

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

### INTERIM MANAGEMENT STATEMENT

For the quarter ended 31 March 2008

British Smaller Technology Companies VCT 2 plc presents its interim management statement for the quarter ended 31 March 2008. This constitutes the Company's first 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 31 March 2008 was 87.5 pence. This compares to 79.0 pence per share at 31 December 2007.

The last three months have seen further growth from the investment portfolio which has increased by £1.5 million in value resulting at 31 March 2008 in an overall increase in total return to 98.0 pence per share from 89.5 pence as at 31 December 2007. 7.8 pence of this increase results from the upward valuation of the Company's investment in Sarian Systems Ltd, to the value at which it was disposed in April 2008. 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 31 March 2008.

The company has completed two investments in the quarter, the largest being a follow on equity investment of £168,000 in Manchester based computer chip designer Silistix. An additional equity stake of £26,000 was received for nil consideration in Patsystems, being further deferred proceeds on the sale of Tamesis.

Net assets at 31 March 2008 comprised the following:

	£000	% of net assets
Unquoted investments at fair value	8,624	59.2
Quoted investments at bid price	1,618	11.1
Total venture capital investments	<u>10,242</u>	<u>70.3</u>
Cash and cash equivalents	4,045	27.8
Other net current assets	276	1.9
Net assets	<u>14,563</u>	<u>100.0</u>

The ten largest investments by valuation at 31 March 2008 were as follows:

	£000	% of net assets
Sarian Systems Ltd	2,602	17.9%
Digital Healthcare Ltd	1,922	13.2%
Immunobiology Ltd	850	5.8%
Primal Pictures Ltd	698	4.8%
Silistix Ltd	664	4.6%
The ART Technology Group Inc	498	3.4%
Pressure Technologies plc	440	3.0%
Harvey Jones Ltd	389	2.7%
RMS Ltd	350	2.4%
Caterplus Services Ltd	328	2.3%
Top ten investments	<u>8,741</u>	<u>60.0%</u>
Other investments	1,501	10.3%

Total venture capital investments	<u>10,242</u>	<u>70.3%</u>
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Quoted investments are carried at bid price at 31 March 2008. Unquoted investment are carried at fair value as at 31 March 2008 as determined by the directors.

During the three months ended 31 March 2008 the following significant investment transactions took place (all companies are unquoted except where otherwise indicated):

**Follow-on Investments:**

<b>Name of company:</b>	<b>Business activity:</b>	<b>Amount invested £000</b>
Silistix Ltd	Silicon chip design	168
Patsystems plc (quoted)	Risk management software design	<u>26</u>
		<u>194</u>

**Disposals:**

<b>Name of company:</b>	<b>Sale proceeds £000</b>	<b>Original cost £000</b>	<b>Carrying value at 31 December 2007 £000</b>
Hallco 1389 Ltd	49	49	49
Hallco 1390 Ltd	73	1	<u>37</u>
			<u>86</u>

In this period the Company has increased its net asset value to £14.6 million from £13.2 million. There has been one realisation during the quarter and with further interest expressed in a number of investments the board expect this trend to continue throughout the first half of this financial year. New investment opportunities have been presented at an encouraging rate which has indicates the likelihood of significant investment activity in 2008. The board remains confident in the outlook for the current financial year both in terms of new investment performance and continuing realisations.

19 May 2008

**For further information please contact:**

David Hall YFM Private Equity

Tel: 0161 832 7603