Baronsmead VCT 2 plc

2006

Summary report
for the year ended
31 March 2006

Investment Objective

Baronsmead VCT 2 is a tax efficient listed company which aims to achieve long-term capital growth and generate consistent tax-free dividends and capital distributions for private investors.

Investment Policy

- To invest primarily in a diverse portfolio of established and profitable UK unquoted companies which are seeking to raise expansion capital or are the subject of a management buy out or buy in.
- Investments include companies raising new share capital on AiM.
- Selective investments can also be made in companies which demonstrate their ability to transform and adapt their activities through the use of technology innovation.

Dividend Policy

The Board has advised shareholders that it will aim to sustain annual dividends at an average of 4.5p per ordinary share, whilst also maintaining a net asset value of at least 100p per ordinary share. The ability to meet these twin objectives depends significantly on the level and timing of profitable realisations and it cannot be guaranteed. There will be variations in the amount of dividends paid year on year.

Since launch the average annual tax-free dividend paid to ordinary shareholders has been 5.9p per share (equivalent to a pre-tax return of 8.8p per share for a higher rate taxpayer).

Secondary market in the shares of Baronsmead VCT 2

Shares can be bought and sold using a stockbroker, just like shares in any other listed company. Qualifying purchasers (individuals over the age of 18 and UK resident for tax purposes) can receive VCT dividends (including capital distributions of realised gains on investments) that are not subject to income tax and capital gains tax is not payable on disposal of the VCT shares.

There is no minimum time for which VCT shares bought in the secondary market need to be held and they can be sold in the normal way.

www.baronsmeadvct2.co.uk

Financial Highlights

Ordinary shares

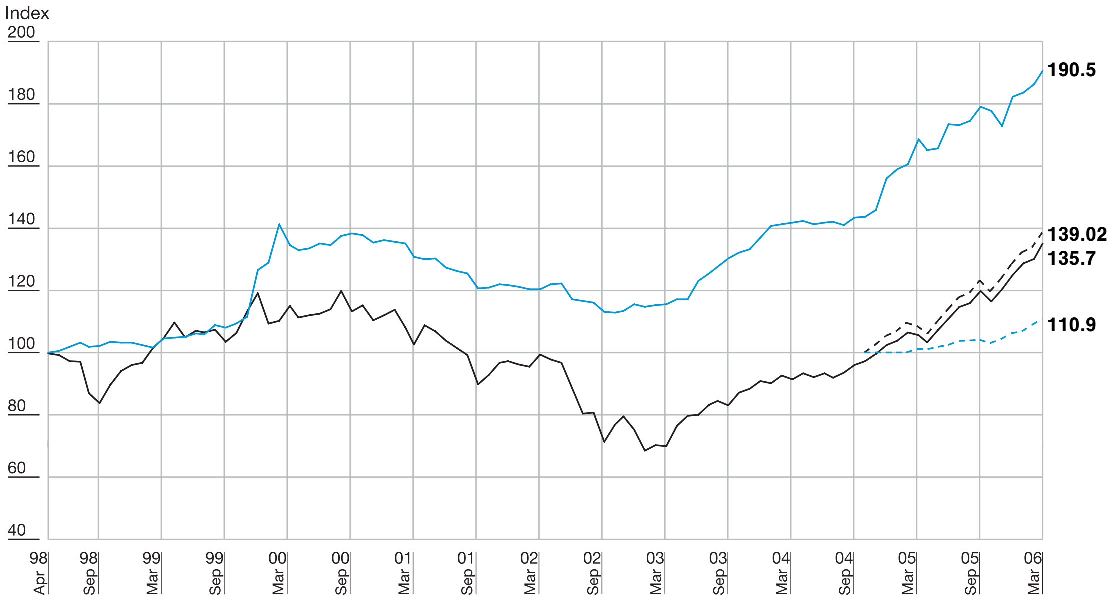
- Net asset value (NAV) per share increased by 12.2 per cent to 128.12p before deduction of annual dividends.
- After dividends totalling 13.5p per share for the year, the NAV is 114.62p at 31 March 2006.
- Since launch in 1998 the total return to ordinary shareholders is 90.5 per cent (based on quoted investments valued at bid prices).

C shares

- NAV per share increased by 9.7 per cent to 104.23p before deduction of annual dividends.
- After dividends totalling 2.3p per share for the year, the NAV is 101.93p at 31 March 2006.
- Since launch in September 2004 the total return to C shareholders is 10.9 per cent (based on quoted investments valued at bid prices).

Baronsmead VCT 2 plc – Ordinary and C shares

Net asset value total return since launch against the FTSE All-share Index total return



— Net asset value total return – Ordinary shares (gross dividends reinvested)
— FTSE All-share Index total return – Ordinary shares
--- Net asset value total return – C shares (gross dividends reinvested)
--- FTSE All-share Index total return – C shares

(Index restated to 100 at launch date)
Source: F&C Asset Management plc

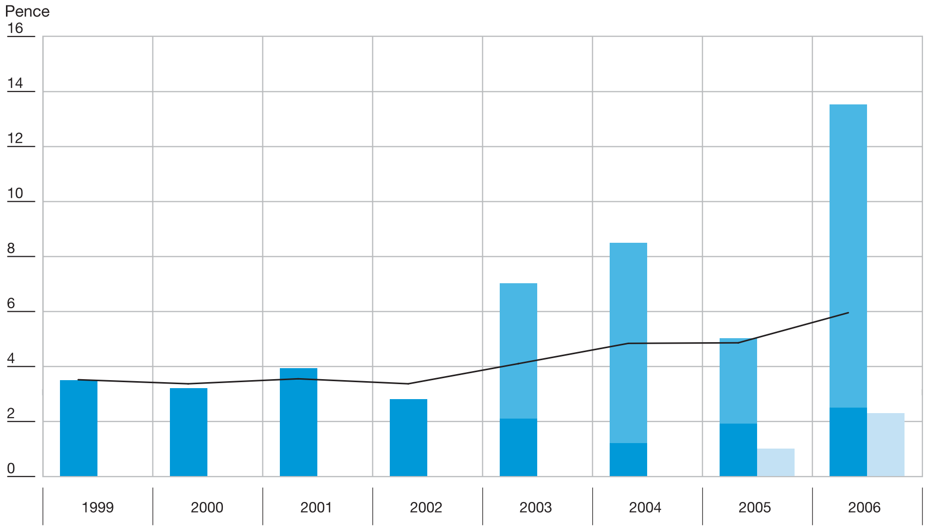
Eight Year Summary

Performance record

Year ended 31 March	Total net assets £m	Net asset value per C share p	Share price C share p	Net asset value total return* C share %	Net asset value per ordinary share p	Share price ordinary share p	Net asset value total return* ordinary share %	FTSE All-Share total return %	Combined total expense ratio† %
1999	9.5				95.65	85.00	104.44	105.06	2.9
2000	31.0				119.59	125.00	134.62	115.45	3.4
2001	45.0				112.30	125.00	130.66	103.02	3.1
2002	41.2				100.54	92.50	120.15	99.76	2.7
2003	36.7				89.65	80.00	115.49	70.02	2.7
2004‡	41.1				100.63	90.00	141.80	91.72	2.7
2005‡	69.6	96.04	95.00	101.09	116.92	100.50	168.70	105.99	2.7
2006‡	**69.6**	**101.93**	**92.50**	**110.92**	**114.62**	**100.50**	**190.51**	**135.69**	**2.9**

*Source: F&C Asset Management plc. Net asset value (NAV) plus dividends reinvested at the month end NAV.
†As a percentage of average total shareholders' funds (excluding performance fees).
‡Revised UK GAAP.

Dividend history since launch for ordinary and C shareholders



Revenue dividend per Ordinary share
Capital dividend per Ordinary share
Revenue dividend per C share
Average total dividend per Ordinary share

Source: F&C Asset Management plc

Ordinary shares launched in April 1998

C shares launched in September 2004

Cash returned to ordinary and C shareholders

The table below shows the cash returned to ordinary and C shareholders dependent on their subscription cost, including their income tax reclaimed on subscription.

Year subscribed	Shares	Subscription price p	Income tax reclaim p	Net cash invested p	Cumulative dividends paid p	Net annual yield* %	Gross equivalent yield† %
1998	Ordinary	100	20.0	80.0	47.4	7.4	11.0
1999	Ordinary	102	20.4	81.6	43.9	7.7	11.4
2000 (February)	Ordinary	137	27.4	109.6	40.7	6.2	9.2
2000 (March)	Ordinary	130	26.0	104.0	40.7	6.5	9.7
2004 (September)	C	100	40.0	60.0	3.3	3.7	5.4

Note 1 – The total returns could be higher for those shareholders who were able to defer a capital gain on subscription and the net sum invested may be less.
*Net annual yield represents the cumulative dividends paid expressed as a percentage of the net cash invested.
†The gross equivalent yield had the dividends been subject to higher rate taxation.

Chairman's Statement

The significant profits realised from selling investments in the portfolio attributable to the ordinary shares have generated a very high level of dividends, payable tax-free to qualifying shareholders. Despite the immaturity of their portfolio, C shareholders too have seen an early advance in their total return.

The proposed changes in VCT legislation will become law later this summer. At that time the Board will update shareholders about the impact of the changes for our investment and shareholder policies including the Dividend Reinvestment Scheme. However, Baronsmead VCT 2 is the largest VCT in the market and after eight years of operating within the strictures of VCT legislation the Board believes it is well placed to sustain progress and performance.

Clive Parritt
Chairman

Results

In the year to 31 March 2006, the Net Asset Value (NAV) per ordinary share increased by 12.2 per cent from 114.22p to 128.12p before dividends. The three interim dividends paid during the year totalled 13.5p per ordinary share and the resulting NAV per ordinary share was 114.62p. Since launch in 1998 the total return for the ordinary shares is 90.5 per cent, net of all costs.

The NAV per C share increased by 9.7 per cent from 95.04p to 104.23p before dividends. Two interim dividends totalling 2.3p were paid and the resulting NAV per C share was 101.93p. Since launch the total return for the C shares is 10.9 per cent based mainly on the growth in the value of the recent AiM investments.

The total returns for the ordinary and C shares are stated after all costs. Included in these costs are additional fees payable to the Manager when the total return in any year exceeds the annual performance trigger. In the year to 31 March 2006, £782,000 inclusive of VAT is payable (comprising £684,000 attributable to the ordinary shares and £98,000 attributable to the C shares), representing 20 per cent of this extra return.

Long term performance

The record of total returns generated and tax-free yield paid to shareholders is set out on pages 1 and 2 of this report. The performance since launch compares favourably against the FTSE All-Share index which is a broad UK comparator for equity investments. Furthermore, when compared to the six other Generalist VCTs launched at the same time, your Company has a total return of some 61 per cent greater than the average of this peer group. The total return since inception is also 55 per cent ahead of the FTSE All-Share Index.

The investment performance compares well with the more established investment trusts that focus on private equity. Trustnet categorises 16 conventional trusts within the "Private Equity" AITC sector. Your Company would have ranked 8th and 4th in this category over the last three and five years respectively. However, the investment criteria of these Trusts are not restricted by VCT legislation which limits the range of investments available to the Company. The taxation reliefs given to qualifying shareholders in VCTs are designed to redress this restriction and the resulting higher risk which may pertain to permitted smaller unquoted and AiM traded companies. Taking tax reliefs of 20 per cent into account the Company would have ranked 5th and 3rd.

The impact of these tax reliefs is shown in the table on page 2 in terms of the net annual yield and what the gross equivalent yield has been for higher rate tax payers if they were to seek similar

Chairman's Statement (continued)

annual returns elsewhere. For the first time, the average annual dividend since inception is shown on page 17 and how this average has grown as investments have matured and been sold is also shown on page 2. The attractions of buying such a high tax-free yield in the secondary market are now more evident. This is expected to stimulate such purchases.

The Board believes that its policy objective of paying dividends at an average annual rate of 4.5p per ordinary share will support the appeal of the secondary market. The intention of the Board is to maintain a NAV of at least 100p per ordinary share and so meet the twin investment objectives of sustained dividends and capital retention, including payment to the current C shareholders once their shares are converted into ordinary shares.

The Board was especially pleased that your Company was short listed in November 2005 for Investment Trust award of the year (Investment Week).

The portfolio

In the year under review, 18 new investments were made and 11 investments were sold taking the net portfolio to 73 companies. The 7 new unquoted and 11 new AiM investments, when combined with further rounds of financing for existing investments, resulted in total investment of £9.2m. The average size of the each new unquoted investment was significantly larger at £770,000 than the average AiM investment of £292,000.

Six VCT tests relating to the running of Baronsmead VCT 2 plc have to be and were met throughout the year. The most visible of these tests is that more than 70 per cent of the portfolio has to be invested in qualifying investments by the end of the third accounting period from when new share capital was subscribed. At the year end, 74.6 per cent of the capital raised (net of launch costs) prior to 31 March 2004 was invested in VCT qualifying investments.

The relative health of portfolio companies is measured quarterly in terms of profitability as well as other non-financial benchmarks. At the year end, 84 per cent of the portfolio companies were reporting higher or steady profits.

The Board was pleased that the Manager continued their run of realisation successes and during the year they realised investments representing some 33 per cent of the total portfolio yielding proceeds of approximately 2.3 times cost. The schedule in the Manager's review shows the range of exit outcomes.

The sale of the investment in Fat Face in April 2005 has been reported previously. The active 'private equity' role played by the Manager over the five year life of the investment was recognised publicly when ISIS received the award for the best growth capital transaction in Europe presented in November 2005 (EVCA/Real Deals).

It is vital for the Manager to make investment decisions based on the investment criteria agreed with the Board, without being too constrained by the VCT rules. In the interests of shareholders, investments are only made if they meet the rigorous standards set by the Manager. Similarly, investments are realised when it is advantageous to do so. On occasions this could result in the VCT tests becoming at risk (especially those related to the test under which 70 per cent of the portfolio must be invested in qualifying investments). Recent Government announcements relating to the use of non interest bearing accounts have further increased the potential for commercial investment decisions to be inhibited by legislation.

Meeting shareholder needs

The March 2006 Budget statement introduced further changes to the VCT regulations. Any capital raised by VCTs after 6 April 2006 must be invested into companies with gross assets not exceeding £7m, as compared with the £15m which applied to capital raised before this date. At this stage we believe this will reduce the number of suitable AiM opportunities and potentially a smaller percentage of unquoted transactions for any new share capital raised after 6 April 2006.

The Board has a policy of full and open disclosure to shareholders, many of whom, when surveyed in the past, have expressed longer-term investment horizons. In the light of the revisions to VCT legislation, the Board are minded to survey shareholders again after the publication of the 2006 Finance Act so that we can understand your priorities for the future and establish whether existing shareholder policies need to be reconsidered.

Existing shareholders subscribed for 1,033,001 new ordinary shares and 247,650 C shares at respective average prices of 110p and 98p per share under the Dividend Reinvestment

Chairman's Statement (continued)

Scheme. 1.57m ordinary shares were bought back within the last year at an average price of 100.5p representing a discount of approximately 10 per cent to NAV per share.

The Board believes that an investment in Baronsmead VCT 2 is an effective way to obtain a portfolio interest in smaller AiM and unquoted entrepreneurial businesses. If skilfully selected, such investments can offer an above average opportunity for capital growth. Additionally, investments in VCTs are tax effective. Baronsmead VCT 2 plc will, over time, compete with general investment trusts which invest in private equity but with the added advantage of their capital being invested in a tax-free environment, not dissimilar to ISA reliefs.

To develop this it is vital for shareholders to be able to buy and sell their shares in the market. At present, this is still difficult and most sellers rely on shares being bought back by the VCTs themselves. There are signs that this is changing and the Board hopes that by developing an agreed dividend policy and maintaining performance Baronsmead VCT 2 plc will become attractive to purchasers.

Corporate governance

The Co-investment Scheme enabling executive members of the Managers to invest in unquoted transactions with the Company was announced to shareholders in November 2004 and was explained in more detail in the Interim Report as at 30 September 2005. The rationale remains to expand the existing skills and capacity of the Managers team and by aligning the interests of the team with those of shareholders and to encourage the retention of motivated staff. In its first year of this Scheme coming into force 21 members of ISIS EP LLP have invested £74,950 in the six unquoted investments where the Manager was the lead investor. Technology investments like Domantis and Xention led by other Investment Managers did not qualify for the Scheme.

ISIS EP LLP continues to invest in its investment skills and also in systems to control and minimise risks associated with an investment portfolio within the VCT legislation.

We now have over 3,700 ordinary and C shareholders and our task as a Board is to ensure that we meet and understand your requirements. I look forward to welcoming as many shareholders as possible at the AGM on 19 June 2006 at 11.00 a.m. at the Offices of ISIS EP LLP, Exchange House, Primrose Street, London EC2A 2NY. There will be a number of presentations followed by a light buffet lunch and shareholder workshop finishing by 2.30 p.m.

Outlook

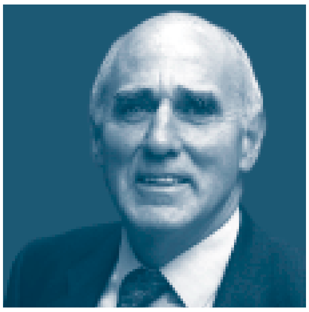
The task of using private equity disciplines to find, invest, manage and realise attractive qualifying VCT investments will always remain a challenge. This is the role of the Managers and the Board maintains a constant dialogue to ensure that their progress and performance is monitored constructively and on a regular basis. The last year has been no exception but the challenges have been met and a high level of both investment and divestment has delivered good results. Our priority is to sustain this progress and continue meeting shareholder expectations.

The success of many of our investee companies (AiM and unquoted) depends to some degree on the continuing strength of the UK economy. Current issues such as increasing oil prices, heavier Government taxation, pension deficits, inflation pressures and currency fluctuations could all make it harder for our investee companies to increase their profits. Nonetheless, with over 80 per cent of the companies in our portfolio showing steady or improved performance, together with a record of successful realisations and AiM performance, we are well placed to maintain our positive progress.

Clive Parritt
Chairman
12 May 2006

Manager's Review

There has been a high level of investment and divestment in the last year generating positive returns for shareholders. The investments in Fat Face and Americana have been notable successes that demonstrate the advantages of investing in growth companies using private equity disciplines.



David Thorp
Lead Investment Manager

Andrew Garside
Investment Manager

Gerard Kelly
Financial Controller

Rhonda Nicoll
Company Secretary

New investment

The total portfolio grew to 73 companies during the year to 31 March 2006, with new investment of £9.2m split between unquoted and AiM-traded investees. The C share portfolio now has 20 investments and £6m invested. Further rounds of investment were made mainly in Conder Environmental, Domantis and Jelf Group.

				(£'000)	
Company	Location	Sector	Activity	C share	Ord share
Unquoted					
Boldon James	Crewe	IT	Secure messaging software	496	191
Crucible Group	Carshalton	Business services	Credit management	756	276
Domantis *	Cambridge	Healthcare	Drug discovery	–	163
Green Issues	Reading	Media	Planning PR agency	274	224
Independent Living Services	Alloa	Healthcare	Domiciliary care	381	243
Kafevend	Crawley	Consumer	Vending services	761	485
Reed & Mackay	London	Business services	Travel management	659	552
Xention Discovery	Cambridge	Healthcare	Drug discovery	67	30
Total unquoted				**3,394**	**2,164**
AiM-traded					
Accuma Group*	Manchester	Consumer	Insolvency services	28	5
Appian Technology	Buckinghamshire	IT	Recognition software	69	56
Autoclenz Holdings	Derbyshire	Consumer	Car valeting	220	180
Claimar Care	Birmingham	Healthcare	Domiciliary care	183	167
Conder Environmental*	Eastleigh	Business services	Environment services	–	267
Debtmatters Group	Manchester	Consumer	Insolvency services	160	60
Driver Group	Lancashire	Business services	Dispute resolution	213	133
Eg Solutions	Staffordshire	IT	Financial services software	271	104
Fishworks	Bath	Consumer	Fishmongers & fish restaurants	93	35
Hamsard Group	Warrington	IT	Software for security networks	266	110
InterQuest Group	London	Business services	IT recruitment	234	90
Jelf Group*	Yate	Business services	Corporate financial services	–	157
Ovum	London	IT	Market research	134	116
Talarius	London	Consumer	'Quicksilver' amusement shops	229	84
Total AiM-traded				**2,100**	**1,564**
Total investment				**5,494**	**3,728**
Total new investments in year					**9,222**

*Further round of financing

Manager's Review (continued)

Portfolio performance and realisations

The value of the ordinary share unquoted portfolio advanced by some £5.5m including realisations with significant profits being realised from Fat Face and Americana, transactions already reported to shareholders during 2005. Provisions in 2006 totalled £0.7m relating to the investments in Hawksmere, Oxxon and Country Artists. Spaform, already valued at zero, went into administration in autumn 2005.

The sale of AssA and Language Line generated excellent returns with the crystallisation of strong increases over their 2005 investment values when they were sold to trade buyers. Both of these investments illustrate the role of an active private equity investor in orchestrating changes at Board level, as the companies needed to resolve commercial problems prior to subsequent growth.

The AiM traded portfolio advanced £0.6m with the new investments made in 2005 performing strongly. The C share portfolio particularly benefited from the strong share price gains of these AiM traded investments. The main characteristics of these AiM investees were that their trading growth was largely organic and their activities retained a sharper strategic focus.

For instance the growth in the UK debt management sector has been reflected in the share price rise for Debtmatters and Begbies Traynor (both over 3 times cost in the last year) as well as the sale of Accuma and top slicing of Begbies Traynor yielding some £532,000 realised profit.

Conversely, there were a number of downgrades where companies like Landround, Air Music & Media and Real Good Food Company were involved in corporate acquisitions that did not settle down as expected either strategically or operationally. We can learn from such experiences and where possible try to influence the Boards of these companies to retain focus on their core strengths and not be deflected.

Andrew Garside joined ISIS EP LLP in April 2005 after 14 years at 3i and is responsible for new investment activity for VCT investments across the London, Birmingham and Manchester Offices. A new Leeds office is planned for 2006. Henrietta Marsh also joined in 2005 taking day-to-day responsibility for the AiM portfolio within your Company. During her 14 years at 3i she has combined the experience of private equity investing and Small Cap quoted fund management.

Andrew has become a member of the Investment Committee for all VCT unquoted investment decisions. This committee comprises six members of the Manager's team led by a non-executive chairman. Investment and divestment decisions for the AiM portfolio remain with David Thorp and in his absence, Wol Kolade, Managing Partner of ISIS EP LLP.

Realisations in the year to 31 March 2006		First investment date	Cost (£'000)	Proceeds (£'000)	Multiple return
Fat Face	Secondary purchase	February 2000	500	5,686	11.9*
Americana	Refinancing	August 2003	70†	3,829	5.5*
Begbies Traynor Group	Market sale	September 2004	241	656	2.7
AssA	Trade sale	September 2003	1,371	2,945	2.5*
Searchspace	Trade sale	April 2001	500	1,162	2.5*
Accuma Group	Market sales	February 2005	108	225	2.1
Language Line	Trade sale	September 2003	812	1,444	2.1*
Medal Entertainment & Media	Market sales	August 2002	68	139	2.0
Kondor	Secondary purchase	May 2000	1,000	986	1.4*
FDI	Trade sale	March 2002	503	472	1.3*
Biofocus	Trade sale	July 2000	680	229	0.3
NMT Group	Market sale	June 2000	351	12	–
Job Opportunities	Liquidation	September 2000	952	28	–
Imerge	Refinancing	November 2000	500	–	–

* includes interest received

† original cost net of loan stock redeemed in December 2004

Manager's Review (continued)

Investor relations

The annual statement for individual shareholders was first sent, by the registrars, in January 2006, which apart from improving shareholders records also listed whether or not shareholders had cashed their cheques. This statement will be sent again by the end of May 2006 to aid the completion of individual tax returns.

Under FSA rules, ISIS EP LLP is unable to give shareholders any advice regarding their shareholdings. There are however three levels of contact depending on shareholder queries and contact details are set out on page 25 of this report.

- The Registrars are equipped to implement changes to shareholder's contact details and instructions.
- The Company Secretary, Rhonda Nicoll can respond to Stock Exchange matters, policies and historical information.
- The Investment Manager is led by David Thorp who can respond to queries regarding investment policy and wider VCT matters. He is supported by Gerard Kelly who has responsibility for financial control and planning. This is an essential part of the management of VCTs so that the VCT legislation is met at all times and there is adherence to high standards of compliance.

Outlook

As Managers we strive to improve our private equity skills so as to achieve sustained investment performance and services to shareholders. The quality and subsequent management of new and existing investments is central to everything that drives returns for shareholders. In the near term, the Budget changes do not affect the focus which continues to be seeking, managing, developing and realising quality, well managed businesses with above average growth potential.

David Thorp
Investment Manager
ISIS EP LLP

12 May 2006

Board of Directors

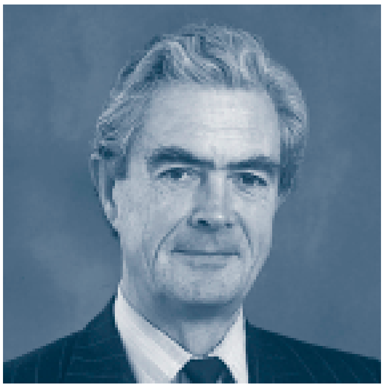
as at 31 March 2006

Clive Parritt (Chairman)

(Date of Appointment 18 February 1998), (age 63) is a chartered accountant with over 25 years' experience of providing strategic, financial and commercial advice to medium sized businesses. Until February 2001 he was chairman of Baker Tilly having been its national managing partner for ten years until June 1996. He is a member of the Council of the Institute of Chartered Accountants in England and Wales and chairman of BETonSPORTS plc and BG Consulting Group Limited. He is also a Director of London & Associated Properties plc and CardioMag Imaging Inc. He specialises in corporate finance and was chief executive of a leading independent corporate finance house until July 2003. Previously he has chaired or been a director of a number of investment trusts, VCTs and media businesses. He was recently appointed a non-executive Director to Baronsmead AIM VCT plc.

Godfrey Jillings
(Date of Appointment 18 February 1998), (age 65) is a non-executive director/chairman of several fast growth unquoted companies. He held a range of senior executive appointments at NatWest including responsibility for their retail stockbroking, unit trust and PEP operations. He was a CEO of FIMBRA, the regulatory body for IFAs and a Deputy CEO of its successor, the PIA (1990–1994). He was deputy chairman of DBS plc (1996–2002), the leading IFA network prior to its take-over and is also a director of Baronsmead VCT plc.

Gillian Nott (OBE)
(Date of Appointment 18 February 1998), (age 61) has in-depth experience of private investors as chief executive of ProShare (1994–99). Previously she was responsible for the private equity portfolios at BP and until November 2004 she was a director of the FSA. She is a director of Martin Currie Portfolio Investment Trust plc, Merrill Lynch British Smaller Companies Trust plc and Witan Pacific Investment Trust PLC. She is also chairman of Baronsmead VCT plc and a director of Baronsmead VCT 3 plc. Gill was recently appointed Deputy Chairman of the AITC.



Nicholas Timpson
(Date of Appointment 18 February 1998), (age 65) was the founder, chairman and managing director of Furnitureland Holdings plc. He is chairman of Whitemeadow Furniture Ltd and a director of The Vestey Group Ltd. He brings to the board long experience in the development of private companies. Before founding Furnitureland Holdings plc in 1973, he worked as a management consultant for McKinsey & Co.

As a fully listed Company, Baronsmead VCT 2 plc is required to comply with the Combined Code relating to its Corporate Governance. This Code requires the Company to be headed by an effective Board of Directors who lead and control the Company's affairs.

The directors of a VCT and investment managers are required under the listing and continuing obligations of the London Stock Exchange to have sufficient and satisfactory experience in the management of a portfolio of unquoted investments of the size and type in which the VCT proposes to invest.

Investment Classification

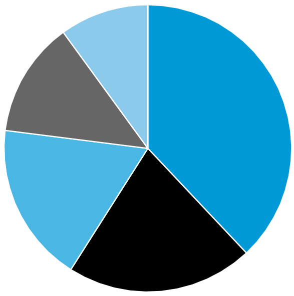
(Combined investments of both ordinary shares and C shares at market valuation)

Portfolio by sector…

Company investments

(excluding fixed interest portfolio)

Sector analysis as at 31 March 2006

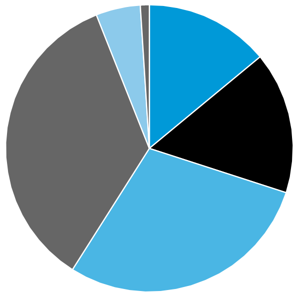


Business services	**38%**
Media	**21%**
Consumer	**18%**
IT support services	**13%**
Healthcare	**10%**

…and by Asset classification

Total investments

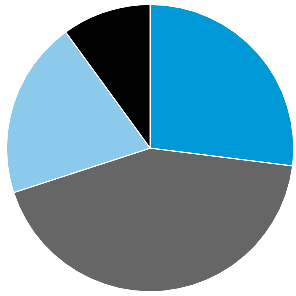
Market analysis as at 31 March 2006



Unquoted – loan stock	**14%**
Unquoted – ordinary/preference shares	**16%**
AiM	**29%**
Fixed interest	**35%**
Net current assets	**5%**
Listed	**1%**

…and by Time investments held

by Value as at 31 March 2006



Less than 1 year	**27%**
Between 1 and 3 years	**43%**
Between 3 and 5 years	**20%**
Greater than five years	**10%**

Investment Portfolio

Portfolio valuation at 31 March 2006

		Book cost		Valuation					
Company	Nature of business	Ordinary shares £'000	C shares £'000	Ordinary shares £'000	C shares £'000	**Total £'000**	% of Net assets	% of Equity held by Baronsmead VCT 2 plc	% of Equity held by other funds*
Unquoted									
The Art Group	Media	1,576		3,258		**3,258**	4.7	8.6	16.4
Martin Audio	Business services	968		2,977		**2,977**	4.3	15.9	30.6
RLA Group	Media	1,438		2,520		**2,520**	3.6	18.5	30.5
Americana Holdings	Consumer markets	545		1,422		**1,422**	2.0	1.2	9.8
Boldon James	IT	191	496	359	932	**1,291**	1.8	9.0	29.0
Kafevend	Consumer markets	485	761	485	761	**1,246**	1.8	15.4	49.6
Crucible Group	Business services	276	756	326	895	**1,221**	1.8	8.6	26.4
Reed & Mackay	Business services	552	659	552	659	**1,211**	1.7	9.5	30.5
SLR Holdings	Business services	494		1,098		**1,098**	1.6	2.8	24.4
kidsunlimited	Business services	481		1,040		**1,040**	1.5	4.1	46.9
Independent Living Services	Healthcare	243	381	333	522	**855**	1.2	8.9	28.6
Occam	Business services	421		672		**672**	1.0	3.6	31.4
Green Issues	Media	224	274	224	274	**498**	0.7	9.5	30.5
Domantis	Healthcare	400		470		**470**	0.7	0.8	1.5
Country Artists	Consumer markets	517		464		**464**	0.7	6.1	53.9
Xention Discovery	Healthcare	30	67	30	67	**97**	0.1	0.6	3.1
Hawksmere	Business services	942		–		**–**	–	12.9	32.1
Oxxon Pharmaccines	Healthcare	250		–		**–**	–	0.8	0.8
SpaForm	Consumer markets	1,000		–		**–**	–	15.6	30.5
Total unquoted		**11,033**	**3,394**	**16,230**	**4,110**	**20,340**	29.2		

Investment Portfolio (continued)

Company	Nature of business	Book cost Ordinary shares £'000	Book cost C shares £'000	Valuation Ordinary shares £'000	Valuation C shares £'000	**Total £'000**	% of Net assets	% of Equity held by Baronsmead VCT 2 plc	% of Equity held by other funds*
AiM									
Vectura Group	Healthcare	578		1,235		**1,235**	1.8	1.1	2.7
Staffline Recruitment Group	Business services	249		1,227		**1,227**	1.8	4.6	24.6
Huveaux	Media	666		1,192		**1,192**	1.7	1.9	2.3
Inter Link Foods	Consumer markets	264		1,021		**1,021**	1.5	1.2	1.5
Jelf Group	Business services	551		1,021		**1,021**	1.5	2.6	7.3
Colliers CRE	Business services	470		1,010		**1,010**	1.4	1.2	2.5
Begbies Traynor Group	Business services	283		992		**992**	1.4	1.0	2.6
Debtmatters Group	Consumer markets	60	160	239	639	**878**	1.3	1.4	4.1
Eg solutions	IT	104	271	193	504	**697**	1.0	3.1	9.3
Interactive Prospect Targeting	Media	50	202	137	551	**688**	1.0	0.2	3.8
Murgitroyd Group	Business services	319		672		**672**	1.0	3.2	3.2
IDOX	IT	600		640		**640**	0.9	2.9	4.2
Talarius	Consumer markets	84	229	156	428	**584**	0.8	0.7	2.2
Top Ten	Consumer markets	759		583		**583**	0.8	2.0	2.0
Hamsard Group	IT	110	266	126	304	**430**	0.6	2.1	6.2
Autoclenz Holdings	Consumer markets	180	220	187	229	**416**	0.6	3.1	9.2
WIN	IT	263		413		**413**	0.6	1.4	3.8
Claimar Care	Healthcare	167	183	193	211	**404**	0.6	2.2	6.5
Adventis Group	Media	281		384		**384**	0.5	3.0	7.9
Sanderson Group	IT	102	285	94	262	**356**	0.5	1.9	5.3
Driver Group	Business services	133	213	133	213	**346**	0.5	2.1	5.1
Real Good Food Company	Consumer markets	620		345		**345**	0.5	0.7	1.6
Prologic	IT	310		323		**323**	0.5	4.1	10.9
InterQuest Group	Business services	90	234	86	225	**311**	0.4	2.1	6.3
Conder Enviromental	Business services	607		297		**297**	0.4	7.4	7.4
neuTec	Healthcare	78		280		**280**	0.4	0.2	0.2
Quadnetics	Business services	296		274		**274**	0.4	0.7	1.7
Ovum	IT	116	134	122	141	**263**	0.4	1.1	3.2
Medal Entertainment & Media	Media	299		239		**239**	0.3	3.3	5.0
Blooms of Bressingham	Consumer markets	320		226		**226**	0.3	1.0	1.0
Stagecoach Theatre Arts	Consumer markets	419		212		**212**	0.3	4.6	4.5
VI Group	IT	500		209		**209**	0.3	6.2	8.0
Air Music & Media Group	Media	575		208		**208**	0.3	1.7	2.7
Cardpoint	Business services	114		191		**191**	0.3	0.2	0.4
ATA Group	Business services	355		187		**187**	0.3	4.2	4.3
Appian Technology	IT	56	69	81	101	**182**	0.3	2.3	6.7
Universe Group	Business services	195		140		**140**	0.2	1.3	2.6
Fishworks	Consumer markets	35	93	38	101	**139**	0.2	1.2	3.6
Sirius Financial Solutions	IT	150		135		**135**	0.2	0.6	–
Polaron	IT	296		134		**134**	0.2	1.4	3.4
Business Direct Group	Business services	304		122		**122**	0.2	1.8	5.8
Cobra Biomanufacturing	Healthcare	210		118		**118**	0.2	1.4	–
Zoo Digital	IT	438		115		**115**	0.2	1.3	3.5
Landround	Business services	467		107		**107**	0.1	4.1	4.1
Scott Tod	Business services	421		87		**87**	0.1	2.2	5.5
AorTech International	Healthcare	285		78		**78**	0.1	0.4	0.4
Xpertise Group	Business services	296		74		**74**	0.1	2.5	4.4
Charterhouse Communications	Media	355		44		**44**	0.1	1.2	1.6
MKM Group	Business services	284		42		**42**	0.1	1.5	3.8
Micap	Healthcare	375		24		**24**	–	1.2	1.9
Capcon Holdings	Business services	137		12		**12**	–	1.7	3.3
Highams Systems Services	IT	197		6		**6**	–	0.7	1.4
Total AiM		**15,473**	**2,559**	**16,404**	**3,909**	**20,313**	29.2		
Total listed (1)		**481**	**–**	**530**	**–**	**530**	0.8	0.8	0.9
Total OFEX (1)		**500**	**–**	**119**	**–**	**119**	0.2	3.4	3.4
Total interest bearing securities		**11,218**	**13,328**	**11,229**	**13,302**	**24,531**	35.2		
Total investments		**38,705**	**19,281**	**44,512**	**21,321**	**65,833**	94.6		
Net current assets				**2,385**	**1,356**	**3,741**	5.4		
Net assets				**46,897**	**22,677**	**69,574**	100.0		

A provision of £2,245,000 has been made against unquoted investments as at 31 March 2006 (31 March 2005: £2,983,000; 31 March 2004: £2,387,000).

*Other funds managed by the same investment manager, ISIS EP LLP.

Ten Largest Investments (by market valuation)

The Art Group Limited *London*

First investment:	October 2003
Initial investment:	£1,576,018
Residual cost:	£1,576,018
Valuation:	£3,257,696
Valuation basis:	Earnings multiple
Percentage of equity held:	8.57%

The Art Group is a market leading publisher of art content on cards, posters and canvas prints sold to retailers in over 50 countries such as IKEA and Habitat. It raised £4.5 million to support a management buy-out.

Amongst its artists under license is Jack Vettriano to which it has exclusive rights to market globally.

Year ended 31 December	**2004**	2003
	£ million	£ million
Sales	**26.4**	18.3
Profit before tax	**1.4**	2.0
Retained profit	**0.6**	1.3
Net assets	**2.5**	1.4

Martin Audio Limited *High Wycombe*

First investment:	August 2003
Initial investment:	£1,045,000
Residual cost:	£967,910
Valuation:	£2,977,389
Valuation basis:	Earnings multiple
Percentage of equity held:	15.95%

Martin Audio designs, assembles and markets high performance speaker systems for use in the concert and public entertainment markets, in the UK and overseas. It raised £3 million to support a management buy-out. 85% of turnover is from exports and in the last 5 years distribution agreements were signed covering a total of 22 countries.

Year ended 30 June	**2005**	2004
	£ million	£ million
Sales	**12.0**	10.2
Profit before tax	**1.2**	0.9
Retained profit	**0.8**	0.5
Net assets	**1.8**	1.0

RLA Group Limited *Bournemouth*

First investment:	December 2002
Initial investment:	£886,000
Residual cost:	£1,437,746
Valuation:	£2,520,244
Valuation basis:	Earnings multiple
Percentage of equity held:	18.48%

RLA is a regional marketing services agency, predominantly servicing national and multinational brands. £2.4 million was raised in December 2002 to fund a replacement capital deal.

The original investment was in RLA Media Limited. The business RLA Media was transferred entirely into RLA Group Limited on 27 April 2005. The financials for RLA Media Limited are shown as they are a more relevant reflection of the business owned. Amongst RLA's clients is the VAG Group.

Year ended 31 May	**2005**	2004
	£ million	£ million
Sales	**11.2**	10.6
Profit before tax	**1.5**	1.7
Retained profit	**0.4**	0.6
Net assets	**4.7**	3.5

Americana Holdings Limited *Manchester*

First investment:	August 2003
Initial investment:	£698,132
Residual cost:	£545,330
Valuation:	£1,421,697
Valuation basis:	Earnings multiple
Percentage of equity held:	1.20%

Americana is a fashion clothing business aimed at the youth market wholesaling and retailing under the brand names 'Bench' and 'Hooch'. In August 2003, £6.4m was raised to support a management buy-out.

During the year Americana was refinanced, funded by a combination of trading cashflows and a new bank debt facility.

The refinancing realised profits for Baronsmead VCT 2 of £3.5m and allowed for a retained equity holding of 1.2%.

Year ended 30 June	**2005**	2004
		(13 month period)
	£ million	£ million
Sales	**53.2**	32.2
Profit before tax	**14.0**	6.1
Retained profit	**9.7**	4.1
Net assets	**14.8**	5.2

Boldon James Limited *Crewe*

First investment:	June 2005
Initial investment:	£686,906
Residual cost:	£686,906
Valuation:	£1,290,818
Valuation basis:	Earnings multiple
Percentage of equity held:	9.02%

Boldon James is a provider of secure messaging and connectivity software solutions. Boldon James' products are primarily supplied into the defence and intelligence sectors via global system integrators such as EDS and Fujitsu.

Year ended 31 December	**2004**	2003
	£ million	£ million
Sales	**4.8**	4.8
(Loss)/profit before tax	**(0.2)**	0.2
Retained (loss)/profit	**(0.2)**	0.2
Net liabilities	**(0.5)**	(0.3)

Ten Largest Investments (by market valuation) (continued)

Kafevend Group Limited *Crawley*

First Investment: October 2005
Initial investment: £1,246,565
Residual cost: £1,246,565
Valuation: £1,246,565
Valuation basis: Cost
Percentage of equity held: 15.44%

Kafevend is a leading drinks vending machine service provider to the SME market. £5m was invested in October 2005 to fund a management buyout.
Kafevend employs over 70 people and operates from five sites across the UK.

Year ended 30 September	2004	2003
	£ million	£ million
Sales	**10.7**	10.2
Profit before tax	**1.7**	1.7
Retained profit	**1.6**	1.1
Net assets	**11.2**	9.7

Vectura Group *Chippenham*

First Investment: April 2001
Initial investment: £742,960
Residual cost: £578,494
Valuation: £1,235,376
Valuation basis: Bid price
Percentage of equity held: 1.11%

Vectura is a small, but rapidly growing drug formulation and drug delivery company. The role of drug delivery is to encapsulate a drug into an appropriate system that is acceptable for human use. The Company has raised three rounds of capital between April 2001 and November 2002. Vectura floated on AiM in July 2004.

Year ended 31 March	2005	2004
	£ million	£ million
Sales	**4.5**	2.9
Loss before tax	**(8.8)**	(9.0)
Retained loss	**(7.7)**	(8.1)
Net assets	**21.7**	6.4

Staffline Recruitment Group *Nottingham*

First investment: July 2000
Initial investment: £814,000
Residual cost: £248,806
Valuation: £1,227,254
Valuation basis: Bid price
Percentage of equity held: 4.60%

Staffline Recruitment Group is a leading provider of recruitment and outsourced human resources services to industry.

Year ended 31 December	2005	2004
	£ million	£ million
Sales	**61.5**	48.9
Profit/(loss) before tax	**1.8**	(0.1)
Retained profit/(loss)	**1.0**	(0.4)
Net assets	**18.0**	16.4

The Crucible Group Limited *Purley* (including Crucible Debt Purchase Company Ltd)

First investment: May 2005
Initial investment: £1,031,558
Residual cost: £1,031,558
Valuation: £1,221,338
Valuation basis: Earnings multiple
Percentage of equity held: 8.58%

The Crucible Group Ltd is a credit management and debt collection business working on behalf of financial services and other commercial customers. In May 2005 £4 million was raised for a management buy-out.
The Crucible Group collects debts for credit card companies like Barclays, MBNA and Egg as well as utility companies such as Vodafone, Tiscali and NTL.

Crucible Debt Purchase Company is an ancillary business which may buy debt books off The Crucible Group where appropriate.

Year ended 30 September	2004	2003
	£ million	£ million
Sales	**4.65**	4.3
Profit before tax	**0.6**	0.4
Retained profit	**0.3**	0.2
Net assets	**1.4**	1.2

Reed & Mackay Limited *London*

First investment: November 2005
Initial investment: £1,211,412
Residual cost: £1,211,412
Valuation: £1,211,412
Valuation basis: Cost
Percentage of equity held: 9.50%

Reed & Mackay is a provider of business travel management services to professional services firms and corporates. £5.0 million was raised in November 2005 to fund a replacement capital deal.

Year ended 31March	2005	2004
	£ million	£ million
Sales	**8.9**	8.5
Profit before tax	**2.6**	1.9
Retained profit	**1.6**	1.3
Net assets	**6.4**	4.8

Summary Financial Statement

This Summary Financial Statement has been prepared voluntarily by the Directors in accordance with the relevant requirements of section 251 of the Companies Act 1985. It does not contain sufficient information to allow a full understanding of the results and state of affairs of the company. For further information, the full Annual Financial Statements, the Auditors' Report on those financial statements and the Directors' Report should be consulted. A copy of the Annual Report, which may be obtained free of charge from the Company Secretary, will be delivered to the Registrar of Companies after the Annual General Meeting. Shareholders wishing to receive the full Annual Report in future years may opt to do so by sending signed, written notice to the Company Secretary. KPMG Audit Plc have reported on the Company's Annual Accounts and the auditable part of the Directors' Remuneration Report for the year ended 31 March 2006; this report was unqualified and contained no statement under section 237(2) and (3) of the Companies Act 1985.

Summary Directors' Report

Results and Dividends

The Directors submit the eighth Report and Accounts of the Company for the year ended 31 March 2006.

A review of the Company's business during the year is contained in the Chairman's Statement (pages 3 to 5), Manager's Review (pages 6 to 8) and the Summary Business Review (pages 16 to 18).

Ordinary shares	£'000	p*
Return achieved during the year	**5,545**	**13.5**
First interim dividend of 5.0p per share paid on 6 June 2005	**(2,073)**	**(5.0)**
Second interim dividend of 2.5p per share paid on 16 December 2005	**(1,026)**	**(2.5)**
Third interim dividend of 6.0p per share paid on 20 March 2006	**(2,452)**	**(6.0)**
Transferred from reserves	**(6)**	**0.0**

C shares	£'000	p*
Return achieved during the year	**2,037**	**9.2**
First interim dividend of 1.0p per share paid on 16 December 2005	**(220)**	**(1.0)**
Second interim dividend of 1.3p per share paid on 20 March 2006	**(288)**	**(1.3)**
Transferred to reserves	**1,529**	**6.9**

*Calculation based on weighted number of shares in issue during year.

Principal Activity and Status

The Company is registered as a Public Limited Company under the Companies Act 1985. The Directors have managed, and intend to continue to manage, the Company's affairs in such a manner as to comply with Section 842AA of the Income and Corporation Taxes Act 1988 and the Company has received full approval as a Venture Capital Trust from HM Revenue & Customs for the year to 31 March 2005.

Issue and Buy-Back of Shares

Ordinary shares

During the year the Company issued 1,033,001 ordinary shares and raised net proceeds of £1,126,000. The Company bought back for cancellation 475,000 ordinary shares during the year, at a cost of £472,000. Since the Company's AGM held on 20 June 2005, the Company has bought back 1,095,000 ordinary shares to be held in Treasury at a cost of £1,113,000. These shares will be re-issued at Net Asset Value or above.

C shares

During the year the Company issued 247,650 C shares and raised net proceeds of £239,000. Under the terms of the C shares as set out in the Prospectus dated 3 September 2004, the C shares will normally convert into ordinary shares on the earlier of at least 70 per cent of new funds being invested in qualifying holdings or 31 March 2007.

Directors

Biographies of the Directors are shown on page 9.

Mr Godfrey Jillings retires by rotation at the eighth Annual General Meeting of the Company and, being eligible, offers himself for re-election.

The Board confirms that following performance evaluations, the performance of Godfrey Jillings continues to be effective and demonstrates commitment to his role; the Board believes that it is therefore in the best interest of shareholders that he is re-elected.

The Directors who held office during the year, and their interests in the shares of the Company were:

	31 March 2006		31 March 2005	
	Ordinary 10p shares	**C 50p shares**	Ordinary 10p shares	C 50p shares
C Parritt*	**50,802**	**–**	44,006	–
G Jillings	**170,687**	**–**	147,852	–
G Nott	**11,799**	**–**	10,221	–
N Timpson	**250,000**	**52,000**	250,000	52,000
Total shares held	**483,288**	**52,000**	452,079	52,000

*Beneficial and family

There have been no changes in the holdings of the Directors between 31 March 2006 and 12 May 2006.

No Director has a service contract with the Company.

All Directors are members of the Audit, Remuneration and Nomination Committees.

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Corporate Governance

Arrangements to ensure the appropriate level of corporate governance have been put in place by the Board, which it believes are appropriate to a venture capital trust. Except as disclosed, the Company complied throughout the year with the provisions of the revised Combined Code on Corporate Governance issued by the Financial Reporting Council in July 2003.

Summary Financial Statement (continued)

Since all Directors are non executive, the Company is not required to comply with the provisions of the revised Code in respect of the Directors' remuneration, except in so far as they relate specifically to non-executive Directors.

In view of its non-executive nature and the requirement of the Articles of Association that all Directors retire by rotation, the Board considers that it is not appropriate for the Directors to be appointed for a specified term as recommended by the revised code. However, the Board has agreed that each Director will retire and, if appropriate, seek re-election at the completion of each three years' service, and annually after serving on the Board for more than nine years.

The Board consists solely of non-executive Directors of which Mr Parritt is Chairman and Mr Timpson is Senior Independent Director. All Directors are considered by the Board to be independent of the Company's Manager. Directors received an induction from the Manager on joining the Board, and all Directors receive other relevant training as necessary.

Relations with Shareholders

The Company welcomes the views of shareholders and places great importance on communication with its shareholders. The Chairman and other Directors are available to meet shareholders if required. The Annual General Meeting of the Company provides a forum both formal and informal, for shareholders to meet and discuss issues with the Directors and Manager of the Company. Details of the resolutions to be proposed at the Annual General Meeting on 19 June 2006 can be found in the Notice of Meeting on page 24.

Co-investment Scheme

The Co-investment Scheme requires that executive members of the Manager invest their own personal capital into five per cent of the ordinary shares of each and every unquoted investment excepting those life science transactions where ISIS EP LLP is not the lead investor. By 31 March 2006, a total of £74,950 had been invested in ordinary shares of 6 unquoted investments by 21 executives.

Shares under the Scheme cannot be sold until each investment held by the four Baronsmead VCTs is sold contemporaneously. Gains for the executives will only be achieved if the Baronsmead VCTs make gains from the underlying investment. If the executive leaves before the sale of the investment, they may miss out on much of the potential value inherent in their Co-investment shares. In this way the Scheme can continue to attract, recruit, retain and incentivise members of the Manager.

Procedures are in place whereby the Board receives regular updates from the Managers regarding applicants of the Co-investment Scheme and the amounts committed by ISIS EP LLP to each new unquoted investment. The Board will also review the Co-investment Scheme arrangements at each quarterly valuation meeting. An open dialogue is maintained between the Board and the Managers regarding the Scheme.

Performance Incentive

The Manager is entitled to a performance fee, provided a target rate of return is exceeded. The Board believes it is important for the objectives of the shareholders and the remuneration of the Manager to be closely aligned. Accordingly the remuneration of the Manager is directly related to the overall performance of the Company's assets under management and is based on the increase in the total return (net asset value plus dividends reinvested) rather than dividends paid.

Shareholder approval for the performance fee arrangement was given with effect from 1 July 2004. The Manager is entitled to a performance fee if at the end of any calculation period (each separate accounting period), the total return on shareholders' funds, calculated on a compound basis, exceeds the threshold of UK base rate plus 2 per cent on shareholders' funds. The Manager is entitled to 20 per cent of the excess (plus VAT), with the performance fee capped at 5 per cent of shareholders' funds at the end of the period.

A performance fee is payable for the year ended 31 March 2006.

Directors' Authority to Allot Shares and to Disapply Pre-emption Rights

The authority proposed under Resolution 5 is required so that the Directors may offer existing shareholders the opportunity to add to their investment or to offer to potential shareholders an opportunity to invest in the Company in a tax efficient manner without the Company having to incur substantial costs. Any consequent modest increase in the size of the Company will, in the opinion of the Directors, be in the interests of shareholders generally and will not dilute their existing interest. Any such issues would only be made at a price greater than the net asset value per share and therefore would increase the assets underlying each share. The issue proceeds would be available for investment in line with the Company's investment policy and may be used, in part, to purchase ordinary and C shares in the market.

Resolution 5 renews and extends (see Dividend Reinvestment below) the Directors' authority to allot equity securities for cash without pre-emption rights applying in certain circumstances. This resolution would authorise the Directors, until the date falling 15 months after the date of the passing of the Resolution or, if earlier, the conclusion of the next Annual General Meeting of the Company to issue ordinary or C shares for cash without pre-emption rights applying by way of offer to existing shareholders, under the Dividend Reinvestment Scheme, or otherwise up to a maximum of 4,091,640 ordinary shares or 2,224,760 C shares (representing approximately 10 per cent of each class of the Company's issued share capital as at 12 May 2006). This power will be exercised only if, in the opinion of the Directors, it would be in the best interests of shareholders as a whole.

Dividend Reinvestment

The Directors currently offer shareholders the opportunity to reinvest their dividends by subscribing for new ordinary shares and C shares in the Company.

Subject to the outcome of the Finance Act and the evaluation of its impact on the Company, the future of the Dividend Reinvestment Scheme may need to be considered.

The extension of the Directors' authority to allot equity securities for cash without pre-emption rights applying referred to above (see Directors' authority to disapply pre-emption rights) will enable the Directors to allot ordinary shares and C shares when dividends are reinvested pursuant to the Dividend Reinvestment Scheme.

Summary Financial Statement (continued)

Directors' Authority to Purchase Shares

The current authority of the Company to make purchases of up to approximately 14.99 per cent of its issued capital expires at the end of the Annual General Meeting and Resolutions 6 and 7 seek renewal of such authorities until the Annual General Meeting in 2007 (or the expiry of 15 months, if earlier). The price paid for shares will not be less than the nominal value nor more than the maximum amount determined by the rules of the UK Listing Authority at the time of purchase. This power will be exercised only if, in the opinion of the Directors, a repurchase would be in the best interests of shareholders as a whole. Any shares repurchased under this authority will either be cancelled or held in treasury for future re-sale in appropriate market conditions.

The Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 ('the Regulations') allow companies (such as the Company) to hold shares acquired by way of market purchase as treasury shares, rather than having to cancel them. Up to 10 per cent of each class of a Company's shares may be held in this way. Such shares may be subsequently cancelled or sold for cash. The Company may hold in treasury any of its ordinary shares and C shares that it purchases pursuant to the authority proposed to be granted by shareholders.

This would give the Company the ability to re-issue treasury shares quickly and cost efficiently, and would provide the Company with additional flexibility in the management of its capital base.

Summary Business Review

Performance and key performance indicators (KPIs)

The Board expects the Manager to deliver a performance which meets the twin objectives of maintaining a net asset value of at least 100p per ordinary share and enabling a stream of dividends which, on average, would allow an annual dividend to be paid amounting to at least 4.5p per ordinary share.

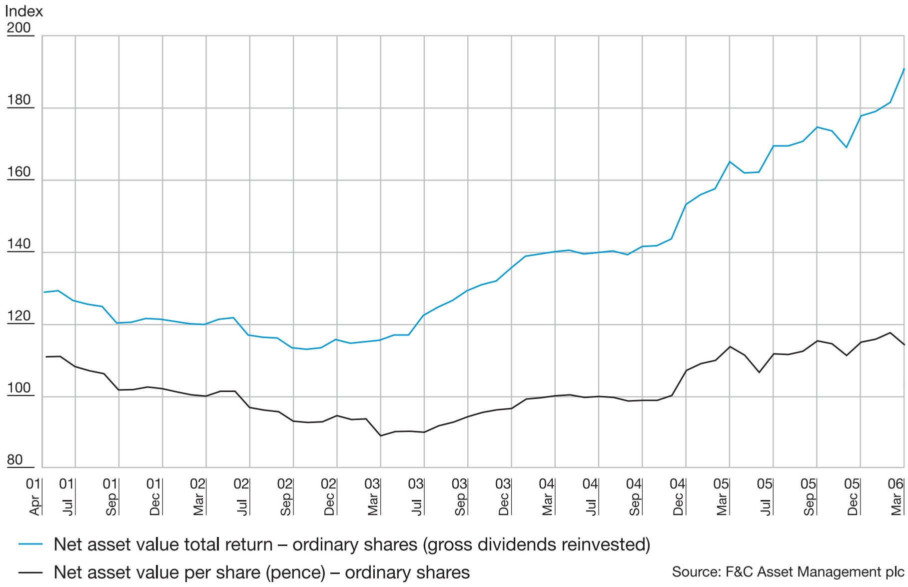
Performance, measured by dividends paid to shareholders and the change in NAV per share, is also measured against the FTSE All-Share Total Return Index. This index, as the widest measure of UK quoted equities, has been adopted as an informal benchmark. Investment performance, cash returned to shareholders and share price are also measured against the Company's peer group of 6 other generalist venture capital trusts. A review of the Company's performance during the financial year, the position of the Company at the year end and the outlook for the coming year is contained within the Chairman's statement on pages 3 to 5.

The Board assesses the performance of the Manager in meeting the Company's objective against the following primary and secondary KPIs:

Primary KPIs

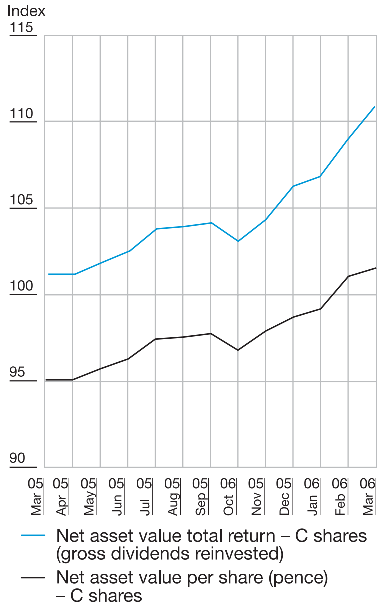
– Increase in net asset value per share and net asset value total return

Ordinary shares – 5 year history



Source: F&C Asset Management plc

C shares – 1 year history



Source: F&C Asset Management plc

Summary Financial Statement (continued)

Primary KPIs (continued)

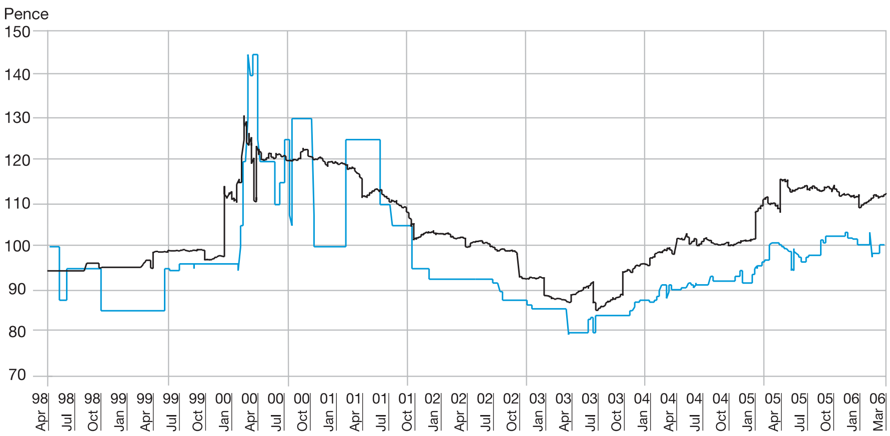
– Dividends paid since launch

Year ended 31 March	Revenue dividend per C share p	Revenue dividend per ordinary share p	Capital dividend per ordinary share p	Total annual dividend per ordinary share p	Cumulative dividends per ordinary share p	Average total annual dividend per ordinary share p
1999		3.50	–	3.50	3.50	3.50
2000		3.20	–	3.20	6.70	3.35
2001		3.90	–	3.90	10.60	3.53
2002		2.80	–	2.80	13.40	3.35
2003		2.10	4.90	7.00	20.40	4.08
2004		1.20	7.30	8.50	28.90	4.82
2005	1.00	1.90	3.10	5.00	33.90	4.84
2006	**2.30**	**2.50**	**11.00**	**13.50**	**47.40**	**5.93**

Secondary KPIs

– Share price (discount)/premium against NAV

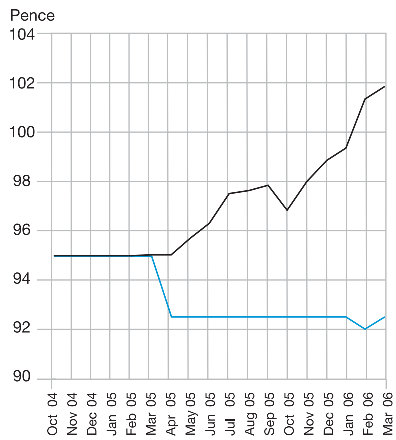
Ordinary Shares



Ordinary share price since launch
Ordinary share NAV since launch

Source: Datastream

C Shares



C share price since launch
C share NAV since launch

Source: F&C Asset Management plc

Principal risks, risk management and regulatory environment

The Board believes that the principal risks faced by the Company are:

– Investment and strategic – inappropriate strategy, poor asset allocation or consistent weak stock selection might lead to under performance and poor returns to shareholders.

– Loss of approval as a Venture Capital Trust – the Company must comply with Section 842AA of the Income and Corporation Taxes Act 1988 which allows it to be exempted from capital gains tax on investment gains. Any breach of these rules may lead to the Company losing its approval as a VCT, qualifying shareholders who have not held their shares for the designated holding period having to repay the income tax relief they obtained and future dividends paid by the Company becoming subject to tax. The Company would also lose its exemption from corporation tax on capital gains.

– Regulatory – the Company is required to comply with the Companies Acts, the rules of the UK Listing Authority and United Kingdom Accounting Standards. Breach of any of these regulatory rules might lead to suspension of the Company's Stock Exchange listing, financial penalties or a qualified audit report.

– Reputational – inadequate or failed controls might result in breaches of regulations or loss of shareholder trust.

Summary Financial Statement (continued)

- Operational – failure of the Manager's and administrator's accounting systems or disruption to its business might lead to an inability to provide accurate reporting and monitoring.
- Financial – inadequate controls might lead to misappropriation of assets. Inappropriate accounting policies might lead to misreporting or breaches of regulations.
- External inherent risks – investment in AiM traded, OFEX traded and unquoted companies by their nature involve a higher degree of risk than investment in the main market. Furthermore, the Company's investments may be difficult to realise and there may also be further constraints imposed on realisations because of the requirement to satisfy certain conditions necessary for the Company to maintain its VCT status (such as the condition that not less than 70 per cent by value of its investments must be in Qualifying Holdings).

The Board seeks to mitigate the internal risks by setting policy, regular review of performance, enforcement of contractual obligations and monitoring progress and compliance. In the mitigation and management of these risks, the Board applies rigorously the principles detailed in the 'Turnbull' guidance.

Summary Directors Remuneration Report

Directors' Fees

The Board consists solely of independent non-executive Directors and considers at least annually the level of the Board's fees, in accordance with the Combined Code on Corporate Governance. The Company Secretary provides information on comparative levels of Directors' fees to the Board in advance of each review.

The Remuneration Committee is C Parritt, G Jillings, G Nott and N Timpson. As the Company has no executive Directors, the Remuneration Committee meets, at least annually, to review the remuneration and terms of appointment of the Investment Manager.

Policy on Directors' Fees

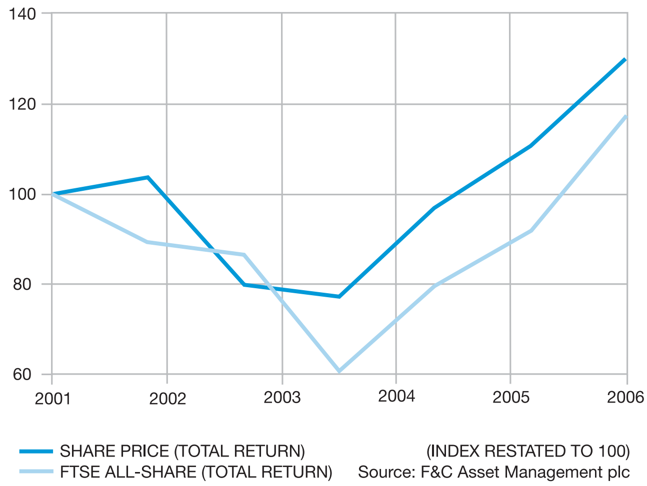
The Board's policy is that the remuneration of non-executive Directors should reflect the experience of the Board as a whole, be fair and comparable to that of other relevant venture capital trusts that are similar in size and have similar investment objectives and structures. Furthermore the level of remuneration should be sufficient to attract and retain the Directors needed to oversee properly the Company and to reflect the specific circumstances of the Company, the duties and responsibilities of the Directors and the value and amount of time committed to the Company's affairs. It is intended that this policy will continue for the year ended 31 March 2007 and subsequent years.

The fees for the non-executive Directors are determined within the limits set out in the Company's Articles of Association. The present limit is £75,000 per annum (as varied by the UK Retail Prices Index from year to year) and the approval of shareholders in a general meeting would be required to change this limit. Non-executive Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits.

Company Performance

The Board is responsible for the Company's investment strategy and performance, although the management of the Company's investment portfolio is delegated to the Investment Manager through the investment management agreement. The graph compares for the five financial years ending 31 March 2006, the percentage change over each period in the total return (assuming all dividends are reinvested) to ordinary shareholders compared to the percentage change over each period in total shareholder return on a notional investment made up of shares of the same kinds and number as those by reference to which the FTSE All-Share Index is calculated. This index was chosen for comparison purposes, as it represents a widely understood broad equity market index against which investors can measure the relative performance of the Company. An explanation of the performance of the Company is given in the Chairman's Statement and Manager's Review.

Ordinary Share price total return and the FTSE All–Share Index total return performance graph



Directors' Emoluments for the Year (audited)

The Directors who served in the year received the following emoluments in the form of fees:

	Fees 2006 £	Fees 2005 £
C Parritt	**21,000**	16,500
G Jillings	**14,000**	11,000
G Nott	**14,000**	11,000
N Timpson	**14,000**	11,000
Total	**63,000**	49,500

On behalf of the Board,

C A Parritt
Chairman

12 May 2006

Independent Auditors' Statement

Independent Auditors' Statement to the Shareholders of Baronsmead VCT 2 plc

pursuant to section 251 of the Companies Act 1985

We have examined the summary financial statement set out on pages 20 to 23.

This statement is made solely to the Company's members, as a body, in accordance with section 251 of the Companies Act 1985. Our work has been undertaken so that we might state to the Company's members those matters we are required to state to them in such a statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our work, for this statement, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

The Directors are responsible for preparing the summary annual report in accordance with applicable United Kingdom law. Our responsibility is to report to you our opinion on the consistency of the summary financial statement within the summary annual report with the full annual financial statements and the Directors' Report and the Directors' Remuneration Report, and its compliance with the relevant requirements of section 251 of the Companies Act 1985 and the regulations made thereunder. We also read the other information contained in the summary annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the summary financial statement.

Basis of Opinion

We conducted our work in accordance with Bulletin 1999/6 'The auditor's statement on the summary financial statement' issued by the Auditing Practices Board for use in the United Kingdom. Our report on the Company's full annual financial statements describes the basis of our audit opinion on those financial statements.

Opinion

In our opinion the summary financial statement is consistent with the full annual financial statements, the Directors' Report and the Directors' Remuneration Report of Baronsmead VCT 2 plc for the year ended 31 March 2006 and complies with the applicable requirements of section 251 of the Companies Act 1985 and the regulations made thereunder.

KPMG Audit Plc
Chartered Accountants
Registered Auditor
Edinburgh
12 May 2006

Income Statement

for the year ended 31 March 2006

	Ordinary shares			C shares			Total		
	2006 Revenue £'000	2006 Capital £'000	2006 Total £'000	2006 Revenue £'000	2006 Capital £'000	2006 Total £'000	2006 Revenue £'000	2006 Capital £'000	2006 Total £'000
Increase in fair value of investments held	–	3,997	3,997	–	1,838	1,838	–	5,835	5,835
Gain/(loss) on disposal of investments	–	1,590	1,590	–	(60)	(60)	–	1,530	1,530
Income	1,903	–	1,903	1,091	–	1,091	2,994	–	2,994
Investment management fee	(278)	(1,517)	(1,795)	(129)	(485)	(614)	(407)	(2,002)	(2,409)
Other expenses	(241)	–	(241)	(127)	–	(127)	(368)	–	(368)
Profit on ordinary activities before taxation	1,384	4,070	5,454	835	1,293	2,128	2,219	5,363	7,582
Tax on ordinary activities	(284)	375	91	(247)	156	(91)	(531)	531	–
Profit on ordinary activities after taxation	1,100	4,445	5,545	588	1,449	2,037	1,688	5,894	7,582
Return per ordinary share/C share	2.68p	10.81p	13.49p	2.66p	6.56p	9.22p	2.67p	9.33p	12.00p

Reconciliation of Movements in Shareholders' Funds

for the year ended 31 March 2006

	2006 Ordinary shares £'000	2006 C shares £'000	2006 Total £'000
Opening shareholders' funds at 31 March 2005 (as previously reported)	47,931	20,951	68,882
Less investments held at fair value changed from mid to bid basis	(581)	(42)	(623)
Add dividends accrued at 31 March 2005	1,119	220	1,339
Opening shareholders' funds at 31 March 2005 (as restated)	48,469	21,129	69,598
Profit for the year	5,545	2,037	7,582
Deferred consideration	12	–	12
(Decrease)/increase in share capital in issue	(459)	239	(220)
Dividends paid	(6,670)	(728)	(7,398)
Closing shareholders' funds at 31 March 2006	46,897	22,677	69,574

Income Statement

for the year ended 31 March 2005 (as restated)

	Ordinary shares			C shares			Total		
	2005 Revenue £'000	2005 Capital £'000	2005 Total £'000	2005 Revenue £'000	2005 Capital £'000	2005 Total £'000	2005 Revenue £'000	2005 Capital £'000	2005 Total £'000
Increase in fair value of investments held	–	7,789	7,789	–	86	86	–	7,875	7,875
Gain on disposal of investments	–	1,181	1,181	–	–	–	–	1,181	1,181
Income	1,511	–	1,511	383	–	383	1,894	–	1,894
Investment management fee	(255)	(2,418)	(2,673)	(43)	(129)	(172)	(298)	(2,547)	(2,845)
Other expenses	(272)	–	(272)	(57)	–	(57)	(329)	–	(329)
Profit/(loss) on ordinary activities before taxation	984	6,552	7,536	283	(43)	240	1,267	6,509	7,776
Tax on ordinary activities	(177)	206	29	(54)	25	(29)	(231)	231	–
Profit/(loss) on ordinary activities after taxation	807	6,758	7,565	229	(18)	211	1,036	6,740	7,776
Return per ordinary share/C share	1.92p	16.09p	18.01p	1.49p	(0.11)p	1.38p	1.81p	11.76p	13.57p

Reconciliation of Movements in Shareholders' Funds

for the year ended 31 March 2005

	2005 Ordinary shares £'000	2005 C shares £'000	2005 Total £'000
Opening shareholders' funds at 31 March 2004 (as previously reported)	41,643	–	41,643
Less investments held at fair value changed from mid to bid basis	(510)	–	(510)
Add dividends accrued at 31 March 2004	–	–	–
Opening shareholders' funds at 31 March 2004 (as restated)	41,133	–	41,133
Profit for the year	7,565	211	7,776
Increase in share capital in issue	738	20,918	21,656
Dividends paid	(967)	–	(967)
Closing shareholders' funds at 31 March 2005	**48,469**	**21,129**	**69,598**

Balance Sheet

As at 31 March 2006

	2006			2005 As restated		
	Ordinary shares £'000	C shares £'000	Total £'000	Ordinary shares £'000	C shares £'000	Total £'000
Fixed assets						
Investments	**44,512**	**21,321**	**65,833**	46,226	18,770	64,996
Current assets						
Debtors	**230**	**72**	**302**	299	302	601
Cash at bank and on deposit	**3,290**	**1,672**	**4,962**	4,100	2,589	6,689
	3,520	**1,744**	**5,264**	4,399	2,891	7,290
Creditors (amounts falling due within one year)	**(1,135)**	**(388)**	**(1,523)**	(2,156)	(532)	(2,688)
Net current assets	**2,385**	**1,356**	**3,741**	2,243	2,359	4,602
Net assets	**46,897**	**22,677**	**69,574**	48,469	21,129	69,598
Capital and reserves						
Called-up share capital	**4,201**	**11,124**	**15,325**	4,145	11,000	15,145
Share premium account	**3,574**	**10,033**	**13,607**	2,551	9,918	12,469
Capital redemption reserve	**279**	**–**	**279**	232	–	232
Revaluation reserve	**5,807**	**2,040**	**7,847**	11,981	86	12,067
Profit and loss account	**33,036**	**(520)**	**32,516**	29,560	125	29,685
Equity shareholders' funds	**46,897**	**22,677**	**69,574**	48,469	21,129	69,598
Net asset value per share – Basic	**114.62p**	**101.93p**	**–**	116.92p	96.04p	–

The financial statements were approved by the Board of Directors on 12 May 2006 and were signed on its behalf by:

CLIVE A PARRITT (FCA) (Chairman)

Notes to the Accounts

1. Restatement of balances as at and for the year ended 31 March 2005

There have been a number of changes to financial reporting standards that have come into effect for accounting periods beginning on or after 1 January 2005. The principal ones affecting the Company are the requirement to value quoted investments at fair value and only reflect dividends to shareholders when paid. The effect of these changes is summarised below:

1. Investments are designated as held at fair value under revised UK GAAP and are carried at bid prices which total £46,226,000 (ordinary shares) and £18,770,000 (C shares). Previously, under UK GAAP, they were carried at mid prices. The aggregate differences, being a revaluation downwards of £581,000 (ordinary shares) and £42,000 (C shares), also decreases the Revaluation reserve.
2. No provision has been made for the final dividend for the year ended 31 March 2005 of £1,119,000 (ordinary shares) and £220,000 (C shares). Under revised UK GAAP, dividends are not recognised until paid.

2. Restatement of opening balances as at 31 March 2004

At 1 April 2005 the Company adopted revised UK GAAP. The effect of these changes on the results as at 31 March 2004, previously reported under UK GAAP, to the revised UK GAAP results are summarised below:

1. Investments are designated as held at fair value under revised UK GAAP and are carried at bid prices which total their fair value of £36,224,000 (ordinary shares). Previously, under UK GAAP they were carried at mid prices. The aggregate differences, being a revaluation downwards of £510,000, also decreases the Revaluation reserve.
2. No provision had been made for a final dividend on the ordinary shares for the year ended 31 March 2004. Accordingly no adjustment is required, as under revised UK GAAP, dividends are not recognised until paid.

3. Reconciliation of Net asset values

The introduction of revised UK GAAP as outlined above has resulted in the following changes to the Company's net asset value, which are summarised below:

In accordance with FRS 26 quoted investments are now valued at bid prices instead of mid prices.

In accordance with FRS 21, dividends payable by the Company are now recognised in the period in which they are paid.

Ordinary Shares	As at 31 March 2006	As at 31 March 2005
Net asset value per share (accounting policies at 31 March 2005)	115.82p	115.63p
Less: revaluation of investments from mid to bid prices	(1.20)p	(1.41)p
	114.62p	114.22p
Add: dividend declared	–	2.70p
Net asset value per share (revised UK GAAP)	114.62p	116.92p
Add: Dividends paid 6 June 2005, 16 December 2005 & 20 March 2006/16 December 2004 & 28 June 2005	13.50p	2.30p
Net asset value per share (before dividends)	128.12p	119.22p

C Shares	As at 31 March 2006	As at 31 March 2005
Net asset value per share (accounting policies at 31 March 2005)	102.45p	95.23p
Less: revaluation of investments from mid to bid prices	(0.52)p	(0.19)p
	101.93p	95.04p
Add: dividend declared	–	1.00p
Net asset value per share (revised UK GAAP)	101.93p	96.04p
Add: Dividends paid 16 December 2005 & 20 March 2006	2.30p	–
Net asset value per share (before dividends)	104.23p	96.04p

Notice of Annual General Meeting

Notice is hereby given that the eighth Annual General Meeting of Baronsmead VCT 2 plc will be held at the offices of ISIS EP LLP, Exchange House, Primrose Street, London EC2A 2NY, on 19 June 2006 at 11 am for the following purposes:

To consider and, if thought fit, pass the following resolutions:

Ordinary business

1. That the Report and Accounts for the year to 31 March 2006 be received.
2. That the Directors' Remuneration Report for the year to 31 March 2006 be approved.
3. That Godfrey Jillings, who retires by rotation at the Annual General Meeting, be re-elected as a Director.
4. That KPMG Audit Plc, Chartered Accountants, be re-appointed as auditors and that the Directors be authorised to determine their remuneration.

Special business

Special resolutions

5. That:
   (a) the Directors of the Company (the ''Directors'') be and are hereby empowered, pursuant to section 95(1) of the Companies Act 1985 (the ''Act''), to allot equity securities for cash pursuant to the authority given in accordance with section 80 of the Act granted on 20 June 2005 as if section 89(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities in connection with:
      (i) an offer of securities, open for acceptance for a period fixed by the Directors, to holders of ordinary shares of 10p each in the Company (''Ordinary Shares'') and such other equity securities of the Company as the Directors may determine on the register on a fixed record date in proportion (as nearly as may be) to their respective holdings of such securities or in accordance with the rights attached thereto (but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements that would otherwise arise or with legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory or otherwise howsoever);
      (ii) the dividend reinvestment plan as more particularly described in the Report of Directors;
      (iii) (otherwise than pursuant to sub-paragraphs (i) and (ii) above) up to an aggregate nominal amount of £1,521,544 provided that the maximum number of Ordinary Shares which may be allotted pursuant to this sub-paragraph (iii) shall be 4,091,640 Ordinary Shares and the maximum number of C shares of 50p each in the Company (''C shares'') which may be allotted pursuant to this sub-paragraph (iii) shall be 2,224,760 C shares;

   and shall expire on the date falling 15 months after the date of the passing of this resolution or, if earlier, at the conclusion of the next Annual General Meeting of the Company, except that the Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted after such expiry and in this resolution ''allot'' and ''allotment'' shall be construed in accordance with section 94(3A) of the Act;

   (b) words and expressions defined in or for the purposes of Part IV of the Act shall bear the same meanings in this resolution.
6. That the Company is hereby generally and unconditionally authorised to make market purchases (within the meaning of section 163 of the Companies Act 1985) of ordinary shares of 10p each in the company (''Ordinary Shares''), provided that:
   (a) the maximum number of Ordinary Shares hereby authorised to be purchased shall be 6,133,370;
   (b) the minimum price which may be paid for each Ordinary Share is 10p;
   (c) the maximum price which may be paid for an ordinary share shall not exceed the maximum amount permitted to be paid in accordance with the rules of the UK Listing Authority in force at the date of purchase;
   (d) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company in 2007 or, if earlier, on the expiry of 15 months from the passing of this resolution, unless such authority is renewed prior to such time; and
   (e) the Company may make a contract to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be completed or executed wholly or partly after the expiration of such authority.
7. That the Company is hereby generally and unconditionally authorised to make market purchases (within the meaning of section 163 of the Companies Act 1985) of C shares of 50p each in the company (''C shares''), provided that:
   (a) the maximum number of C shares hereby authorised to be purchased shall be 3,334,920;
   (b) the minimum price which may be paid for each C share is 50p;
   (c) the maximum price which may be paid for a C share shall be equal to the maximum amount permitted to be paid in accordance with the rules of the UK Listing Authority in force at the date of purchase;
   (d) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company in 2007 or, if earlier, on the expiry of 15 months from the passing of this resolution, unless such authority is renewed prior to such time; and
   (e) the Company may make a contract to purchase C shares under the authority hereby conferred prior to the expiry of such authority which will or may be completed or executed wholly or partly after the expiration of such authority.

By order of the Board

Rhonda Nicoll
for F&C Asset Management plc, *Secretary*
80 George Street
Edinburgh EH2 3BU

12 May 2006

A member who is entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend and, on a poll, vote on his/her behalf. Such a proxy need not also be a member of the company.

To be valid, a proxy card must be lodged with the company's registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8FB at least 48 hours before the meeting. A proxy card for use by shareholders is enclosed. Completion of the proxy card will not prevent a shareholder from attending the meeting and voting in person.

Shareholder Information and Contact Details

Enquiries

Shareholders should contact the below regarding the following queries:

Basic contact details, ie change of address, joining or leaving the Dividend Reinvestment Scheme, queries re: share and tax certificates and bank mandate forms:

Computershare (Company Registrar)

www.computershare.com/investor

Shareholders self service tool to help track and manage personal holdings free, i.e.

– View your share portfolio, prices, historicals.

– Make secure updates to your portfolio, i.e. change of address.

e-mail: web.queries@computershare.co.uk

Tel: 0870 703 0137 (calls charged at national rate).

Policies and historical information together with the Dividend Reinvestment Scheme mechanism, share price movements, the share price discount and selling shares:

F&C Asset Management plc (Company Secretary)

www.baronsmeadvct2.co.uk

Baronsmead VCT2's website is in the process of being updated

e-mail: rhonda.nicoll@fandc.com

Tel: 0131 465 1074. Fax: 0131 225 2375.

Any other points, i.e. valuations of underlying companies, asset allocations, dividend policies and the investment process:

ISIS EP LLP (Investment Manager)

www.isisep.com

Contains details of the team and some case studies of historical investments.

e-mail: david.thorp@isisep.com; gerard.kelly@isisep.com; margaret.barff@isisep.com

Tel: David Thorp 0207 506 1609; Ged Kelly 0207 506 1182; Margaret Barff 0207 506 1601.

Share price

The Company's ordinary shares and C shares are listed on the London Stock Exchange. The mid-price of the Company's ordinary shares and C shares is given daily in the *Financial Times* in the Investment Companies section of the London Share Service. Share price information can also be obtained from many financial websites.

Trading shares

The Company's Ordinary and C shares can be bought and sold in the same way as any other quoted company on the London Stock Exchange through a stockbroker. The market makers for Baronsmead VCT 2 plc are:

- Teather & Greenwood (020 7426 9000)
- UBS Warburg (020 7567 8000)
- Winterfloods (020 7621 0004)

Please call the Company Secretary if you or your adviser have any questions about this process.

Financial calendar

19 June 2006	Annual General Meeting – offices of ISIS EP LLP
August 2006	Quarter end 30 June 2006 VCT factsheet sent to shareholders
November 2006	Posting of interim report for the six months to 30 September 2006
December 2006	Interim dividend paid
February 2007	Quarter end 31 December 2006 VCT factsheet sent to shareholders
May 2007	Announcement of final results for year to 31 March 2007

VCT workshops

A workshop for shareholders and their advisers will be held at the offices of the investment managers, ISIS EP LLP, Exchange House, Primrose Street, London EC2A 2NY, at 1.15 pm on 19 June 2006 following the Annual General Meeting.

Corporate information

Secretary
F&C Asset Management plc
80 George Street
Edinburgh EH2 3BU

Registrars and Transfer Office
Computershare Investor Services PLC
PO Box 82
The Pavilions
Bridgwater Road
Bristol BS99 7NH

Investment managers
ISIS EP LLP
Exchange House
Primrose Street
London EC2A 2NY

Brokers
Teather & Greenwood Limited
Beaufort House
15 St Botolph Street
London EC3A 7QR

VCT status adviser
PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH

Solicitors
Norton Rose
Kempson House
Camomile Street
London EC3A 7AN

Auditors
KPMG Audit Plc
Chartered Accountants
Saltire Court
20 Castle Terrace
Edinburgh EH1 2EG

Registered office
Exchange House
Primrose Street
London EC2A 2NY

Registered Number
03504214

Directors
Clive Anthony Parritt (Chairman)*
Godfrey Frank Jillings†
Gillian Nott‡
Nicholas George Lawrence Timpson¶

www.baronsmeadvct2.co.uk

*Chairman of the Audit Committee
†Chairman of Nomination Committee
‡Chairman of Management Engagement and Remuneration Committee
¶Senior Independent Director

Pillans & Waddies, Edinburgh. 311903