. All of these companies are very internationally focussed and generally supplying attractive vertical markets. Our housing related stocks include Countryside, Walker Greenbank, Headlam and Ibstock. Within the financial services sector our holdings have more of a focus on equities or alternatives, or services where there has been an ongoing shift in outsourcing, including Polar Capital, Liontrust and Xafinity.

We remain underweight in food producers, technology hardware, challenger banks and travel & leisure companies.

About half of the revenues of our portfolio originate in the UK and these include defensive consumer companies such as CVS Group and those exposed to positive structural trends including Ibstock and Workspace.

OUTLOOK

Markets have remained firm based on generally positive economic data around the world, however UK GDP growth has been below the long term trend, whilst wage growth remains lower than inflation. UK companies have been reporting good results, although we have seen some consumer related profit warnings, reinforcing our cautious view on the outlook for UK consumer focussed companies.

The unexpected result in the UK General Election has undoubtedly increased the uncertainty around Brexit negotiations and may have an impact on business investment decisions. The unknown with regard to how Brexit will look remains one of the largest challenges facing the UK at present.

Investment manager's report continued

for the six months ended 31 August 2017

Meanwhile valuations are not cheap, and although earnings growth has been good for many of our holdings, and they remain well set, an increasingly large number trade on more than 20 times forecast earnings. Given this and the potential for further political surprise or economic setback, the share prices of UK small & mid-caps may find it difficult to make further progress over the coming months.

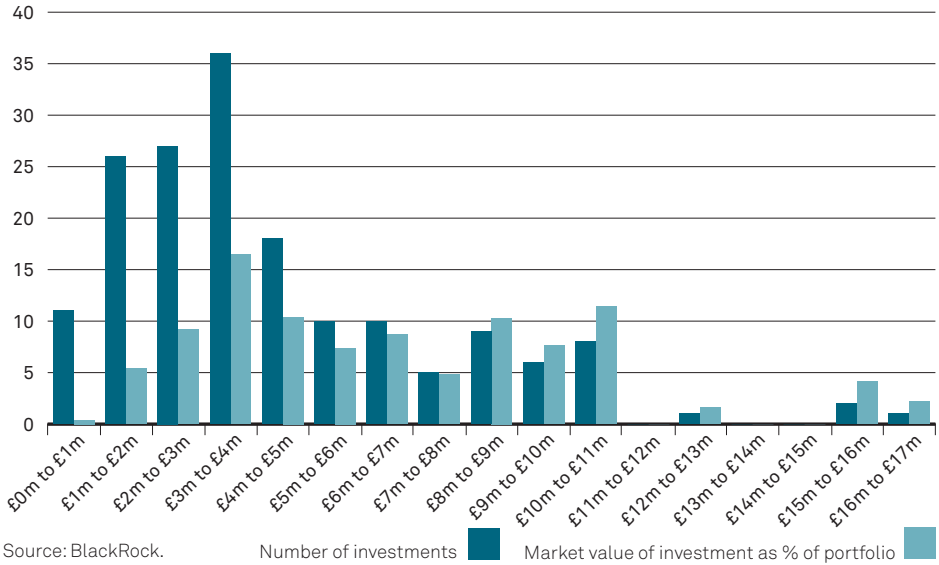
Despite these concerns, we believe our portfolio is suitably diversified and comprised of many market leading, often globally focussed businesses, run by strong management teams and is therefore well placed for the current environment.

Mike Prentis

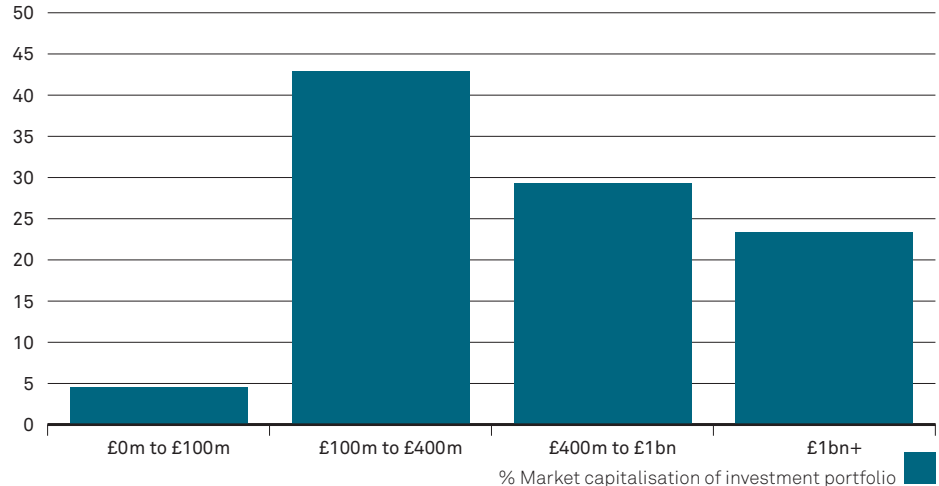
BlackRock Investment Management (UK) Limited
30 October 2017

Investment exposure

PORTFOLIO BY SIZE OF INVESTMENT AS AT 31 AUGUST 2017



MARKET CAPITALISATION OF OUR PORTFOLIO COMPANIES AS AT 31 AUGUST 2017



Twenty largest investments

as at 31 August 2017

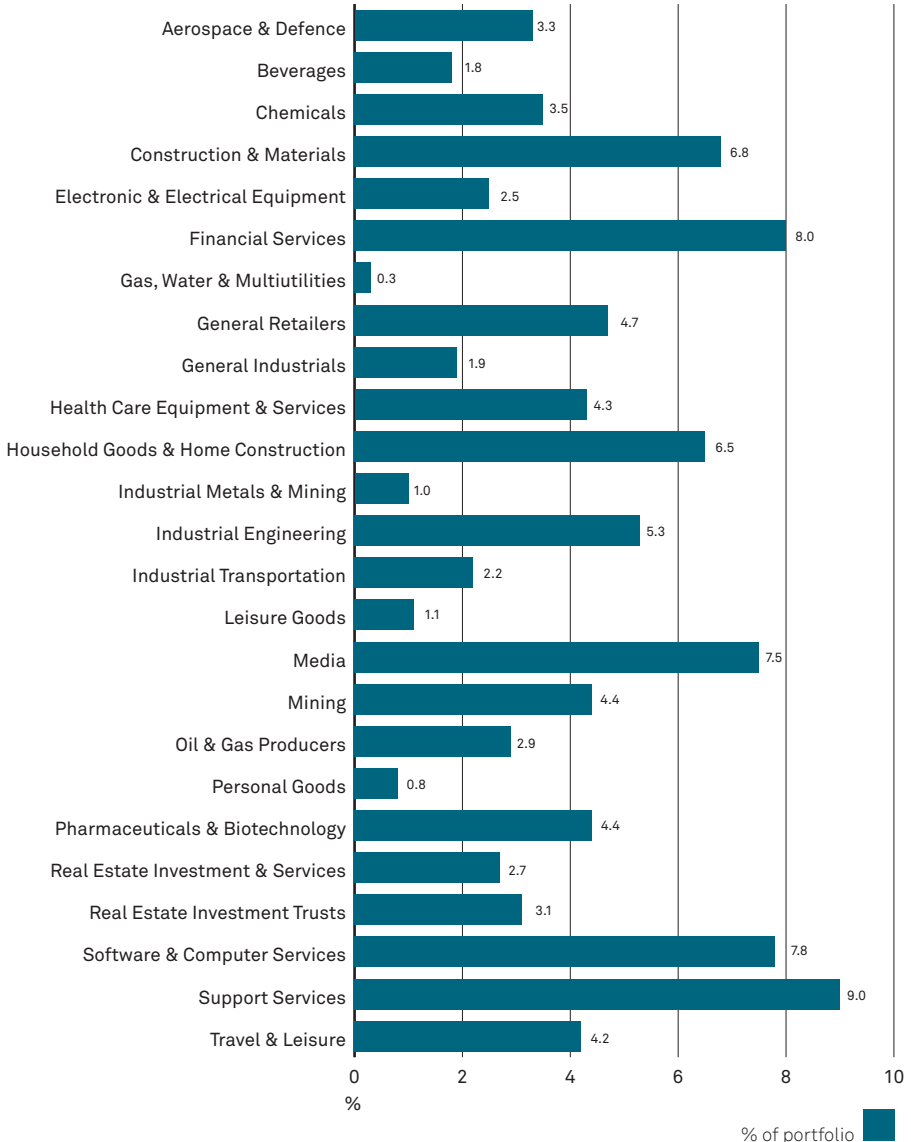
Company	Market value £'000	% of total portfolio	Business activity
CVS Group	16,558	2.2	Operation of veterinary surgeries
4imprint Group	15,911	2.1	Supply of promotional merchandise in the US
Dechra Pharmaceuticals	15,251	2.0	Development and supply of pharmaceutical and other products focussed on the veterinary market
Advanced Medical Solutions	12,082	1.6	Development and provision of products for global wound care and wound closure markets
Bodycote	10,980	1.5	Provision of thermal processing services
Hill & Smith	10,965	1.5	Production of infrastructure products and supply of galvanizing services
Avon Rubber	10,956	1.5	Production of safety masks and dairy related products
Headlam Group	10,800	1.4	Distribution of carpets and other floor coverings
KAZ Minerals	10,746	1.4	Copper mining
Robert Walters	10,630	1.4	Provision of specialist professional recruitment services
Ibstock	10,371	1.4	Manufacture of clay bricks and concrete products
Big Yellow	10,109	1.3	Provision of self storage facilities
Restore	9,913	1.3	Management of business information in both paper and digital form
Countryside Properties	9,843	1.3	Housebuilding and urban regeneration
Keywords Studios	9,803	1.3	Provision of services to the global video games industry
Workspace Group	9,588	1.3	Supply of flexible workspace to businesses in London
Fevertree Drinks	9,227	1.2	Development and sale of soft drinks and mixers
Morgan Sindall	9,015	1.2	Supply of office fit out, construction and urban regeneration services
Accesso Technology	8,930	1.2	Development and supply of ticketing and virtual queuing solutions for leisure attractions
Savills	8,697	1.2	Provision of property services
Twenty largest investments	220,375	29.3	
Remaining investments	531,559	70.7	
Total	751,934	100.0	

Details of the full portfolio are available on the Company's website at blackrock.co.uk/brsc.

Distribution of investments

as at 31 August 2017

ANALYSIS OF PORTFOLIO VALUE BY SECTOR



Source: BlackRock.

Interim management report and responsibility statement

The Chairman's Statement on pages 4 to 6 and the Investment Manager's Report on pages 7 to 10 give details of the important events which have occurred during the period and their impact on the financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks faced by the Company can be divided into various areas as follows:

- ▶ Investment performance risk;
- ▶ Market risk;
- ▶ Income/dividend risk;
- ▶ Legal & compliance risk;
- ▶ Operational risk;
- ▶ Financial risk; and
- ▶ Marketing risk.

The Board reported on the principal risks and uncertainties faced by the Company in the Annual Report and Financial Statements for the year ended 28 February 2017. A detailed explanation can be found in the Strategic Report on pages 15 to 17, and in note 16 on pages 56 to 63 of the Annual Report and Financial Statements which is available on the website maintained by BlackRock, at blackrock.co.uk/brsc.

In the view of the Board, there have not been any changes to the fundamental nature of these risks since the previous report and these principal risks and uncertainties are equally applicable to the remaining six months of the financial year as they were to the six months under review.

GOING CONCERN

The Directors, having considered the nature and liquidity of the portfolio, the Company's investment objectives and the Company's projected income and expenditure, are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future, and is financially sound. For this reason, they continue to adopt the going concern basis in preparing the financial statements. The Company is able to meet all of its liabilities from its assets and income generated from these assets and the

ongoing charges (excluding performance fees, finance costs and taxation) are approximately 0.7% of net assets. Ongoing charges with performance fees included were 1.0% of net assets for the year ended 28 February 2017, and as the performance fee is capped at 0.25% of total assets less current liabilities, ongoing charges calculated on this basis are not likely to significantly exceed this going forward.

RELATED PARTY DISCLOSURE AND TRANSACTIONS WITH THE AIFM AND INVESTMENT MANAGER

BlackRock Fund Managers Limited (BFM) was appointed as the Company's AIFM with effect from 2 July 2014. BFM has (with the Company's consent) delegated certain portfolio and risk management services, and other ancillary services, to BlackRock Investment Management (UK) Limited (BIM (UK)). Both BFM and BIM (UK) are regarded as related parties under the Listing Rules. Details of the management and performance fees payable are set out in note 4 on page 24 and note 11 on page 30.

The related party transactions with the Directors are set out in note 12 on page 31.

DIRECTORS' RESPONSIBILITY STATEMENT

The Disclosure and Transparency Rules (DTR) of the UK Listing Authority require the Directors to confirm their responsibilities in relation to the preparation and publication of the Interim Management Report and Financial Statements. The Directors confirm to the best of their knowledge that:

- ▶ the condensed set of financial statements contained within the half yearly financial report has been prepared in accordance with applicable Financial Reporting Council's Standard, FRS 104 'Interim Financial Reporting'; and
- ▶ the Interim Management Report together with the Chairman's Statement and Investment Manager's Report, include a fair review of the information required by 4.2.7R and 4.2.8R of the FCA's Disclosure and Transparency Rules.

The half yearly financial report has not been audited or reviewed by the Company's Auditors.

The half yearly financial report was approved by the Board on 30 October 2017 and the above responsibility statement was signed on its behalf by the Chairman.

Nicholas Fry

For and on behalf of the Board

30 October 2017

Income statement

for the six months ended 31 August 2017

	Notes	Six months ended 31 August 2017		
		Revenue £'000 (unaudited)	Capital £'000 (unaudited)	Total £'000 (unaudited)
Gains on investments held at fair value through profit or loss		–	96,614	96,614
(Losses)/gains on foreign exchange		–	(5)	(5)
Income from investments held at fair value through profit or loss	3	10,452	–	10,452
Other income	3	–	–	–
Total Income		10,452	96,609	107,061
Expenses				
Investment management and performance fees	4	(480)	(3,186)	(3,666)
Other operating expenses	5	(280)	(9)	(289)
Total Operating Expenses		(760)	(3,195)	(3,955)
Net profit on ordinary activities before finance costs and taxation		9,692	93,414	103,106
Finance costs		(244)	(730)	(974)
Net profit on ordinary activities before taxation		9,448	92,684	102,132
Taxation		(79)	–	(79)
Net profit on ordinary activities after taxation		9,369	92,684	102,053
Return per ordinary share	7	19.57p	193.57p	213.14p

The total column of this statement represents the Company's Profit and Loss Account. The supplementary revenue and capital columns are both prepared under guidance published by the Association of Investment Companies (AIC). All items in the above statement derive from continuing operations. No operations were acquired or discontinued during the period. All income is attributable to the equity holders of the Company.

The net profit for the period disclosed above represents the Company's total comprehensive income.

Six months ended 31 August 2016			Year ended 28 February 2017		
Revenue £'000 (unaudited)	Capital £'000 (unaudited)	Total £'000 (unaudited)	Revenue £'000 (audited)	Capital £'000 (audited)	Total £'000 (audited)
–	42,666	42,666	–	124,817	124,817
–	(2)	(2)	–	2	2
7,909	–	7,909	12,531	167	12,698
1	–	1	2	–	2
7,910	42,664	50,574	12,533	124,986	137,519
(351)	(2,375)	(2,726)	(736)	(3,651)	(4,387)
(306)	(11)	(317)	(601)	(17)	(618)
(657)	(2,386)	(3,043)	(1,337)	(3,668)	(5,005)
7,253	40,278	47,531	11,196	121,318	132,514
(197)	(592)	(789)	(401)	(1,202)	(1,603)
7,056	39,686	46,742	10,795	120,116	130,911
(11)	–	(11)	(36)	–	(36)
7,045	39,686	46,731	10,759	120,116	130,875
14.71p	82.89p	97.60p	22.47p	250.87p	273.34p

Statement of changes in equity

for the six months ended 31 August 2017

	Called up share capital
	£'000
For the six months ended 31 August 2017 (unaudited)	
At 28 February 2017	12,498
Total comprehensive income:	
Profit for the period	–
Transactions with owners, recorded directly to equity:	
Dividends paid ^(a)	–
At 31 August 2017	12,498
For the six months ended 31 August 2016 (unaudited)	
At 29 February 2016	12,498
Total comprehensive income:	
Profit for the period	–
Transactions with owners, recorded directly to equity:	
Dividends paid ^(b)	–
At 31 August 2016	12,498
For the year ended 29 February 2016 (audited)	
At 29 February 2016	12,498
Total comprehensive income:	
Profit for the year	–
Transactions with owners, recorded directly to equity:	
Dividends paid ^(c)	–
At 28 February 2017	12,498

^(a) Final dividend of 13.00p per share for the year ended 28 February 2017, declared on 2 May 2017 and paid on 19 June 2017.

^(b) Final dividend of 10.50p per share for the year ended 29 February 2016, declared on 25 April 2016 and paid on 20 June 2016.

^(c) Interim dividend paid in respect of the year ended 28 February 2017 of 8.00p was declared on 25 October 2016 and paid on 30 November 2016. Final dividend paid in respect of the year ended 29 February 2016 of 10.50p was declared on 25 April 2016 and paid on 20 June 2016.

The transaction costs incurred on the acquisition and disposal of investments are included within the capital reserves and amounted to £571,000 for the six months ended 31 August 2017 (six months ended 31 August 2016: £468,000; year ended 28 February 2017: £974,000).

Share premium account	Capital redemption reserve	Capital reserves	Revenue reserve	Total
£'000	£'000	£'000	£'000	£'000
38,952	1,982	525,439	18,202	597,073
–	–	92,684	9,369	102,053
–	–	–	(6,224)	(6,224)
38,952	1,982	618,123	21,347	692,902
38,952	1,982	405,323	16,300	475,055
–	–	39,686	7,045	46,731
–	–	–	(5,027)	(5,027)
38,952	1,982	445,009	18,318	516,759
38,952	1,982	405,323	16,300	475,055
–	–	120,116	10,759	130,875
–	–	–	(8,857)	(8,857)
38,952	1,982	525,439	18,202	597,073

Balance sheet

as at 31 August 2017

		31 August 2017	31 August 2016	28 February 2017
	Notes	£'000 (unaudited)	£'000 (unaudited)	£'000 (audited)
Fixed assets				
Investments held at fair value through profit or loss	10	751,934	552,486	647,981
Current assets				
Debtors		3,948	2,504	1,823
Cash and cash equivalents		9,938	1,154	29
		13,886	3,658	1,852
Creditors – amounts falling due within one year				
Other creditors		(8,262)	(4,471)	(2,839)
Net current assets/(liabilities)		5,624	(813)	(987)
Total assets less current liabilities		757,558	551,673	646,994
Creditors – amounts falling due after more than one year	8	(64,656)	(34,914)	(49,921)
Net assets		692,902	516,759	597,073
Capital and reserves				
Called up share capital	9	12,498	12,498	12,498
Share premium account		38,952	38,952	38,952
Capital redemption reserve		1,982	1,982	1,982
Capital reserves		618,123	445,009	525,439
Revenue reserve		21,347	18,318	18,202
Total shareholders' funds	7	692,902	516,759	597,073
Net asset value per ordinary share (debt at par value)	7	1,447.17p	1,079.28p	1,247.03p
Net asset value per ordinary share (debt at fair value)	7	1,438.31p	1,069.71p	1,237.77p

Statement of cash flows

for the six months ended 31 August 2017

	Six months ended 31 August 2017	Six months ended 31 August 2016	Year ended 28 February 2017
	£'000 (unaudited)	£'000 (unaudited)	£'000 (audited)
Operating activities			
Net profit before taxation	102,132	46,742	130,911
Add back finance costs	974	789	1,603
Gains on investments	(96,614)	(42,666)	(124,984)
Net movement on foreign exchange	5	2	(2)
Sales of investments	123,899	91,649	195,444
Purchases of investments	(128,426)	(97,427)	(214,179)
(Increase)/decrease in debtors	(923)	(438)	81
Increase/(decrease) in other creditors	1,255	1,339	(356)
Tax on investment income	(79)	(11)	(36)
Net cash generated from/(used in) operating activities	2,223	(21)	(11,518)
Financing activities			
Proceeds from loan note issue	25,000	–	–
Issue costs of loan note	(278)	–	–
Net (repayment)/drawdown of Scotia Bank revolving credit facility	(10,000)	(5,000)	10,000
Interest paid	(807)	(784)	(1,586)
Dividends paid	(6,224)	(5,027)	(8,857)
Net cash generated from/(used in) financing activities	7,691	(10,811)	(443)
Increase/(decrease) in cash and cash equivalents	9,914	(10,832)	(11,961)
Cash and cash equivalents at start of period/year	29	11,988	11,988
Effect of foreign exchange rate changes	(5)	(2)	2
Cash and cash equivalents at end of period/year	9,938	1,154	29
Comprised of:			
Cash at bank	3,447	1,154	29
BlackRock's Institutional Cash Series plc – Sterling Liquidity Fund	6,491	–	–
	9,938	1,154	29

Notes to the financial statements

for the six months ended 31 August 2017

1. PRINCIPAL ACTIVITY AND BASIS OF PREPARATION

The principal activity of the Company is that of an investment trust company within the meaning of sub-sections 1158 of the Corporation Tax Act 2010.

2. BASIS OF PREPARATION

The Company presents its results and positions under FRS 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102), which forms part of revised Generally Accepted Accounting Practice (New UK GAAP) issued by the Financial Reporting Council (FRC) in 2013.

The condensed set of financial statements has been prepared on a going concern basis in accordance with FRS 102 and FRS 104, 'Interim Financial Reporting' issued by the FRC in March 2015 and the revised Statement of Recommended Practice – 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (SORP) issued by the Association of Investment Companies (AIC) in November 2014.

The accounting policies applied for the condensed set of financial statements with regard to measurement and classification are as set out in the Company's Annual Report and Financial Statements for the year ended 28 February 2017. This reflects the Company's application of Sections 11 and 12 of FRS 102, in relation to financial instruments, in full.

3. INCOME

	Six months ended 31 August 2017	Six months ended 31 August 2016	Year ended 28 February 2017
	£'000 (unaudited)	£'000 (unaudited)	£'000 (audited)
Investment income:			
UK dividends	7,257	6,135	9,621
UK scrip dividends	27	19	56
UK special dividends	591	559	688
Property income dividends	530	437	861
Overseas dividends	1,668	677	1,148
Overseas special dividends	379	82	129
Overseas interest income	–	–	28
	10,452	7,909	12,531
Other income:			
Deposit interest	–	1	1
Underwriting commission	–	–	1
	–	1	2
Total	10,452	7,910	12,533

Special dividends of £nil (six months ended 31 August 2016: £162,000; year ended 28 February 2017: £167,000) have been recognised in capital and deducted from investment cost.

Dividends and interest received in the period amounted to £9,531,000 and £6,000 (six months ending 31 August 2016: £7,509,000 and £19,000; year ended 28 February 2017: £12,565,000 and £32,000) respectively.

Notes to the financial statements continued

for the six months ended 31 August 2017

4. INVESTMENT MANAGEMENT AND PERFORMANCE FEES

	Six months ended 31 August 2017 (unaudited)			Six months ended 31 August 2016 (unaudited)			Year ended 28 February 2017 (audited)		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	480	1,440	1,920	351	1,052	1,403	736	2,207	2,943
Performance fee	–	1,746	1,746	–	1,323	1,323	–	1,444	1,444
Total	480	3,186	3,666	351	2,375	2,726	736	3,651	4,387

The investment management fee is calculated based on 0.65% in respect of the first £50 million of the Company's assets, reducing to 0.50% thereafter. The fee rate is applied to an asset amount calculated as total assets (excluding current year income) less the current liabilities of the Company (the "Fee Asset Amount").

The fee is calculated quarterly as one quarter of the £50 million initial threshold charged at 0.65%, plus one quarter of the fee rate of 0.50% multiplied by the Fee Asset Amount at the relevant quarter end less the initial £50 million threshold amount.

The investment management fee is allocated 75% to the capital column and 25% to the revenue column of the income statement.

A performance fee is payable at the rate of 10% of the annualised excess performance over the benchmark for the two years preceding the current financial year end, applied to the Average Assets of the Company. Average Assets are defined as the Fee Asset Amount at the start of the year and at the year end date added together and divided by two. The fee is payable annually in April and is capped at 0.25% of Average Assets.

A performance fee of £1,746,000 has been accrued for the six month period ended 31 August 2017 (six months ended 31 August 2016: £1,323,000 and year ended 28 February 2017: £1,444,000). This is based on outperformance of 5.8% against the benchmark resulting from a NAV return of 20.2% against the benchmark return of 14.4%. These percentage returns are the annualised performance from 29 February 2016 to 28 February 2018 using actual performance for the period 29 February 2016 to 31 August 2017 and assuming the performance is in line with the benchmark for the period ended 28 February 2018. The performance fees in respect of the six months ended 31 August 2017 and 31 August 2016 were capped.

Performance fees have been wholly allocated to the capital column of the income statement as the performance has been predominantly generated through capital returns of the investment portfolio.

5. OTHER OPERATING EXPENSES

	Six months ended 31 August 2017	Six months ended 31 August 2016	Year ended 28 February 2017
	£'000 (unaudited)	£'000 (unaudited)	£'000 (audited)
Custody fee	3	3	5
Depository fees	45	34	70
Auditor's remuneration:			
– audit services	13	15	25
– non audit services	2	2	3
Registrar's fees	8	19	28
Directors' fees	76	76	148
Marketing fees	54	52	134
Other administration costs	79	105	188
	280	306	601
Transaction charges – capital	9	11	17
	289	317	618

6. DIVIDEND

In accordance with FRS 102, Section 32 'Events After the End of the Reporting Period', the interim dividend payable on the ordinary shares has not been included as a liability in the financial statements, as interim dividends are only recognised when they have been paid.

The Board has declared an interim dividend of 10.00p per share (2016: 8.00p per share), payable on 15 December 2017 to shareholders on the Company's register as at 10 November 2017; the ex dividend date is 9 November 2017. The total cost of this dividend, based on 47,879,792 shares in issue at 30 October 2017, is £4,788,000 (2016: £3,830,000).

Notes to the financial statements continued

for the six months ended 31 August 2017

7. RETURN AND NET ASSET VALUE PER SHARE

Revenue and capital returns per share are shown below and have been calculated using the following:

	Six months ended 31 August 2017	Six months ended 31 August 2016	Year ended 28 February 2017
	(unaudited)	(unaudited)	(audited)
Revenue return attributable to ordinary shareholders (£'000)	9,369	7,045	10,759
Capital return attributable to ordinary shareholders (£'000)	92,684	39,686	120,116
Total profit attributable to ordinary shareholders (£'000)	102,053	46,731	130,875
Equity shareholders' funds (£'000)	692,902	516,759	597,073
The weighted average number of ordinary shares in issue during the period on which the basic return per ordinary share was calculated was:	47,879,792	47,879,792	47,879,792
The actual number of ordinary shares in issue at the end of each period on which the undiluted net asset value was calculated was:	47,879,792	47,879,792	47,879,792
Revenue return per share	19.57p	14.71p	22.47p
Capital return per share	193.57p	82.89p	250.87p
Total return per share	213.14p	97.60p	273.34p
	As at 31 August 2017	As at 31 August 2016	As at 28 February 2017
	(unaudited)	(unaudited)	(audited)
Net asset value per ordinary share (debt at par value)	1,447.17p	1,079.28p	1,247.03p
Net asset value per ordinary share (debt at fair value)	1,438.31p	1,069.71p	1,237.77p
Net asset value per ordinary share (debt at par value, capital only)	1,427.60p	1,064.57p	1,232.56p
Ordinary share price	1,239.50p	895.50p	1,060.00p

8. CREDITORS – AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Six months ended 31 August 2017	Six months ended 31 August 2016	Year ended 28 February 2017
	£'000 (unaudited)	£'000 (unaudited)	£'000 (audited)
Revolving loan facility – Scotia Bank	25,000	20,000	35,000
7.75% debenture stock 2022	15,000	15,000	15,000
Unamortised debenture stock issue expenses	(71)	(86)	(79)
	14,929	14,914	14,921
2.74% loan note 2037	25,000	–	–
Unamortised loan note issue expenses	(273)	–	–
	24,727	–	–
Total	64,656	34,914	49,921

The fair value of the 7.75% debenture stock using the last available quoted offer price from the London Stock Exchange as at 31 August 2017 was 128.00p per debenture, a total of £19,200,000 (31 August 2016: £19,500,000; 28 February 2017: £19,350,000). The fair value of the 2.74% loan note has been determined based on a comparative yield for UK Gilts for similar duration maturity and spreads, and as at 31 August 2017 equated to a valuation of 98.79p per loan note, a total of £24,698,000.

The £15 million debenture stock was issued on 8 July 1997. Interest on the stock is payable in equal half yearly instalments on 31 July and 31 January in each year. The stock is secured by a first floating charge over the whole of the assets of the Company and is redeemable at par on 31 July 2022.

The £25 million loan note was issued on 24 May 2017. Interest on the note is payable in equal half yearly instalments on 24 May and 24 November in each year. The loan note is unsecured and is redeemable at par on 24 May 2037.

The Company has in place a £35 million three year multi-currency revolving loan facility with Scotia Bank (Ireland) Limited. At the period end, £25 million of the facility had been utilised. Under the amended agreement the termination date of this facility is the third anniversary of the effective date being May 2021. Interest on this facility is reset every three months and is currently charged at the rate of 1.20% (six months ended 31 August 2016: 1.44%, year ended 28 February 2017: 1.31%).

Notes to the financial statements continued

for the six months ended 31 August 2017

9. CALLED UP SHARE CAPITAL

	Ordinary shares	Treasury shares	Total shares in issue	Nominal value
	(number)	(number)	(number)	£'000
Allotted, called up and fully paid share capital comprised:				
Ordinary shares of 25p each:				
At 31 August 2017	47,879,792	2,113,731	49,993,523	12,498

There has been no change in share capital in the six months to 31 August 2017 or up to the date of this report.

10. VALUATION OF FINANCIAL INSTRUMENTS

For the six months ended 31 August 2017 and 31 August 2016 and the year ended 28 February 2017, the Company had early adopted the amendments to FRS 102 'Fair value hierarchy disclosure' effective for annual periods beginning on or after 1 March 2017. These amendments improve the consistency of fair value disclosure for financial instruments with those required by EU adopted IFRS.

Financial assets and financial liabilities are either carried in the Balance Sheet at their fair value (investments) or at an amount which is a reasonable approximation of fair value (due from brokers, dividends and interest receivable, due to brokers, accruals, cash and cash equivalents and overdrafts). Section 11 of FRS 102 requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The valuation techniques used by the Company are explained in the accounting policies note on page 49 of the Annual Report and Financial Statements for the year ended 28 February 2017.

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset.

The fair value hierarchy has the following levels:

Level 1 – Quoted prices for identical instruments in active markets

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. The Company does not adjust the quoted price for these instruments.

Level 2 – Valuation techniques using observable inputs

This category includes instruments valued using quoted prices for similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3 – Valuation techniques using significant unobservable inputs

This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant impact on the instrument's valuation. This category also includes instruments that are valued based on quoted prices for similar instruments where significant entity determined adjustments or assumptions are required to reflect differences between the instruments and instruments for which there is no active market. The Investment Manager considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement.

Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The table below is the analysis of the Company's financial instruments measured at fair value at the balance sheet date.

Financial assets at fair value through profit or loss at 31 August 2017	Level 1	Level 2	Level 3	Total
	£'000 (unaudited)	£'000 (unaudited)	£'000 (unaudited)	£'000 (unaudited)
Assets:				
Equity investments	751,934	–	–	751,934
Total	751,934	–	–	751,934

Notes to the financial statements continued

for the six months ended 31 August 2017

10. VALUATION OF FINANCIAL INSTRUMENTS continued

Financial assets at fair value through profit or loss at 31 August 2016	Level 1	Level 2	Level 3	Total
	£'000 (unaudited)	£'000 (unaudited)	£'000 (unaudited)	£'000 (unaudited)
Assets:				
Equity investments	552,486	–	–	552,486
Total	552,486	–	–	552,486

Financial assets at fair value through profit or loss at 28 February 2017	Level 1	Level 2	Level 3	Total
	£'000 (audited)	£'000 (audited)	£'000 (audited)	£'000 (audited)
Assets:				
Equity investments	647,981	–	–	647,981
Total	647,981	–	–	647,981

There were no transfers between levels for financial assets and financial liabilities during the period recorded at fair value as at 31 August 2017, 28 February 2017 and 31 August 2016. The Company did not hold any level 3 securities throughout the six month period or as at 31 August 2017 (31 August 2016: nil; 28 February 2017: nil).

11. TRANSACTIONS WITH THE AIFM AND THE INVESTMENT MANAGER

BlackRock Fund Managers Limited (BFM) provides management and administration services to the Company under a contract which is terminable on six months' notice. BFM has (with the Company's consent) delegated certain portfolio and risk management services, and other ancillary services, to BlackRock Investment Management (UK) Limited (BIM (UK)). Further details of the investment management contract are disclosed in note 4 on page 51 in the Annual Report and Financial Statements 28 February 2017.

The investment management fee for the six months ended 31 August 2017 amounted to £1,920,000 (six months ended 31 August 2016: £1,403,000; year ended 28 February 2017: £2,943,000). A performance fee accrued for the the six months ended 31 August 2017 amounted to £1,746,000 (six months ended 31 August 2016: £1,323,000; year ended 28 February 2017: £1,444,000).

At the period end, £1,920,000 was outstanding in respect of the management fee (31 August 2016: £1,403,000; 28 February 2017: £808,000) and £1,746,000 (31 August 2016: £2,581,000; 28 February 2017: £1,444,000) in respect of the performance fee.

In addition to the services outlined in the previous page, BlackRock provides the Company with marketing services. The total fees paid or payable for these services for the period ended 31 August 2017 amounted to £54,000, including VAT (six months ended 31 August 2016: £52,000; year ended 28 February 2017: £134,000) and £88,000 (31 August 2016: £124,000; 28 February 2017: £206,000) was outstanding at 31 August 2016.

12. RELATED PARTY DISCLOSURE

The Board consists of five non-executive Directors, all of whom are considered to be independent by the Board. None of the Directors has a service contract with the Company. The Chairman receives an annual fee of £40,000, the Chairman of the Audit Committee receives an annual fee of £30,000 and each of the other Directors receives an annual fee of £26,750.

At the period end members of the Board held ordinary shares in the Company as set out below:

	Ordinary shares 31 August 2017	Ordinary shares 31 August 2016
Nicholas Fry (Chairman)	40,000	40,000
Caroline Burton	5,500	5,500
Michael Peacock	1,000	1,000
Robert Robertson	91,062	86,062
Susan Platts-Martin	2,000	2,000

13. PUBLICATION OF NON STATUTORY ACCOUNTS

The financial information contained in this half yearly report does not constitute statutory accounts as defined in section 435 of the Companies Act 2006. The financial information for the six months ended 31 August 2017 and 31 August 2016 has not been audited or reviewed by the Auditors.

The information for the year ended 28 February 2017 has been extracted from the latest published audited financial statements, which have been filed with the Registrar of Companies. The report of the auditor in those financial statements contained no qualification or statement under sections 498(2) or (3) of the Companies Act 2006.

14. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 August 2017, 31 August 2016 or 28 February 2017.

Notes to the financial statements continued

for the six months ended 31 August 2017

15. ANNUAL RESULTS

The Board expects to announce the annual results for the year ending 28 February 2018 in late April 2018. Copies of the annual results announcement can be obtained from the Secretary on 020 7743 3000 and a copy of the Annual Report is available from the Company's website at blackrock.co.uk/brsc. The Annual Report should be available by beginning of May 2018 with the Annual General Meeting being held in June 2018.

Directors, management and other service providers

Directors

Nicholas Fry (Chairman)
Caroline Burton
Michael Peacock (Chairman of the Audit Committee)
Susan Platts-Martin
Robert Robertson (Senior Independent Director)

Registered Office

(Registered in Scotland, No. 006176)
Exchange Place One
1 Semple Street
Edinburgh EH3 8BL

Investment Manager and Company Secretary

BlackRock Investment Management (UK) Limited*
12 Throgmorton Avenue
London EC2N 2DL

Alternative Investment Fund Manager

BlackRock Fund Managers Limited*
12 Throgmorton Avenue
London EC2N 2DL
Telephone: 020 7743 3000

Depository

The Bank of New York Mellon (International) Limited*¹
1 Canada Square
London E14 5AL

Registrar

Computershare Investor Services PLC*
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ
Telephone: 0370 707 1649

Stockbrokers

Canaccord Genuity Limited*
88 Wood Street
London EC2V 7QR

Solicitors

CMS Cameron McKenna LLP
Saltire Court
20 Castle Terrace
Edinburgh EH1 2EN

Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London SE1 2RT

* Authorised and regulated by the Financial Conduct Authority.

¹ With effect from 1 November 2017. Prior to this date the Company's appointed Depository was BNY Mellon Trust & Depository (UK) Limited.

Shareholder information

FINANCIAL CALENDAR

The timing of the announcement and publication of the Company's results may normally be expected in the months shown below:

April/May

Annual results and final dividend for year announced.

Annual Report and Financial Statements published.

June

Annual General Meeting.

June/July

Final dividend paid.

October

Half yearly figures to 31 August announced and half yearly financial report published.

November/December

Interim dividend paid.

INTERIM DIVIDEND

The proposed interim dividend in respect of the year ended 28 February 2018 is 10.00p per share.

Ex-dividend date (shares transferred without the dividend)	9 November 2017
Record date (last date for registering transfers to receive the dividend)	10 November 2017
Last date for registering DRIP instructions	24 November 2017
Dividend payment date	15 December 2017

PAYMENT OF DIVIDENDS

Cash dividends will be sent by cheque to the first-named shareholder at their registered address. Dividends may also be paid direct into a shareholder's bank account via BACSTEL-IP (Bankers' Automated Clearing Service – Telecom Internet Protocol). This may be arranged by contacting the Company's registrar, Computershare Investor Services PLC, through their secure website investorcentre.co.uk, or by telephone on 0370 707 1649, or by completing the Mandate Instructions section on the reverse of your dividend counterfoil. Confirmation of dividends paid will be sent to shareholders at their registered address, unless other instructions have been given, to arrive on the payment date.

DIVIDEND REINVESTMENT SCHEME (“DRIP”)

Shareholders may request that their dividends be used to purchase further shares in the Company. Dividend reinvestment forms may be obtained from Computershare Investor Services PLC through their secure website investorcentre.co.uk, or on 0370 707 1649. Shareholders who have already opted to have their dividends reinvested do not need to reapply. The last date for registering for this service for the forthcoming dividend is 24 November 2017.

SHARE PRICE

The Company’s mid-market ordinary share price is quoted daily in The Financial Times under “Investment Companies” and in The Daily Telegraph and The Times under “Investment Trusts”. The share price is also available on the BlackRock website at blackrock.co.uk/brsc.

ISIN/SEDOL NUMBERS

The ISIN/SEDOL numbers and mnemonic codes for the Company’s shares are:

	Ordinary Shares
ISIN	GB0006436108
SEDOL	0643610
Reuters code	BRSC
Bloomberg code	BRSC LN

SHARE DEALING

Investors wishing to purchase more shares in the Company or sell all or part of their existing holding may do so through a stockbroker. Most banks also offer this service. It is also possible to trade the Company’s shares through many of the online dealing service providers.

COMPUTERSHARE INVESTOR SERVICES PLC

For existing shareholders, the Company’s registrar, Computershare Investor Services PLC, has both internet and telephone share dealing services. To access the internet share dealing service, log on to computershare.com/sharedealingcentre/. The telephone share dealing service is available on 0370 703 0084. To use these services, you will need your shareholder reference number which is detailed on your share certificate.

Internet dealing – The fee for this service is 1% of the value of each sale or purchase of shares (subject to a minimum of £30).

Stamp duty of 0.5% is payable on purchases.

Telephone dealing – The fee for this service will be 1% of the value of the transaction (plus £35). Stamp duty of 0.5% is payable on purchases.

Shareholder information continued

CREST

The Company's shares may be held in CREST, an electronic system for uncertificated securities trading. Private investors can continue to retain their share certificates and remain outside the CREST system. Private investors are able to buy and sell their holdings in the same way as they did prior to the introduction of CREST, although there may be differences in dealing charges.

ELECTRONIC COMMUNICATIONS

We encourage you to play your part in reducing our impact on the environment and elect to be notified by email when your shareholder communications become available online. This means you will receive timely, cost-effective and greener online annual reports, half yearly financial reports and other relevant documentation. Shareholders who opt for this service will receive an email from Computershare with a link to the relevant section of the BlackRock website where the documents can be viewed and downloaded. Please submit your email address by visiting investorcentre.co.uk/ecomms. You will require your shareholder reference number which you will find on your share certificate or dividend confirmation statement. You will continue to receive a printed copy of these reports if you have elected to do so. Alternatively, if you have not submitted your email address nor have elected to receive printed reports, we will write and let you know where you can view these reports online.

NOMINEE CODE

Where shares are held in a nominee company name, the Company undertakes:

- ▶ to provide the nominee company with multiple copies of shareholder communications, so long as an indication of quantities as been provided in advance; and
- ▶ to allow investors holding shares through a nominee company to attend general meetings, provided the correct authority from the nominee company is available.

PUBLICATION OF NET ASSET VALUE/ PORTFOLIO ANALYSIS

The NAV per share of the Company is calculated daily, with details of the Company's investments and performance being published monthly. The daily NAV per share and monthly information are released through the London Stock Exchange's Regulatory News Service and are available on the BlackRock website at blackrock.co.uk/brsc and through the Reuters News Service under the code "BLRKINDEX", on page 8800 on Topic 3 (ICV terminals) and under "BLRK" on Bloomberg (monthly information only).

ONLINE ACCESS

Other details about the Company are available on the BlackRock website at blackrock.co.uk/brsc. The financial statements and other literature are published on the website. Visitors to the

website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in their jurisdiction.

Shareholders can also manage their shareholding online by using Investor Centre, Computershare's secure website, at investorcentre.co.uk. To access Computershare's website you will need your shareholder reference number (SRN) which can be found on paper or electronic communications you have previously received from Computershare. Listed below are the most frequently used features of the website.

- ▶ Holding enquiry – view balances, values, history, payments and reinvestments.
- ▶ Payments enquiry – view your dividends and other payment types.
- ▶ Address change – change your registered address.
- ▶ Bank details update – choose to receive your dividend payment directly into your bank account instead of by cheque.
- ▶ Outstanding payments – reissue payments using the online replacement service.

- ▶ Downloadable forms – including dividend mandates, stock transfer, dividend reinvestment and change of address forms.

DIVIDEND TAX ALLOWANCE

From April 2016 dividend tax credits were replaced by an annual £5,000 tax-free allowance on dividend income across an individual's entire share portfolio. Above this amount, individuals pay tax on their dividend income at a rate dependent on their income tax bracket and personal circumstances. The Company continues to provide registered shareholders with a confirmation of the dividends paid and this should be included with any other dividend income received when calculating and reporting total dividend income received. It is the shareholder's responsibility to include all dividend income when calculating any tax liability. With effect from April 2018, the tax-free allowance may be reduced from £5,000 to £2,000.

If you have any tax queries, please contact a Financial Advisor.

STOCKS AND SHARES INDIVIDUAL SAVINGS ACCOUNTS ("ISA")

ISAs are a tax-efficient method of investment and the Company's shares are eligible investments for inclusion within stocks and shares Individual Savings Accounts. In the 2017/2018 tax year

Shareholder information continued

investors have an annual ISA allowance of £20,000 (2016/2017: £15,240) which can be invested in either cash or shares.

SHAREHOLDER ENQUIRIES

The Company's registrar is Computershare Investor Services PLC. Certain details relating to your holding can be checked through the Computershare Investor Centre website. As a security check, specific information needs to be input accurately to gain access to an individual's account. This includes your shareholder reference number, available from either your share certificate, tax voucher or other communications you have previously received from Computershare. The address of the Computershare website is investorcentre.co.uk. Alternatively, please contact the registrar on 0370 707 1649.

Changes of name or address must be notified in writing either through Computershare's website, or to the registrar at:

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ

GENERAL ENQUIRIES

Enquiries about the Company should be directed to:

The Secretary
BlackRock Smaller Companies Trust plc
12 Throgmorton Avenue
London EC2N 2DL
Telephone: 020 7743 3000
Email: cosec@blackrock.com

WEBSITE

blackrock.co.uk/brsc



blackrock.co.uk/brsc

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