

## BRITISH SMALLER TECHNOLOGY COMPANIES VCT 2 PLC (“the Company”)

### INTERIM MANAGEMENT STATEMENT

For the quarter ended 31 March 2010

British Smaller Technology Companies VCT 2 plc presents its interim management statement for the quarter ended 31 March 2010. This constitutes the Company’s first interim management statement for the financial year ending 31 December 2010, as required by Rule 4.3 of the Disclosure and Transparency Rules. A copy of this interim management statement can be found at [www.yfmprivateequity.co.uk](http://www.yfmprivateequity.co.uk).

The unaudited net asset value per Ordinary share as at 31 March 2010 was 72.3p (31 December 2009: 72.7p). The majority of this movement is a result of costs exceeding income in the period with the balance being attributed to minor valuation movements.

The total return at 31 March 2010, calculated by reference to the net asset value per share and the cumulative dividends paid and proposed, is 94.3p per share compared to 94.7p at 31 December 2009.

The number of Ordinary shares in issue at 31 March 2010 was 16,641,257. There were no shares purchased or issued by the Company during the quarter. Subsequent to the quarter end 1,196,262 shares were allotted by the Company at a price of 77.25p per share pursuant to its Offers for Subscription document.

Net assets at 31 March 2010 comprised the following:

	£000	% of net assets
Unquoted investments at fair value	5,334	44.4
Quoted investments at bid price	975	8.1
Gilt investments	4,066	33.8
<b>Total investments</b>	<b>10,375</b>	<b>86.3</b>
Cash and cash equivalents	1,314	10.9
Other net current assets (liabilities)	338	2.8
<b>Net assets</b>	<b>12,027</b>	<b>100.0%</b>

The ten largest investments by valuation at 31 March 2010 were as follows:

	£000	% of net assets
Digital Healthcare Limited	1,659	13.8
Primal Pictures Limited	1,025	8.5
Immunobiology Limited	1,024	8.5
Deep-Secure Ltd	500	4.2
Pressure Technologies plc	430	3.6
Waterfall Services Limited	404	3.4
Patsystems plc	264	2.2
Harvey Jones Limited	209	1.7
Silistix Limited	150	1.2
RMS Group Holdings Limited	149	1.2
Top ten investments	5,814	48.3
Other investments	495	4.2
Gilt investments	4,066	33.8
<b>Total investments</b>	<b>10,375</b>	<b>86.3</b>

Quoted investments are carried at bid price at 31 March 2010. Unquoted investment are carried at fair value as 31 March 2010 as determined by the directors.

During the three months ended 31 March 2010 the following significant investment transactions took place (all companies are unquoted except where otherwise indicated):

#### Partial Disposals

	Sale proceeds	Original cost	Carrying value at 31 Dec 2010
Name of company:	£000	£000	£000
Primal Pictures Limited	137	43	137
	<b>137</b>	<b>43</b>	<b>137</b>

#### Follow-on Investments:

Name of company:	Business activity:	Amount invested £000
Silistix Limited	Silicon chip design	150
Immunobiology Limited	Pharmaceuticals	182
		<b>332</b>

#### Performance

In this period the Company has seen its net asset value decrease by 0.4p per share.

The total return, calculated by reference to the net asset value plus cumulative dividend paid and proposed has decreased by 0.4p to 94.3p per share, cumulative dividends representing 22.0p per share.

The net asset value currently comprises 45% in cash and gilts and as such the Company is well placed to take advantage of selective investment opportunities as they arise.

The net asset value per share remains significantly in excess of the current share price.

#### Outlook

Whilst there remains uncertainty over the speed of recovery in the markets the last quarter has shown an increase in underlying net asset value and over previous two years has demonstrated that positive realisations are still possible for the right quality of investments.

There is some evidence of an increasing search for capital from businesses seeking to expand which your Board believes will translate into increasing investment opportunities over both the short and medium term. This Company is well placed to take advantage of these investment opportunities as well as continuing to support its existing investments.

The Board has recently raised £924K and the offer remains open to accept subscriptions for the 2010/11 tax year until such times as the offer is fully subscribed.

19 May 2010

#### For further information please contact:

David Hall      YFM Private Equity  
Jeff Keating    Singer Capital Markets

Tel: 0161 832 7603  
Tel: 0203 205 7500