08

Aberdeen Growth Opportunities VCT 2 PLC

Annual Report

Year ended 31 December 2008

Aberdeen

Contents

Financial Calendar

14 May 2009	Annual General Meeting

Dividend Schedule

	Rate	XD date	Record date	Payment date
Ordinary shares				
Proposed final 2008	1.3p	15 April 2009	17 April 2009	20 May 2009
S Ordinary shares				
Proposed final 2008	1.8p	15 April 2009	17 April 2009	20 May 2009

Buying and selling shares in the stock market

For qualifying investors buying shares in the stock market:

- dividends free of income tax
- no capital gains tax on disposal of the shares
- no minimum holding period
- shares can be bought and sold through a stockbroker
- the value of shares can go up or down
- tax regulations and rates can change
- VCTs tend to be invested in smaller unlisted, more risky companies
- the secondary market for VCT shares can be illiquid

Ordinary Shares Financial Highlights

Financial History

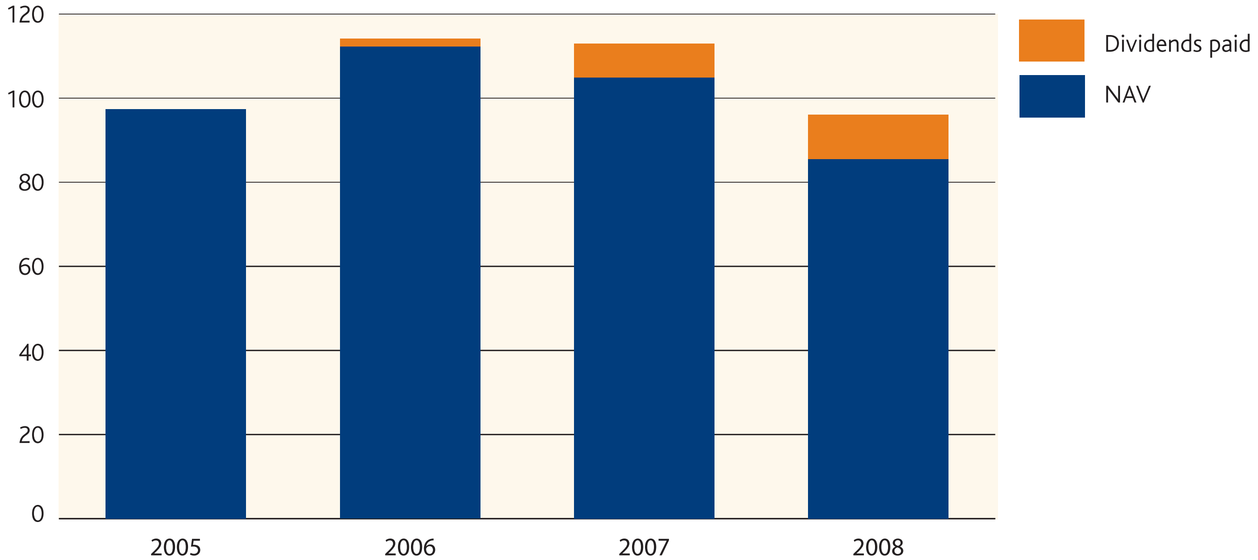
	31 December 2008	31 December 2007	31 December 2006 (restated)
Net asset value	£6,647,000	£8,221,000	£8,789,000
Net asset value per Ordinary share	84.8p	104.9p	112.2p
Total return (without initial tax relief)[A]	95.3p	112.9p	114.2p
Total return (with initial tax relief)[B]	135.3p	152.9p	154.2p
Share price[C]	50.0p	82.0p	96.5p
Discount to net asset value	-41.0%	-21.8%	-14.0%
Ordinary shares in issue	7,835,163	7,835,163	7,835,163

[A] Sum of net asset value per share and dividends paid to date.
[B] Sum of net asset value per share, initial income tax relief at 40% and dividends paid to date.
[C] Source: Bloomberg.

Dividends

Year ended November	Payment date	Revenue/capital	Interim/final	Rate (p)
2006	30 October 2006	Capital	Interim	2.0
	19 January 2007	Capital	Interim	3.5
	18 May 2007	Revenue	Final	0.5
2007	24 October 2007	Capital	Interim	2.0
	20 May 2008	Revenue	Final	1.5
2008	17 October 2008	Capital	Interim	1.0
Total dividends paid				**10.5**
2008	20 May 2009	Revenue	Proposed Final	1.3
Total dividends paid or declared				**11.8**

NAV Performance (p)



The chart shows the net asset value total return (net asset value plus dividends paid) as at 31 December for the relevant year.

S Ordinary Shares Financial Highlights

Financial History

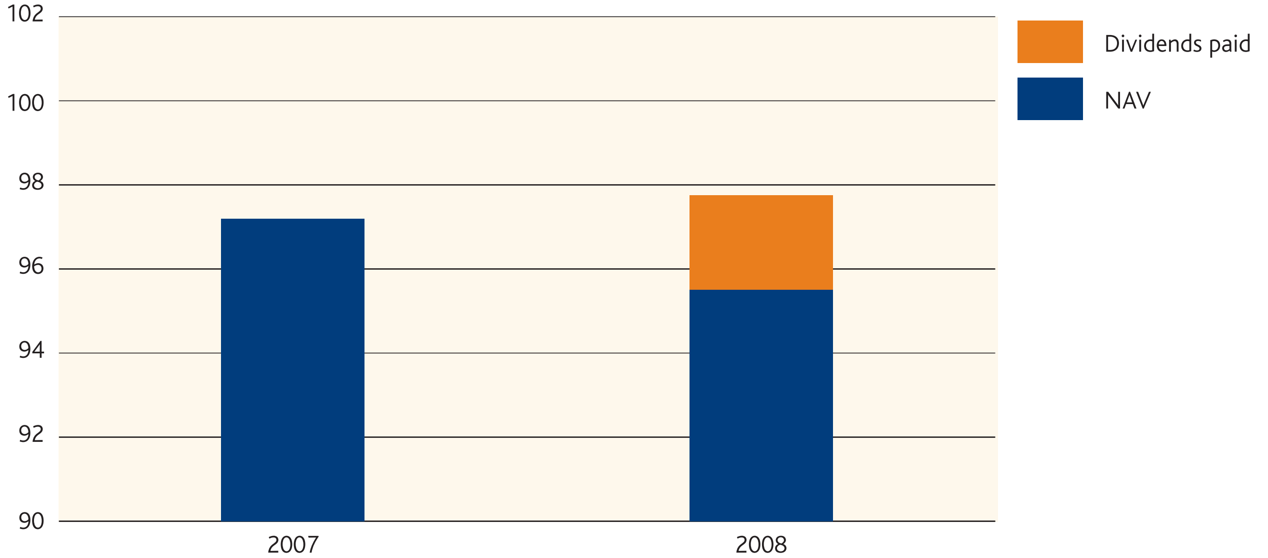
	31 December 2008	31 December 2007
Net asset value	£4,750,000	£4,831,000
Net asset value per S Ordinary share	95.5p	97.2p
Total return (without initial tax relief)[A]	97.75p	97.2p
Total return (with initial tax relief)[B]	127.75p	127.4p
Share price[C]	90.0p	100.0p
(Discount)/premium to net asset value	-5.8%	2.9%
Ordinary shares in issue	4,972,459	4,972,459

[A] Sum of net asset value per share and dividends paid to date.
[B] Sum of net asset value per share, initial income tax relief at 30% and dividends paid to date.
[C] Source: Bloomberg.

Dividends

Year ended November	Payment date	Revenue/Capital	Interim/final	Rate (p)
2007	20 May 2008	Revenue	Final	1.25
2008	17 October 2008	Capital	Interim	1.00
Total dividends paid				**2.25**
2008	20 May 2009			1.80
Total dividends paid or declared				**4.05**

NAV Performance (p)



The chart shows the net asset value total return (net asset value plus dividends paid) as at 31 December for the relevant year.

Chairman's Statement

At present, the market values of many companies bear no relation to their underlying trading performance, due to the prospect of falling economic activity hanging over markets now that the credit crunch has evolved into both a financial and an economic problem. This is particularly true of the AIM market where the change in market sentiment has affected individual company values despite sound underlying earnings, resulting in a reduction in Net Asset Value (NAV). The majority of our investments, however, are in private companies, the valuations of which are not directly affected by stock market movements and where price/earnings performance remains robust. It is intended that there will be lower exposure to AiM in future and that the main focus will continue to be on high-yielding, well-priced, profitable private companies.

The major features of the year are:

- Total Return on Ordinary shares 95.3p per share at year end, down 15.6% over the year
- NAV of Ordinary shares at year end of 84.8p per share
- Total Return on S Shares 97.75p per share at year end, up 0.6% over the year
- NAV of S Share at year end of 95.5p per share
- One successful exit from an unlisted company during the year generating net gains of 1.7p per Ordinary share and 0.6p per S Share
- Net realised gains from AIM stocks of 1.2p per Ordinary share for the year and 1.7p per S Share
- Dividends proposed of 1.3p per Ordinary share and 1.8p per S Share in respect of the year.

Performance

The Total Return per Ordinary Share at 31 December 2008 was 95.3p per share, a decrease of 15.6% over the equivalent figure at December 2007, while for the S Share pool it was almost unchanged at 97.75p compared with 97.2p a year previously, an increase of 0.6% reflecting the differing mix of the two portfolios. The most important measure for a VCT is the total return, being the long term record of dividend payments out of income and capital gains combined with the current NAV. In the short term, the NAV on its own is a less important measure of performance as the underlying investments are long-term in nature and not readily realisable.

At 31 December 2008, the NAV per Ordinary share was 84.8p and the NAV per S Share was 95.5p.

VCT Qualifying Status

The Company is required to meet the 70% qualifying test on the combined pools from 1 January 2010 and continuously thereafter. The Board regularly review the status of the criteria that have to be met to continue to qualify as a VCT and I am pleased to confirm that all tests continue to be met.

Dividends

The Board is proposing a final dividend of 1.3p per Ordinary Share and 1.8p per S Share to be paid on 20 May 2009 to shareholders on the register on 17 April 2009. Including the interim dividends paid in October 2008, the total tax-free yield for the year is 3.87% on the net cost Ordinary Shares and 4.0% on the net cost of S Shares.

Investment Strategy

The strategy remains to build a diversified portfolio of unlisted and AIM investments which offer strong growth prospects and therefore the opportunity for capital gains in the medium to longer term, while maintaining VCT qualifying status. The Company does not currently utilise gearing in making its investments but the Board may elect to take advantage on a selective basis of its ability to borrow up to 15% of Net Asset Value in pursuit of the investment strategy.

Your Board is obliged under the revised Listing Rules to ensure that this and subsequent reports carry additional information on investment policy, in particular statements concerning asset mix, the spread of risk and maximum exposures. This information is contained in the Directors' Report and in the tabular analyses of the two portfolios.

Valuation Process

Investments held by Aberdeen Growth Opportunities VCT 2 in unquoted companies are valued in accordance with the International Private Equity And Venture Capital Valuation Guidelines.

Investments quoted or traded on a recognised stock exchange including the Alternative Investment Market (AIM) are valued at their bid price.

Portfolio Developments

There was one further successful exit from a company in the Ordinary Share pool unlisted portfolio during the course of the year which was also held by the S Share pool. The net gain from these realisations amounted to 1.7p per Ordinary share and 0.6p per S Share. Details of all investments and divestments during the course of the year are shown in the tables on pages 7 to 10.

There was little opportunity in view of the state of the AIM market to actively trade holdings; however, net gains of £92,000 and £83,000 for the Ordinary shares and S Shares respectively did arise from disposals. The FTSE AIM All-share index fell by an unprecedented 62.4% over the course of the year.

Co-Investment Scheme of the Manager

The co-investment scheme which allows executive members of the Manager to invest alongside the Company continued in operation during the year. The scheme operates through a nominee company which invests alongside the Company in each and every transaction made by the Company, including any follow-on investments. The scheme more closely aligns the interests of the executives and the Company's shareholders while providing an incentive to enable the Manager to retain the existing skills and capacity of the Manager's investment team in a highly competitive market.

The Future

The unlisted investments held by the Company are generally trading well and are not directly affected by the turmoil which has been experienced in the quoted markets. It appears that the banks are reducing their exposure to commercial lending and the portfolio of unlisted companies may have to manage within their existing facilities; based on their current trading this should not cause any problems to our portfolio. However, if necessary the Company does have the cash to assist where appropriate. We generally hold seats on our investee companies' boards and therefore we are closely involved with those investments as they face the current and expected market conditions. We are of course less closely associated with AIM investments.

There has been little activity in the AIM market in recent months and it seems likely that it will be some time before new opportunities to invest in companies seeking an IPO on that market become available. As before, the Manager will maintain a focus on investing in unlisted companies which offer excellent growth prospects as the Manager believes these companies will offer the opportunity for profitable realisations in due course.

Ian Cormack
Chairman
3 April 2009

Analysis of Unlisted and AIM Portfolio

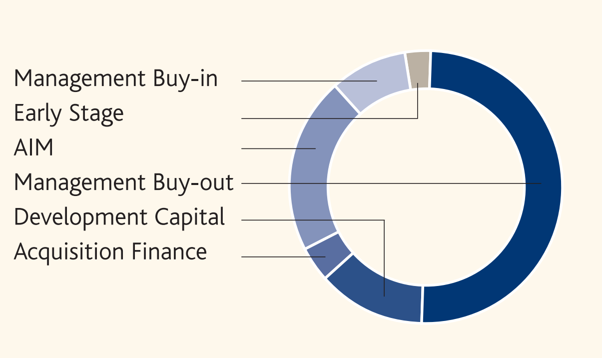
As at 31 December 2008

FT Industrial Sector	Ordinary Shares Valuation £'000	Ordinary Shares Valuation %	S Ordinary Shares Valuation £'000	S Ordinary Shares Valuation %
Unlisted				
Oil & Gas	1,016	17.5%	581	24.5%
Support Services	754	13.0%	248	10.5%
Chemicals	386	6.7%	206	8.7%
Speciality & Other Finance	316	5.5%	158	6.7%
Engineering & Machinery	285	4.9%	171	7.2%
Telecommunication Services	261	4.5%	149	6.3%
Leisure & Hotels	170	2.9%	199	8.4%
Banks	225	3.9%	125	5.3%
Household Goods & Textiles	319	5.5%	–	–
Electronic & Electrical Equipment	248	4.3%	6	0.3%
Food Producers & Processors	253	4.4%	–	–
Software & Computer Services	158	2.7%	–	–
Utilities (ex-electricity)	145	2.5%	–	–
Finance (general)	29	0.5%	14	0.5%
Total Unlisted	**4,565**	**78.8%**	**1,857**	**78.4%**
AIM				
Support Services	468	8.1%	258	10.9%
Media & Entertainment	110	1.9%	34	1.4%
Engineering & Machinery	113	1.9%	31	1.3%
Software & Computer Services	139	2.4%	2	0.1%
Speciality & Other Finance	67	1.2%	121	5.1%
Leisure & Hotels	86	1.5%	21	0.9%
Household Goods & Textiles	79	1.4%	20	0.8%
Electronic & Electrical Equipment	52	0.9%	–	–
Mining	31	0.5%	–	–
Electricity	14	0.2%	13	0.6%
Transport	14	0.2%	12	0.5%
Food Producers & Processors	27	0.5%	–	–
Health	21	0.4%	–	–
Telecommunication Services	12	0.1%	–	–
Total AIM	**1,233**	**21.2%**	**512**	**21.6%**
Total Unlisted and AIM	**5,798**	**100.0%**	**2,369**	**100.0%**

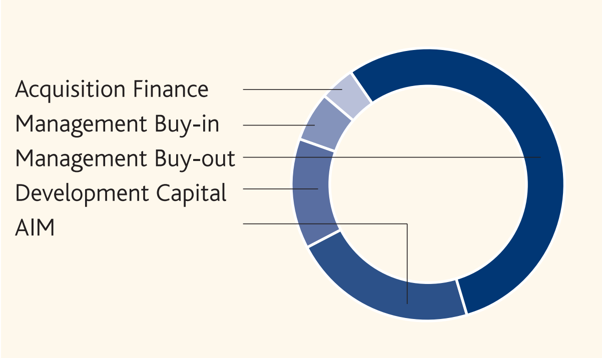
Analysis of Unlisted and AIM Portfolio continued

Deal Type	Ordinary Shares Number	Ordinary Shares Valuation £'000	Ordinary Shares %	S Ordinary Shares Number	S Ordinary Shares Valuation £'000	S Ordinary Shares %
Unlisted						
Management Buy-out	14	2,918	50.3%	10	1,303	55.0%
Development Capital	5	689	11.9%	2	312	13.2%
Management Buy-in	3	551	9.5%	2	145	6.1%
Acquisition Finance	1	248	4.3%	1	97	4.1%
Early Stage	2	159	2.8%	–	–	–
Total Unlisted	**25**	**4,565**	**78.8%**	**15**	**1,857**	**78.4%**
AIM	**35**	**1,233**	**21.2%**	**16**	**512**	**21.6%**
Total Unlisted and AIM	**60**	**5,798**	**100.0%**	**31**	**2,369**	**100.0%**

Ordinary Shares



S Ordinary Shares



The pie charts illustrate deal type by valuation rather than cost and reflect only the invested portfolio excluding cash.

Investment Manager’s Review

Investment Activity

During the year ended 31 December 2008, ten significant unlisted and AIM investments were completed and a total of £2.8 million was invested of which £1.5 million was from the Ordinary Share pool and £1.3 million was from the S Share pool. At the year end, the portfolio stood at 61 unlisted and AIM investments at a total cost of £10.4 million. Since 31 December 2008, one further new investments has been made at a cost of £311,000.

The following new investments have been completed during the year.

Investment	Date	Activity	Investment cost £'000 Ordinary Shares	S Ordinary Shares	Website
Unlisted					
Armannoch Investments	Nov-08	Provider of food services	225	125	No website available
Atlantic Foods	Feb-08	Supplier of food services	199	-	www atlanticfoods.co.uk
Broomco (4136)	Jul-08	Provider of CCTV and air conditioning services throughout the UK	24	6	www.id-supportservices.co.uk
Camwatch	Mar-08	Provider of CCTV monitoring and installation services	50	149	www.camwatch.co.uk
Essential Viewing Systems	Jul-08	Provider of video streaming software	21	-	www.essential-viewing.com
MoneyPlus	Jul-08	Provider of debt management services to individuals	76	37	www.moneyplusgroup.co.uk
MS Industrial Services	Dec-08	Provider of industrial cleaning and waste management services to the oil and industrial sectors	37	17	www.msis.uk.com
Nessco	Jun-08	Provider of telecommunication services	124	199	www.nessco.co.uk
TC Communications	May-08	Marketing and communications services agency	159	99	www.tccommunications.co.uk
Training For Travel	Apr-08	Provision of assessment, tuition and or training in travel services	149	174	www.trainingfortravel.com
Valkyrie Capital	Nov-08	Provider of food services	225	125	No website available
Total unlisted investment			**1,289**	**931**	

Investments completed during the year (continued)

Investment	Date	Activity	Investment cost £'000 Ordinary Shares	S Ordinary Shares	Website
AIM/PLUS					
Animalcare	Jan-08	Markets and sells a wide range of pharmaceutical and other premium products and services to vets and vet wholesalers	-	100	www.animalcare.co.uk
Betbrokers	Mar-08	Provider of independent betting brokerage services	66	132	www.betbrokers.com
Brookwell	Jun-08	Closed-ended investment company established to acquire AIM Securities and Listed Securities from financial institutions	14	-	www.brookwelllimited.com
OPG Power Ventures	May-08	Develops, owns and manages power generation plants in India	49	50	www.opgpower.org
Optare	Jul-08	Bus manufacturer and low emission technology group	49	50	www.optare.com
Praesepe	Jul-08	Pursue acquisition and consolidation opportunities in the low-stake, high-volume gaming sector in the United Kingdom and Europe	49	50	www.praesepeplc.com
Total AIM/PLUS investment			**227**	**382**	
Total			**1,516**	**1,313**	

Aberdeen Growth Opportunities VCT 2 has co-invested with Aberdeen Income and Growth VCT, Aberdeen Growth VCT I, Aberdeen Growth Opportunities VCT, Talisman First Venture Capital Trust, Gateway VCT and Guinness Flight Venture Capital Trust in some or all of the above transactions and is expected to continue to do so with these as well as other clients of the Manager. The advantage is that, together, the funds are able to underwrite a wider range and size of transaction than would be the case on a stand alone basis.

Portfolio Developments

There was one successful realisation from the unlisted portfolio during the year; ID Support Services was sold for proceeds of £337,000 and £82,000 realising gains of £133,000 and £32,000 for the Original and S Share pools respectively. In each case there is a small element of deferred consideration which may give rise to further proceeds for the Company. In addition repayments of loan stock were received from Homelux Nenplas and Lime Investments as shown on the table on page 10.

During the reporting period six substantial new unlisted investments and four new AIM investments have been added to the portfolio.

Conditions in the AIM market were extremely challenging throughout the year with the FTSE AIM All-share Index declining by 62.4% over the year as first the financial crisis and then the underlying economic conditions affected market sentiment. Opportunities to trade the portfolio were therefore much reduced as were the number of new IPOs in which to invest. The opportunity was taken to sell one holding where we perceived limited future upside which resulted in a loss for the Original Pool and there was a limited amount of trading in other stocks but gains of £92,000 and £83,000 were generated for the Original Pool and S Share Pool respectively. The AIM quoted businesses in which we are invested are generally continuing to trade profitably and in line with expectations and their market values bear little or no relation to their underlying profit and cash generation capability.

Investments in the unlisted portfolio are generally trading well and their values are not directly affected by the turmoil in the quoted markets and in many cases increased valuations have been achieved.

Outlook

We anticipate that it will be some time before the number of IPOs in the AIM market recovers to previous levels and therefore there will be few opportunities to invest in that market in the coming year. Conversely and while there are still some difficulties evident in securing appropriate bank funding for new unlisted investments, we will continue to invest selectively in well managed private companies where we perceive excellent growth prospects and therefore medium term financial gain. One of the issues facing many investors will be the availability of bank debt in the coming year. We have invested in businesses where the level of gearing is significantly less than much larger companies and in some cases without recourse to any bank debt. Consequently, we do not anticipate encountering the same degree of difficulty as those providing funding to larger more highly leveraged investments in renewing debt facilities.

Realisations during the financial year

			Ordinary Share			S Share		
	Date first invested	Complete/ partial exit	Cost of shares disposed of £'000	Sales proceeds £'000	Realised gain/ (loss) £'000	Cost of shares disposed of £'000	Sales proceeds £'000	Realised gain/ (loss) £'000
Unlisted								
Homelux Nenplas	2006	Partial	50	50	-	-	-	-
ID Support Services	2007	Complete	204	337	133	50	82	32
Lime Investments	2007	Partial	199	199	-	-	-	-
Others			13	13	-	4	5	1
			466	**599**	**133**	**54**	**87**	**33**
AIM								
Craneware	2007	Partial	141	229	88	46	75	29
Expansys	2007	Complete	31	6	(25)	8	2	(6)
Imprint	2005	Complete	153	58	(95)	-	-	-
Optare	2007	Partial	171	264	93	123	179	56
Pressure Technologies	2007	Complete	95	124	29	-	-	-
Other			99	101	2	32	36	4
			690	**782**	**92**	**209**	**292**	**83**
Total			**1,156**	**1,381**	**225**	**263**	**379**	**116**

Summary of Investment Changes

Ordinary Shares

	Valuation 31 December 2007 £'000	%	Net investment (disinvestment) £'000	Appreciation (depreciation) £'000	Valuation 31 December 2008 £'000	%
Unlisted investments						
Equities	1,061	12.9	(32)	74	1,103	16.6
Preference	31	0.4	(11)	–	20	0.3
Loan stocks	2,942	35.8	733	(233)	3,442	51.8
	4,034	**49.1**	**690**	**(159)**	**4,565**	**68.7**
AIM investments						
Equities	3,083	37.5	(553)	(1,297)	1,233	18.5
Listed investments						
Fixed income	597	7.3	(192)	(3)	402	6.0
Total investments	**7,714**	**93.9**	**(55)**	**(1,459)**	**6,200**	**93.2**
Other net assets	507	6.1	(60)	–	447	6.8
Total assets	**8,221**	**100.0**	**(115)**	**(1,459)**	**6,647**	**100.0**

S Ordinary Shares

	Valuation 31 December 2007 £'000	%	Net investment (disinvestment) £'000	Appreciation (depreciation) £'000	Valuation 31 December 2008 £'000	%
Unlisted investments						
Equities	236	4.9	55	34	325	6.8
Preference	4	0.1	(2)	–	2	–
Loan stocks	812	16.8	793	(75)	1,530	32.2
	1,052	**21.8**	**846**	**(41)**	**1,857**	**39.0**
AIM investments						
Equities	450	9.3	89	(27)	512	10.8
Listed investments						
Fixed income	2,992	61.9	(808)	26	2,210	46.5
Total investments	**4,494**	**93.0**	**127**	**(42)**	**4,579**	**96.3**
Other net assets	337	7.0	(166)	–	171	3.7
Total assets	**4,831**	**100.0**	**(39)**	**(42)**	**4,750**	**100.0**

Investment Portfolio Summary

	Ordinary Share			S Ordinary Shares			Total	
Investment	Valuation	Cost	% of total assets	Valuation	Cost	% of total assets	% of equity held	% of equity held by other clients[A]
Unlisted								
Funeral Services Partnership	357	298	5.4%	149	124	3.1%	3.0%	24.6%
Silkwater Holdings (trading as Cyclotech)	346	249	5.2%	138	99	2.9%	4.8%	13.6%
Dalglen 1148 (formerly Money Plus)	316	316	4.8%	158	158	3.3%	7.6%	66.5%
Transys Holdings	285	249	4.3%	171	149	3.6%	4.6%	65.2%
Camwatch	261	261	3.9%	149	149	3.1%	3.4%	37.1%
Training For Travel Group	170	149	2.6%	199	174	4.2%	3.7%	24.0%
Armannoch Investments	225	225	3.4%	125	125	2.6%	25.3%	61.0%
Valkyrie Capital	225	225	3.4%	125	125	2.6%	25.3%	61.0%
Energy Services Investment Company (ESIC)	248	248	3.7%	99	99	2.1%	13.3%	68.3%
Nessco Group Holdings	124	124	1.9%	199	199	4.2%	4.2%	31.9%
MS Industrial Services	220	220	3.3%	101	101	2.1%	4.5%	39.7%
Homelux Nenplas	319	149	4.8%	-	-	-	3.4%	41.6%
TC Communications Holdings	159	159	2.4%	99	99	2.1%	5.4%	29.8%
Atlantic Foods Group	253	199	3.8%	-	-	-	1.1%	7.7%
Adler & Allan Holdings	161	150	2.4%	81	75	1.7%	1.0%	38.5%
Oliver Kay Holdings	238	209	3.6%	-	-	-	1.3%	18.7%
Martel Instruments Holdings	224	224	3.4%	-	-	-	3.2%	30.2%
Essential Viewing Systems	158	184	2.4%	-	-	-	5.6%	35.2%
Enpure Holdings	145	100	2.2%	-	-	-	0.4%	79.2%
Countcar	77	6	1.2%	43	3	0.9%	3.1%	23.7%
Broomco (4136)	24	24	0.3%	6	6	0.1%	0.2%	1.9%
Others	30	813	0.3%	15	35	0.4%		
	4,565	**4,781**	**68.7%**	**1,857**	**1,720**	**39.0%**		

Investment	Ordinary Share Valuation	Ordinary Share Cost	Ordinary Share % of total assets	S Ordinary Shares Valuation	S Ordinary Shares Cost	S Ordinary Shares % of total assets	Total % of equity held	Total % of equity held by other clients[A]
AIM/PLUS								
Concateno	153	176	2.3%	31	50	0.7%	0.4%	1.4%
Betbrokers	60	66	0.9%	121	132	2.5%	0.6%	0.5%
Melorio	93	148	1.4%	57	90	1.2%	0.8%	1.2%
Animalcare Group (formerly Ritchey)	–	–	–	145	100	3.1%	0.9%	–
Mount Engineering	98	124	1.5%	28	35	0.6%	0.9%	1.2%
Plastics Capital	79	197	1.2%	20	50	0.4%	0.9%	2.6%
System C Healthcare	94	150	1.4%	–	–	–	0.3%	1.0%
Litcomp	90	100	1.4%	–	–	–	–	4.9%
DM	49	79	0.7%	25	40	0.5%	0.6%	0.5%
AMZ Holdings (formerly Amazing Holdings)	62	151	0.9%	–	–	–	0.5%	1.7%
Essentially Group	44	135	0.7%	16	49	0.3%	0.7%	–
Datong	52	151	0.8%	–	–	–	0.9%	1.1%
Avanti Communications Group	48	69	0.7%	–	–	–	0.1%	1.3%
Praesepe (formerly Aldgate Capital)	20	49	0.3%	20	50	0.4%	2.4%	10.2%
Smart Identity	36	72	0.5%	–	–	–	1.9%	3.4%
Hasgrove	36	49	0.5%	–	–	–	0.2%	1.8%
Formation Group PLC	18	49	0.3%	18	49	0.4%	0.2%	0.7%
Hambledon Mining	31	83	0.5%	–	–	–	0.2%	0.1%
OPG Power Ventures	14	41	0.2%	14	41	0.3%	0.2%	0.2%
Optare Plc (formerly Darwen Group)	14	27	0.2%	13	27	0.3%	0.2%	0.8%
Universe Group	25	100	0.4%	–	–	–	1.2%	1.4%
Others	117	1,078	1.7%	4	76	0.1%		
	1,233	**3,094**	**18.5%**	**512**	**789**	**10.8%**		
Listed fixed income investments								
Treasury 4% 07/03/09	402	399	6.0%	1,057	1,047	22.2%		
Treasury 5.75% 31/12/09	-	-	-	1,153	1,121	24.3%		
	402	**399**	**6.0%**	**2,210**	**2,168**	**46.5%**		
Total	**6,200**	**8,274**	**93.2%**	**4,579**	**4,677**	**96.3%**		

[A] Other clients of the Aberdeen Asset Management Group.

Largest Unlisted and AIM Investments

Funeral Services Partnership Limited

Cost (£'000)	422	**Year ended**[A]		
Valuation (£'000)	506		**£'000**	**£'000**
Basis of valuation	Earnings	**Sales**		
Equity held	3.0%	**Retained profit/(loss)**		
Income received (£'000)	Nil	**Net assets**		
First invested	March 2007			

Operator of funeral directors

Other AAMPE Clients invested Aberdeen Income and Growth VCT, Aberdeen Growth VCT I, Aberdeen Growth Opportunities VCT, Guinness Flight VCT, Talisman First VCT,

Silkwater Holdings Limited (Cyclotech)

Cost (£'000)	348	**Year ended**	**31 Dec 2007**	
Valuation (£'000)	484		**£'000**	**£'000**
Basis of valuation	Earnings	**Sales**	[B]	
Equity held	4.8%	**Profit/(loss) before tax**	(44)	
Income received (£'000)	28	**Retained profit/(loss)**	(44)	
First invested	May 2007	**Net assets**	166	

Provider of services to the energy sector

Other AAMPE Clients invested Aberdeen Growth VCT I, Aberdeen Growth Opportunities VCT, Aberdeen Income and Growth VCT, Talisman First VCT

Dalglen 1148 Limited

Cost (£'000)	474	**Year ended**[A]		
Valuation (£'000)	474		**£'000**	**£'000**
Basis of valuation	Cost	**Sales**		
Equity held	7.6%	**Profit/(loss) before tax**		
Income received (£'000)	Nil	**Retained profit/(loss)**		
First invested	November 2008	**Net assets**		

Provider of debt management services to individuals

Other AAMPE Clients invested Aberdeen Income and Growth VCT, Aberdeen Growth VCT I, Aberdeen Growth and Opportunities VCT, Gateway VCT

Transys Holdings Limited

Cost (£'000)	398	**Year ended**	**31 Dec 2007**	**31 Dec 2006**
Valuation (£'000)	456		**£'000**	**£'000**
Basis of valuation	Earnings	**Sales**	8,990	10,211
Equity held	4.6%	**Profit/(loss) before tax**	(262)	1,008
Income received (£'000)	24	**Retained profit/(loss)**	(222)	672
First invested	December 2007	**Net assets**	2,182	2,430

Provider of engineering services to the rail industry.

Other AAMPE Clients invested Aberdeen Development Capital, Aberdeen Growth VCT I, Aberdeen Growth Opportunities VCT , Aberdeen Income and Growth VCT, Aberdeen City Council Pension Fund

Camwatch

Cost (£'000)	410	**Year ended**	**31 Mar 2008**	
Valuation (£'000)	410		**£'000**	**£'000**
Basis of valuation	Cost	**Sales**	3,741	
Equity held	3.4%	**Profit/(loss) before tax**	(327)	
Income received (£'000)	54	**Retained profit/(loss)**	(327)	
First invested	March 2007	**Net assets**	434	

Provider of CCTV monitoring and installation services.

Other AAMPE Clients invested Aberdeen Income and Growth VCT, Aberdeen Growth VCT I, Aberdeen Growth Opportunities VCT, Talisman First VCT

Training for Travel

Cost (£'000)	323	Year ended[A]			
Valuation (£'000)	369			£'000	£'000
Basis of valuation	??	Sales[B]			
Equity held	3.7%	Profit/(loss) before tax			
Income received (£'000)	Nil	Retained profit/(loss)			
First invested	April 2008	Net assets			

Provision of assessment, tuition and or training in travel services

Other AAMPE Clients invested Aberdeen Income and Growth VCT, Aberdeen Growth VCT I, Aberdeen Growth Opportunities VCT, Talisman First VCT, Gateway VCT, Laminvest

Armannoch Investments

Cost (£'000)	350	Year ended[A]			
Valuation (£'000)	350			£'000	£'000
Basis of valuation	Cost	Sales			
Equity held	25.3%	Profit/(loss) before tax			
Income received	Nil	Retained profit/(loss)			
First invested	November 2008	Net assets			

Other AAMPE Clients invested Aberdeen Growth Opportunities VCT 2

Valkyrie Capital

Cost (£'000)	350	Year ended[A]			
Valuation (£'000)	350			£'000	£'000
Basis of valuation	Cost	Sales			
Equity held	25.3%	Profit/(loss) before tax			
Income received	Nil	Retained profit/(loss)			
First invested	November 2008	Net assets			

Other AAMPE Clients invested Aberdeen Growth Opportunities VCT 2

Energy Services Investment Company (ESIC) Limited

Cost (£'000)	347	Year ended[A]			
Valuation (£'000)	347			£'000	£'000
Basis of valuation	Cost	Sales			
Equity held	13.3%	Profit/(loss) before tax			
Income received	Nil	Retained profit/(loss)			
First invested	November 2007	Net assets			

Provider of services to the energy Sector

Other AAMPE Clients invested Aberdeen Income and Growth VCT, Aberdeen Growth VCT I, Aberdeen Growth Opportunities VCT

Nessco Group Holdings

Cost (£'000)	323	Year ended[A]			
Valuation (£'000)	323			£'000	£'000
Basis of valuation	Cost	Sales			
Equity held	4.2%	Profit/(loss) before tax			
Income received	Nil	Retained profit/(loss)			
First invested	June 2008	Net assets			

Telecommunication services provider

Other AAMPE Clients invested Aberdeen Income and Growth VCT, Aberdeen Growth VCT I, Aberdeen Growth Opportunities VCT, Talisman First VCT, Gateway VCT, Guinness Flight VCT, Laminvest

[A] These companies have not yet produced their first report and accounts
[B] This company does not reveal its turnover as permitted under the provisions of the Companies Act relating to medium-sized companies.

Your Board

The Board of five Directors, all of whom are non-executive and the majority of whom are considered by the Board to be independent of the Manager, supervise the management of Aberdeen Growth Opportunities VCT 2 PLC and look after the interests of its Shareholders.

Ian Cormack, Independent non-executive Director and Chairman

Age: 62
Length of service: Appointed a Director and Chairman in September 2004.
Relevant experience and other directorships: Mr Cormack spent 30 years at Citigroup (formerly Citibank), occupying many senior positions in the bank including Country Head (CCO) for Citicorp in the UK, Chairman of Citibank International and most recently occupying the position of Co-head of Global Financial Institutions. Following his career at Citigroup, he spent two years at AIG Inc where he was Chief Executive of insurance, financial services and asset management businesses in Europe. He is currently a partner at Cormack Tansey Partners, a consulting practice, and holds a number of directorships.
Committee membership: Audit (Chairman), Management Engagement (Chairman) and Nomination (Chairman)
Employment by the Manager: None
Other connections with the Manager: None
Shared directorships with other Directors: None

Malcolm Graham-Wood, Independent non-executive Director

Age: 51
Length of service: Appointed a Director in September 2004.
Relevant experience and other directorships: Mr Graham-Wood began his career with Wood Mackenzie in 1979. He has spent the past 25 years working in the City as an analyst and was head of the UK equity department at Williams de Broe.
Committee membership: Audit, Management Engagement and Nomination
Employment by the Manager: None
Other connections with the Manager: None
Shared directorships with other Directors: None

Andrew Lapping, Independent non-executive Director

Age: 45
Length of service: Appointed a Director in September 2004.
Relevant experience and other directorships: Mr Lapping worked for PricewaterhouseCoopers for twelve years, specialising in corporate finance and tax planning. In 1999 he established a private equity company, The Hamilton Portfolio Limited, of which he is Managing Director. He has managed a number of private equity and AIM investments. He is a Fellow of The Chartered Institute of Taxation and is a non-executive director of a number of private companies.
Committee membership: Audit, Management Engagement and Nomination
Employment by the Manager: None
Other connections with the Manager: None
Shared directorships with other Directors: None

Bill Nixon, Non-executive Director

Age: 45
Length of service: Appointed an alternate Director in November 2005.
Relevant experience and other directorships: Mr Nixon is Head of the Growth Capital team at Aberdeen Asset Management Private Equity (AAMPE) and a member of the executive management committee of AAMPE. He has led more than 40 completed private equity transactions throughout the UK since commencing his career in private equity in 1991. He is a Fellow of the Chartered Institute of Bankers in Scotland and obtained a Masters of Business Administration degree from Strathclyde University in 1996. Before joining Aberdeen in 1999, he was head of the private equity business at Clydesdale Bank plc, a subsidiary of National Australia Bank.
Employment by the Manager: Since 1999
Other connections with the Manager: None
Shared directorships with other Directors: Mr Nixon is a non-executive director of Aberdeen Growth VCT I PLC, Aberdeen Growth Opportunities VCT PLC and Talisman First Venture Capital Trust PLC.

Steven Scott, Independent non-executive Director

Age: 43
Length of service: Appointed a Director in September 2004.
Relevant experience and other directorships: Mr Scott is a qualified chartered accountant. He worked in the Bank of Scotland Structured Finance Group before becoming a director of Royal Bank Development Capital, the private equity division of The Royal Bank of Scotland plc. In 1999, he founded Penta Capital, an independent UK private equity manager with around £180 million under management. Penta Capital manages two debut funds, a mid-market fund and an early stage technology fund.
Committee membership: Audit, Management Engagement and Nomination
Employment by the Manager: None
Other connections with the Manager: None
Shared directorships with other Directors: None

Directors' Report

The Directors submit their Annual Report together with the Financial Statements of the Company for the year ended 31 December 2008.

Results and dividends

The revenue attributable to Ordinary Shareholders for the year amounted to £146,000 (2007 - £141,000). The net loss on ordinary activities after taxation for the year was £1,378,000 compared with a net loss of £98,000 in 2007. The net asset value per Ordinary share at 31 December 2008 was 84.8p (2007 – 104.9p). Having paid an interim dividend for the year of 1.0p in October 2008, the Directors propose a final dividend for the year of 1.3p per Ordinary share, payable on 20 May 2009 to Ordinary Shareholders on the register at the close of business on 17 April 2009.

The revenue attributable to S Ordinary Shareholders for the year amounted to £121,000 (2007 - £77,000). The total return attributable to S Ordinary Shareholders for the year was £31,000 (2007 - £107,000). The net asset value per S Ordinary share at 31 December 2008 was 95.5p (2007 – 97.2p). The Directors propose a final dividend for the year of 1.8p per S Ordinary share, payable on 20 May 2008 to S Ordinary Shareholders on the register at the close of business on 17 April 2008.

Business review

A review of the Company's activities is given in the Chairman's Statement on pages 3 and 4 and in the Investment Manager's Review on pages 7 to 10.

A summary of the business objectives, the Board's strategy for achieving them, the risks faced and the key performance indicators is given below.

Investment objective and policy

The Company aims to achieve long term capital appreciation and generate maintainable levels of income for shareholders.

The Company intends to achieve its objective by:

- investing the majority of its funds in a diversified portfolio of shares and securities of smaller, unquoted UK companies and in AIM companies which meet the criteria for VCT qualifying investments with strong growth potential
- investing in line with VCT regulations, no more than £1 million in any company in one year and no more than 15% of the total investments by cost in one company at the time of investment
- maintaining a qualifying investment level of at least 70% according to VCT regulations
- borrowing up to 15% of net asset value on a selective basis in pursuit of investment strategy, and
- retaining the services of a Manager who can provide the breadth and depth of resources to achieve the investment objective.

The Company manages and minimises investment risk by:

- diversifying across a large number of companies
- diversifying across a range of economic sectors
- actively and closely monitoring the progress of investee companies
- seeking to appoint a non-excutive director to the board of each private investee company, provided from the Manager's investment management team or from its pool of experienced independent directors
- co-investing with other funds run by the Manager, in larger deals which tend to carry less risk
- not investing in hostile public to private transactions, and
- retaining the services of a Manager who can provide the breadth and depth of resources required to meet the criteria stated above.

Other risks are managed as follows:

- VCT qualifying risk is minimised by retaining the services of a Manager with the resources to provide sufficient flow of investment opportunities and integrated administrative and management systems to ensure continuing compliance with regulations
- risks of political change, exchange controls, taxation or other regulations that might affect investee companies are monitored and taken account of before investments are made and in determining valuations of unlisted investments.

Statement of compliance with investment policy

That the Company is adhering to its stated investment policy and managing the risks arising from it can be seen in various tables and charts throughout the Annual Report and from figures provided in the Chairman's Statement on pages 3 and 4.

The management of the investment portfolio has been delegated to Aberdeen Asset Managers Limited, which also provides administrative and financial management services and, through its parent company, provides company secretarial services to the Company. The Board is comfortable with the depth and breadth of the Manager's resources and its network of offices, which both supply new deals and enable Aberdeen to monitor the geographically widespread portfolio companies effectively.

The Investment Portfolio Summary shows the number of investments in each portfolio and gives an indication of the degree of co-investing with other Aberdeen clients. The tabular analyses of Unlisted and AIM Portfolio and Deal Type show that the portfolio is diversified across a variety of economic sectors and deal types. The level of qualifying investments is monitored by the Manager continuously and reported to the Board quarterly.

Key performance indicators

At each board meeting, the Directors consider a number of performance measures in order to assess the Company's success in achieving its objectives. The key performance indicators are:

- Net asset value total return
- Dividends per share

A historical record of these measures is shown on pages 1 and 2.

The Board also considers peer group comparative performance. The Company has continued its membership of the Association of Investment Companies (AIC) and it is hoped that the AIC's monthly performance statistics will provide a useful standard measure of comparative performance in future.

Principal risks and uncertainties

The principal risks facing the Company relate to its investment activities and include market price, interest rate, liquidity and credit. An explanation of these risks and how they are managed is contained in Note 18 to the financial statements on pages 42 to 44. Additional risks faced by the Company, and the mitigation approach adopted by the Board, are as follows:

(i) investment objective: The Board's aim is to maximise absolute returns to shareholders while managing risk by ensuring an appropriate diversification of investments

(ii) investment policy: inappropriate stock selection leading to underperformance in absolute and relative terms is a risk which the Manager mitigates by operating within investment guidelines and regularly monitoring performance against the peer group

(iii) discount volatility: due to lack of liquidity in the secondary market, venture capital trust shares tend to trade at discounts to net asset values which the Board seeks to manage by making purchases of shares in the market from time to time, and

(iv) regulatory risk: the Company operates in a complex regulatory environment and faces a number of related risks. A breach of section 274 of the Income Tax Act 2007 could result in the Company's being subject to capital gains tax on the sale of its investments. A breach of the VCT Regulations could result in the loss of VCT status and consequent loss of tax reliefs currently available to shareholders.

Serious breach of other regulations, such as the UKLA Listing rules and the Companies Act 1985, could lead to suspension from the Stock Exchange and reputational damage. The board receives quarterly reports from the Manager in order to monitor compliance with regulations.

The Board considers all risks and the measures in place to manage them and monitors their management twice each year.

Directors

The Directors who held office during the year are shown on pages 16 and 17 of the Annual Report and their interests in shares of the Company are shown below.

In accordance with the Articles of Association, directors must offer themselves for re-election at least once every three years and so Mr Cormack and Mr Graham-Wood, whose biographies appear on page 16, retire by rotation at this time and, being eligible, offer themselves for re-election. Resolutions 4 and 5 to this effect will be proposed at the Annual General Meeting. As the next Annual General Meeting will be the first following his appointment, Mr Nixon will present himself for election as a Director. From then on, as a non-independent director, he will offer himself for re-election annually. Mr Nixon is not independent by virtue of his employment by Aberdeen Asset Management PLC. Aberdeen Asset Managers Limited is entitled to receive investment management and secretarial fees as described below.

At its meeting in November 2008, the Nomination Committee recommended to the Board that Mr Ian Cormack, Mr Malcolm Graham-Wood and Mr Bill Nixon should be nominated for re-election at the Annual General Meeting for the following reasons:

- Mr Cormack, who has been a Director since 2004, brings to the board many years of experience at a senior level in banking, insurance, financial services and asset management.
- Mr Graham-Wood, who has been a Director since 2004, has an in-depth knowledge of broking, stock markets and bringing companies to flotation.
- Mr Nixon, who has been an alternate Director since 2005, and was appointed a director in August 2008, brings to the Board a wide range of investment skills and experience and a particular knowledge of the private equity industry

Mr M J Gilbert and Mr W R Nixon, who was his alternate then replaced him as a Director, are employees of Aberdeen Asset Management PLC. Aberdeen Asset Managers Limited, a subsidiary of Aberdeen Asset Management PLC, is entitled to receive investment management and secretarial fees as described below. No other contract or arrangement significant to the Company's business and in which any of the directors is interested has subsisted during the period.

Under Listing rule 15.2.13, which is effective for VCTs from 28 September 2010, the Company will not be able to have more than one Director who is also a Director of another company with the same investment manager. Bill Nixon is the only such Director, and the Company therefore already complies with this requirement, and is expected to continue to do so.

The interests of the directors in the share capital of the Company are as follows:

	31 December 2008		31 December 2007	
	Ordinary shares	S Ordinary shares	Ordinary shares	S Ordinary shares
I D Cormack	100,000	20,000	100,000	20,000
M Graham-Wood	10,000	10,000	10,000	10,000
A C Lapping	25,000	nil	25,000	nil
W R Nixon	20,500	10,000	20,500	10,000
S Scott	15,000	7,000	15,000	7,000
Total	**170,500**	**47,000**	**170,500**	**47,000**

Unless otherwise stated, all holdings are beneficial. As at 3 April 2009, there have been no changes to the above holdings.

Manager and Company Secretary

Investment management services are provided to the Company by Aberdeen Asset Managers Limited. The Manager also provides accounting and administrative services and, through its parent Company, Aberdeen Asset Management PLC, company secretarial services.

For the year ended 31 December 2008, the investment management and secretarial fees payable to the Aberdeen Asset Management group have been calculated and charged on the following basis:

(a) an investment management fee of 2.0% per annum of the total assets less adjusted liabilities of the Company at the previous quarter end. The investment management fee is chargeable 20% to revenue and 80% against capital reserves to reflect the Company's investment policy and prospective income and capital growth. To the extent that the portfolio is invested in any funds managed by any member of the Aberdeen group and an annual fee is payable to that member, the management fees derived from the amounts so invested have been deducted in the calculation of fees payable by the Company. As a result, the aggregate of all such fees paid or payable to members of the Aberdeen group do not exceed the maximum fee that would be payable to the Manager if no part of the portfolio was invested in funds managed by members of the Aberdeen group. The effects of this arrangement are detailed in Note 3 on pages 35 and 36; and

(b) a secretarial fee of £78,000 a year, which is chargeable 100% to revenue. The secretarial fee (as shown in note 4 on page 36) is subject to an annual adjustment to reflect movement in the UK Consumer Prices Index.

By agreement with the Manager, the total management and administrative expenses of the Company, inclusive of irrecoverable VAT but exclusive of transaction costs and expenses relating to the acquisition and disposal of investments are capped at 3.5% of the net asset value at the end of the relevant financial period, calculated before deduction of management and administrative expenses in respect of that financial year. Consequently, the amount paid in management fees for the year ended 31 December 2008 is shown after the rebate of £97,918 (excluding VAT) by the Manager,

The Manager is entitled to a performance fee in relation to the Ordinary share portfolio only with effect from 1 January 2008. In respect of each six month period the Company will pay the Manager a fee equal to 20% of the increase in the net asset value of the Ordinary shares between 30 June and 31 December in each year, adjusted for the payment of dividends and the buy back of shares during the period since the last performance fee was paid. A high watermark arrangement will operate such that the performance fee will become payable if and only if the adjusted net asset value of the Ordinary shares at the period end is higher than that at every previous period end since 31 December 2007.

The management agreement is terminable on twelve months written notice expiring on or after 16 February 2009. Should the Company terminate the management agreement before that date, the Manager would be entitled to receive fees which would otherwise have been due up until that date, or up until the date of the end of the relevant notice period.

In order to ensure that the Manager's staff are appropriately incentivised in relation to the portfolio, the manager operates a co-investment scheme which requires nominated individuals to participate in investments in portfolio companies alongside the Company. All such investments are made through a nominee and under terms previously agreed by the Board. The terms of the scheme ensure that all investments are made on identical terms to those of the equity investments made by the Company and no selection of investments is allowed. The total investment by participants in the co-investment scheme is set at 5% of the aggregate amount of ordinary shares subscribed for by the Company and the co-investing executives, except where the only securities to be acquired by the Company are ordinary shares or are securities quoted on AIM, in which case the co-investment percentage will be 1.5%. The Directors believe that the scheme provides a useful incentive to the manager's staff and therefore more closely aligns the interests of key individuals with those of Shareholders.

The Board considers the continued appointment of the Manager on the agreed terms to be in the interests of the Shareholders because of the quality of the investment management service provided, including the quality of investment opportunities presented to and selected by the Manager; the breadth and depth of the experience, knowledge and skill of the Manager's staff; and the network of offices across the country, from which the Manager sources new investments and monitors portfolio companies.

Issue of Ordinary shares

A Resolution, numbered 9 in the notice of meeting, will be put to Shareholders at the Annual General Meeting for their approval to issue Ordinary Shares up to an aggregate nominal amount of £78,351 (equivalent to 783,510 Ordinary shares or 10% of the total issued Ordinary share capital at 15 February 2009) and S Ordinary Shares up to an aggregate nominal amount of £49,724 (equivalent to 497,240 S Ordinary shares or 10% or the S Ordinary share capital). Further issues of new Ordinary shares or S Ordinary shares may be made only at a premium to net asset value per share, thus ensuring that existing investors will not be disadvantaged. The proceeds of any issue may be used to purchase the Company's shares in the market or to fund further investments in accordance with the Company's investment policy. This authority will expire either at the conclusion of the next annual general meeting of the Company or on the expiry of 15 months from the date of the passing of the Resolution, whichever is earlier.

When shares are to be allotted for cash, Section 89(1) of the Companies Act 1985 provides that existing shareholders have pre-emption rights and that the new shares are offered first to them in proportion to their existing shareholdings.

However, shareholders can by Special Resolution authorise the directors to allot shares otherwise than by a pro rata issue to existing shareholders. Resolution 10 will, if passed, also give the directors power to allot for cash, Ordinary shares up to an aggregate nominal amount of £78,351 and S Ordinary shares up to an aggregate nominal amount of £49,724 as if Section 89(1) did not apply. This is the same amount of share capital that the directors are seeking the authority to allot pursuant to Resolution 9. This authority will also expire either at the conclusion of the next Annual General Meeting of the Company or at the end of 15 months from the passing of the relevant resolution, whichever is earlier.

Purchase of shares

During the year ended 31 December 2008, no shares were bought back for cancellation.

A Special Resolution, numbered 11 in the notice of Annual General Meeting, will be put to Shareholders for their approval to give the Board the authority to purchase in the market an aggregate of 10% of the Ordinary shares in issue (783,516 Ordinary shares) and 10% of the S Ordinary shares in issue (497,245 S Ordinary shares) at 15 February 2008. This authority will expire on the date of the next Annual General Meeting or after a period of 15 months from the date of passing of the Resolution, whichever is the earlier. This means, in effect, that the authority will have to be renewed at the next Annual General Meeting of the Company in 2010.

Purchases of shares may be made within guidelines established from time to time by the Board, but only if it is considered that they would be to the advantage of the Company and its shareholders taken as a whole. Purchases will be made in the market for cash only at prices below the prevailing Net Asset Value per share. Under the Listing Rules of the UK Listing Authority, the maximum price that may be paid on the exercise of this authority is 105% of the average of the middle market quotations for the shares over the five business days immediately preceding the date of purchase. The minimum price that may be paid is 10p per share. In making purchases, the Company will deal only with members of the London Stock Exchange. Shares that are purchased will be cancelled. Purchases of shares by the Company will be made from distributable reserves and the purchase price will normally be paid out of cash balances held by the Company from time to time.

The purchase of shares by the Company is intended to help to provide liquidity in the shares and enhance the net asset value for the remaining shareholders. Since any purchases will be made at a discount to net asset value at the time of purchase, the net asset value of the remaining Ordinary shares in issue will increase as the result of any purchase.

Shares will not be purchased by the Company in the period of two months immediately preceding the notification of the Company's interim results and the two months immediately preceding the preliminary announcement of the annual results or, if shorter, the period from the end of the Company's relevant financial period up to and including the time of the relevant announcement.

Statement of Corporate Governance

This statement describes how the principles and supporting principles identified in the Combined Code, published in July 2006, have been applied by the Company throughout the year ended 31 December 2008, except where disclosed below.

The exceptions to compliance with the Combined Code, which are explained more fully under the headings of "The Board" and "Directors' Remuneration" were as follows:

- a senior independent director has not been appointed (Combined Code A.3.3);
- the Combined Code recommends that the Audit Committee and Management Engagement Committee should comprise independent non-executive directors. For the reasons set out below, Mr M J Gilbert was and Mr W R Nixon is a member of the Nomination Committee, but not the Audit Committee or Management Engagement Committee as he is not regarded by the Board as independent; and
- the Chairman of the Board is the Chairman of each of the Board Committees (Combined Code B.2.1).

The Board

The Board currently consists of five non-executive directors. All of the directors who held office during the year, with the exception of Mr Gilbert and his alternate Mr Nixon, who replaced him as a Director, are considered to be independent of the Manager. Mr Gilbert and Mr Nixon are employees of the Manager and as such are not considered independent.

Mr Cormack was independent of the Manager at the time of his appointment as a director and chairman in September 2004 and continues to be so by virtue of his lack of connection with the Manager and of cross-directorships with his fellow directors.

Directors' Report continued

The biographies of the directors appear on pages 16 and 17 of this annual report and indicate the range of the directors' investment, commercial and professional experience.

The Board sets the Company's values and objectives and ensures that its obligations to its shareholders are met. It has formally adopted a schedule of matters which are required to be brought to it for decision, thus ensuring that it maintains full and effective control over appropriate strategic, financial, operational and compliance issues.

These matters include:

- the maintenance of clear investment objectives and risk management policies
- the monitoring of the business activities of the Company
- Companies Act requirements such as the approval of the interim and annual financial statements and approval and recommendation of the interim and final dividends major changes relating to the Company's structure, including share buybacks and share issues
- board appointments and related matters
- appointment and removal of the Manager and the terms and conditions of the management and administration agreements
- terms of reference and membership of Board Committees
- Stock Exchange, UK Listing Authority and Financial
- Services Authority matters, such as approval of all circulars, listing particulars and releases concerning matters decided by the Board.

As required by the Companies Act 2006 and permitted by the Articles of Association, Directors notify the Company of any situation which might give rise to a potential for a conflict of interests, so that the Board may consider and, if appropriate, approve such situations. A register of potential conflicts of interest for directors has been created, which will be reviewed regularly by the Board. Directors notify the Company whenever there is a change in the nature of a registered conflict situation, or whenever a new conflict situation arises.

There is an agreed procedure for directors to take independent professional advice, if necessary, at the Company's expense. The directors have access to the advice and services of the corporate Company Secretary through its appointed representatives, who are responsible to the Board:

- for ensuring that Board procedures are complied with
- under the direction of the chairman, for ensuring good information flows with the Board and its committees
- for advising on corporate governance matters.

An induction meeting will be arranged by the Manager on the appointment of any new director, covering details about the Company, the Manager, legal responsibilities and venture capital trust industry matters. Directors are provided on a regular basis with key information on the Company's policies, regulatory and statutory requirements and internal controls. Changes affecting directors' responsibilities are advised to the Board as they arise.

The Chairman of the Company is a non-executive director. A senior non-executive director has not been appointed, as required by provision A3.3 of the Combined Code, as the Board considers that each of the directors has different qualities and areas of expertise on which they may lead

Consequently no individual has unfettered powers of decision. The Chairman is the chairman of each of the Board Committees as the Board considers he has the skills and experience relevant to those roles.

During the year ended 31 December 2008 the Board held four quarterly board meetings and three ad hoc meetings to address specific matters. In addition, there were three meetings of the Audit Committee and one each of the Management Engagement Committee and Nomination Committee. Between meetings the Board maintains contact with the Manager. The primary focus of quarterly board meetings is a review of investment performance and related matters including asset allocation, peer group information and industry issues.

Directors have attended Board and Committee meetings during the year to 31 December 2008 as follows:

Director	Audit Committee	Management Engagement Committee	Nomination Committee	Board Meetings
I D Cormack	2	1	2	4
M Graham-Wood	2	1	2	4
M J Gilbert (resigned August 2008)	–	–	–	2
A C Lapping	2	1	2	4
W R Nixon (appointed August 2008)	–	1	2	2
S Scott	2	–	2	4

* Mr Gilbert was not and Mr Nixon is not a member of the Audit Committee or the Management Engagement Committee.

To enable the Board to function effectively and allow Directors to discharge their responsibilities, full and timely access is given to all relevant information. In the case of Board meetings, this consists of a comprehensive set of papers, including the Manager's review and discussion documents regarding specific matters. Directors have made further enquiries where necessary.

The Board and Committees have undertaken their annual performance evaluation, using questionnaires and discussion to ensure that members have devoted sufficient time and contributed adequately to the work of the Board and its Committees.

External agencies

The Board has contractually delegated to external agencies, including the Manager and other service providers, certain services: the management of the investment portfolio, the custodial services (which include the safeguarding of the assets), the registration services and day to day accounting and company secretarial requirements. Each of these contracts was entered into after full and proper consideration by the Board of the quality and cost of services offered. The Board receives and considers reports from the Manager on a regular basis. In addition, ad hoc reports and information are supplied to the Board as requested.

Committees

Nomination Committee

A Nomination Committee has been established with written terms of reference and comprises the full Board. The Chairman of the Committee is the Chairman of the Company.

The Committee makes recommendations to the Board on the following matters:

- the identification and nomination of candidates to fill Board vacancies as and when they arise for the approval of the Board
- succession planning
- the re-appointment of any non-executive Director at the conclusion of their specified term of office
- the re-election by Shareholders of any Director under the retirement by rotation provisions in the Company's Articles of Association
- the continuation in office of any Director at any time
- the appointment of any Director to another office, such as Chairman of the Audit Committee, other than to the position of Chairman.

One meeting was held during the period ended 31 December 2008. At its meeting in November 2008, the Nomination Committee recommended to the Board the nominations for re-election of Mr Cormack and Mr Graham-Wood and the nomination for election of Mr Nixon at the May 2009 Annual General Meeting.

Audit Committee

An Audit Committee has been established with written terms of reference and comprising all of the independent directors. The Chairman of the Company is the Chairman of the Audit Committee. The Board is satisfied that the members of the Audit Committee have recent and relevant financial experience. One meeting was held during the period. The terms of reference of the Committee, which are available on request, are reviewed and re-assessed for their adequacy at each meeting.

The terms of reference of the Audit Committee include:

- the review of the effectiveness of the internal control environment of the Company including by receiving
- reports from internal and external Auditors on a regular basis
- the review of the interim and annual reports and financial statements
- the review of the terms of appointment of the Auditors together with their remuneration as well as any non-audit services provided by the Auditors
- the review of the scope and results of the audit and the independence and objectivity of the Auditors
- the review of the Auditors' management letter and the management response
- meetings with representatives of the Manager.

At each meeting, the Audit Committee examines the annual or interim report and financial statements, reviews the Company's internal controls and reviews the scope of the audit and the auditors' management report to the Board. No significant weaknesses in the control environment were identified.

A review of the auditors' independence is conducted annually. The Company has in place a policy for controlling the provision of non-audit services by the Auditors, in order to safeguard their independence and objectivity. Non-audit work which might compromise independence is prohibited.

Management Engagement Committee

A Management Engagement Committee has been established comprising all of the independent Directors. The Chairman of the Committee is the Chairman of the Company. It annually reviews the management contract with Aberdeen Asset Managers Limited, details of which are shown on page 20. The Committee met in February 2009 to consider the management contract.

Directors' remuneration

Where a venture capital trust has only non-executive Directors, the Combined Code principles relating to Directors' remuneration do not apply. The full Board therefore carries out the functions of a remuneration committee.

The remuneration of the Directors has been set in order to attract individuals of a calibre appropriate to the future development of the Company. The Company's policy on Directors' remuneration, together with details of the remuneration of each Director, is detailed in the Directors' Remuneration Report on pages 26 to 27.

Directors' terms of appointment

All non-executive Directors are appointed for an initial term of three years, subject to re-election and Companies Act provisions and, in accordance with the existing Articles of Association, stand for election at the first Annual General

Meeting following their appointment. The Articles of Association state that Directors must offer themselves for re-election at least once every three years. Mr Nixon is subject to annual re-election in view of his employment by Aberdeen Asset Management PLC, the parent company of the Manager.

Policy on tenure

The Board's policy on tenure is that Directors need not serve on the Board for a limited period of time only. The Board does not consider that the length of service of a Director is as important as the contribution he or she has to make and therefore the length of service will be determined on a case by case basis.

Communication with shareholders

The Company places a great deal of importance on communication with its shareholders. As required under the Combined Code, the Annual Report is posted to Shareholders at least twenty business days before the Annual General Meeting.

The Notice of Meeting sets out the business of the Annual General Meeting and the resolutions are explained more fully in the Directors' Remuneration Report on pages 26 to 27 and in the Directors' Report on pages 18 to 25. A separate resolution is proposed for each substantive issue.

Shareholders are encouraged to attend and participate in the Annual General Meeting. Shareholders have the opportunity to put questions at the meeting and the results of proxy voting are relayed to them after each resolution has been voted on by a show of hands.

Shareholders also have direct access to the Company via the shareholder information telephone service run by the Manager, and the Company and the Manager respond to letters from shareholders. In order to ensure that Directors develop an understanding of the views of shareholders, correspondence between the Manager or the Chairman and shareholders is copied to the Board. It is in the nature of a venture capital trust that there are usually no major shareholders.

The Company's web pages are hosted on Aberdeen's website, and can be visited at **www.agovct2.co.uk** from where annual and interim reports, Stock Exchange announcements and other information can be viewed, printed or downloaded. Access to further information about the Manager can be gained from a visit to **www.aberdeen-asset.com/vct**.

Accountability and audit

The Directors' Statement of Responsibilities in respect of the Financial Statements is on page 28 and the Statement of Going Concern is included in the Directors' Report on page 25. The Board is satisfied that the members of the Audit Committee have recent and relevant financial experience.

The Independent Auditors' Report is on page 29. The auditors, Deloitte LLP, rotate the partner responsible for the Company's audit every five years. Details of the amounts paid to the Auditors during the year for audit and other services are set out in note 4 to the Financial Statements.

Internal control

The Board has overall responsibility for the Company's system of internal control and for reviewing its effectiveness. The Directors confirm that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company, which has been in place for the full period under review and up to the date of approval of the Financial Statements, and that this process is regularly reviewed by the Board and accords with the Turnbull guidance.

The Board has reviewed the effectiveness of the system of internal control and, in particular, it has reviewed the process for identifying and evaluating the significant risks affecting the Company and the policies and procedures by which these risks are managed.

The Directors have delegated the investment management of the Company's assets to the Manager within overall guidelines and this embraces implementation of the system of internal control, including financial, operational and compliance controls and risk management. Internal control systems are monitored and supported by the Internal Audit function of the Manager which undertakes periodic examination of business processes, including compliance with the terms of the management agreement, and ensures that recommendations to improve controls are implemented.

Risks are identified and documented through a risk management framework by each function within the Manager's activities. Risk is considered in the context of the Turnbull guidance and includes financial, regulatory, market, operational and reputational risk. This enables the internal audit risk assessment model to identify those functions for review. Any weaknesses identified are reported to the Company and timetables are agreed for implementing improvements to systems. The implementation of any remedial action required is monitored and feedback provided to the Board.

The key components designed to provide effective internal control for the period under review and up to the date of this report are:

- the Manager prepares forecasts and management accounts which allow the Board to assess the Company's activities and review its investment performance;
- the Board and Manager have agreed clearly defined investment criteria, specified levels of authority and exposure limits. Reports on these issues, including performance statistics and investment valuations, are regularly submitted to the Board. The Manager's evaluation

procedure and financial analysis of the companies concerned include detailed appraisal and due diligence;

- as a matter of course the compliance department of the Manager continually reviews the Manager's operations;
- written agreements are in place which specifically define the roles and responsibilities of the Manager and other third party service providers; and
- the Board carries out an annual assessment of internal controls by considering reports from the Manager, including its internal audit and compliance functions and taking account of events since the relevant period end.

In addition, the Manager ensures that clearly documented contractual arrangements exist in respect of any activities that have been delegated to external professional organisations.

The Internal Audit function of the Manager reports annually to the Audit Committee of the Company and has direct access to the Directors at any time.

The internal control systems are designed to meet the Company's particular needs and the risks to which it is exposed. Accordingly, the internal control systems are designed to manage rather than eliminate the risk of failure to achieve business goals and, by their nature, can provide reasonable but not absolute assurance against material misstatement or loss.

Socially responsible investment policy

The Directors are aware of their duty to act in the interests of the Company. They acknowledge that there are risks associated with investment in companies which fail to conduct business in a socially responsible manner and they therefore ensure that they take regular account of the social environment and ethical factors that might affect the performance or value of the Company's investments.

Exercise of voting powers

The Directors believe that the exercise of voting rights at company meetings lies at the heart of the regulation and promotion of corporate governance. The Board has therefore given discretionary voting powers to the Manager, Aberdeen Asset Managers Limited.

Principal activity and status

The Company's affairs have been conducted in a manner that will enable it to satisfy and maintain the conditions of approval as a venture capital trust under section 274 of the Income Tax Act 2007. HM Revenue & Customs will grant section 274 status, if requested, provided that the Company's affairs have been conducted in such a manner as to satisfy the conditions of that section of the Act. Provisional approval was last granted in respect of the year ended 31 December 2007.

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report on pages 18 to 25. The financial position of the company is described in the Chairman's Statement on pages 3 to 4. In addition, note 18 to the financial statements includes the company's objectives, policies and processes for managing its financial risk management; details of its financial instruments; and its exposures to market price risk, interest rate risk, liquidity risk and credit risk.

The directors believe that the company is well placed to manage its business risks successfully despite the current economic outlook.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Creditor payment policy

The Company's creditor payment policy is to agree terms of payment before business is transacted, to ensure suppliers are aware of these terms and to settle bills in accordance with them. The Company did not have any trade creditors at the year end.

Political donations

The Company has not made any political or charitable contributions during the year.

Annual General Meeting

The Notice of Annual General Meeting, is on pages 45 and 46. The meeting will be held on 14 May 2009 in One Bow Churchyard, London EC4M 9HH.

Auditors

So far as the Directors are aware, there is no relevant audit information (as defined by section 234ZA of the Companies Act 1985) of which the Company's auditors are unaware, and each of the directors has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

A resolution to reappoint Deloitte LLP as auditors will be proposed at the forthcoming Annual General Meeting.

149 St Vincent Street
Glasgow G2 5EA
3 April 2009

By order of the Board
Aberdeen Asset Management PLC
Secretaries

Directors' Remuneration Report

This report has been prepared in accordance with the requirements of Schedule 7A to the Companies Act 1985 but, where relevant, additional information has been provided in line with the requirements of the Companies Act 2006 that came into effect for financial years beginning after 6 April 2008 although the Company does not yet have to comply with these new requirements.

An Ordinary Resolution, numbered 2, for the approval of this report will be put to the members at the forthcoming Annual General Meeting.

The law requires the Company's Auditors to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditors' opinion is included in their report on page 29.

Remuneration Committee

The Company has five non-executive Directors, four of whom are independent. The full Board performs the function of a remuneration committee. Biographical details are set out on pages 16 and 17 of the Annual Report. The Board has not been provided with advice or services by any other person in respect of its consideration of the Directors' remuneration. The Directors expect, from time to time, to review the fees paid to the boards of directors of other venture capital trust companies.

Policy on Directors' Remuneration

The Board's policy is that the remuneration of the Directors, all of whom are non-executive, should reflect the experience of the Board as a whole, be fair and be comparable to that of other venture capital trusts with a similar capital structure and investment objectives. It is intended that this policy will continue for the financial year ending 31 December 2009 and subsequent years.

The Company's policy is for the Directors to be remunerated in the form of fees, payable quarterly in arrears, to the Director personally or to a third party specified by him. The fees for the Directors are determined within the limits set out in the Company's Articles of Association, which limit the aggregate of the fees payable to the Directors to £150,000 a year. The Company's policy is that fees payable to the Directors should reflect the time spent by them on the Company's affairs and should be sufficient to enable candidates of a high quality to be recruited. Non-executive Directors do not receive bonuses, pension benefits, share options, long-term incentive schemes or other benefits.

The present level of fees is £15,000 for the Chairman and £12,000 for each Director per annum. The policy is to review these rates from time to time. The fees shown on this page relate to the year ended 31 December 2008.

Directors' and officers' liability insurance cover is held by the Company in respect of the Directors. This insurance is neither a benefit in kind nor does it form part of the Directors' remuneration.

Directors' service contracts

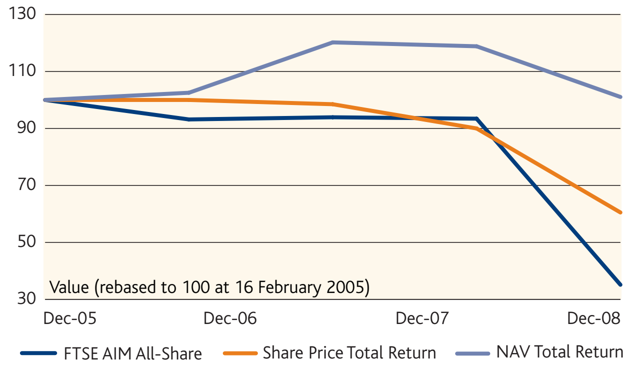
None of the Directors has a contract of service or contract for services and a Director may resign by notice in writing to the Board at any time; there are no set notice periods. All Directors are appointed for an initial period of three years; this period may be varied by either party. The Articles of Association provide that, at the Annual General Meeting each year, one third of the Directors for the time being (or if their number is not a multiple of three, the number nearest to one third) shall be subject to retirement by rotation. Directors retire and are subject to election at the first Annual General Meeting following their appointment and, thereafter, retire by rotation and offer themselves for re-election, at least every three years. No compensation is payable for loss of office, save any arrears of fees which may be due.

Company performance

The graphs below compare the total returns on an investment of £100 in the Ordinary shares since 16 February 2005, and in the S Ordinary shares since 1 March 2007, when the shares first traded on the London Stock Exchange, with the total shareholder return over the same period on a notional investment of £100 made up of shares of the same kinds and number as those by reference to which the FTSE AIM All-Share indices are calculated. This index was chosen for comparison purposes, as it is the most relevant to the Company's investment portfolio.

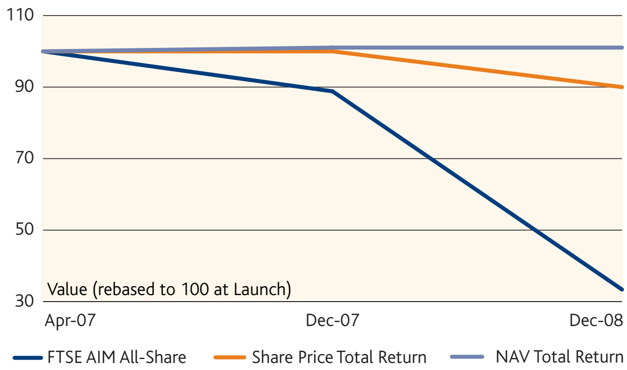
Ordinary and S Share Price Total Return Performance

Ordinary Share



Source: Aberdeen Asset Management PLC/Factset.

Ordinary and S Share Price Total Return Performance



Source: Aberdeen Asset Management PLC/Factset.

Please note that past performance is not necessarily a guide to future performance.

Directors' emoluments for the year (audited)

The Directors who served in the year ended 31 December 2008 received the following emoluments in the form of fees

	Year ended 31 December 2008	Year ended 31 December 2007
Chairman of the Board:		
I D Cormack	15,000	15,000
Directors:		
M J Gilbert	7,206	12,000
M Graham-Wood	12,000	12,000
A C Lapping	12,000	12,000
W R Nixon	4,794	nil
S Scott	12,000	12,000
	63,000	**63,000**

Mr Gilbert's and Mr Nixon's remuneration is paid to Aberdeen Asset Management PLC. For part of the year, Mr Graham-Wood's remuneration was paid to Noble & Co Limited.

No Director has received any taxable expenses, compensation for loss of office or non-cash benefits for the year ended 31 December 2008.

Approval

The Directors' Remuneration Report on pages 26 and 27 was approved by the Board of Directors and signed on its behalf by:

I D Cormack
Director
3 April 2009

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report, Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the net return of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgments and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility of the Directors in respect of the Annual Financial Report

We confirm that, to the best of our knowledge, the financial statements, prepared in accordance with the applicable set of accounting standards and set out on pages 30 to 44, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company; and the Directors' Report, set out on pages 18 to 25, includes a fair review of the developments and performance of the business and the position of the Company together with a description of the principal risks and uncertainties that they face.

By order of the Board

Independent Auditors' Report to the Members of Aberdeen Growth Opportunities VCT 2 PLC

We have audited the financial statements of Aberdeen Growth Opportunities VCT 2 PLC for the year ended 31 December 2008 which comprise the Income Statement, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds, the Cash Flow Statement and the related notes 1 to 18. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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 and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Chairman's Statement and the Investment Manager's Review that is cross referred from the Business Review section of the Directors' Report.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the company's compliance with the nine provisions of the 2006 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the company's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report as described in the contents section and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its loss for the year then ended;
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Deloitte LLP
Chartered Accountants and Registered Auditors
Glasgow, United Kingdom
3 April 2009

Income Statement

For the year ended 31 December 2008

		Ordinary shares			S Ordinary shares			Total		
		Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
	Notes	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Losses on investments	8	–	(1,459)	(1,459)	–	(42)	(42)	–	(1,501)	(1,501)
Income from investments	2	335	–	335	244	–	244	579	–	579
Other income	2	11	–	11	5	–	5	16	–	16
Investment management fees	3	(20)	(82)	(102)	(15)	(61)	(76)	(35)	(143)	(178)
Other expenses	4	(151)	–	(151)	(85)	–	(85)	(236)	–	(236)
Profit/(loss) on ordinary activities before taxation		**175**	**(1,541)**	**(1,366)**	**149**	**(103)**	**46**	**324**	**(1,644)**	**(1,320)**
Tax on ordinary activities	5	(29)	17	(12)	(28)	13	(15)	(57)	30	(27)
Profit/(loss) on ordinary activities after taxation		**146**	**(1,524)**	**(1,378)**	**121**	**(90)**	**31**	**267**	**(1,614)**	**(1,347)**
Earnings per share (pence)		**1.9**	**(19.4)**	**(17.5)**	**2.4**	**(1.8)**	**0.6**	**4.3**	**(21.2)**	**(16.9)**

A Statement of Total Recognised Gains and Losses has not been prepared, as all gains and losses are recognised in the Income Statement.

All items in the above statement are derived from continuing operations. The Company has only one class of business and derives its income from investments made in shares, securities and bank deposits.

The total column of this statement is the Profit and Loss Account of the Company.

Reconciliation of movements in Shareholders' Funds

For the year ended 31 December 2008

	Ordinary Shares	S Ordinary Shares	Total
	£'000	£'000	£'000
Opening Shareholders' funds	8,221	4,831	13,052
Movements in the year			
Total (loss)/profit for year	(1,378)	31	(1,347)
Dividends paid – revenue	(118)	(62)	(180)
Dividends paid – capital	(78)	(50)	(128)
Closing Shareholders' funds	**6,647**	**4,750**	**11,397**

The accompanying notes are an integral part of the financial statements.

Income Statement

For the year ended 31 December 2007

		Ordinary shares			S Ordinary shares			Total		
		Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
	Notes	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
(Losses)/gains on investments	8	–	(120)	(120)	–	69	69	–	(51)	(51)
Income from investments	2	334	–	334	145	–	145	479	–	479
Other income	2	28	–	28	27	–	27	55	–	55
Investment management fees	3	(37)	(148)	(185)	(14)	(56)	(70)	(51)	(204)	(255)
Other expenses	4	(155)	–	(155)	(64)	–	(64)	(219)	–	(219)
Profit/(loss) on ordinary activities before taxation		**170**	**(268)**	**(98)**	**94**	**13**	**107**	**264**	**(255)**	**9**
Tax on ordinary activities	5	(29)	29	–	(17)	17	–	(46)	46	–
Profit/(loss) on ordinary activities after taxation		**141**	**(239)**	**(98)**	**77**	**30**	**107**	**218**	**(209)**	**9**
Earnings per share (pence)		**1.8**	**(3.1)**	**(1.3)**	**1.8**	**0.7**	**2.5**	**3.6**	**(2.4)**	**1.2**

A Statement of Total Recognised Gains and Losses has not been prepared, as all gains and losses are recognised in the Income Statement.

All items in the above statement are derived from continuing operations. The Company has only one class of business and derives its income from investments made in shares, securities and bank deposits.

The total column of this Statement is the Profit and Loss Account of the Company.

Reconciliation of movements in Shareholders' Funds

For the year ended 31 December 2007

	Ordinary Shares	S Ordinary Shares	Total
	£'000	£'000	£'000
Opening Shareholders' funds	8,789	–	8,789
Movements in the period			
Total (loss)/profit for year	(98)	107	9
Net proceeds of issue of shares	–	4,724	4,724
Dividends paid - revenue	(39)	–	(39)
Dividends paid - capital	(431)	–	(431)
Closing Shareholders' funds	**8,221**	**4,831**	**13,052**

The accompanying notes are an integral part of the financial statements.

Balance Sheet

As at 31 December 2008

		31 December 2008			31 December 2007		
	Notes	Ordinary shares £'000	S Ordinary shares £'000	Total £'000	Ordinary shares £'000	S Ordinary shares £'000	Total £'000
Fixed assets							
Investments at fair value through profit or loss	8	6,200	4,579	10,779	7,714	4,494	12,208
Current assets							
Debtors	10	216	115	331	152	72	224
Cash and overnight deposits		276	90	366	444	307	751
		492	205	697	596	379	975
Creditors: amounts falling due within one year	11	(45)	(34)	(79)	(89)	(42)	(131)
Net current assets		447	171	618	507	337	844
Total net assets		**6,647**	**4,750**	**11,397**	**8,221**	**4,831**	**13,052**
Capital and reserves							
Called up share capital	12	784	497	1,281	784	497	1,281
Share premium	13	–	4,227	4,227	–	4,227	4,227
Distributable reserve	13	6,660	–	6,660	6,660	–	6,660
Capital reserves – realised	13	1,049	(12)	1,037	965	(32)	933
Capital reserves – unrealised	13	(2,074)	(98)	(2,172)	(388)	62	(326)
Revenue reserve	13	228	136	364	200	77	277
Net assets attributable to Ordinary Shareholders		**6,647**	**4,750**	**11,397**	**8,221**	**4,831**	**13,052**
Net asset value per ordinary share (pence)	14	**84.8**	**95.5**		**104.9**	**97.2**	

The Financial Statements were approved by the Board of Directors and were signed on its behalf by:

3 April 2009

I D Cormack
Chairman

The accompanying notes are an integral part of the financial statements.

Cash Flow Statement

For the year ended 31 December 2008

	Notes	Year ended 31 December 2008 Ordinary shares £'000	S Ordinary shares £'000	Total £'000	Year ended 31 December 2007 Ordinary shares £'000	S Ordinary shares £'000	Total £'000
Operating activities							
Investment income received		267	207	474	297	56	353
Deposit interest received		12	6	18	36	25	61
Investment management fees paid		(141)	(101)	(242)	(183)	(51)	(234)
Secretarial fees paid		(62)	(34)	(96)	(48)	(13)	(61)
Cash paid to and on behalf of Directors		(53)	(31)	(84)	(39)	(12)	(51)
Other cash payments		(61)	(24)	(85)	(63)	(18)	(81)
Net cash (outflow)/inflow from operating activities	15	(38)	23	(15)	–	(13)	(13)
Taxation							
Corporation tax		–	–	–	–	–	–
Financial investment							
Purchase of investments		(1,516)	(2,709)	(4,225)	(6,407)	(4,459)	(10,866)
Sale of investments		1,582	2,581	4,163	6,818	55	6,873
Net cash inflow/(outflow) from financial investment		66	(128)	(62)	411	(4,404)	(3,993)
Equity dividends paid		(196)	(112)	(308)	(470)	–	(470)
Net cash outflow before financing		(168)	(217)	(385)	(59)	(4,417)	(4,476)
Financing							
Issue of ordinary shares		–	–	–	–	4,972	4,972
Expense of share issue		–	–	–	–	(248)	(248)
Net cash inflow from financing		–	–	–	–	4,724	4,724
(Decrease)/increase in cash	**16**	**(168)**	**(217)**	**(385)**	**(59)**	**307**	**248**

The accompanying notes are an integral part of the financial statements.

Notes to the Financial Statements

For the year ended 31 December 2008

1 Accounting Policies - UK Generally Accepted Accounting Practice

(a) Basis of preparation

The Financial Statements have been prepared under the historical cost convention modified to include the revaluation of investments and in accordance with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies' (the SORP) issued in 2005. The disclosures on Going Concern on page 25 of the Directors' Report form part of these financial statements.

(b) Income

Dividends receivable on equity shares and unit trusts are treated as revenue for the period on an ex-dividend basis. Where no ex-dividend date is available dividends receivable on or before the year end are treated as revenue for the period. Provision is made for any dividends not expected to be received. The fixed returns on debt securities and non-equity shares are recognised on a time apportionment basis so as to reflect the effective interest rate on the debt securities and shares. Provision is made for any fixed income not expected to be received. Interest receivable from cash and short term deposits and interest payable are accrued to the end of the year.

(c) Expenses

All expenses are accounted for on an accruals basis and charged to the income statement. Expenses are charged through the revenue account except as follows:

- expenses which are incidental to the acquisition and disposal of an investment are charged to capital.
- expenses are charged to realised capital reserves where a connection with the maintenance or enhancement of the value of the investments can be demonstrated. In this respect the investment management fee has been allocated 20% to revenue and 80% to realised capital reserves to reflect the Company's investment policy and prospective income and capital growth.
- share issue costs are charged to the share premium account.
- expenses are allocated between the Original pool or the S Share pool depending on the nature of the expense.

(d) Taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or right to pay less tax in the future have occurred at the balance sheet date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences arising between the Company's taxable profits and its results as stated in the financial statements which are capable of reversal in one or more subsequent periods.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The tax effect of different items of income/gain and expenditure/loss is allocated between capital reserves and revenue account on the same basis as the particular item to which it relates using the Company's effective rate of tax for the period.

(e) Investments

In valuing unlisted investments the Directors follow the criteria set out below. These procedures comply with the revised International Private Equity and Venture Capital Valuation Guidelines for the valuation of private equity and venture capital investments. Investments are recognised at their trade date and are valued at fair value, which represent the Directors' view of the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction. This does not assume that the underlying business is saleable at the reporting date or that its current shareholders have an intention to sell their holding in the near future.

A financial asset or liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

1. For Investments completed within the 12 months prior to the reporting date and those at an early stage in their development, fair value is determined using the Price of Recent Investment Method, except that adjustments are made when there has been a material change in the trading circumstances of the company or a substantial movement in the relevant sector of the stock market.

2. Whenever practical, recent investments will be valued by reference to a material arm's length transaction or a quoted price.
3. Mature companies are valued by applying a multiple to their fully taxed prospective earnings to determine the enterprise value of the company.
   3.1 To obtain a valuation of the total ordinary share capital held by management and the institutional investors, the value of third party debt, institutional loan stock, debentures and preference share capital is deducted from the enterprise value. The effect of any performance related mechanisms is taken into account when determining the value of the ordinary share capital.
   3.2 Preference shares, debentures and loan stock are valued using the Price of Recent Investment Method. When a redemption premium has accrued, this will only be valued if there is a reasonable prospect of it being paid. Preference shares which carry a right to convert into ordinary share capital are valued at the higher of the Price of Recent Investment Method basis and the price/earnings basis, both described above.
4. Where there is evidence of impairment, a provision may be taken against the previous valuation of the investment.
5. In the absence of evidence of a deterioration, or strong defensible evidence of an increase in value, the fair value is determined to be that reported at the previous balance sheet date.
6. All unlisted investments are valued individually by Aberdeen Private Equity's Portfolio Management Team. The resultant valuations are subject to detailed scrutiny and approval by the Directors of the Company.
7. In accordance with normal market practice, investments listed on the Alternative Investment Market or a recognised stock exchange are valued at their bid market price.

(f) Gains and losses on investments

When the Company revalues its investments during the year, any gains or losses arising are credited/charged to the income statement.

	Year ended 31 December 2008			Year ended 31 December 2007		
2 Income	**Ordinary shares £'000**	**S Ordinary shares £'000**	**Total £'000**	**Ordinary Shares £'000**	**S Ordinary Shares £'000**	**Total £'000**
Income from investments:						
UK dividends	35	17	52	15	1	16
UK unfranked investment income	300	227	527	319	144	463
	335	**244**	**579**	**334**	**145**	**479**
Other income:						
Deposit interest	11	5	16	28	27	55
Total income	**346**	**249**	**595**	**362**	**172**	**534**
Total income comprises:						
Dividends	**35**	**17**	**52**	**41**	**1**	42
Interest	**311**	**232**	**543**	**321**	**171**	492
	346	**249**	**595**	**362**	**172**	**534**

	Year ended 31 December 2008								
	Ordinary Shares			S Ordinary Shares			Total		
	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
3 Investment management fees	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Investment management fees	17	71	88	13	54	67	30	125	155
Irrecoverable VAT	3	11	14	2	7	9	5	18	23
	20	**82**	**102**	**15**	**61**	**76**	**35**	**143**	**178**

		Year ended 31 December 2007								
		Ordinary Shares			S Ordinary Shares			Total		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
3	**Investment management fees (continued)**									
	Investment management fees	33	131	164	12	48	60	45	179	224
	Less: Fees already charged through Unit Trusts	(1)	(5)	(6)	–	–	–	(1)	(5)	(6)
	Net investment management fees charged	32	126	158	12	48	60	44	174	218
	Irrecoverable VAT	5	22	27	2	8	10	7	30	37
		37	**148**	**185**	**14**	**56**	**70**	**51**	**204**	**255**

Details of the fee basis are contained in the Director's Report on page 20.

With effect from 1 October 2008, VAT is no longer payable on investment management fees and HMRC has confirmed that VAT paid in the previous three years may be reclaimed by the Manager for repayment to the Company. At the balance sheet date, discussions are underway between the Company, the Manager and HMRC to confirm the amount which will be repaid to the Company. As the amount to be recovered has not yet been measured accurately, no asset has been recognised in the financial statements.

		Year ended 31 December 2008								
		Ordinary Shares			S Ordinary Shares			Total		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
4	**Other expenses**									
	Secretarial fees	49	–	49	29	–	29	78	–	78
	Directors' remuneration	40	–	40	26	–	26	66	–	66
	Fees to auditors - audit services	9	–	9	5	–	5	14	–	14
	Fees to auditors - tax services	4	–	4	2	–	2	6	–	6
	Miscellaneous expenses	49	–	49	23	–	23	72	–	72
		151	**–**	**151**	**85**	**–**	**85**	**236**	**–**	**236**

	Year ended 31 December 2007								
	Ordinary Shares			S Ordinary Shares			Total		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Secretarial fees	46	-	46	18	-	18	64	–	64
Directors' remuneration	46	-	46	17	-	17	63	–	63
Fees to auditors - audit services	7	-	7	4	-	4	11	–	11
Fees to auditors - tax services	2	-	2	1	-	1	3	–	3
Irrecoverable VAT	16	-	16	6	-	6	22	–	22
Miscellaneous expenses	38	-	38	18	-	18	56	–	56
	155	**-**	**155**	**64**	**-**	**64**	**219**	**–**	**219**

		Year ended 31 December 2008								
		Ordinary Shares			S Ordinary Shares			Total		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
5	**Tax on ordinary activities**									
	Corporation tax	(29)	17	(12)	(28)	13	(15)	(57)	30	(27)
	Charge for year	**(29)**	**17**	**(12)**	**(28)**	**13**	**(15)**	**(57)**	**30**	**(27)**

	Year ended 31 December 2007								
	Ordinary Shares			S Ordinary Shares			Total		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Corporation tax	(29)	29	–	(17)	17	–	(46)	46	–
Charge for year	(29)	29	–	**(17)**	**17**	**–**	**(46)**	**46**	**–**

The tax assessed for the period is lower than the standard rate of corporation tax (28 per cent 2007: 30 per cent). The differences are explained below:

	Year ended 31 December 2008			Year ended 31 December 2007		
	Ordinary Shares £'000	S Ordinary shares £'000	Total £'000	Ordinary Shares £'000	S Ordinary shares £'000	Total £'000
Return on ordinary activities before tax	93	88	181	170	94	264
Revenue return on ordinary activities multiplied by standard rate of corporation tax 28% (2007:30%)	26	25	51	51	28	79
Effect of UK income not subject to taxation	(10)	(5)	(15)	(5)	(1)	(6)
Smaller Companies relief	(4)	(5)	(9)	(17)	(10)	(27)
	12	**15**	**27**	**29**	**17**	**46**

6 Dividends

	Year ended 31 December 2008			Year ended 31 December 2007		
	Ordinary Shares £'000	S Ordinary shares £'000	Total £'000	Ordinary Shares £'000	S Ordinary shares £'000	Total £'000
Revenue dividends						
Final revenue dividend for the year ended 31 December 2007 of 1.5p (2006: 0.5p) paid on 20 May 2008	118	–	118	39	–	39
Final revenue dividend for the year ended 31 December 2007 of 1.25p (2006: Nil) paid on 20 May 2008	–	62	62	–	–	–
	118	**62**	**180**	**39**	**–**	**39**
Capital dividends						
Interim capital dividend for the year ended 31 December 2008 of 1.0p (2007: 2.0p) paid on 17 October 2008	78	50	128	157	–	157
2nd Interim capital dividend for the year ended 31 December 2007 of Nil (2006: 3.5p)	–	–	–	274	–	274
	78	**50**	**128**	**431**	**–**	**431**

We set out below the total revenue dividends paid and proposed in respect of the financial year, which is the basis on which the requirements of Section 842AA of the Income and Corporation Taxes Act 1988 are considered.

Revenue dividends						
Revenue available for distribution by way of dividends for the year	**146**	**121**	**267**	**141**	**77**	**218**
Final revenue dividend proposed for the year ended 31 December 2008 of 1.3p (2007: 1.50p) payable on 20 May 2009	**102**	**-**	**102**	**118**	**-**	**118**
Final revenue dividend proposed for the year ended 31 December 2008 of 1.8p (2007: 1.25p) payable 20 May 2009	**–**	**90**	**90**	**–**	**62**	**62**
	102	**90**	**192**	**118**	**62**	**180**

7 **Return per ordinary share**	**Year ended 31 December 2008**			**Year ended 31 December 2007**		
	Ordinary Shares £'000	**S Ordinary shares £'000**	**Total £'000**	**Ordinary Shares £'000**	**S Ordinary shares £'000**	**Total £'000**
The returns per share have been based on the following figures:						
Weighted average number of ordinary shares	7,835,163	4,972,459	12,807,622	7,835,163	4,343,413	12,178,576
Revenue return	£146,000	£121,000	£267,000	£141,000	£77,000	£218,000
Capital return	£(1,524,000)	£(90,000)	£(1,614,000)	£(239,000)	£30,000	£(209,000)
Total return	**£(1,378,000)**	**£31,000**	**£(1,347,000)**	**£(98,000)**	**£107,000**	**£9,000**

8 **Investments**	**Year ended 31 December 2008**											
	Ordinary Shares				**S Ordinary Shares**				**Total**			
	Listed £'000	**Unit Trusts £'000**	**Unlisted & AIM £'000**	**Total £'000**	**Listed £'000**	**Unit Trusts £'000**	**Unlisted & AIM £'000**	**Total £'000**	**Listed £'000**	**Unit Trusts £'000**	**Unlisted & AIM £'000**	**Total £'000**
Movements during the year:												
Valuation at 1 January 2008	597	–	7,117	7,714	2,992	–	1,502	4,494	3,589	–	8,619	12,208
Unrealised (gain)/loss	(9)	–	397	388	(19)	–	(43)	(62)	(28)	–	354	326
Cost at beginning of year	588	–	7,514	8,102	2,973	–	1,459	4,432	3,561	–	8,973	12,534
		–				–				–		
Purchases	–	–	1,516	1,516	1,396	–	1,313	2,709	1,396	–	2,829	4,225
Sales proceeds	(201)	–	(1,381)	(1,582)	(2,202)	–	(379)	(2,581)	(2,403)	–	(1,760)	(4,163)
Realised gains	2	–	225	227	2	–	116	118	4	–	341	345
Amortisation of book cost	10	–	1	11	(1)	–	–	(1)	9	–	1	10
Cost at 31 December 2008	399	–	7,875	8,274	2,168	–	2,509	4,677	2,567	–	10,384	12,951
Unrealised gain/(loss)	3	–	(2,077)	(2,074)	42	–	(140)	(98)	45	–	(2,217)	(2,172)
Valuation at 31 December 2008	**402**	–	**5,798**	**6,200**	**2,210**	–	**2,369**	**4,579**	**2,612**	–	**8,167**	**10,779**

8 Investments	Listed £'000	Unit Trusts £'000	Unlisted & AIM £'000	Total £'000	Listed £'000	Unit Trusts £'000	Unlisted & AIM £'000	Total £'000	Listed £'000	Unit Trusts £'000	Unlisted & AIM £'000	Total £'000
	Year ended 31 December 2007											
	Ordinary Shares				S Ordinary Shares				Total			
Movements during the year:												
Valuation at 1 January 2007	2,983	1,040	4,086	8,109	–	–	–	–	2,983	1,040	4,086	8,109
Unrealised loss/(gain)	2	(34)	(94)	(126)	–	–	–	–	2	(34)	(94)	(126)
Cost at beginning of year	2,985	1,006	3,992	7,983	–	–	–	–	2,985	1,006	3,992	7,983
Purchases	1,980	–	4,563	6,543	2,952	–	1,507	4,459	4,932	–	6,070	11,002
Sales proceeds	(4,379)	(1,024)	(1,415)	(6,818)	–	–	(55)	(55)	(4,379)	(1,024)	(1,470)	(6,873)
Realised gains	2	18	374	394	–	–	7	7	2	18	381	401
Amortisation of book cost	–	–	–	–	21	–	–	21	21	–	–	21
Cost at 31 December 2007	588	–	7,514	8,102	2,973	–	1,459	4,432	3,561	–	8,973	12,534
Unrealised gain/(loss)	9	–	(397)	(388)	19	–	43	62	28	–	(354)	(326)
Valuation at 31 December 2007	**597**	**–**	**7,117**	**7,714**	**2,992**	**–**	**1,502**	**4,494**	**3,589**	**–**	**8,619**	**12,208**

	Year ended 31 December 2008			Year ended 31 December 2007		
	Ordinary Shares £'000	S Ordinary shares £'000	Total £'000	Ordinary Shares £'000	S Ordinary shares £'000	Total £'000
The portfolio valuation						
Held at market valuation:						
Listed Fixed Income	402	2,210	2,612	597	2,992	3,589
AIM quoted equities	1,233	512	1,745	3,083	450	3,533
	1,635	2,722	4,357	3,680	3,442	7,122
Unlisted at Directors' valuation:						
Unquoted equities	1,103	325	1,428	1,061	236	1,297
Unquoted fixed income	3,462	1,532	4,994	2,973	816	3,789
	4,565	1,857	6,422	4,034	1,052	5,086
Total	**6,200**	**4,579**	**10,779**	**7,714**	**4,494**	**12,208**
Realised gains on historical basis	227	118	345	394	7	401
Net movement in unrealised (depreciation)/appreciation	(1,686)	(160)	(1,846)	(514)	62	(452)
	(1,459)	**(42)**	**(1,501)**	**(120)**	**69**	**(51)**

9 Participating and significant interests

The principal activity of the Company is to select and hold a portfolio of investments in unlisted and AIM securities. Although the Company will, in some cases, be represented on the board of the investee company, it will not take a controlling interest or become involved in its management. The size and structure of the companies with unlisted and AIM securities may result in certain holdings in the portfolio representing a participating interest without there being any partnership, joint venture or management consortium agreement.

At 31 December 2008, the Company held no shares amounting to 20% or more of the equity capital of any of the unlisted or AIM undertakings. The Company does hold shares or units amounting to more than 3% or more of the nominal value of the allotted shares or units of any class in certain investee companies.

Details of equity percentages held are shown in the Investment Portfolio Summary on page12 and 13.

	31 December 2008			31 December 2007		
10 Debtors	Ordinary shares £'000	S Ordinary shares £'000	Total £'000	Ordinary Shares £'000	S Ordinary shares £'000	Total £'000
Prepayments and accrued income	208	109	317	152	72	224
Other debtors	8	6	14	–	–	–
	216	**115**	**331**	**152**	**72**	**224**

	31 December 2008			31 December 2007		
11 Creditors	Ordinary shares £'000	S Ordinary shares £'000	Total £'000	Ordinary Shares £'000	S Ordinary shares £'000	Total £'000
Accruals	33	19	52	89	42	131
Corporation Tax	12	15	27	–	–	–
	45	**34**	**79**	**89**	**42**	**131**

	31 December 2008				31 December 2007			
	Ordinary shares		S Ordinary shares		Ordinary shares		S Ordinary shares	
12 Share capital	Number	£'000	Number	£'000	Number	£'000	Number	£'000
At 31 December the authorised share capital comprised:								
allotted, issued and fully paid:								
Ordinary shares of 10p each	7,835,163	784	4,972,459	497	7,835,163	784	–	–
Balance brought forward	7,835,163	784	4,972,459	497	7,835,163	784	–	–
Issued during the period	–	–	–	–	–	–	4,972,459	497
Unissued:								
S Ordinary shares of 10p each	–	–	25,027,541	2,503	–	–	25,027,541	2,503
Unissued:								
unclassified shares of 10p each	52,164,837	5,216	–	–	52,164,837	5,216	–	–
	60,000,000	**6,000**	**30,000,000**	**3,000**	**60,000,000**	**6,000**	**30,000,000**	**3,000**

13 Reserves	Share premium account £'000	Distributable reserve £'000	Capital reserve realised £000	Capital reserve unrealised £'000	Revenue reserve £'000
Ordinary Shares					
At 1 January 2008	–	6,660	965	(388)	200
Gains on sales of investments	–	–	227	–	–
Decrease in unrealised appreciation	–	–	–	(1,686)	–
Investment management fees	–	–	(82)	–	–
Dividends paid	–	–	(78)	–	(118)
Tax effect of capital items	–	–	17	–	–
Retained net revenue for period	–	–	–	–	146
At 31 December 2008	**–**	**6,660**	**1,049**	**(2,074)**	**228**
S Ordinary Shares					
At 1 January 2008	4,227	–	(32)	62	77
Gains on sales of investments	–	–	118	–	–
Decrease in unrealised appreciation	–	–	–	(160)	–
Investment management fees	–	–	(61)	–	–
Dividends paid	–	–	(50)	–	(62)
Tax effect of capital items	–	–	13	–	–
Retained net revenue for period	–	–	–	–	121
At 31 December 2008	**4,227**	**–**	**(12)**	**(98)**	**136**

14 Net asset value per ordinary share

The net asset value per share and the net asset value attributable to the ordinary shares at the period end calculated in accordance with the Articles of Association were as follows:

	31 December 2008				31 December 2007			
	Ordinary shares		S Ordinary shares		Ordinary shares		S Ordinary Shares	
	Net asset value per share p	Net asset value attributable £'000	Net asset value per share p	Net asset value attributable £'000	Net asset value per share p	Net asset value attributable £'000	Net asset value per share p	Net asset value attributable £'000
Ordinary shares	**84.8**	**6,647**	**95.5**	**4,750**	**104.9**	**8,221**	**97.2**	**4,831**

The number of issued shares used in the above calculation is set out in note 12.

15 Reconciliation of revenue return before finance costs and taxation to net cash inflow from operating activities	Year ended 31 December 2008 Ordinary Shares £'000	Year ended 31 December 2008 S Ordinary shares £'000	Year ended 31 December 2007 Ordinary Shares £'000	Year ended 31 December 2007 S Ordinary shares £'000
Net (loss)/return before taxation	(1,366)	46	(98)	107
Losses/(gains) on investments	1,459	42	120	(69)
Increase in accrued income	(56)	(37)	(29)	(70)
Decrease/(increase) in prepayments	–	–	4	(2)
(Decrease) in amounts due from manager	(8)	(6)	–	–
(Decrease)/increase in accruals	(56)	(23)	3	42
Amortisation of fixed income investment book cost	(11)	1	–	(21)
Net cash (outflow)/inflow from operating activities	**(38)**	**23**	**–**	**(13)**

16 Analysis of changes in net funds

	Ordinary Shares			S Ordinary Shares		
	At 1 January 2008 £'000	Cash flows £'000	At 31 December 2008 £'000	At 1 January 2008 £'000	Cash flows £'000	At 31 December 2008 £'000
Cash and overnight deposits	**444**	**(168)**	**276**	**307**	**(217)**	**90**

	Ordinary Shares			S Ordinary Shares		
	At 1 January 2007 £'000	Cash flows £'000	At 31 December 2007 £'000	At 1 January 2007	Cash flows	At 31 December 2007
Cash and overnight deposits	**503**	**(59)**	**444**	**–**	**307**	**307**

17 Capital commitments

	At 31 December 2008		At 31 December 2007	
	Ordinary Shares £'000	S Ordinary shares £'000	Ordinary Shares £'000	S Ordinary Shares £'000
Contingencies, guarantees and finanical commitments	249	132	249	132

These committments represent potential further investment in unlisted securities.

18 Derivatives and other financial instruments

The Company's financial instruments comprise securities and other investments, financial investments and guarantees cash balances and debtors and creditors that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement, and debtors for accrued income. The Company may not enter into derivative transactions in the form of forward foreign currency contracts, futures and options without the written permission of the Directors. No derivative transactions were entered into during the period.

The main risks the Company faces from its financial instruments are (i) market price risk, being the risk that the value of investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rates, (ii) interest rate risk, (iii) liquidity risk, and (iv) credit risk. In line with the Company's investment objective, the portfolio comprises only sterling currency securities and therefore has no direct exposure to foreign currency risk.

The Manager's policies for managing these risks are summarised below and have been applied throughout the period. The numerical disclosures below exclude short-term debtors and creditors, which are included in the balance sheet at fair value.

Market price risk

The Company's investment portfolio is exposed to market price fluctuations, which are monitored by the manager in pursuance of the investment objective as set out on page 18. Adherence to investment guidelines and to investment and borrowing policies set out in the management agreement mitigates the risk of excessive exposure to any particular type of security or issuer. These powers and guidelines include the requirement to invest in a minimum of 30 companies across a range of industrial and service sectors at varying stages of development, to closely monitor the progress of these companies and to appoint a non executive director to the board of each company. Further information on the investment portfolio (including sector concentration and deal type analysis) is set out in the Analysis of Unlisted and AIM Portfolio, Investment Manager's Review, Summary of Investment Changes, Investment Portfolio Summary and Largest Unlisted and AIM Investments on pages 5 to 15.

Interest rate risk

The interest rate risk profile of financial assets at the balance sheet date was as follows:

Ordinary Shares **At 31 December 2008**	**Fixed Interest** **£'000**	**Floating rate** **£'000**	**Non interest bearing** **£'000**
Sterling			
Listed Fixed Income	402	–	–
Unlisted and AIM	3,462	–	2,336
Cash	–	276	–
	3,864	**276**	**2,336**

Ordinary Shares **At 31 December 2007**	**Fixed Interest** **£'000**	**Floating rate** **£'000**	**Non interest bearing** **£'000**
Sterling			
Listed Fixed Income	597	–	–
Unlisted and AIM	2,973	–	4,144
Cash	–	444	–
	3,570	**444**	**4,144**

The listed fixed interest assets have a weighted average life of 0.2 years (2007: 1.2 years) and weighted average interest rate of 5.7% (2007: 5.7%).

The unlisted fixed interest assets have a weighted average life of 4.2 years (2007: 4.6 years) and weighted average interest rate of 9.75% (2007: 10.1%). The non-interest bearing assets represents the equity and unit trust element of the portfolio. All assets and liabilities of the fund are included in the balance sheet at fair value.

It is the Directors' opinion that the carrying amounts of these financial assets represent the maximum credit risk exposure at the balance sheet date.

The interest rate which determines the interest received on cash balances is the bank base rate.

S Ordinary Shares **At 31 December 2008**	**Fixed Interest** **£'000**	**Floating rate** **£'000**	**Non interest bearing** **£'000**
Sterling			
Listed Fixed Income	2,210	–	–
Unlisted and AIM	1,532	–	837
Cash	–	90	–
	3,742	**90**	**837**

S Ordinary Shares **At 31 December 2007**	**Fixed Interest** **£'000**	**Floating rate** **£'000**	**Non interest bearing** **£'000**
Sterling			
Listed Fixed Income	2,992	–	–
Unlisted and AIM	816	–	686
Cash	–	307	–
	3,808	**307**	**686**

The listed fixed interest assets have a weighted average life of 0.6 years (2007: 0.7 years) and weighted average interest rate of 5.7% (2007: 5.6%).

The unlisted fixed interest assets have a weighted average life of 4.8 years (2007: 4.9 years) and weighted average interest rate of 9.9% (2007: 9.7%). The non-interest bearing assets represents the equity and unit trust element of the portfolio. All assets and liabilities of the fund are included in the balance sheet at fair value.

It is the Directors' opinion that the carrying amounts of these financial assets represent the maximum credit risk exposure at the balance sheet date.

The interest rate which determines the interest received on cash balances is the bank base rate.

18 Derivatives and other financial instruments (continued)

Liquidity risk

Due to their nature, unlisted investments may not be readily realisable and therefore a portfolio of listed assets and cash is held to offset this liquidity risk.

Credit risk and interest rate risk are minimised by acquiring high quality government treasury stocks or other bonds which have a relatively short time to maturity. See Investment Portfolio Summary on page 13.

The company, generally, does not hold significant cash balances and any cash held is with reputable banks with high quality external credit ratings.

Credit risk

This is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company.

The Company's financial assets exposed to credit risk amounted to the following :

	31 December 2008			31 December 2007		
	Ordinary shares £'000	S Ordinary shares £'000	Total £'000	Ordinary Shares £'000	S Ordinary shares £'000	Total £'000
Investments in listed fixed interest instruments	402	2,210	2,612	597	2,992	3,589
Investments in unlisted debt securities	3,462	1,532	4,994	2,973	816	3,789
Cash and cash equivalents	276	90	366	444	307	751
	4,140	**3,832**	**7,972**	**4,014**	**4,115**	**8,129**

Credit risk arising on listed fixed interest instruments is mitigated by investing in UK Government Stock.

All fixed interest assets which are traded on a recognised exchange and all the Company's cash balances are held by JP Morgan Chase (JPM), the Company's custodian. Should the credit quality or the financial position of JPM deteriorate significantly the Manager will move these assets to another financial institution.

The manager evaluates credit risk on unlisted debt securities and finanical committments and guarantees prior to investment, and as part of the ongoing monitoring of investments. In doing this, it takes into account the extent and quality of any security held. Typically, unlisted debt securities have a fixed charge over the assets of the investee company in order to mitigate the gross credit risk. The manager receives management accounts from investee companies, and members of the investment management team sit on the boards of investee companies; this facilitates the close identification, monitoring and management of investment specific credit risk.

There were no significant concentrations of credit risk to counterparties at 31 December 2008 or 31 December 2007.

Price risk sensitivity

The following details the Company's sensitivity to a 10% increase or decrease in the market prices of listed or AIM/PLUS quoted securities, with 10% being the Manager's assessment of a reasonable possible change in market prices.

At 31 December 2008, if market prices of AIM/PLUS quoted securities had been 10% higher or lower and with all other variables held constant, the increase or decrease in net assets attributable to Ordinary Shareholders for the year would have been £164,000 (2007: £368,000) due to the change on valuation of financial assets at fair value through profit or loss.

At 31 December 2008, if market prices of listed or AIM/PLUS quoted securities had been 10% higher or lower and with all other variables held constant, the increase or decrease in net assets attributable to S Ordinary Shareholders for the year would have been £272,000 (2007: £344,000) due to the change on valuation of financial assets at fair value through profit or loss.

Notice of Meeting

This document is important and requires your immediate attention. If you are in any doubt as to what action you should take, you are recommended to seek your own financial advice from your stockbroker or other independent adviser authorised under the Financial Services and Markets Act 2000. If you have sold or transferred all of your shares in Aberdeen Growth Opportunities VCT 2 PLC, please forward this document, together with the accompanying documents, as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Notice is hereby given that the fifth Annual General Meeting of Aberdeen Growth Opportunities VCT 2 PLC will be held on Thursday 14 May 2009 at 10.30 a.m. at One Bow Churchyard, London EC4M 9HH to transact the following business:

Ordinary Business

To consider and, if thought fit, pass the following as Ordinary Resolutions:

1. To receive the Directors' Report and audited financial statements for the year ended 31 December 2008
2. To approve the Directors' Remuneration Report
3. To approve the payment of a final dividend of 1.3p to Ordinary Shareholders and a final dividend of 1.8p to S Ordinary Shareholders
4. To re-elect Mr I D Cormack as a Director.
5. To re-elect Mr M Graham-Wood as a Director.
6. To elect Mr W R Nixon as a Director.
7. To re-appoint Deloitte LLP as Auditors.
8. To authorise the Directors to fix the remuneration of the Auditors.

Special Business

9. To consider and, if thought fit, pass the following Resolution as an Ordinary Resolution:

   THAT the Directors be and are hereby generally and unconditionally authorised pursuant to Section 80 of the Companies Act 1985 to exercise all the powers of the Company to allot relevant securities (as defined in that section) up to an aggregate nominal amount of £78,351 (representing 10% of the total Ordinary share capital in issue on 31 March 2009) and £49,724 (representing 10% of the S Ordinary share capital in issue on 31 March 2009) during the period expiring (unless previously revoked, varied, or extended by the Company in general meeting) on the date of the next Annual General Meeting or on the expiry of fifteen months from the passing of this Resolution, whichever is the first to occur, save that the Company may make offers or agreements before such expiry which would or might require relevant securities to be allotted after such expiry.

10. To consider and, if thought fit, pass the following Resolutions as Special Resolutions:

    THAT, subject to passing of Resolution numbered 9 set out above, the Directors be and are hereby empowered, pursuant to Section 95 of the Companies Act 1985 ("the Act"), to allot equity securities (as defined in Section 94 of the Act) pursuant to the authority given in accordance with Section 80 of the Act by the said Resolution numbered 9 as if Section 89(1) of the Act did not apply to such allotment, provided that this power shall be limited to allotments:

    (a) during the period expiring on the earlier of the date of the next Annual General Meeting of the Company or on the expiry of fifteen months from the passing of this Resolution, whichever is the first to occur, but so that this power shall enable the Company to make offers or agreements which would or might require equity securities to be allotted after the expiry of this power; and

    (b) of Ordinary shares up to an aggregate nominal amount of £78,351 and S Ordinary shares up to an aggregate nomimal amount of £49,724.

11. THAT the Company be and is hereby generally and, subject as here and after appears, unconditionally authorised in accordance with Section 166 of the Companies Act 1985 ("the Act") to make market purchases (within the meaning of Section 163(3) of the Act) of Ordinary shares of 10p each in the capital of the Company:

provided always that:

(a) the maximum number of shares hereby authorised to be purchased is 783,516 Ordinary representing 10% of the Company's issued Ordinary share capital as at 31 March 2009; and 497,245 representing 10% of the issued S Ordinary share capital at that date;

(b) the minimum price which may be paid for a share shall be 10p per share;

(c) the maximum price (exclusive of expenses) which may be paid for share shall be not more than the lower of (i) Net Asset Value per share and (ii) 105 per cent of the average of the middle market quotations for shares taken from, and calculated by reference to, the Daily Official List of the London Stock Exchange for the five business days immediately preceding the date on which the share is purchased; and

(d) unless previously renewed, varied or revoked, the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, on the expiry of fifteen months from the passing of this Resolution, save that the Company may before such expiry enter into a contract to purchase shares which will or may be completed wholly or partly after such expiry.

149 St Vincent Street
Glasgow G2 5NW
3 April 2009

By order of the Board
ABERDEEN ASSET MANAGEMENT PLC
Secretaries

Notes:

1. As a member you are entitled to appoint a proxy or proxies to exercise your rights to attend, speak and vote at the Meeting. A proxy need not be a member of the Company. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise the rights attached to any one share. A form of proxy is enclosed.

2. To be valid, any proxy form or other instrument of proxy and any power of attorney or other authority, if any, under which they are signed or a notarially certified copy of that power of attorney or authority should be sent to Capita Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to arrive not less than forty eight hours before the time fixed for the Meeting.

3. The return of a completed proxy form or other instrument of proxy will not prevent your attending the Meeting and voting in person if you wish to do so.

4. In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, to have the right to attend and vote a the Meeting, a member must first have his or her name entered in the Company's register of members by not later than forty eight hours before the time fixed for the Meeting (or, in the event that the Meeting is adjourned, forty eight hours before the time of the adjourned Meeting). Changes to entries on that register after that time shall be disregarded in determining the rights of any member to attend and vote at the Meeting.

5. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a Nominated Person) may, under an agreement between them and the member by whom they were nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, they may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights. The statement of the rights of members in relation to the appointment of proxies in paragraphs 1 and 2 above does not apply to Nominated Persons. The rights described in these paragraphs can be exercised only by members of the Company.

6. As at 11.00 a.m. on 3 April 2009, the Company's issued share capital comprised 7,835,163 Ordinary shares of 10p each and 4,972,459 S Ordinary shares of 10p each. Each ordinary share carries the right to a vote a general meeting of the Company and therefore the total number of voting rights n the Company is 12,807,622.

7. Except as provided above, members who have general queries about the Meeting should write to the Company Secretary or the Registrar at the appropriate address, as shown under Corporate Information at the end of the annual report. You may not use any electronic address provided whether in this notice of meeting or in any related documents, including the annual report and proxy form, to communicate with the Company for any purpose other than those expressly stated.

8. No Director has a service contract with the Company but copies of Directors' letters of appointment will be available for inspection for at least 15 minutes prior to the Meeting and during the Meeting.

The biographies of the Directors are detailed on pages 16 and 17. The Directors' Remuneration Report, referred to in Resolution 2, is on pages 26 and 27. Details of resolutions 3 to 10 are shown in the Directors' Report as follows:

Resolution 3	page 18	results and dividends
Resolutions 4 to 6	page 19	directors
Resolutions 7 and 8	page 25	auditors
Resolutions 9 and 10	page 20 to 21	issue of new shares
Resolution 11	page 21	purchase of shares

Registered in Scotland – Company number SC272568

Corporate Summary

Company profile

Aberdeen Growth Opportunities VCT 2 is a venture capital trust and a constituent of the FTSE All-Share Index. It was incorporated on 26 August 2004, and has two classes of share, Ordinary 10p and S Ordinary 10p.

Investment objective

The Company aims to achieve long term capital appreciation and generate maintainable levels of income for shareholders.

Benchmark

There is no meaningful venture capital trust index against which to compare the performance of the Company. The Manager therefore uses peer group comparisons for reporting to the Board.

Capital structure

The Company's issued share capital, as at 31 December 2006, consisted of 7,835,163 Ordinary shares of 10p each and 4,972,459 S Ordinary shares of 10p each.

Net assets and Net Asset Value per share

At 31 December 2008, the Company had net assets of £11,397,000, a net asset value per Ordinary share of 84.8p and a net asset value per S Ordinary share of 95.5p.

Continuation date

The Articles of Association require the Directors to put a proposal for the continuation of the Company, in its then form, to shareholders at the Company's AGM in 2014, and thereafter at five yearly intervals. For such a resolution not to be passed, shareholders holding at least 25% of the shares then in issue must vote against the resolution.

Risk

Many of the stocks in which the Company invests are exposed to the risk of political change, exchange controls, tax or other regulations, which may affect their value and marketability. Investments in smaller unquoted companies carry substantially higher risk than investments in larger companies or in companies listed on the Official List. The levels and bases of tax reliefs may change. As the volume of shares traded on the market is likely to be small, the shares may trade at a significant discount to net asset value.

Management agreement

The Company has agreements with Aberdeen Asset Managers Limited and Aberdeen Asset Management PLC for the provision of management and secretarial services respectively. Please refer to page 20 for details of the management and secretarial fees payable.

Share Classes

There are two classes of share, Ordinary and S Ordinary. Each class of share owns a separate pool of assets, but expenses are shared. Each class of share is entitled to receive dividends, returns of capital or proceeds of winding up arising from its own portfolio, and they both carry the same rights to attend and vote at general meetings of the Company.

Corporate Information

Directors
I D Cormack (Chairman)
M Graham-Wood
A Lapping
W R Nixon
S Scott

Manager
Aberdeen Asset Managers Limited
Customer Services Department 0845 300 2830
(open Monday to Friday, 9 am to 5 pm)
email: vcts@aberdeen-asset.com

Secretary
Aberdeen Asset Management PLC
Sutherland House
149 St Vincent Street
Glasgow G2 5NW

Points of Contact
The Chairman and/or the Company Secretary at:
Sutherland House
149 St Vincent Street
Glasgow G2 5NW

Registered Office
Sutherland House
149 St Vincent Street
Glasgow G2 5NW
Registered in Scotland
Company Number SC272568

Registrars
Capita Registrars
Northern House
Woodsome Park
Fenay Bridge
Huddersfield
West Yorkshire HD8 0LA

Shareholder Helpline 0871 664 0300
Calls cost 10p per minute plus network extras.

Bankers
JP Morgan Chase Bank

Auditors
Deloitte LLP

Website
www.agovct2.co.uk

Aberdeen Asset Managers Limited
10 Queen's Terrace
Aberdeen AB10 1YG
Tel 01224 631999 Fax 01224 647010

149 St. Vincent Street, Glasgow G2 5NW
Tel 0141 306 7400 Fax 0141 306 7401

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