

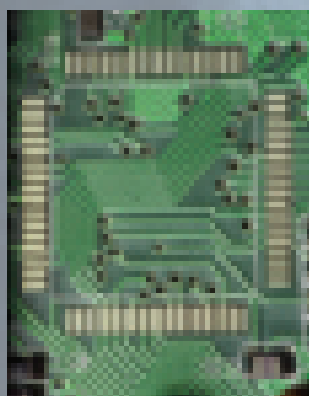
FACTSHEET

British Smaller Technology Companies VCT2



Start Date: 2001 **NAV at 30/09/2009: 73.0 pence per share**
Size: £12 million **Total Return: 95.0 pence per share**

Deep-Secure Limited - New Investment



Date of investment - Dec 2009
Amount invested - total £3.5m
(BSC VCT, BSTC VCT2 & Chandos)
Location - Reading
Sector - High security software & hardware

Funds managed by YFM Group, British Smaller Companies VCT, British Smaller Technology Companies VCT2 and Chandos Fund, completed a £3.5 million MBI of Deep-Secure Limited.

Deep-Secure's market leading products protect against threats to security via high defence network border gateway technology, which enables customers to

defend sensitive and protected information from intruders.

The all-equity-deal will enable further development of their cutting edge technology. As working practices change and more information is shared electronically, increasing levels of exposure to leakage and attack demands more businesses rely on higher levels of security to protect their data.

Serial software entrepreneur Richard Beaton, Chairman, and Kieron Sambrook-Smith, CEO, led the buy-in. This is the third investment YFM has completed involving Richard Beaton following the success of North West based businesses Intuita and Tekton Group.

Strategy:

The objective of BSTC VCT2 is to achieve a consistent and, over time, increasing tax free dividend stream. By combining income yielding and capital growth investments to date this objective is being adhered.

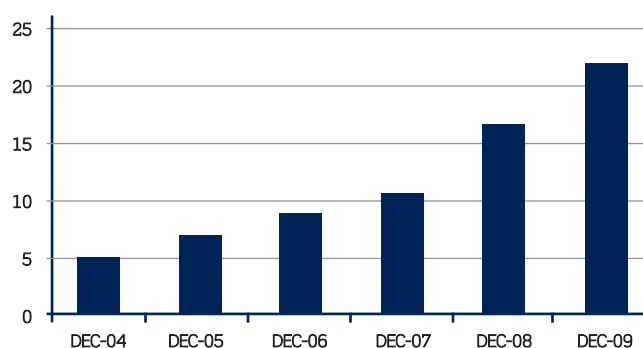
Highlights:

The British Smaller Technology Companies VCT2 recorded an overall increase in total return of 2.1 pence per share during 2009. This is following on from the increase seen in 2008.

Dividends:

■ Cumulative Dividend Paid (pence)

Cumulative dividends of 22 pence per share have been paid to shareholders since the launch of the Company. Over the last 4 years an average of 3.8 pence per share has been paid. The dividends paid in 2009 totalled 6 pence per share.



Portfolio

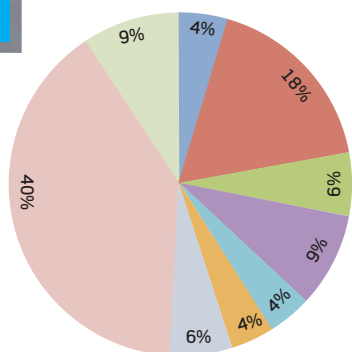
The focus of the British Smaller Technology Companies VCT2 over the last few years has been to move away from investing in very embryonic early stage technology, into more mature robust businesses. At December 2007, just over half the portfolio was emerging technology and by September 2009, over 83% of the portfolio was invested in mature profitable businesses.

Ten Largest Investments

Company (position as at 30.09.09)	Position as at 31.12.08	Value as at 30.09.09 £'000	Description
Digital Healthcare	1 ↔	1,659	Developed software for the management of digital images in the diabetic screening, ophthalmology and optometric markets
Immunobiology	3 ↑	807	Develops vaccines, including Hepatitis B, Tuberculosis, meningitis and flu
Primal Pictures	4 ↑	742	Produce a software showing the body in 3d imagery for medical students
Pressure Technologies	5 ↑	440	Design and manufacture a range of specialty high pressure, seamless steel gas cylinders for global energy and defence markets
Silistix	2 ↓	387	Developed a chip which reduces power output by 80%, as an example preserving the battery life of your mobile phone
Waterfall Services	7 ↑	382	Catering to care homes and the education sector
Harvey Jones	11 ↑	273	Manufacturer and retailer of kitchen furniture
Patsystems	13 ↑	258	Sells trading and risk management systems to derivatives trade
Ellfin Home Care	9 ↔	150	A domiciliary care business providing home care services to both public and private clients
RMS Group Holdings	10 ↔	146	A provider of stevedoring and logistics services in the Humber Estuary

Sector Analysis

- Chemicals & materials
- Electronics
- Manufacturing
- Computer/software
- Energy
- Medical
- Consumer
- Industrial
- Services



Fundraising:

This year we are seeking to raise funds for British Smaller Technology

Companies VCT2, by way of a linked offer. This will enable British Smaller Technology Companies VCT2 to continue its strategy of investing alongside the British Smaller Companies VCT into more robust businesses with higher yielding assets, to take advantage of the investment opportunities we expect to see over the next 2-3 years as prices continue to come down, and maintain our dividend stream. **The next investor workshop will take place on 2nd February 2010 at the Natural History Museum, London.**

YFM Private Equity Limited, Saint Martins House, 210-212 Chapeltown Road, Leeds LS7 4HZ

YFM Private Equity Limited is authorised and regulated by the Financial Services Authority and is a member of the British Venture Capital Association (BVCA).

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www.yfmprivateequity.co.uk

Telephone: 0800 854 057 info@yfmprivateequity.co.uk

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