

# Baronsmead VCT 2 plc



<b>+2.3%</b>	NAV (Net Asset Value) per ordinary share for the quarter increased to 115.88p
<b>+79.4%</b>	NAV total return to ordinary shareholders over the last five years
<b>+80.7%</b>	share price total return for ordinary shares held over the last five years
<b>£2.97m</b>	profit realised on investments sold for <b>£3.91m</b>

## Performance review

The quarterly increase in the NAV resulted mainly from a revaluation of several unquoted investments.

The portfolio now totals 82 companies. Martin Audio, as anticipated, was sold, as was the residual holding in Worthington Nicholls. This latter AiM investment yielded a 2.8 times multiple over its original cost of £525,000 in the 12 months for which it was held.

The in-house indicator of portfolio health - 'direction of travel' - showed 79% of investees meeting or exceeding their business plan.

## Investment activity

Company	Amount invested £ ('000's)	Activity	Web Address	Location
Cablecom*	1,381	Provider of network solutions	www.cablecomnetworking.co.uk	Somerset
EBTM	244	Online fashion retailer	www.ebtm.com	Nottingham
Essentially Group	255	Sports marketing	www.essentiallygroup.com	Jersey
Ffastfill	130	Trading platform software provider	www.ffastfill.com	London
IDOX†	320	Document systems	www.idoxplc.com	London
INVU	35	Document management software	www.invu.net	Northampton
Mount Engineering	385	Thread adaptors & valves	-	York
Occam**	3	Integrated data services	www.occam-dm.com	Bath
Scriptswitch*	1,167	Prescription software	www.scriptswitch.com	Coventry
Tasty†	25	Restaurant operator	www.dimt.co.uk	London
<b>Total</b>	<b>3,945</b>			

\*unquoted †existing investment

## Statistics

Ordinary Shareholder	1 year %	3 years %	5 years %	Since launch %*
Baronsmead VCT 2 NAV				
Total Return <sup>1</sup>	+11.14	+48.14	+79.40	+109.83
Baronsmead VCT 2 Share price Total Return <sup>2</sup>	+11.34	+49.77	+80.72	+93.92
FTSE All-Share Total Return <sup>3</sup>	+18.37	+68.21	+77.48	+57.67

\*2 April 1998

<sup>1</sup>NAV Total Return = NAV + Reinvested Dividends; Source: ISIS

<sup>2</sup>Share Price Total Return = Mid to mid share price+ Reinvested Dividends; Source: Datastream

<sup>3</sup>Source: Datastream

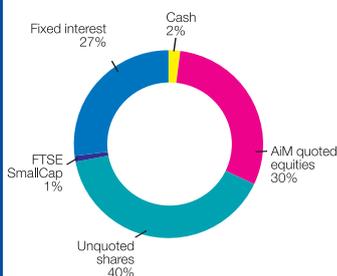
Past performance is not a guide to future performance

## Top Ten Investments

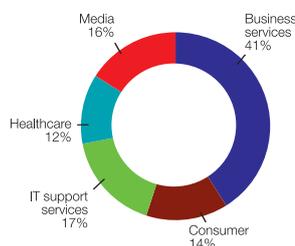
Activity	% of total investments excluding cash and fixed interest <sup>††</sup>
RLA Group	Marketing agency <b>5.2</b>
Fisher Outdoor Leisure	Distribution of cycle accessories <b>4.8</b>
Independent Living Services	Domiciliary care <b>4.6</b>
Reed & Mackay	Travel management <b>4.2</b>
Empire World Trade	Fruit supplier <b>4.1</b>
The Art Group	Artistic IPR Management and supply <b>4.1</b>
Kafévend	Vending services <b>3.8</b>
Jelf Group	Corporate financial services <b>3.3</b>
Staffline	Temporary recruitment <b>3.2</b>
Crucible Group	Credit management <b>2.9</b>
<b>Total</b>	<b>40.2</b>

<sup>††</sup>Numbers are colour coded to reflect sector breakdown.

## Total Assets



## Sector Breakdown





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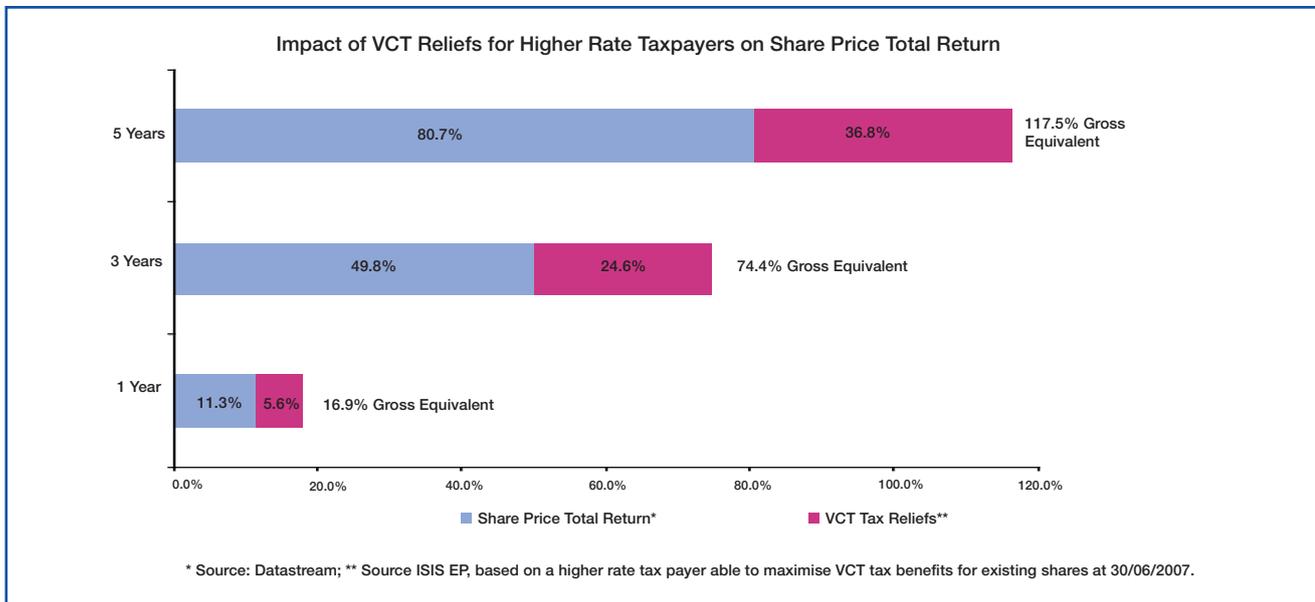
## The Market for Shares in Baronsmead VCT 2- Share Price Total Return

Shares in your Company are listed on the London Stock Exchange and can be traded on a similar basis to other quoted shares although liquidity can be more limited than for a larger company. This gives shareholders the opportunity to sell some or all of their shares in order to realise their investment\*. Conversely, it gives investors the opportunity to purchase shares at a time that is convenient to them at which point Share Price Total Return (Share Price TR) is an appropriate measure of past investment performance.

Share Price TR statistics are produced by the trade organisation for investment companies, Association of Investment Companies (AIC), and are available from [www.theaic.co.uk](http://www.theaic.co.uk). Similar statistics are also available from [www.trustnet.co.uk](http://www.trustnet.co.uk). Share Price TR statistics are normally shown over 1, 3 and 5 years. These statistics have been included in the Investment Performance table overleaf.

Share Price TR statistics are designed to depict the return on an investment in existing shares assuming that dividends are reinvested but making no allowance for transaction costs (stockbroker's commission and stamp duty). As these are VCT shares, individuals aged 18 or over who are tax resident in the UK also benefit from tax free income and capital growth when buying existing shares in VCTs. These tax benefits have been incorporated in the chart below. This gross equivalent return is the maximum return that a higher rate taxpayer would have had to have made on an alternative investment (with no tax advantages) to be in an equivalent position to having invested in Baronsmead VCT 2 over the last 1, 3 and 5 years.

When calculating the gross equivalent return for higher rate taxpayers, dividends would be taxed at a rate of 32.5% and capital gains would be taxed at a rate of 40%.



\*The UK tax treatment on the sale of VCT shares is on a first in first out basis. Therefore professional advice should be obtained before shareholders dispose of their shares particularly if they deferred a capital gain in respect of any new shares subscribed for prior to 6 April 2004.

## Electronic Communications

Shareholders passed the resolution concerning electronic communications at the Annual General Meeting held on 18 June 2007. Accompanying this Fact Sheet is a letter from Computershare, the Company's Registrar, explaining the range of electronic services available for shareholders.

In the meantime shareholders can access information about their holding in Baronsmead VCT 2 by using the Registrar's web site [www-uk.computershare.com/investor](http://www-uk.computershare.com/investor) and registering with their Investor Centre service; by email at [web.queries@computershare.co.uk](mailto:web.queries@computershare.co.uk); by telephone on 0870 703 0137 (or +44 870 703 0137 from outside the UK).

**Baronsmead VCT 2 plc is managed by ISIS EP LLP, which is Authorised and regulated by the Financial Services Authority (FSA). For more information about Baronsmead VCT 2 please visit [www.baronsmeadvct2.co.uk](http://www.baronsmeadvct2.co.uk).**

**ISIS Equity Partners manages the five Baronsmead VCTs. ISIS EP LLP, 100 Wood Street, London, EC2V 7AN. Tel: 020 7506 5600.**

All figures as at 30 June 2007. All sources ISIS EP LLP (ISIS Equity Partners) unless otherwise stated. Past performance is not necessarily a guide to future performance. Stock markets and currency movements may cause the value of investments and the income from them to fall as well as rise and investors may not get back the amount they originally invested. Where investments are made in unquoted securities or smaller companies, their potential volatility may increase the risk to the value of, and income from, the investment. Tax rates and reliefs depend on the circumstances of individual investors and may be subject to change. Investors should take their own financial and tax advice before investing, based on their own individual circumstances. VCTs should be regarded as long term in nature. An investment is only suitable for private investors who are capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss which might result. ISIS Equity Partners does not give investment advice.

