

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

INTERIM MANAGEMENT STATEMENT

For the quarter ended 30 September 2009

British Smaller Technology Companies VCT 2 plc presents its interim management statement for the quarter ended 30 September 2009. This constitutes the Company's second interim management statement for the financial year ending 31 December 2009, as required by Rule 4.3 of the Disclosure and Transparency Rules. A copy of this interim management statement can be found at www.yfmgroup.co.uk.

The unaudited net asset value per Ordinary share as at 30 September 2009 was 73.0p (30 June 2009: 75.7p). The net asset value as at 30 September 2009 is stated after taking account of the interim dividend of 2.0p per Ordinary share and the special dividend of 2.0p per Ordinary share in respect of the year ended 31 December 2009. These dividends were paid on 2 October 2009 and 30 October 2009 respectively.

The total return at 30 September 2009, calculated by reference to the net asset value per share and the cumulative dividends paid and proposed, increased to 95.0p per share from 93.7p at 30 June 2009.

The number of Ordinary shares in issue at 30 September 2009 was 16,641,257. There were no shares purchased or issued by the Company during the quarter.

Net assets at 30 September 2009 comprised the following:

	£000	% of net assets
Unquoted investments at fair value	4,677	38.5%
Quoted investments at bid price	1,023	8.4%
Gilt investments	3,898	32.1%
Total investments	9,598	79.0%
Cash and cash equivalents	1,986	16.3%
Other net current assets (liabilities)	570	4.7%
Net assets	12,154	100.0%

The ten largest investments by valuation at 30 September 2009 were as follows:

	£000	% of net assets
Digital Healthcare Limited	1,659	13.6%
Immunobiology Limited	807	6.6%
Primal Pictures Limited	742	6.1%
Pressure Technologies plc	440	3.6%
Silistix Limited	387	3.2%
Waterfall Services Limited	382	3.2%
Harvey Jones Limited	273	2.3%
Patsystems plc	258	2.1%
Ellfin Home Care Limited	150	1.2%
RMS Group Holdings Limited	146	1.2%
Top ten investments	5,244	43.1%
Other investments	456	3.8%
Gilt investments	3,898	32.1%
Total investments	9,598	79.0%

Quoted investments are carried at bid price at 30 September 2009. Unquoted investment are carried at fair value as at 30 September 2009 as determined by the directors.

During the three months ended 30 September 2009 the following significant investment transactions took place (all companies are unquoted except where otherwise indicated):

Disposals

	Sale proceeds	Original cost	Carrying value at 30 June 2009
Name of company:	£000	£000	£000
DxS	1,755*	163	817
ART Technology Group (AiM)	567	244	519
Oxonica (AiM)	3	62	6
RMS Group Holdings	3	3	3
	2,328	472	1,345

* excluding deferred proceeds of £214,000

Performance

In this period the Company has seen its underlying net asset value decrease by 2.7p per share after the payment of an interim dividend of 2.0p per Ordinary share and a special dividend of 2.0p per Ordinary share.

The total return, calculated by reference to the net asset value plus cumulative dividend paid and proposed has increased by 1.3p to 95.0p per share, cumulative dividends representing 22.0p per share.

The net asset value currently comprises 48% 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 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 continue to support these investments and take advantage of investment opportunities that may arise in the short term and is intending to ensure it has sufficient capacity to meet future investment demand.

16 November 2009

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