SPARK
VCT 2 PLC

SPARK VCT 2 plc

HALF YEARLY FINANCIAL REPORT 2008

About **SPARK VCT 2 plc**

The objective of SPARK VCT 2 plc is to provide shareholders with an attractive income and capital return enhanced by tax benefits, by investing in a diverse portfolio consisting largely of unquoted investments. From time to time the portfolio will also include quoted equities and fixed interest securities.

The venture capital portfolio focuses mainly on early stage technology-related companies in the TMT (technology, media and telecoms) and healthcare sectors.

Dividends paid by SPARK VCT 2 plc, as an approved venture capital trust, are tax free to eligible shareholders, which substantially enhances the effective returns to shareholders.

Investment in venture capital trusts should be viewed as a high risk, long-term investment. Eligible shareholders are reminded that a sale of their shareholding in SPARK VCT 2 plc may give rise to a loss of any capital gains tax deferral granted at the time of their original subscription.

Financial highlights

Per ordinary share (pence)	30.06.08	31.12.07	30.04.07
Net asset value	44.3	46.5	54.8
Dividends			
Dividend [(1)]	1.0	1.0	1.0
Cumulative dividend[(2)]	6.9	5.9	5.9
Total return [(3)]	51.2	52.4	60.7
Return including tax benefits [(4)]	71.2	72.4	80.7

(1) Dividend paid in the financial period ended on the date stated
(2) Cumulative dividends paid by SPARK VCT 2 plc
(3) Net asset value plus cumulative dividend per share to ordinary shareholders since the launch of the Company
(4) Return after 20% income tax relief but excluding capital gains deferral

The Interim management report comprises the Chairman's Statement, the Investment manager's report, fund summary and note 8 to the condensed financial statements.

Chairman's statement

Net assets

The movement in net assets and net assets per share is summarised in the table below:

	£'000	Pence per Share
Net asset value at 31 December 2007	**21,745**	**46.5**
Income	129	0.3
Operating expenses	(473)	(1.0)
Movement on venture capital investments		
Unquoted investments	(99)	(0.2)
Quoted venture capital investments	81	0.2
Listed equity investments		
Net loss on disposal and revaluation	(287)	(0.7)
Net assets before dividends and share buy-backs	**21,096**	**45.1**
Dividend paid	(464)	(1.0)
Share buy-backs	(182)	0.2
Net asset value at 30 June 2008	**20,450**	**44.3**

The half-year to 30 June 2008 has seen a broadly stable performance in the venture capital portfolio.

The successful realisation of the investment in Nomad Payments Limited and the trade sale of Identum Limited, both of which closed in January 2008, were detailed in the last Annual Report. More recently, the good progress made by a number of the portfolio companies has been somewhat offset by the general change in market sentiment which in certain respects has held back the performance of the Fund.

Following the review of the portfolio and the investment strategy referred to in the last Annual Report, members of the new management team within SPARK Venture Management Limited ("SPARK") have continued to make an energetic contribution in working with the portfolio companies and dealing with the issues affecting the Fund as a whole.

A number of companies within the portfolio are now cash positive, growing satisfactorily and, given the right market conditions, would be nearing readiness for an exit. The earlier stage companies are in most cases also showing satisfactory progress. In the healthcare portfolio there have been some significant achievements, notably in the winning of FDA approval by Oxford Immunotec Limited, but there have also been disappointments with the failure of the key drug trial of Oxford BioMedica plc and the decision to discontinue support to Lectus Therapeutics Limited, both of which have led to significant losses in value.

The change in market sentiment does not generally have a direct effect on those companies in the portfolio that are addressing new markets growing on the back of new technologies or services. As long as they are not seeking to approach the capital markets for further funding or a sale, the value in the companies themselves will continue to develop. The change in financing conditions has, however, had an adverse effect on the valuations attributed to Antenova Limited and Cluster Seven Limited, because in both cases they needed to raise further capital. In the case of Antenova, despite that company's satisfactory business progress, the refinancing of the business could only be completed at a much reduced valuation to the previous carrying value. In order to mitigate the effects of this, the Fund has participated in the refinancing so as to take advantage of the favourable terms for new investors. In the case of Cluster Seven the company has dramatically cut its cost base so as to ensure that it can continue to trade without new capital. Nevertheless, its valuation has been reduced to reflect the reduced prospects for the business.

During the half year one significant exit opportunity was lost as a result of the change in market sentiment. The environment for disposals and funding shows no sign of improving in the short term.

In these circumstances the rate of investment in recent months has been constrained, with one new investment being made alongside a moderate level of commitment of resources to follow-on investments. The opportunity of the new investment in Isango! Limited, a growth stage company operating an online travel website offering users a source of travel experiences worldwide, briefly referred to in the last Annual Report, was won largely on the basis of SPARK's reputation in the digital media and internet commerce sector. Isango! has made encouraging progress since the investment was made.

In view of the potential requirements for cash over the next two years, in market conditions in which exits may be more difficult to achieve, the precaution was taken in early July of selling the entire portfolio of listed equities. Over the six months to 30 June 2008 a fall of £287,000 was suffered in the value of this portfolio; the sale in July involved a further loss of £163,000.

The Board has not declared an interim dividend.

The Board has today announced that it has entered into talks with the board of SPARK VCT 3 plc for a merger of the two companies, with the intention that the merger should be structured as a share-for-share exchange through a Scheme of Arrangement under Part 26 of the Companies Act 2006, with the share exchange ratio being determined by reference to formula asset values (NAV per share, less the expenses of the transaction). SPARK VCT 3 plc is under the same management as the Company and had net assets at 30 June 2008 of £14.1 million. In the Board's view, a merger has become desirable because the decline in net asset values suffered by both companies over recent years has brought them to a point where they could become more efficient as investment vehicles by merging. With this reduction in the scale of the funds, fixed costs get out of proportion with the assets managed. In addition, the financial resources required to ensure that good investments are supported, and exits are achieved at the optimal point in the economic cycle, may be curtailed, thereby increasing the risk of continued underperformance. Finally, there is a risk that the funds available for new investments will be insufficient to allow the investment strategy of the new SPARK management team to effect any meaningful turnaround in performance. The Board believes that, by enabling cost savings and allowing the Manager additional flexibility in the allocation of financial resources, the merger would address all these issues. Provided the talks progress to a successful conclusion, full details of the proposals will be communicated to shareholders as soon as possible and the appropriate General Meeting of the Company will be convened to seek shareholders' approval to the merger.

Robert Wright
Chairman
29 August 2008

Directors' responsibility statement

The Directors confirm to the best of their knowledge that:

- the condensed set of financial statements contained within the Half-Yearly Financial Report has been prepared in accordance with the Accounting Standards Board's Statement 'Half-Yearly Financial Reports'; and
- the interim management report includes a fair review of the information required by Disclosure and Transparency Rule 4.2.7R of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remainder of the financial year; and
- the condensed set of financial statements (note 8) includes a fair review of the information concerning related parties transactions as required by Disclosure and Transparency Rule 4.2.8R.

The Half-Yearly Financial Report was approved by the Board on 29 August 2008 and the above responsibility statement was signed on its behalf by the Chairman.

Investment manager's report

The period covered by this interim management report has seen a change in market sentiment brought about by the 'sub-prime' crisis. A number of key transactions were completed prior to the change in market sentiment, notably the sales of Nomad Payments Limited and Identum Limited as described in the last Annual Report. More recently, however, the tendency towards risk aversion in the private equity and venture capital markets has made financing conditions for a number of portfolio companies more difficult, delayed opportunities for exits and depressed the terms on which exits may be achievable. Against this, however, for companies in the portfolio that are addressing new markets which are growing on the back of new technologies or services, the general decline in market sentiment will not stop that growth. As long as they are not approaching the capital markets for further funding or a sale, then the value in these companies will continue to develop, and there are examples of companies in this category within the portfolio.

Realisation of investments

Details of the successful exit from Nomad Payments Limited by trade sale to Metavante Technologies, Inc. (NYSE: MV), which closed on 10 January 2008, were set out in the last Annual Report. This transaction realised £3,020,000 (of which £2,449,000 has been received in cash and £571,000 is held in escrow), for a multiple of 1.9 times original cost.

The trade sale of Identum Limited to Trend Micro, Inc., a global leader in antivirus and content security, which also closed in January 2008, brought in proceeds of a further £763,000.

New investments

In the first six months of the year, the Company has closed one new investment, with £450,000 being committed to Isango! Limited,a growth stage company operating an online travel website offering users an authoritative source of travel experiences such as holiday tours, sightseeing, attractions and activities in more than 50 countries across the world. Isango! has seen monthly revenues grow by 25% on average month-on-month since the investment was made.

Progress of investments

During the six months to 30 June 2008 both the early stage companies and the more developed companies within the venture capital portfolio have shown generally satisfactory business progress.

Oxford Immunotec Limited, the Oxford University spinout company commercialising a new test for the diagnosis of tuberculosis, has gained pre-market approval from the US Food and Drug Administration (FDA) for its T-SPOT®.TB test. This represents a significant milestone for the company: it has already been achieving sales success for T-SPOT®.TB in Europe and is now able to access the much larger potential of the United States market.

A total of £529,000 was committed to follow-on investments during the half year, with an additional £223,000 being advanced as bridge finance to Xention Limited, the drug discovery company with an emerging pipeline of drug candidates in atrial fibrillation, over-active bladder and pain, and smaller individual amounts being invested in a range of other portfolio companies.

Among the Company's investments in the TMT sector, Antenova Limited has demonstrated satisfactory progress in winning more profitable business but in consequence will require additional working capital: in present conditions, the terms of the new funding round will inevitably be less attractive than would have been expected earlier. However by participating in this round at a level more than pro-rata to its previous holding, the Fund will be taking advantage of these terms to enhance its position in the investment.

UniServity Limited, which markets a web-based collaborative learning environment for schools, is achieving considerable success in winning contracts with Local Education Authorities in the UK and is beginning to make progress also in international markets.

Among the more developed companies in the portfolio, marketing communications software company Elateral Holdings Limited has shown encouraging trading results allowing for an increase in the valuation of the Fund's investment. However, Elateral was a victim of the sentiment change in markets when an offer for the acquisition of the company at substantially above this level was withdrawn by a private equity buyer on account of market turmoil.

In the healthcare sector, the merger of Celldex Therapeutics, Inc. with the NASDAQ-listed AVANT Immunotherapeutics, Inc., which closed in March 2008, has been well received in the market and the share price has performed well. The share price of MediGene AG also improved over the half year and the opportunity was taken to sell one-third of this holding. It was disappointing, however, that Oxford BioMedica plc announced in early July that its most important drug candidate TroVax® had failed in a key kidney cancer test, prompting a collapse in the share price. In the absence of any likelihood of early recovery, the decision was taken for an immediate sale of this entire holding.

Valuation changes

Venture capital portfolio

In the venture capital portfolio, the sale of shares in MediGene AG generated proceeds of £268,000 and a £54,000 gain on disposal. Revaluation of unquoted investments produced a gain of £569,000 in respect of Elateral Holdings Limited, offset by a write-down of £457,000 in respect of Antenova Limited and other items, for an overall downward adjustment of £86,000.

Valuation changes in the quoted venture capital portfolio produced a surplus of £299,000 over the figures at 31 December 2007, including increases in the values of the holdings in AVANT Immunotherapeutics, Inc., MediGene AG and Celoxica Holdings plc, partially offset by disappointing performances of other holdings.

However, a total of £367,000 has been written off as an impairment of value, mainly in respect of Oxford BioMedica plc, ahead of the sale of this holding in July.

Listed equity and bond portfolio

The valuation of the listed equity portfolio (including losses in the half year) fell by £287,000 over the half year. In mid July this entire portfolio was sold (at a loss of £163,000 compared with the valuation at 30 June 2008) in order to protect against the possibility of further declines in stock markets and ensure the availability of liquidity to fund necessary follow-on investments and the operations of the Company.

Investment manager's report (cont.)

Outlook

Following the change in market sentiment, the pace of new investment is being constrained, pending better visibility on the timing of planned exits and the consequent availability of resources. The management team continues to adopt a stringent approach designed to ensure that the Company's follow on investment resources are most effectively applied.

It remains an objective to refresh the portfolio as soon as possible to take advantage of new investment opportunities available to SPARK, for example in the digital media and software applications sectors and in medical devices and diagnostics. Continued attention will be given to the possibility of early exits from underperforming investments in order to make this possible, although present market conditions make the achievement of this objective more difficult.

SPARK Venture Management Limited
Manager
29 August 2008

Fund summary as at 30 June 2008

	Industry sector	Cost [1] £'000	Valuation £'000	Equity % held	% of fund by value
Fifteen largest venture capital investments					
Workshare Limited	TMT	1,910	2,591	7.3%	12.7%
Xention Limited	Healthcare	1,273	1,348	5.1%	6.6%
Celona Technologies Limited	TMT	2,059	1,307	8.6%	6.4%
Xtera Communications, Inc.	TMT	2,687	1,275	1.0%	6.2%
Oxford Immunotec Limited	Healthcare	1,801	1,215	6.3%	5.9%
Elateral Holdings Limited [2]	TMT	479	1,049	13.8%	5.1%
Teraview Limited	Healthcare	1,064	827	5.4%	4.0%
UniServity Limited	TMT	700	700	11.6%	3.5%
Sift Group Limited	TMT	917	698	8.0%	3.4%
MediGene AG *FRANKFURT*	Healthcare	781	597	0.4%	2.9%
AVANT Immunotherapeutics, Inc. *NASDAQ*	Healthcare	1,400	472	0.4%	2.3%
Isango! Limited	TMT	450	450	9.3%	2.2%
Arithmatica Limited	TMT	676	370	13.7%	1.8%
Antenova Limited	TMT	1,384	322	4.7%	1.6%
Portrait Software plc *AIM*	TMT	1,130	288	2.7%	1.4%
		18,711	**13,509**		**66.0%**
Other venture capital investments					
Celoxica Holdings plc [2] *AIM*	TMT	192	287	2.6%	1.4%
Vivacta Limited	Healthcare	228	286	1.8%	1.4%
Cluster Seven Limited	TMT	334	255	1.9%	1.3%
Allergy Therapeutics plc *AIM*	Healthcare	700	239	1.1%	1.2%
Perpetuum Limited	TMT	146	166	1.5%	0.8%
Level Four Software Limited	TMT	112	112	0.7%	0.5%
Oxford BioMedica plc *AIM*	Healthcare	103	103	0.3%	0.5%
Other investments: valuations less than £100,000 [2]		491	193		0.9%
		2,306	1,641		8.0%
Total venture capital investments		**21,017**	**15,150**		**74.0%**
Total quoted venture capital investments		4,698	2,077		10.2%
Total unquoted venture capital investments		16,319	13,073		63.8%
		21,017	15,150		74.0%
Listed equity investments		2,140	2,894		14.2%
Total investments		**23,157**	**18,044**		**88.2%**
Cash and other net assets		2,406	2,406		11.8%
Net assets		**25,563**	**20,450**		**100.0%**

(1) Amounts shown as cost represent acquisition cost as reduced in certain cases [2] by amounts written off as an impairment in value
(2) Cost reduced by amounts written off as representing an impairment in value

Condensed financial statements

Profit and loss account

	Notes	Six months to 30.06.08 (unaudited) £'000	Six months to 30.04.07 (unaudited) £'000	Fourteen months to 31.12.07 (audited) £'000
Loss on investments at fair value through profit or loss	3	**(305)**	(4,340)	(7,862)
Income		**129**	125	307
Investment management fee		**(283)**	(395)	(924)
Other expenses		**(187)**	(223)	(332)
Loss on operating activities		**(646)**	(4,833)	(8,811)
Interest payable on loan notes		**(3)**	(3)	(6)
Loss on ordinary activities before taxation		**(649)**	(4,836)	(8,817)
Tax on loss on ordinary activities		**–**	–	–
Loss on ordinary activities after taxation		**(649)**	(4,836)	(8,817)
Basic and fully diluted loss per share	4	**(1.4)p**	(10.0)p	(18.5)p

All items in the above statement derive from continuing operations.

The Company has only one class of business and derives its income from investments made in shares and securities and from bank deposits.

There are no gains and losses for the period other than those passing through the profit and loss account of the Company.

The accompanying notes are an integral part of this statement.

Balance sheet

	Notes	30 June 2008 (unaudited) £'000	31 December 2007 (audited) £'000	30 April 2007 (unaudited) £'000
Fixed assets				
Investments at fair value through profit or loss	5	**18,044**	21,534	24,939
Current assets				
Debtors		**737**	14	34
Cash at bank		**2,099**	599	1,601
		2,836	613	1,635
Creditors: amounts falling due within one year		**(331)**	(302)	(314)
Net current assets		**2,505**	311	1,321
Creditors: amounts falling due in over one year		**(99)**	(100)	(100)
Net assets		**20,450**	21,745	26,160
Capital and reserves				
Called-up equity share capital		**462**	467	476
Share premium account		**339**	339	338
Capital redemption reserve		**72**	67	56
Special reserve		**21,528**	23,157	32,416
Revaluation reserve		**(5,113)**	(4,701)	(9,444)
Profit and loss account		**3,162**	2,416	2,318
Total equity shareholders' funds		**20,450**	21,745	26,160
Net asset value per share	6	**44.3p**	46.5p	54.8p

The accompanying notes are an integral part of this statement.

Condensed financial statements (cont.)

Summarised cash flow statement

	Note	Six months to 30.06.08 (unaudited) £'000	Fourteen months to 31.12.07 (audited) £'000	Six months to 30.04.07 (unaudited) £'000
Cash outflow from operating activities	7	**(332)**	(982)	(531)
Financial investment				
Purchase of venture capital investments		**(979)**	(4,396)	(3,341)
Purchase of listed equity		**(159)**	(645)	(252)
Sale of venture capital investments		**3,345**	982	1,122
Sale/redemption of listed equity and fixed interest investments		**190**	5,287	3,816
Amounts recovered from investments previously written off		**82**	–	–
Total net financial investment		**2,479**	1,228	1,345
Equity dividends paid		**(464)**	(487)	(458)
Financing				
Buy-back of ordinary shares		**(182)**	(907)	(499)
Issue of shares under the terms of the dividend reinvestment scheme		**–**	32	29
Repayment of redeemable loan notes		**(1)**	–	–
Total financing		**(183)**	(875)	(470)
Increase/(decrease) in cash for the period		**1,500**	(1,116)	(114)
Reconciliation of net cash flow to movement in net funds				
Increase/(decrease) in cash for the period		**1,500**	(1,116)	(114)
Net funds at the start of the period		**599**	1,715	1,715
Net funds at the end of the period		**2,099**	599	1,601

The accompanying notes are an integral part of this statement.

Net funds comprise cash at bank and on short-term deposit.

Reconciliation of movements in shareholders' funds

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Special reserve £'000	Revaluation reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2008	467	339	67	23,157	(4,701)	2,416	21,745
Shares purchased for cancellation	(5)	–	5	(182)	–	–	(182)
Realisation of prior years' net gains on investments	–	–	–	–	(400)	400	–
Transfer from special reserve to profit and loss account	–	–	–	(1,447)	–	1,447	–
Net loss on revaluation of investments	–	–	–	–	(12)	12	–
Loss on ordinary activities after taxation	–	–	–	–	–	(649)	(649)
Dividends paid	–	–	–	–	–	(464)	(464)
At 30 June 2008	**462**	**339**	**72**	**21,528**	**(5,113)**	**3,162**	**20,450**

The accompanying notes are an integral part of this statement.

Notes

1. The financial information contained in this Half-Yearly Financial Report has been prepared on the basis of the accounting policies set out in the Annual Report for the 14 months ended 31 December 2007.

   The annual financial statements of the Company are prepared under the historical cost convention, except for the measurement at fair value of fixed asset investments, and in accordance with the applicable UK accounting standards.

2. A final dividend in respect of the period ended 31 December 2007 of 1p per share totalling £463,755 was paid on 27 June 2008.

3. The overall loss on investments at fair value through profit or loss disclosed in the profit and loss account is analysed as follows:

	Six months to 30.06.08 (unaudited) £'000	Six months to 30.04.07 (unaudited) £'000	Fourteen months to 31.12.07 (audited) £'000
Net (loss)/gain on disposal	**(8)**	184	436
Write-off of investments	**(367)**	–	(5,061)
Recoveries made in respect of investments previously written off	**82**	–	–
Net loss on revaluation of investments	**(12)**	(4,524)	(3,237)
	(305)	(4,340)	(7,862)
Unquoted venture capital investments	**(99)**	(179)	(7,326)
Quoted venture capital investments	**81**	(4,590)	(1,378)
Bonds and equity investments	**(287)**	429	842
	(305)	(4,340)	(7,862)

   'Net (loss)/gain on disposal' represents the difference between proceeds received and the carrying values of those investments sold during the period.

   The amounts reported under 'write-off of investments' represent the proportions of the carrying value that have, in the opinion of the Directors, suffered an impairment in value.

4. The loss per share of 1.4p (six months ended 30 April 2007: loss 10.0p) is based on the loss on ordinary activities after tax of £649,000 (six months ended 30 April 2007: loss £4,836,000) and on the weighted average number of ordinary shares in issue during the period of 46,380,000 (six months ended 30 April 2007: 48,259,627).

   The loss per share of 18.5p for the fourteen month period to 31 December 2007 is based on the loss on ordinary activities after tax of £8,817,000 and on the weighted average number of ordinary shares in issue during the period of 47,714,817.

5. Movements in investments during the six months ended 30 June 2008 are as follows:

	Venture capital investments £'000	Listed equity investments £'000	Total £'000
Cost at 1 January 2008	23,999	2,236	26,235
Net (loss)/gain at 1 January 2008	(5,677)	976	(4,701)
Valuation at 1 January 2008	18,322	3,212	21,534
Movements in the period:			
Purchases at cost	979	159	1,138
Disposals			
– proceeds	(4,051)	(190)	(4,241)
– net gains/(losses) on disposal	54	(62)	(8)
Impairment in value	(367)	–	(367)
Net gain/(loss) on revaluation of investments	213	(225)	(12)
Valuation at 30 June 2008	**15,150**	**2,894**	**18,044**
Book cost at 30 June 2008	21,017	2,139	23,156
Net (loss)/gain at 30 June 2008	(5,867)	755	(5,112)
Valuation at 30 June 2008	**15,150**	**2,894**	**18,044**

Amounts shown as cost represent acquisition cost, less any reduction made on account of perceived impairment in value which is regarded as permanent.

6. The net asset value per share as at 30 June 2008 of 44.3p (31 December 2007: 46.5p) is based on net assets of £20,450,000 (31 December 2007: £21,745,000) and on the 46,168,525 ordinary shares in issue as at that date (31 December 2007: 46,715,525). There is no dilution effect as at 30 June 2008 (31 December 2007: nil).

7. Reconciliation of operating loss to cash flow from operating activities for the period is as follows:

	Six months to 30.06.08 (unaudited) £'000	Fourteen months to 31.12.07 (audited) £'000	Six months to 30.04.07 (unaudited) £'000
Loss on ordinary activities	(646)	(8,811)	(4,833)
Loss on investments at fair value through profit or loss	305	7,862	4,340
(Increase)/decrease in debtors	(17)	134	114
Increase/(decrease) in creditors	29	(161)	(149)
Interest payable on loan notes	(3)	(6)	(3)
Cash outflow from operating activities	(332)	(982)	(531)

Condensed financial statements (cont.)

Notes (cont.)

8. Spark Investors Limited (a fellow subsidiary of the Manager), of which JR Patel is a director, may from time to time be eligible to receive transaction fees and/or directors' fees from investee companies. During the period to 30 June 2008, fees of £11,000 attributable to the investments of the Company were received pursuant to these arrangements (14 months ended 31 December 2007: £43,000 paid to Quester Services Limited of which APG Holmes and JA Spooner were directors until 11 May 2007 and JR Patel was a director from that date).

9. The financial information contained in this Half-Yearly Financial Report is not the Company's statutory accounts. The financial information for the six months ended 30 June 2008 and 30 April 2007 is not for a financial year and has not been audited. The statutory accounts for the financial period ended 31 December 2007 have been delivered to the Registrar of Companies and received an audit report which was unqualified, did not include a reference to any other matters to which the auditors drew attention by way of emphasis without qualifying the report and did not contain statements under section 237(2) and (3) of the Companies Act 1985.

10. Interim management statements relating to the first and third quarters of the financial year will be released via the Regulatory News Service on or shortly before 19 May and 19 November each year.

11. Copies of the Half-Yearly Financial Report are expected to be sent to shareholders on or about 3 September 2008. Further copies can be obtained from the Company's registered office.

Independent review report to SPARK VCT 2 plc

Introduction
We have been engaged by the Company to review the condensed set of financial statements in the Half-Yearly Financial Report for the six months ended 30 June 2008 which comprises the profit and loss account, balance sheet, summarised cash flow statement, the reconciliation of movements in shareholders' funds and notes 1 to 11. We have read the other information contained in the Half-Yearly Financial Report which comprises only the financial highlights, Chairman's statement, Directors' responsibility statement, fund summary and investment manager's report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with guidance contained in ISRE (UK and Ireland) 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity". Our review work has been undertaken so that we might state to the Company those matters we are required to state to them in a review report 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, for our review work, for this report, or for the conclusion we have formed.

Directors' responsibilities
The Half-Yearly Financial Report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Half-Yearly Financial Report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in Note 1, the annual financial statements of the Company are prepared under the historical cost convention, except for the measurement at fair value of fixed asset investments, and in accordance with applicable UK accounting standards. The condensed set of financial statements included in this Half-Yearly Financial Report has been prepared in accordance with the Accounting Standards Board's Statement "Half-Yearly Financial Reports".

Our responsibility
Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the Half-Yearly Financial Report based on our review.

Scope of review
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the Half-Yearly Financial Report for the six months ended 30 June 2008 is not prepared, in all material respects, in accordance with the Accounting Standards Board Statement "Half-Yearly Financial Reports" and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Grant Thornton UK LLP
Auditor
Chartered Accountants
London
29 August 2008

Contacts

Directors
RA Wright (Chairman)
RE Burger
APM Lamb
JR Patel

Secretary
Nghi Tran

Registered office
33 Glasshouse Street
London W1B 5DG
(Registered in England, No 4063505)

Manager
SPARK Venture Management Limited
33 Glasshouse Street
London W1B 5DG

Stockbroker
Noble and Company Limited
120 Old Broad Street
London EC2N 1AR
Tel: 020 7763 2321

Solicitors
Nabarro LLP
Lacon House
84 Theobald's Road
London WC1X 8RW

Auditor and VCT tax adviser
Grant Thornton UK LLP
Chartered Accountants and Registered Auditor
30 Finsbury Square
London EC2P 2YU

Quoted and fixed interest investment adviser
Newton Investment Management Limited
Mellon Financial Centre
160 Queen Victoria Street
London EC4V 4LA

Registrars
Capita Registrars
Northern House
Woodsome Park
Fenay Bridge
Huddersfield
West Yorkshire HD8 0LA
Tel: 0871 664 0300
(Calls to Capita Registrars cost 10p
per minute plus network extras)

Bankers
The Royal Bank of Scotland
280 Bishopsgate
London EC2M 4RB

SPARK
VCT 2 PLC

33 Glasshouse Street
London W1B 5DG

Tel: +44 (0)20 7851 7777
Fax: +44 (0)20 7851 7770

contact@sparkventures.com
www.sparkventures.com