

Kings Arms Yard VCT 2 PLC Interim Management Statement

Introduction

I am pleased to present Kings Arms Yard VCT 2 PLC's interim management statement for the period from 1 January to 16 May 2011 as required by the UK Listing Authority's Disclosure and Transparency Rule 4.3.

Performance and dividends

The Company's unaudited net asset value (NAV), based on management accounts, as at 31 March 2011 was £18.22 million (31 December 2010: £18.26 million) or 23.6 pence per share (31 December 2010: 23.6 pence per share).

The current NAVs and comparative figures are calculated before accounting for the first dividend for the year to 31 December 2011 of 1 penny per share (total cost: £773,000) which will be paid on 24 June 2011 to shareholders on the register as at 27 May 2011, subject to agreement by the shareholders at the Annual General Meeting on 16 May 2011.

The Company's net asset value has not changed materially since 31 December 2010.

Portfolio

The following investments have been made during the period from 1 January 2011 to 16 May 2011:

Name	£000's	
Oxford Immunotec Limited (<i>further investment</i>)	208	<i>International provider of T cell measurement solutions</i>
Vivacta Limited (<i>further investment</i>)	116	<i>Medical diagnostics company</i>
Perpetuum Limited (<i>further investment</i>)	103	<i>Provider of vibration energy harvesting</i>
Celoxica Holdings Limited (<i>further investment</i>)	36	<i>Market data processing solutions</i>
Celona Technologies Limited (<i>further investment</i>)	20	<i>Leading provider of real-time Application Data Migration software</i>

Disposals

During the period from 1 January 2011 to 16 May 2011, the following quoted shares have been sold:

Name	Cost - £000's	Carrying value at 31 December 2010 - £000's	Proceeds - £000's
MediGene AG	797	252	268
Allergy Therapeutics PLC	419	76	145

Top ten holdings as at 31 March 2011:

Investment	Carrying value £000's
UniServity Limited	2,371
Oxford Immunotec Limited	1,301
Workshare Limited	1,233
Level Four Software Limited	1,229
Elateral Holdings Limited	1,214
Xention Limited	607
Haemostatix Limited	538
Antenova Limited	496
Imagesound plc	476
Xtera Communications Limited	396

Material Events and Transactions

As mentioned above, a dividend of 1 penny per share will be paid on 24 June 2011 to shareholders on the register as at 27 May 2011, subject to agreement by the shareholders at the Annual General Meeting on 16 May 2011.

The Company has re-introduced a Dividend Reinvestment Scheme to existing shareholders. Details of this Scheme can be found in the circular dated 18 April 2011 at www.albion-ventures.co.uk/Our_Funds/Kings_Arms_Yard_2.html.

There have been no further significant events or transactions that the Board is aware of which would have a material impact on the financial position of the Company between 1 January 2011 and 16 May 2011.

Further information regarding historic and current financial performance and other useful shareholder information can be found on the Fund's website under www.albion-ventures.co.uk/Our_Funds/Kings_Arms_Yard_2.html

Robert Wright, Chairman
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