

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

INTERIM MANAGEMENT STATEMENT For the quarter ended 30 September 2008

British Smaller Technology Companies VCT 2 plc presents its interim management statement for the quarter ended 30 September 2008. This constitutes the Company’s second interim management statement for the financial year ending 31 December 2008, as required by the UK Listing Authority’s Disclosure and Transparency Rule 4.3.

The unaudited net asset value per Ordinary share as at 30 September 2008 was 79.7 pence. This is a decrease of 3.9% over the net asset value of 82.9 pence per share at 30 June 2008. The reduction is largely attributed to the recognition of the special and interim dividend paid to shareholders in September and totalling 4 pence per share. Hence the total return, calculated by reference to the net asset value plus cumulative dividends paid has increased from 94.9p per share at 30 June 2008 to 95.7 pence per share at 30 September 2008, an increase of 0.8%.

In addition to the dividend, the last three months have seen the value of the AiM portfolio depressed given the market conditions and a £94k reduction in the portfolio has been recognised. This represents a 6% reduction in the value of the AiM portfolio during the quarter. A review of the unquoted portfolio has identified some ups and downs, but minimal net impact on the value of the unquoted portfolio overall. The reduction in the value of the AiM portfolio has been offset by the recovery in the market value of the gilts, which have increased £110k during the period. At 30 September 2008, the Company held cash and Gilts representing 42.5% of the net asset value.

This quarter has seen the inclusion of £164,000 in respect of the reclaim for irrecoverable VAT in line with the ruling by HMRC.

There has been no movement in the number of Ordinary shares, 16,641,257 Ordinary shares being in issue at both 31 December 2007 and 30 June 2008.

The Company has completed one investment in the quarter, being a £52,000 follow on equity investment in Manchester based computer chip designer Silistix Limited. Disposals of £3,500 related to the scheduled loan repayments made by RMS Group Limited.

Net assets at 30 September 2008 comprised the following:

	£000	% of net assets
Unquoted investments at fair value	5,815	43.8
Quoted investments at bid price	1,519	11.5
Total venture capital investments	7,334	55.3
Cash and cash equivalents	5,633	42.5
Other net current assets	295	2.2
Net assets	13,262	100.0

The net asset value per Ordinary share at 30 September 2008 was 79.7 pence. The net asset value remains significantly in excess of the current share price.

The ten largest investments by valuation at 30 September 2008 were as follows:

	£000	% of net assets
Digital Healthcare	1,650	12.5
Immunobiology	850	6.4

Silistix	719	5.4
Primal Pictures	642	4.8
Pressure Technologies	520	3.9
ART	484	3.7
RMS	435	3.3
Cater Plus	345	2.6
DxS	320	2.4
Harvey Jones	278	2.1
Top ten investments	6,243	47.1
Other investments	1,091	8.2
Total venture capital investments	7,334	55.3

Quoted investments are carried at bid price at 30 September 2008. Unquoted investment are carried at fair value as at 30 September 2008 as determined by the directors.

During the three months ended 30 September 2008 the following significant investment transactions took place (all companies are unquoted except where otherwise indicated):

Follow-on Investments:

Name of company:	Business activity:	Amount invested £000
Silistix Ltd	Silicon chip design	52
		52

In this period the Company has seen its underlying net asset value increase by 0.8 pence per share after the payment of an interim dividend of 2 pence per share and a special dividend of 2 pence share. It is pleasing to note that the residual net asset value has both increased and currently comprises 42.5% in gilts and cash.

With the principal investments in the portfolio all having secured funding with little exposure to financial leverage the portfolio is itself well placed to take advantage of expansion opportunities as they arise.

There has been a marked increase in the number of investment opportunities being presented. The Company's liquidity is good but your board will be seeking to increase this through a non-prospectus top up offer early in the New Year.

19 November 2008

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