Amati VCT 2 plc

(previously known as ViCTory VCT PLC)

ANNUAL REPORT & FINANCIAL STATEMENTS

For the year ended 31 January 2012

Amati
Global Investors

Finely crafted investments

CONTENTS

Highlights

- Completion of merger with the former Invesco Perpetual AiM VCT plc (which had been renamed Amati VCT 2 plc in March 2011 "AVCT2").
- Offer for subscription to raise up to £30 million launched and open until September 2012, with over £6m of subscriptions received to date.
- Enhanced share buy back and reinvestment facility made available to shareholders.
- NAV total return for the year was -1.8% which compares to -18.5% for the FTSE AIM All-Share Total Return Index.
- Established new dividend policy paying dividends totalling between 5-6% of year end net asset value per share.
- Proposed final dividend of 3.13p per share bringing the total paid during the year to 5.50p per share.

Fund performance

The Total NAV return for the year to 31 January 2012 was -1.8%, which compares to -18.5% for the FTSE AIM All-Share Total Return Index. Since the change of Manager on 25 March 2010 the total NAV return has been 9.0%, during which time the FTSE AIM All-Share Total Return Index has risen by 8.5%.

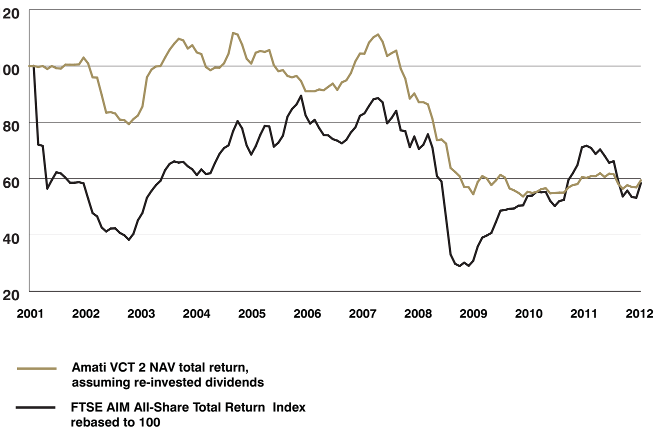
Key data

	31/01/12	31/01/11
Total Net Asset Value ("NAV")	£28.7m	£20.7m
Shares in issue	27,643,668	43,557,324
NAV per share	103.8p	47.5p
Share price	102.0p	40.5p
Market capitalisation	£28.2m	£17.6m
Share price discount to NAV	1.7%	14.7%
Total return for the year (assuming re-invested dividends)	-1.8%	12.9%
FTSE AIM All-Share Total Return Index	-18.5%	42.2%
Total expense ratio*	2.8%	2.9%
Dividends declared during the year	4.1p	2.0p
Dividends adjusted for the share consolidation**	5.5p	4.7p

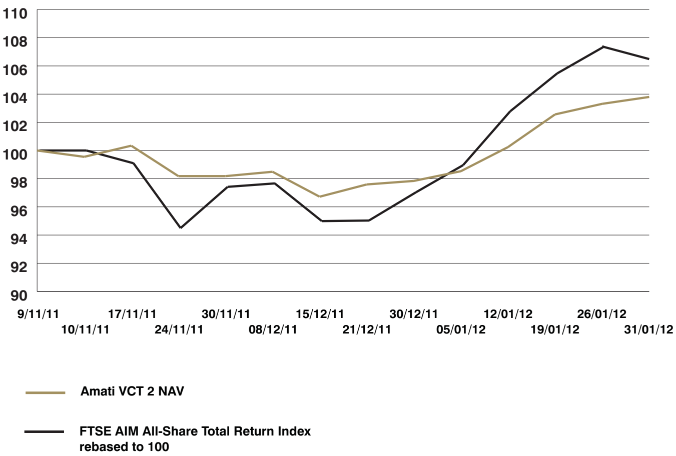
* *Total expense ratio for the year ended 31 January 2012 is based on average monthly net assets and excludes costs relating to merger (31 January 2011: based on net assets at year end only).*

** *A share consolidation took place on 9 November 2011 when the net asset value per share was rebased to approximately 100p.*

Amati VCT 2 NAV total return assuming re-invested dividends and FTSE AIM All-Share Total Return Index:



Amati VCT 2 NAV and FTSE AIM All-Share Total Return Index from 9 November 2011* to 31 January 2012:



* *date of share reconstruction following the merger.*

Dividends declared since launch

Year ended 31 January	Total dividends declared per share p	Total dividends declared per consolidated share* p	Ordinary share Cumulative dividends declared per consolidated share* p
2002	1.70	4.03	4.03
2003	0.80	1.90	5.93
2004	0.25	0.59	6.52
2005	0.50	1.18	7.70
2006	0.00	0.00	7.70
2007	2.00	4.74	12.44
2008	4.00	9.48	21.92
2009	0.50	1.18	23.10
2010	0.00	0.00	23.10
2011	2.00	4.74	27.84
2012	4.13	5.50	33.34

* *following the share reconstruction when the net asset value was rebased to approximately 100p per share.*

Corporate objective

The objective of Amati VCT 2 plc (the "Company") is to provide shareholders with an attractive and competitive investment return from a portfolio of companies whose shares are primarily traded on the Alternative Investment Market ("AIM"). The Manager's continuing objective is to manage the current portfolio so as to maximise returns for investors for the qualifying period and beyond.

Table of investor returns to 31 January 2012

	Date	NAV total return with dividends re-invested	FTSE AIM All-Share total return index
Re-launch as Amati VCT 2 following merger	8 November 2011*	3.86%	4.26%
ViCTory VCT change of Manager	25 March 2010	8.96%	8.45%

**date of the share capital reconstruction when the NAV was re-based to approximately 100p per share*

Table of Historic Returns to 31 January 2012 attributable to shares issued by the original VCTs which have gone into making up Amati VCT 2

	Launch date	NAV total return with dividends re-invested	NAV total return with dividends not re-invested	FTSE AIM All-Share total return index
Singer & Friedlander AIM 3 VCT ('C' shares)	4 April 2005	(39.72%)	(36.37%)	(24.69%)
Invesco Perpetual AiM VCT plc	30 July 2004	(46.66%)	(39.83%)	(5.25%)
Singer & Friedlander AIM 3 VCT	29 January 2001	(45.04%)	(40.60%)	(41.58%)
Singer & Friedlander AIM VCT	28 September 1998	(71.24%)	(42.39%)	0.21%
Singer & Friedlander AIM 2 VCT	29 February 2000	(57.88%)	(53.15%)	(69.06%)

**date of the share capital reconstruction when the NAV was re-based to approximately 100p per share*

Overview

This is my first statement as Chairman of the Company and I would like to thank all shareholders for their support during a period of transition in the financial year to 31 January 2012. The most significant event was the acquisition of the assets and liabilities of the former Invesco Perpetual AiM VCT plc (which had been renamed Amati VCT 2 plc in March 2011 and which is referred to in this report as "AVCT2"), through a scheme of reconstruction (the "Merger"). Following the completion of the Merger, the enlarged ViCTory VCT plc was renamed Amati VCT 2 plc and the former Amati VCT 2 plc was renamed Victory VCT plc and placed into members voluntary liquidation. The Merger resulted in a re-shaped Board, which I am delighted to have joined as Chairman, alongside Christopher Macdonald from the former Invesco Perpetual AiM VCT board and long standing directors Mike Killingley and Christopher Moorsom. I would like to thank Jamie Hambro and David Page, who resigned as directors of the Company following the Merger, and Jim MacLeod and Richard Martin, my colleagues on the board of the former Invesco Perpetual AiM VCT, for their significant contributions whilst directors of the respective VCTs and during the Merger process. Biographies of all current directors are shown on page 20.

At the same time as completing the Merger, the Company launched an offer for subscription (the "Offer"). The Offer also allows existing shareholders in the Company to subscribe to the Enhanced Share Buy Back and Reinvestment Facility ("ESBB"). As at the date of this report £5.7m has been raised under the Offer and 1,036 shareholders have taken part in the ESBB. The Board has been very pleased with the take up by shareholders of new subscriptions made via the ESBB. This has served to underpin the future of the Company by renewing the long-term nature of its shareholder base.

The Merger and Offer effectively marked a re-launch of the Company, and subsequently the share capital of the Company was reconstructed in order to re-base the Net Asset Value to approximately 100p per share to make it easier for shareholders to monitor the progress of the Company from that point on. Further details in respect of the Merger and share capital reconstruction are presented in the Directors' Report and Business Review on page 23.

Investment Performance and Dividend

As the Merger did not complete until November 2011, it may be helpful for this financial year only, to distinguish between the full year investment performance for long-standing shareholders in the Company and those new shareholders, who were previously shareholders of Invesco Perpetual AiM VCT (who were shareholders in the Company only for the three months following the Merger).

The UK stock market has been through a volatile period, but the Company's performance has been pleasingly steady by comparison. This reflects an improved range and quality of companies in the portfolio. During the year ended 31 January 2012 the net asset value total return of the Company was -1.8%, which compares to a movement in the FTSE AIM All-Share Total Return Index of -18.5%. This shows a creditable resilience in the portfolio. The outperformance relative to the FTSE AIM All-Share Total Return Index reflects, at least in part, the fact that this index is heavily weighted towards natural resource companies, which are volatile, and performed poorly during this period. An interim dividend of 1p per share was paid on 18 October 2011 which, following the share capital reconstruction, equates to 2.37p per consolidated share. This followed a 2p (4.74p per consolidated share) final dividend paid on 26 July 2011 in respect of the year ending 31 January 2011. Performance over the same period for shareholders who previously held shares in Invesco Perpetual AiM VCT was -1.6% (encompassing 9 months as shareholders of the former Invesco Perpetual AiM VCT and 3 months as shareholders in the Company).

The dividend policy of the Company is to pay interim and final dividends totalling between five and six percent of year-end net asset value, subject to the availability of sufficient distributable reserves. Accordingly the Board is proposing a final dividend of 3.13p per share, giving a total of 5.5p per consolidated share for the year. If this is approved by shareholders, then the dividend will be paid on 17 July 2012 to shareholders on the register on 22 June 2012.

The Company's portfolio manager, Amati Global Investors, has written a detailed report on the performance of the portfolio during the year and the outlook for the coming year, which I commend to your attention.

Other Corporate Developments

In addition to the Merger, the Offer and the share capital reconstruction, the Company's proposed changes to its investment policy to allow the Manager to use exchange traded derivatives in order to reduce the market risk inherent in the Company's investment portfolio were approved by shareholders. The details of the new investment mandate are included on page 22. No such exchange traded derivatives were used during the year.

Also, on 11 January 2012 a reconstruction of the Company's share capital was approved by the High Court, allowing the company to increase its distributable reserves by £18.9m. This will serve to underpin the Company's ability to pay dividends and support share buybacks in the future, to which end the Directors were granted further authority at the General Meeting on 31 January 2012 to purchase up to 14.9% of the Company's issued shares between that date and the conclusion of the Company's next annual general meeting.

Outlook

After a busy period of re-organisation, and with the steps taken by the Manager to improve the quality of the portfolio now showing encouraging results, your Board believes that the Company is well placed to make progress in what are expected to be difficult market conditions over the next few years.

Annual General Meeting

The AGM will be held at 11.30am on 14 June 2012 at the offices of Howard Kennedy, 19 Cavendish Square, London W1A 2AW. I do hope that as many of you as possible will be able to attend.

The Board is also determined to ensure that you are given every opportunity to be fully informed about the Company's progress. Amati maintains an informative website for the Company – www.amatiglobal.com - on which monthly investment updates, performance information, and all relevant documentation can be found; also, please do not hesitate to contact the company secretary on 0131 243 7210 if you have any queries or use the dedicated email enquiry service which is available through vct-enquiries@amatiglobal.com. Please note that from 4 June 2012 the Manager's new address will be 18 Charlotte Square, Edinburgh EH2 4DF.

Thank you for your continued support.

Julian Avery
Chairman

3 May 2012

Market review

The period ending 31 January 2012 was a turbulent year, with an unusual confluence of large macro events causing reverberations in stock markets. The equity markets were dominated by these exceptional occurrences. Our approach to investing, which concentrates on the bottom-up analysis of stocks, had to be reconciled more than ever with the broader global picture, which was precarious for much of the year. This presented an awkward dilemma; on the one hand we were encouraged by corporate profits, on the other, we were increasingly dismayed by the macro outlook. Our conclusion was to position the portfolio more defensively and concentrate on stocks with strong balance sheets that we felt could grow earnings regardless of the economic environment. Such stocks can be found, especially in the under-researched field of smaller company equities.

The period began against a backdrop of unrest in the Middle East and fears over the fiscal strength of the peripheral Eurozone economies. The tragic earthquake in Japan in March 2011 disrupted some supply chains, which had a knock on effect for certain industrial sectors and precipitated a sharp fall in the markets. However, despite these events and deteriorating government solvency in Greece, markets recovered and traded in a healthy range before a steep correction in August. Equities experienced their steepest falls in two years as a sequence of poor economic data emerged alongside deepening concerns over the ability of the Eurozone leaders to solve the debt crisis and the capital adequacy of the region's banks. The market turbulence continued into September as investors sought safe havens, buying up gold and government bonds from countries perceived as secure. This pushed yields on government debt down to unprecedented levels in the US, and other countries including the UK and Germany. Markets remained volatile for the remainder of the calendar year before improving US economic data, an easing of concerns over a hard landing of the Chinese economy, and a European Central Bank liquidity boost pioneered by Mario Draghi, the ECB president, helped global stockmarkets recover sharply in January 2012, giving the UK its best start for nearly fifteen years.

Performance

The total net asset value return for the year under review was down 1.8%, which compares to a fall of 18.5% in the FTSE AIM All-Share Total Return Index. This relative outperformance reverses the underperformance in the year to January 2011, when a very buoyant natural resources sector led a very sharp recovery for AIM. The Company is limited in its ability to invest in this sector in the qualifying portfolio due to the restrictions of the VCT legislation. Conversely, in the past year the resources sector has been weak due to global growth fears and a softening of Chinese demand. At the end of January 2012, 45% of AIM by market capitalisation was accounted for by the Oil and Gas and Basic Resources sectors. We do, however, remain long-term advocates of natural resources as an investment theme and will seek to expose the Company to this when appropriate through the non-qualifying portfolio.

The most significant contributor to performance was **Lo-Q**, which ended the year up 87.0%. Lo-Q, a developer of virtual queuing technologies for theme parks, has been a star performer since we took on the management of the portfolio in March 2010, rising 142% since this handover. Lo-Q produced a steady stream of new contract announcements, including a five-year renewal and expansion of its core contract with Six Flags, as well as a global agreement with Mastercard to develop jointly a new contactless payment solution. **IDOX**, a leading provider of software and services to UK local authorities, also had another strong year, gaining 73.8%. IDOX completed a further acquisition in the engineering document management area, which reduces its reliance on the public sector, whilst McLaren Software, its 2010 acquisition in this space, continued to show progress with a large contract win to supply its application software suite to Chevron. (More detail is given in the appendix below.) Despite the tough consumer environment, good trading at **Tasty** and **Prezzo**, the VCT's two restaurant chain holdings, saw impressive share price gains, which is testament to both management teams' ability to operate successfully and roll-out novel, exciting and resilient restaurant concepts. The best performers in the non-qualifying portfolio were **Hargreaves Services**, the energy support services business, which benefited from strong coking and thermal coal markets as well as gaining planning permission to re-open the Tower Colliery in Wales; **RPC Group**, the European rigid plastics packaging company, which demonstrated its ability to integrate Superfos, its Danish acquisition, successfully; and **Entertainment One**, which continued to distribute a wide range of new releases, including films such as "Midnight in Paris" and "Tinker, Tailor, Soldier, Spy" and saw very strong ratings for "Peppa Pig" which was released on national television in the US. It announced a strategic review with a view to looking at bids for the company, but decided post year end that offers received did not adequately reflect the value of the business.

Assetco, a provider of outsourced fire and rescue services, was the poorest performer in the portfolio over the year. Assetco had three contracts with fire services in London, Lincoln and the United Arab Emirates (UAE). These were significant contracts which provided a solid revenue underpinning to the business, however, the business model was very reliant on debt to fund working and fixed capital. This began to unravel early in 2011 when creditors, including HMRC, became stretched due to a requirement to use cash resources to put in place a performance bond to satisfy the UAE contract. This necessitated an equity fund raising, which was insufficient to arrest the decline in the company's fortunes and its share price. We sold the holding in May, before the shares were suspended, but not before a significant proportion of the portfolio's value in this holding had been depleted. Perhaps the most disappointing and surprising performance came from **Asian Citrus**, a core holding in the portfolio. Asian Citrus, a Chinese orange grower, saw its share price come under pressure due to two factors. Firstly, dual-listed Chinese companies, particularly those involved in agriculture and forestry, came under the microscope over allegations around valuation of assets and ownership titles. Asian Citrus was not directly implicated in these accusations but saw its stock decline by association. Secondly, Chaoda, a supplier of fertilizer and a major shareholder in Asian Citrus, became the subject of an investigation by the Hong Kong Stock Exchange over insider trading allegations. It was frustrating for us to watch these developments impact the Asian Citrus share price as underlying trading was very strong and we have no evidence to suggest the company's corporate governance and ethical standards are inadequate. We were confident enough in our views to use the weakness in the share price to increase the VCT's holding. (More detail is given in the Appendix below). **Symphony Environmental Technologies**, a developer of plastic biodegradable additives, released some disappointing trading updates which saw its share price decline in the second half of the year and precipitated our decision to sell this holding. **Tristel**, the UK infection control business, disappointed with its interim results due to a decline in its legacy business but we have chosen to hold the majority of the VCT's stake in this company, believing that, in the long term, this decline will be more than compensated for by growth in Tristel's new divisions and through expansion into new geographic markets.

Transactions

The early part of the year involved some restructuring of the original Invesco Perpetual AiM VCT and some continued refinement of the old ViCTory VCT portfolio. As a consequence of the merger, which completed in November 2011, the list of companies in the portfolio has grown and remains somewhat higher than the ideal size. However, whilst the VCT is comfortably over the 70% qualifying test threshold, we must be mindful of selling the 'tail' of holdings that may have lost the majority of market value, but maintain a high degree of qualifying value. Ideally, we like a strong pipeline of qualifying opportunities to allow us to replace less favoured holdings when liquidity allows. Calendar year 2011 saw some recovery in volumes of VCT qualifying investment opportunities and, whilst we remain some way from the levels seen pre-credit crunch, the quality of investment opportunities continues to improve and we made several additions over the year, giving us further flexibility to exit some legacy holdings.

Qualifying portfolio

A total of £2.6m was invested in 10 qualifying companies during the year. This was split evenly between placings in existing quoted companies and Initial Public Offerings (IPOs).

The five placings in which we participated were **Deltex Medical Group**, **Futura Medical**, **GB Group**, **Manroy** and **Paragon Entertainment** (originally called Marwyn Capital II). Deltex Medical, which raised equity to ease working capital, has designed a probe to monitor patient blood flow during surgery, enabling more effective fluid management thereby reducing surgical complications and speeding up recovery times. The probe, known as the CardioQ-ODM, is the only fluid management monitoring technology recommended by the National Institute of Clinical Excellence (NICE). We believe fluid management will gain much wider clinical adoption in major surgery over the next few years. Futura Medical is a healthcare company specialising in sexual health. It is on the cusp of commercialising two of its products, which will be marketed by its licensing partners, both of which are global consumer goods businesses. GB Group specialises in identity management and verification software, which helps its clients to target, understand and retain their customers. GB undertook an equity placing to finance the acquisition of a customer registration and address management software solutions business. Manroy is a military equipment supplier that listed on AIM in 2010. Whilst we did not participate at this stage as the company was below our size threshold, a secondary placing and acquisition convinced us that Manroy had the scale to be a credible AIM investment. Marwyn II was a cash shell in which we invested to fund the acquisition of Paragon Entertainment (Marwyn II was subsequently renamed as Paragon). Paragon builds models, scenes and interactive displays for museums, tourist attractions, and theme parks.

The five initial public offerings ("IPOs") on AIM into which we invested were **Microsaic Systems**, **Music Festivals**, **MyCelx Technologies**, **TLA Worldwide** and **Ubisense Group**. Microsaic is a designer of scientific instruments with a focus on mass spectrometers, which are smaller, lighter and cheaper to run than conventional systems. Whilst the business is at an earlier stage than where we would normally invest, we found the investment case compelling such are the advantages of

Microsaic's system relative to its competitors. Music Festivals is the owner and producer of various music festivals, including Benicassim, a popular Spanish dance music event. The company is run by Vince Power, who founded Mean Fiddler Music Group, which was acquired by Clear Channel in 2005. MyCelx has a novel water treatment technology for the treatment of waste water in the oil industry. Legislation regarding the removal of hydrocarbons from water before discharge back into the sea is becoming increasingly stringent and MyCelx has developed a technology that is capable of effectively and reliably removing oil particles to extremely high standards through a cost effective, low footprint, proprietary polymer-based solution. It has already attracted customers such as Chevron and Anadarko and its revenue model should provide long-term recurring income streams. TLA is a sports representation agency specialising in Major League Baseball players. Baseball players in the US enjoy high-value, long-term, guaranteed contracts. The players' agents are paid under a structure tightly regulated by the governing body of the sport, providing highly visible forward revenues for an agency group such as TLA. Finally, we added to the VCT's existing pre-IPO investment in Ubisense when it was brought to AIM. Ubisense provides real-time location asset tracking technology for factories, which allow customers to locate tools, people and vehicles. Ubisense solutions are proving popular with vehicle and aircraft manufacturers.

These new deals gave us greater flexibility to reduce some of the VCT's legacy qualifying holdings. To this end, we sold **Adept Telecom**, **AssetCo**, **Augean**, **Avingtrans**, **Hightex Group**, **ILX Group**, **Mediwatch**, **Proximagen Group**, **Sanderson Group** and **Symphony Environmental Technologies**. These were all either sub-scale holdings or situations where we felt that capital could be better deployed in new qualifying holdings. **Savile Group** was also sold through a 'swap' for shares in **Brookwell**, an AIM realisation fund. **Coolabi** and **Parseq** were both the subject of bids that we felt represented fair value for these businesses.

The total value of qualifying holdings sold was £2.4m.

Non-qualifying portfolio

We continued to build the non-qualifying portfolio in line with our strategy to fill in the gaps left in the qualifying portfolio. With a cautious outlook on the global macro picture, we sought businesses that we felt could grow earnings against the background of a poor economic environment. We looked for companies with strong balance sheets that were robust enough to withstand any trading downturns and avoided businesses that were beholden to banks and refinancing risk. Our cautious stance resulted in relatively few changes in the non-qualifying portfolio. We participated in the IPO of **Waterlogic**, a leading manufacturer and distributor of point-of-use drinking water purification and dispensing systems. Waterlogic is introducing its new 'Firewall' UV technology, one of the most effective water purification technologies for water dispenser applications currently on the market. We added a small holding in **XP Power**, a global manufacturer and distributor of power supplies for electrical equipment which offered an attractive margin growth story.

VCT legislation

The VCT legislation has undergone some significant changes over the past twelve months. One set of changes relates to preventing what might be called artificial company structures being set up to make qualifying investments which carry little risk, and result in no genuine commercial enterprise being created. These changes have little relevance to AIM VCTs.

The second set of changes relates to efforts by the Treasury to gain EU clearance for the rule changes proposed in last year's budget. These included proposals to increase the gross assets which an investee company may have before and after a qualifying investment, and increasing the amount of money that can be invested. However, debates in Brussels have been protracted, and a number of concessions have had to be made. The most notable are: that qualifying investments can no longer be used to fund the acquisitions via the purchase of shares in another company; that the maximum level of investment remains £2m, but may be raised to £5m; and that this investment limit will apply to all pools of money raised by VCTs from prior years. Over the next few months the detail will no doubt evolve further, and hopefully into a shape that the whole industry can quickly adapt to. There remains a clear desire in the Government to make sure that equity funding is available in the UK to small enterprises, and we believe that VCTs can continue to play a pivotal role in this.

Outlook

Much of the gloom and despondency which characterised markets during the autumn last year has now lifted on the back of stronger than anticipated economic news from the US, the threat of a hard landing in China having receded, and the massive liquidity being pumped into the financial system in Europe by the ECB in conjunction with the new financial stability pact signed by most EU nations. However, there remain profound problems with the balance sheets of most Western nations, and this is not something likely to be fixed quickly. Hence, we see the market sentiment as being vulnerable to deterioration again later in the year, and don't wish to extrapolate a straight line upwards from the first two months of this calendar year. We see the next sea-change event in financial markets as being yields of major government bonds starting to trend upwards. We see the current super-low yields as artificially influenced by a range of investors who are buying for non-investment reasons. These include central banks conducting quantitative easing (or in the case of the ECB, "Long-Term Refinancing Operations"), state-controlled domestic private banks buying local government bonds, and China buying bonds to neutralise its own currency appreciation. We don't know when these factors will go into reverse, but we know it has to happen at some point. We think the first will probably be the Chinese stepping away from massive bond purchases on the basis that its currency is no longer over-valued, and its manufacturing has lost a good deal of competitiveness. The longer that this can all be put off, of course, the better, providing that the delaying tactics don't turn out to be too expensive in the longer run.

Nonetheless it is very striking how well many UK quoted smaller companies have been doing since the credit crunch, and, if we can remain alert to the pitfalls, it should continue to be rewarding to invest in this area of the market. The restructuring done since the handover of the investment management contract, in addition to the merger with the former Invesco Perpetual AiM VCT, has created a well-diversified portfolio of UK growth companies. Many of the portfolio companies, particularly on the qualifying side, have grown to a size which puts them on the radar of the wider small cap investment community. This is a very pleasing development as our objective must be to fund exciting companies that are capable of using VCT capital to grow from micro caps to small caps and, in doing so, expand their shareholder base and drive positive share price performance. Having endured a torrid period in 2008 and 2009, many small cap survivors have emerged better capitalised with greater market share, as competitors have succumbed to the recession. Overall we are buoyed by the future prospects of the portfolio and have put together some case studies below to outline the recent trading and outlook for some of the Company's core holdings in detail.

Appendix:

The World through the eyes of Four Companies held in the Portfolio

One investor recently commented to us that what they were most interested in was the outlook specifically for the companies held in the portfolio, rather than the kind of generic view given above. This isn't something that we generally do, because it involves putting more company specific information into the public domain than we generally feel comfortable with. However, in order to give investors more of a sense of how we view a selection of what we see as highly promising investments within the portfolio, we have put together a substantially more detailed discussion of four holdings as an appendix to our report. (These are volatile shares, and some are very small companies. Please do not take these as recommendations to invest in them. They are meant to give you more insight into stocks you already own through Amati VCT 2).

As a rule of thumb, we don't like to buy shares in a company unless we think we have a reasonable understanding of why someone else might be selling them to us. In other words, we want to know why we might be wrong. So we have peppered the comments on the companies below with some thoughts along these lines. Equity investments are never a one-way bet, and much of our time as investors is spent answering the question "what have we missed?"

1. Asian Citrus

This is China's largest independent orange grower, with three very large farms spread across southern China. These farms have a maturity profile which underpins volume growth of around 15% per year for the next seven years. It is one of Amati's largest holdings in each of our funds, both the VCTs and our Smaller Companies Fund. It did us no favours at all last year, falling by over 50%, and we have been adding consistently through this period. This large fall is precisely what now makes it so compelling, and also somewhat contentious. Normally when a share falls like this there is a major downturn to a company's earnings. Not so with Asian Citrus, which saw net income grow by 62% last year, and it looks set to deliver another 43% in the year to June 2012 (this is factoring out the rather confusing profit from biological gains which we ignore for the most part). Earnings per share ("EPS") is growing at a slower rate, because the company raised money (more than it needed to we think) to fund acquisitions, one of which one was completed last year, that of Beihai BPG, a substantial juicing business near to one of their orange farms. Whilst the dilution was annoying, the share issues and the price fall combined leave the company not just trading on under 8 times June 2012 underlying earnings, but also sitting on around £150m of cash, which is close to a third of the market capitalisation. On the face of it this is absurd. So what's wrong?

What's wrong is the wall of suspicion which hit all dual-listed Chinese stocks last year following the scandal over Sino Forest. Over the summer the selling pressure intensified, and eventually a piece of research was published by Anonymous Analytics about a company called Chaoda, which originally owned 49% of Asian Citrus, although by 2011 this had fallen to 13%. It cast vague slurs against Asian Citrus, the kind which create suspicion, but are so vague they can't be answered. A month later another anonymous article appeared, this time published by the China Economic Review. It reads well, but is almost complete nonsense, which is the most dangerous kind of document. The only claim of substance relates to Chaoda, not to Asian Citrus, and it turns out that the author had contacted the company whilst writing the report, but had shown no interest in actually seeing the evidence which could refute his claims. Hence in our view this company has been heavily sold off for bogus reasons, whilst underlying trading has been outstanding. There are some things we don't like – the company has tended to pay more attention to its Hong Kong shareholder base than its UK one, it over-issued equity last year raising more money than it needed, and there are the ever-present risks of disease and poor weather impacting harvests – but we believe the price is very low relative to the quality of the business and its prospects, on the basis that the corporate governance is cleaner than the market appears to think following the attacks on their reputation.

2. IDOX

At Amati, we backed this business originally in 2007 when it raised money for a classic turnaround strategy. It had found itself in trouble following a poor and unrelated acquisition. When Martin Brooks became chairman he identified a viable strategy for the group, which involved developing their position as a software solution provider to Local Authorities, focussed on land, property and town planning document management and workflow software. They raised money to buy CAPS Solutions, which was being auctioned, and for which they paid a full price. This, however, meant they now had 70% of UK Local Authorities as customers, giving them a strong competitive position. From here the business has developed a long way, and the company has been a clever acquirer of businesses bringing extra products and additional customer bases. The resilience of the business was shown during the 2009 downturn, when investors feared that Local Authority spending on software would be drastically cut, and the shares fell heavily. However, because IDOX software provides efficiency gains, and therefore cuts costs, revenues have made steady progress over the last few years, and IDOX repositioned itself by forming advisory relationships with Local Authorities, becoming more than just a software vendor. They also became market leader in Land, Building Control and Property software solutions for this market (with around 65% market share), and have market share growing in other Local Authority departments.

In December 2010 they entered a new market, private sector engineering document management and workflow software, through the acquisition of McLaren from receivership. This has turned out be a compelling deal, costing £2m including debt, and coming with tax losses. McLaren had failed during the credit crunch when its potential customers held off ordering because the company's balance sheet was too weak. IDOX has rapidly turned this around, seeing sales growth here of 27% last year, and this business unit delivered £1m of EBITDA in the 10 months to October 2011. In November last year IDOX bought CT Space, which is a larger competitor of McLaren's, which will give critical mass in this market, as well as extending their product range and customer base.

The share price has risen sharply over the last year, but the rating remains modest (around 10 times forward forecast earnings, with a 2.75% dividend yield). Having reached a market capitalisation of around £100m this company should start to attract a wider audience, and remains little-known outside of dedicated small cap institutional investors. The quality of its Local Authority business has been improving with the move towards strategic partnerships. The new business area in engineering document management will represent 30% of revenues this year, and there is plenty of scope to see margins on this side of the business rise.

If we're wrong here, it could be because the buy-and-build model on the engineering side doesn't work out, or because the dynamic in the Local Authority business changes for the worse, or even just that investors fear it will change for the worse.

3. Fulcrum Utility Services

This is a three year turnaround story which is coming towards the end of year two, and has now reached the point at which we expect the company to turn into profit, which is normally an interesting moment to pick up the story. Fulcrum used to be a division of National Grid, which sold it to an AIM listed acquisition vehicle for a negative consideration, because it was loss making. The company provides the engineering and project management expertise for new connections to the gas grid which fall into the unregulated category, being non-domestic, or more than 23m long. As part of National Grid this business was neglected and had become loss making. The turnaround strategy has been all encompassing, and has involved a restructuring of the business processes and, most importantly, a complete restructuring of their contractor relationships, which will both increase the margins in the business and improve the service offering to the customers. John Spellman, CEO, who has led the turnaround, has commented that he found the problems more profound in this company than he was expecting, but that he also says the opportunity is larger than he thought. We think the company has now been through the difficult part, and that we should now be starting to see the business gaining momentum.

Over the next few months the company will finish off the installation of its new IT system, and from here the task is to develop the sales growth potential to the full. The company also plans to embrace multi-utility projects by re-directing some of its engineers from gas towards electricity installations. They have a key competitive advantage in holding an Independent Gas Transporter Licence. According to the National Grid website there are only 8 of these held in the UK. This means it can access a wide range of agency agreements with the National Grid, including for example the power to arrange for road closures at short notice, and it can therefore give much more re-assurance about how long a job will take. It can also own and operate the gas infrastructure that it installs, for which it is paid an ongoing rent. The interims show the company holding pipelines worth around £7.5m, and at the March year-end we expect net cash of around £5m.

Assuming that the company achieves the revenue growth that we now expect it to, it should be profitable in the final quarter to the March 2012 year-end. The market expectation is that it can then deliver an EBITDA of around £8m, and a pre-tax profit of £4.9m, which translates to an EPS of 3.2p. We see this result as eminently achievable now. If we are wrong it could be that the company fails to capture the market share that it believes it can. They have now guaranteed minimum business levels to its contractors, so it is important that it doesn't disappoint on revenue growth. It could also happen that the new contractor relationships run into difficulties, or that the market for unregulated gas grid connections softens more sharply than anyone expects. But with a market capitalisation of around £30m currently, we think this is an interesting time to be an investor in this company.

4. Sabien Technology

Sabien represents a good example of an AIM business that floated a bit too early, has gone down the long road to commercialising a new technology (raising further funds in the process), has passed the point of commercial acceptance in its market place and become profitable (with a large opportunity still to go for). We like these kind of situations, albeit that Sabien will still look too early-stage for many investors. The company has only one product, which is clearly a risk, called M2G. This device is retro-fitted to commercial boilers in 90 minutes, and saves around 10-20% from energy bills by preventing the boiler from dry-cycling, which is where the boiler fires up before it really needs to, and switches off again before the heat can get where it needs to go. Typically the payback for customers is anything from a few months up to two years, although every building will be different.

Small cap investors will have seen many investments in the energy-saving space, and will rightly be sceptical. Many of the companies operating in this area will prove fruitless, especially those that rely heavily on government subsidies. However, M2G provides a rapid payback even before taking into account any government incentives. It saw sales growth of 32% in the six months to 31 December 2011, which was the first half of its financial year. Sabien is now consistently profitable and has installed around 4,000 units to date, enough to prove the product's capabilities decisively. M2G sells for £1,800 and benefits from high margins. It is installed by the customer, so this is a scalable business model. There is no real competitor for this product. There are believed to be 6 million commercial boilers in the UK alone, which indicates that the company has only scratched the surface of the market so far. If successful in the UK it should be able to expand into Europe.

On the negative side, this is a proper micro-cap and liquidity is very poor (Amati funds own around 18% of the shares after our recent addition to the holding at 18p per share in November). It is also too early to extrapolate forecasts from the new business pipeline effectively, so the market lacks numbers to go on. There is always the danger that the sales cycle suddenly lengthens and the sales progression slows down, or that the company starts to get some negative feedback from customers (we have seen nothing like this so far though). The company has a distribution agreement with a third party for the US market, but this is proving disappointing, as gas prices have fallen so fast that there that there is little interest in saving energy, and the payback periods are too long. Taking a longer term view, however, we believe that this stock has exceptional potential, given the size of its addressable market in the UK and Europe, and the growing appetite for carbon emissions reductions in these markets, driven in part by new regulations and incentives.

Dr Paul Jourdan and Douglas Lawson
Amati Global Investors

3 May 2012

Dr Paul Jourdan
Founder and CEO
Amati Global Investors

Paul Jourdan is an award-winning fund manager, AA rated by Citywire, with a strong track record in small cap investment. He co-founded Amati Global Investors following the management buyout of Noble Fund Managers from Noble Group in January 2010. Paul joined Noble Fund Managers in 2007 as Head of Equities. He moved to Edinburgh in 1998, joining Stewart Ivory to work on UK, emerging market, and global equities. In 2000 Stewart Ivory was taken over by Colonial First State (subsequently First State Investments). From September 2000 Paul became manager of what is now CF Amati UK Smaller Companies Fund, winning several awards, more recently the Growth Company Investors "Small Cap Fund of the Year Award 2011", and the "Lipper Best UK Small and Mid-Cap Fund 2012.". In November 2004 he was appointed Head of UK Equities at First State. In early 2005 he launched what is now Amati VCT plc and also manages Amati VCT 2 since the investment management contract moved to Amati Global Investors in 2010. Prior to 1998 Paul worked as a professional violinist, including a four year period with the City of Birmingham Symphony Orchestra. He currently serves as a director of Sistema Scotland, a charity set up to adapt the inspirational work done amongst more than 250,000 children in Venezuela through music to some of the most needy parts of the Scotland; as a director of the Hebrides Ensemble; and also as a governor of the Royal Conservatoire of Scotland.

Douglas Lawson
Founder and Director
Amati Global Investors

Douglas Lawson co-founded Amati Global Investors following the management buyout of Noble Fund Managers from Noble Group in January 2010. Prior to this he worked in corporate finance and private equity, initially as an associate focusing on middle market UK private equity and listed company M&A at British Linen Advisers, and latterly as an investment manager in the private equity team at Noble. Douglas is rated AA by Citywire, and has co-managed the CF Amati UK Smaller Companies Fund since 2009, winning the Growth Company Investors "Small Cap Fund of the Year Award 2011", as well as the "Lipper Best UK Small and Mid-Cap Fund 2012." He has also been co-manager of Amati VCT since 2009 and Amati VCT 2 since the investment management contract moved to Amati Global Investors in 2010. Douglas started his career at Ernst & Young in London, where he qualified as a Chartered Accountant in 2002.

INVESTMENT PORTFOLIO

as at 31 January 2012

FTSE Sector	Number of shares	Book cost+ £	Valuation £	Fund %	% of shares in issue	Original AVCT2 book cost at 8 November 2011‡ £
Deo Petroleum plc@	403,518	181,583	115,002	0.4	0.9	-
Egdon Resources plc†@	1,650,060	206,410	189,757	0.7	1.3	-
GETECH Group plc*	326,000	65,200	60,310	0.2	1.1	195,393
MyCelx Technologies Corporation*@	234,190	511,837	538,637	1.9	1.8	210,399
Oil & Gas		**965,030**	**903,706**	**3.2**		**405,792**
Altona Energy plc@	961,111	52,861	48,056	0.2	0.2	104,500
Anglo Pacific Group plc@	264,233	753,313	768,390	2.7	0.2	345,364
Oxford Catalysts Group plc*	143,678	71,839	68,965	0.2	0.2	250,000
Basic materials		**878,013**	**885,411**	**3.1**		**699,864**
Bglobal plc*@	1,134,117	290,664	218,318	0.8	1.1	174,800
Brulines Group plc*@	256,098	230,488	204,878	0.7	0.9	315,001
Cohort plc*	290,667	247,067	313,920	1.1	0.7	383,298
Corac Group plc*@	1,240,962	186,144	130,301	0.5	0.5	-
Green Compliance plc†@	1,384,200	752,231	415,260	1.4	3.8	280,000
Hangar8 plc*	166,667	176,667	180,000	0.6	2.6	250,000
Hargreaves Services plc@	53,973	430,394	623,388	2.2	0.2	188,025
Manroy plc*@	331,636	302,319	242,094	0.8	1.8	134,423
Microsaic Systems plc†@	713,828	228,486	185,595	0.6	1.8	-
Quadnetics Group plc*	136,588	341,381	364,690	1.3	0.8	-
RPC Group plc@	91,617	272,718	348,878	1.2	0.1	128,049
RTC Group plc*	537,500	220,375	37,625	0.1	4.0	-
Sabien Technology Group plc†@	1,683,832	400,427	454,635	1.6	5.3	415,895
SKIL Ports & Logistics Limited@	106,000	252,914	159,000	0.6	0.2	-
Sportsweb.com*#	58,688	352,128	316,915	1.1	11.4	-
Staffline Group plc†	225,500	489,335	451,000	1.6	1.0	181,206
Waterlogic plc@	222,382	362,873	351,364	1.2	0.3	191,912
XP Power Limited@	23,556	236,374	223,782	0.8	0.1	319,089
Zytronic plc*	215,126	610,958	574,387	2.0	1.5	-
Industrials		**6,383,943**	**5,796,030**	**20.2**		**2,961,698**
Asian Citrus Holdings Limited@	1,954,864	908,676	684,202	2.4	0.2	489,773
China Food Company plc 8% Convertible Loan Note#@	624	624,000	624,436	2.2	45.2**	-
New Britain Palm Oil Limited@	47,600	327,382	409,360	1.4	0.0	188,135
PhotonStar LED Group plc*	187,143	24,329	17,779	-	0.2	262,000
Sorbic International plc 10% Convertible Loan Stock#@	276	276,000	276,784	1.0	11.0**	-
Consumer goods		**2,160,387**	**2,012,561**	**7.0**		**939,908**

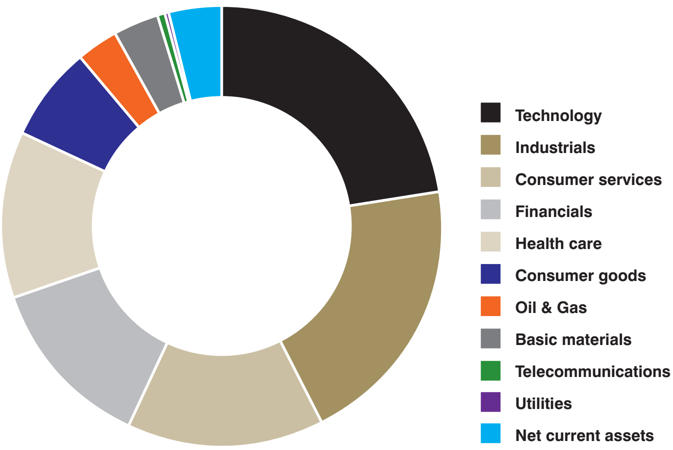
FTSE Sector	Number of shares	Book cost+ £	Valuation £	Fund %	% of shares in issue	Original AVCT2 book cost at 8 November 2011‡ £
Allergy Therapeutics plc*	265,455	28,536	26,545	0.1	0.1	194,097
Anpario plc*@	590,065	519,257	460,251	1.6	3.0	550,005
Deltex Medical Group plc*@	700,000	199,500	152,250	0.5	0.5	-
EKF Diagnostics Holdings plc*	1,000,000	260,000	237,500	0.8	0.4	150,000
Evocutis plc*	2,252,400	67,572	56,310	0.2	1.3	416,249
Futura Medical plc*@	775,222	505,775	790,726	2.8	1.1	150,000
Inditherm plc*	2,500,000	68,750	87,500	0.3	4.9	305,000
Omega Diagnostics Group plc*	1,000,000	200,000	105,000	0.4	1.2	-
Sinclair IS Pharma plc†@	1,429,471	425,678	301,976	1.0	0.4	-
Synairgen plc*	139,375	39,025	37,631	0.1	0.2	213,688
Synergy Health plc*	94,000	142,567	796,180	2.8	0.2	-
Tristel plc*@	1,197,726	598,783	455,136	1.6	3.0	197,992
Health care		**3,055,443**	**3,507,005**	**12.2**		**2,177,031**
BrainJuicer Group plc*	175,000	516,250	533,750	1.9	1.4	189,000
Cello Group plc*	225,000	257,625	81,000	0.3	0.3	-
Conexion Media Group plc*	1,080,883	183,750	3,243	-	1.4	-
Cupid plc†@	292,167	590,177	615,012	2.1	0.4	176,106
DM plc*@	2,679,803	33,498	48,236	0.2	1.6	356,749
Dods Group plc*	2,000,000	595,868	105,000	0.4	1.3	-
Ebiquity plc*	345,500	729,005	276,400	1.0	0.6	-
Entertainment One Limited@	37,714	25,319	73,919	0.3	0.0	-
Eros International plc@	140,000	332,465	317,800	1.1	0.1	-
Expansys plc*@	775,000	449,500	10,463	-	0.1	-
Fuse8 plc*#	20,999	209,990	210	-	0.2	-
Hasgrove plc*	331,666	145,933	126,033	0.4	1.4	439,999
Just Car Clinics Group plc*#	203,577	69,216	36,644	0.1	1.5	-
Lilestone Holdings Limited*#	1,616,786	1,238,655	-	-	4.2	-
Music Festivals plc*@	59,527	38,692	31,549	0.1	0.4	-
Music Festivals plc 8% Convertible Loan Note 2016*#@	340,000	340,000	327,688	1.1	6.0**	-
Ovidia Investments#	134,307	518,312	-	-	0.4	-
Prezzo plc†	1,342,500	151,327	896,119	3.1	0.6	-
Skywest Airlines Limited@	734,000	146,488	183,500	0.6	0.4	-
Tasty plc*	779,688	540,377	444,422	1.5	1.6	-
UBC Media Group plc*	2,296,384	614,268	51,669	0.2	1.3	-
Consumer services		**7,726,715**	**4,162,657**	**14.4**		**1,161,854**

FTSE Sector	Number of shares	Book cost+ £	Valuation £	Fund %	% of shares in issue	Original AVCT2 book cost at 8 November 2011‡ £
Antenova Limited*#	2,181,435	-	-	-	3.0	525,000
Antenova Limited A Preference*#	1,275,166	100,117	100,117	0.4	3.1	100,117
Zamano plc*	1,608,333	28,146	60,313	0.2	1.7	386,000
Telecommunications		**128,263**	**160,430**	**0.6**		**1,011,117**
OPG Power Ventures plc@	199,749	185,767	75,905	0.3	0.1	-
Utilities		**185,767**	**75,905**	**0.3**		-
Brooks Macdonald Group plc†@	90,100	1,153,280	1,020,382	3.5	0.8	127,382
Brookwell Limited Redeemable Preference	365,344	280,025	200,939	0.7	3.8	408,255
Fulcrum Utility Services Limited†@	5,167,557	620,193	852,647	3.0	3.3	-
London Capital Group Holdings plc@	654,836	565,445	438,740	1.5	1.2	200,849
Paragon Entertainment Limited†@	6,851,000	274,091	565,208	2.0	4.3	-
TLA Worldwide plc*@	2,876,000	575,200	575,200	2.0	4.5	-
Financials		**3,468,234**	**3,653,116**	**12.7**		**736,486**
Camaxys#	1,592,656	254,825	-	-	0.0	-
Celoxica Holdings plc*#	771,250	-	-	-	0.3	198,125
FFastFill plc*@	2,600,000	260,000	266,500	0.9	0.6	182,000
GB Group plc*@	538,323	221,925	279,928	1.0	0.5	87,945
IDOX plc†@	3,609,951	271,172	956,637	3.3	1.0	-
Infrared Integrated Systems Limited*#	20,000	680,000	680,000	2.4	1.5	300,000
Lo-Q plc†	749,200	749,806	1,723,160	6.0	4.3	-
Netcall plc*	961,562	173,081	197,120	0.7	0.8	267,857
PROACTIS Holdings plc*	800,000	160,000	184,000	0.6	2.5	344,000
Publishing Technology plc*	362,500	199,375	163,125	0.6	4.3	441,500
Software Radio Technology plc*@	1,900,000	579,500	650,750	2.3	1.8	712,568
Tikit Group plc*	218,000	250,700	675,800	2.4	1.5	-
Ubisense Group plc*@	325,577	563,203	667,433	2.3	1.5	150,385
Technology		**4,363,587**	**6,444,453**	**22.5**		**2,684,380**
Total investments		**29,315,382**	**27,601,274**	**96.2**		**12,778,130**
Net current assets			**1,078,904**	**3.8**		
Total net assets		**29,315,382**	**28,680,178**	**100.0**		

* Qualifying holdings.
† Part qualifying holdings.
\# Unquoted holdings.
** These figures represent percentage of loan stock held.
@ These investments are also held by other funds managed by Amati.
\+ This column shows the book cost to the Company, either as a result of market trades and events, or asset acquisition (see notes 9 and 10).
‡ This column shows the book cost of the AVCT2 investments which formed part of the asset acquisition. These investments were transferred into the Company at fair value on the date of the asset acquisition (see note 9). The total book cost at 8 November 2011 per the table above does not agree to the total book cost of AVCT2 investments at 8 November 2011 due to sales since this date.
All holdings are in ordinary shares unless otherwise stated.
As at the year end, the percentage of the Company's portfolio held in qualifying holdings for the purposes of Section 274 of the Income and Corporation Taxes Act 2007 is 82.7%.

Sector Allocation as at 31 January 2012

FTSE Sector	Fund %
Technology	22.5
Industrials	20.2
Consumer services	14.4
Financials	12.7
Health care	12.2
Consumer goods	7.0
Oil & Gas	3.2
Basic materials	3.1
Telecommunications	0.6
Utilities	0.3
Net current assets	3.8
	100.0



Lo-Q plc

Sector	Technology		
Market capitalisation	£39.7m	Year to 31 October 2011	£ million
Cost	£749,806	Profit before tax	2.7
Valuation	£1,723,160	Profit after tax	1.9
Valuation basis	Bid price	Net assets	9.4
Income recognised in year	£nil		

Lo-Q designs, installs and operates systems that reduce queuing times for visitors to theme parks. Customers reserve their place in a virtual queue, and are remotely notified when they have reached the front. This improves visitor experience and extends the time available for incremental spending activity. Revenue share agreements with Lo-Q also provide park operators with a low risk income stream. Current market share represents only 8% of the world's top 10 park operators in terms of number of attendees, and the technology is patented with no direct competition. The business is highly cash generative with current net deposits representing 30% of market capitalisation. New management is focused on driving sales growth.

Brooks Macdonald Group plc

Sector	Financials		
Market capitalisation	£122.8m	Year to 30 June 2011	£ million
Cost	£1,153,280	Profit before tax	7.3
Valuation	£1,020,382	Profit after tax	5.4
Valuation basis	SETS Closing	Net assets	19.1
Income recognised in year	£nil		

Brooks Macdonald Group plc is an AIM-listed, integrated, wealth management group, providing bespoke, fee-based, investment management services to private clients, charities and trusts. It has developed a distinctive and effective business model through partnering with financial advisor firms around the country, and is well placed for the implementation of the FSA's Retail Distribution Review. It has been one of the most successful AIM flotations of the last decade.

IDOX plc

Sector	Technology		
Market capitalisation	£91.5m	Year to 31 October 2011	£ million
Cost	£271,172	Profit before tax	5.6
Valuation	£956,637	Profit after tax	4.5
Valuation basis	Bid price	Net assets	34.4
Income recognised in year	£21,000		

IDOX is a leading provider of software and services to the UK public sector. It is the leading applications provider to local government for core functions relating to land, people and property, for example planning systems and election management software. Over 70% of UK local authorities are customers of IDOX. The group's products enable local authorities to manage information, knowledge, documents and content. Over the last 18 months the company has acquired McLaren Software and CT Space, which provides engineering document management and control applications for the private sector.

Prezzo plc

Sector	Consumer services		
Market capitalisation	£152.0m	53 weeks to 1 January 2012	£ million
Cost	£151,327	Profit before tax	16.1
Valuation	£896,119	Profit after tax	11.7
Valuation basis	SETS Closing	Net assets	78.8
Income recognised in year	£3,000		

Prezzo is a branded restaurant operator offering a contemporary menu with an Italian flavour. Prezzo continued its active roll-out strategy, adding a net 24 units to end the year at 184 operating restaurants in their estate. New openings during the year included sites in prime locations in Edinburgh, Manchester, Canterbury and York, as well as Belsize Park, Mill Hill and Eltham in London.

Fulcrum Utility Services Limited

Sector	Financials		
Market capitalisation	£25.5m	Period from 4 December 2009 to 31 March 2011	£ million
Cost	£620,193	Loss before tax	(11.8)
Valuation	£852,647	Loss after tax	(11.8)
Valuation basis	Bid price	Net assets	4.9
Income recognised in year	£nil		

Fulcrum, formerly a division of National Grid, has made a excellent progress with its turnaround strategy since listing. The company provides the engineering and project management expertise for new connections to the gas grid which fall into the unregulated category, being non-domestic, or more than 23m long. Most importantly, in November it ended its relationship with Enterprise, and signed agreements with three new contractors, allowing it to complete jobs more efficiently, and with the prospect of better margins.

Synergy Health plc

Sector	Health care		
Market capitalisation	£468.8m	Year to 3 April 2011	£ million
Cost	£142,567	Profit before tax	36.7
Valuation	£796,180	Profit after tax	28.8
Valuation basis	SETS Closing	Net assets	289.2
Income recognised in year	£16,000		

Synergy Health provides healthcare related services to customers worldwide. The company's main activities are: decontamination, which is operated on an outsourced and managed basis for reprocessing surgical and re-usable hospital equipment; sterilisation, which operates through the Isotron brand, to sterilise single use medical products; healthcare solutions, which provides a wide range of products for infection prevention and control, patient hygiene, surgical and wound care; laboratory services, which provides health screening and clinical pathology support; and linen management. Synergy Health looks set to benefit from medical globalisation, particularly through expansion in Asia. This should sustain high single digit organic revenue growth, augmented by acquisitions.

Futura Medical plc

Sector	Health care		
Market capitalisation	£75.2m	Year to 31 December 2011	£ million
Cost	£505,775	Loss before tax	(2.1)
Valuation	£790,726	Loss after tax	(1.8)
Valuation basis	Bid price	Net assets	2.8
Income recognised in year	£nil		

Futura Medical develops innovative products for the consumer healthcare market with strong expertise in sexual healthcare and pain relief management. The company has relationships with key players in the consumer healthcare market, in particular with Ansell Limited, GlaxoSmithKline plc and Reckitt Benckiser Group plc. It has two major product launches due this year, which have been many years in the making.

Anglo Pacific Group plc

Sector	Basic materials		
Market capitalisation	£317.5m	Year to 31 December 2011	£ million
Cost	£753,313	Profit before tax	49.0
Valuation	£768,390	Profit after tax	36.7
Valuation basis	SETS Closing	Net assets	380.2
Income recognised in year	£19,000		

Anglo Pacific has established a high-quality portfolio of mining royalty interests, the most valuable of which is over Rio Tinto's Kestrel coking coal mine in Australia. The royalty interests are normally bought many years before production begins, and therefore the investments have a long lead time. However, once producing, the royalty income carries a far lower risk than that carried by the mining companies themselves, as it is not subject to changing tax rates, and carries none of the burden of rising capital expenditure costs. Anglo Pacific has built up a very promising pipeline of future royalty interests.

Asian Citrus Holdings Limited

Sector	Consumer goods		
Market capitalisation	£429.8m	Year to 30 June 2011	£ million
Cost	£908,676	Profit before tax	108.2
Valuation	£684,202	Profit after tax	108.1
Valuation basis	Bid price	Net assets	735.8
Income recognised in year	£25,000		

Asian Citrus is the largest orange plantation owner and operator in China. The company has three plantations – one is fully developed with approximately 1.3 million orange trees; the second is full planted with 1.6 million orange trees; and another is in the process of being developed with approximately 1m trees planted so far. Asian Citrus recently expanded into the concentrated juice market with the acquisition of a 92% interest in Beihai Perfuming Garden Juice Company and has expanded production through the construction of a new juicing facility.

Infrared Integrated Systems Limited

Sector	Technology		
Market capitalisation	£44.0m	Year to 31 December 2010	£ million
Cost	£680,000	Turnover	18.8
Valuation	£680,000	Profit before tax	4.1
Valuation basis	Earnings multiple	Profit after tax	5.2
Income recognised in year	£nil	Net assets	12.0

Infrared Integrated Systems Ltd, a private company generally called Irisys, is a specialist in thermal imaging, people counting technologies and real time queue management solutions. Irisys infrared arrays are used by many of the world's leading retailers, banks, transport hubs and leisure facilities to improve customer service, operational efficiency and profitability.

BOARD OF DIRECTORS

Julian Avery

Julian Avery is Chairman of the Company. He is a solicitor and was chief executive of Wellington Underwriting plc until September 2004. He was non-executive director of Aspen Insurance Holdings Limited until May 2007 and chairman of Equity Insurance Group until its acquisition by the Australian insurance group, IAG in January 2007. He is currently a non-executive director of Warner Estate Holdings plc and Charles Taylor Consulting plc. He is senior adviser to Fenchurch Advisory Partners.

Mike Killingley

Mike Killingley is a non-executive director of AIM-quoted Falkland Islands Holdings plc. He was a senior partner with KPMG, chartered accountants, from 1988 until retiring from the firm in 1998 and is a former non-executive chairman of Beale plc, Southern Vectis plc, Conder Environmental plc and Advanced Technology (UK) plc. He is also treasurer of the University of Southampton. He is chairman of the audit committee of the Company.

Christopher Macdonald

Christopher Macdonald is chief executive officer of Brooks Macdonald Group plc, a private client listed fund management group. He is also a director of Brooks Macdonald Asset Management Limited, Brooks Macdonald Financial Consulting Limited, Brooks Macdonald Asset Management (Tunbridge Wells) Limited, Brooks Macdonald Funds Limited, Brooks Macdonald Nominees Limited and Braemar Group Limited.

Christopher Moorsom

Christopher Moorsom is non-executive chairman of The Bath Building Society and a director of the Royal Welsh College of Music and Drama. He was managing director of Albert E Sharp, joint managing director of Gerrard and was chairman of Gerrard Investment Funds. He was a director of Weston Area NHS Trust, Northern Races Limited and Bath Racecourse Limited. He is a member of the Securities Institute. He is the senior independent director of the Company.

The directors submit their Annual Report and Financial Statements on the affairs of the Company for the year ended 31 January 2012. The Corporate Governance Statement on pages 30 to 33 forms part of the Directors' Report.

Results and Dividends

The total loss on ordinary activities after taxation for the year attributable to shareholders was £403,000, equivalent to a loss of 1.06p per share (31 January 2011 profit: £2,362,000 equivalent to a return of 5.42p per share restated). This total loss on ordinary activities after taxation was impacted by merger costs of £88,000, as disclosed in the Income Statement.

The Board is recommending a final dividend of 3.13p per share for the year ended 31 January 2012 payable on 17 July 2012 to shareholders on the register at 22 June 2012. Prior to the merger, an interim dividend of 1p per share was paid on 18 October 2011 to shareholders of ViCTory VCT PLC on the register at 23 September 2011.

A review of the Company's performance during the financial year, the position of the Company at the year end and the outlook for the coming year is contained within the Chairman's Statement on pages 3 and 4 and in the Fund Manager's Review on pages 5 to 11.

A graph of the performance of the growth in the Company's net asset value total return (assuming dividends re-invested) compared with FTSE AIM All-Share Total Return Index is shown on page 1.

Issue and Buy Back of Shares

Prior to the merger 4,140,464 shares in the Company were bought back for an aggregate consideration of £1.4m at an average price of 34.6p per share, which included the re-purchase of shares that had previously been bought back and were deemed void under the Companies Act 2006, following the demonstration of adequate distributable reserves on the publication of the 2011 accounts. Following the merger 4,134,529 shares in the Company were bought back for an aggregate consideration of £4.0m at an average price of 96.1p per share. All of the shares were cancelled after purchase. The purpose of the share buy backs was to satisfy demand from those shareholders who sought to sell their shares during the period, given that there is a very limited secondary market for shares in Venture Capital Trusts generally. It remains the Board's policy to buy back shares in the market, subject to the overall constraint that such purchases are in the Company's interest including the maintenance of sufficient resources for investment in new and existing investee companies and the continued payment of dividends to shareholders. On 31 January 2012 the authority to buy back shares was renewed.

During the year 3,719,997 shares in the Company were allotted at an average price of 101.1p per share raising £3.9m, in addition to the shares issued as part of the merger.

Business Review

The Business Review has been prepared in accordance with the requirements of Section 417 of the Companies Act 2006 and best practice. The purpose of this review is to provide shareholders with a summary of the business objectives of the Company, the Board's strategy to achieve those objectives, the risks faced, the regulatory environment and the key performance indicators used to measure performance. A review of the Company's business during the period is contained in the Chairman's Statement and Fund Manager's Review.

Key Performance Indicators

The Board monitors on a regular basis a number of key performance indicators, the main ones being:

- Net asset value and total return to shareholders (the aggregate of net asset value and cumulative dividends paid to shareholders). See graph on page 1.
- Dividend distributions. See table of investor returns on page 2.
- Share price. See key data on page 1.
- Total expense ratio. See key data on page 1.

Principal Activity and Status

The Company is registered as a public limited company under registration number 04138683 England. The directors have managed and intend to continue to manage the Company's affairs in such a manner as to comply with section 274 of the Income Tax Act 2007 and it has received full approval as a Venture Capital Trust from HM Revenue & Customs for the year ended 31 January 2011.

Strategy for Achieving Objectives

Amati VCT 2 plc is a tax efficient venture capital trust listed on the London Stock Exchange. The Company is managed in order that shareholders may benefit from the potentially substantial tax reliefs available to venture capital trusts.

Investment Policy

Investment Objective

The Investment objectives of the Company are to generate tax free capital gains and income on investors' funds through investment primarily in AIM-traded companies whilst mitigating risk appropriately within the framework of the structural requirements imposed on all VCTs.

Risk Diversification

Portfolio risk will be mitigated through appropriate diversification of holdings within the relevant portfolio. Within the 3 year VCT investment period for each pool of Ordinary Shares, the Company intends to have invested between 70 and 85 per cent. in Qualifying Investments (AIM/PLUS Market listed or to be listed companies, or companies that are likely to be the subject of a sale within 24 months), 0 to 30 per cent. in non-Qualifying Investments (companies quoted in London on the LSE or AIM or likely to be quoted in London within 12 months or companies likely to be the subject of a trade sale within 24 months) and 0 to 30 per cent. in cash, cash equivalents, government and investment grade bonds.

The Manager may use exchanged-traded derivatives with a view to reducing overall market risk in the portfolio as a whole. The Manager shall only seek to hedge a limited amount of market risk and shall always be covered by the assets of the portfolio. The Manager will at no time seek to hedge more than 40 per cent. of the Company's net asset value through a combination of futures and options positions. Put options may be bought up to a maximum value of 1.5 per cent. of the Company's net asset value. The use of derivatives is on a strictly controlled basis only and is part of a total risk mitigation exercise, not a separate investment policy. The Company's overriding investment principle in relation to the use of derivatives is to seek to reduce any potential capital loss in the equity portions of the Qualifying and Non-Qualifying Investment portfolios in a falling market. The Manager has not used exchange-traded derivatives at this stage.

Asset Allocation

The Manager intends that by the date from which all funds raised are required to meet the VCT qualifying rules, the Company's investment profile will be approximately:

(i) Between 70 and 85 per cent. in Qualifying Investments, whether equity or non-equity securities in (a) companies traded on AIM or on PLUS Markets, or (b) companies likely to seek a quotation on AIM or on PLUS Markets within a 24 month period, or (c) likely to be the subject of a trade sale within a 24 month period. The issues in which the Company will invest (whether equity or non-equity securities, in AIM or PLUS Markets traded companies) will be either secondary offerings by existing AIM-traded companies or primary offerings when a company is admitted to trading on AIM for the first time;

(ii) Between 0 and 30 per cent. in non-Qualifying investments in small and mid-sized companies where such companies are either (a) quoted in London (b) likely to seek a quotation in London within a 24 month period, or (c) likely to be the subject of a trade sale within a 24 months period;

(iii) Between 0 and 30 per cent. in cash or cash equivalents (including money market funds) or government or investment grade bonds.

In accordance with the conditions for eligibility as an investment company under the Companies Act 2006, any holdings by the Company in shares or other securities in a company will not represent more than 15 per cent. by value of the Company's investments.

While Qualifying investments are being sourced, the assets of the portfolio which are not in Qualifying Companies will be actively invested by the Manager in a combination of the above (always ensuring that no more than 15 per cent. of the Company's funds are invested in any one entity).

As described above, the Manager will also have the facility to seek to reduce market risk from the equity portfolio held by the Company through the use of derivatives. The derivatives used will be exchange-traded. They will be in highly liquid markets bearing a reasonable level of correlation to the Company's benchmark index, ensuring that the value is normally transparent, and enabling positions to be closed rapidly when needed.

Borrowing Policy

The Company may, within the limits set out in its Articles of Association, utilise borrowings to provide flexibility in its investment and dividend policies. The Articles allow the Company to borrow up to an amount equal to its adjusted capital and reserves (as defined in the Articles). The Board will restrict the borrowings of the Company to an amount which will not, without the previous sanction of an ordinary resolution of the Company, exceed an amount equal to 25 per cent. of the adjusted capital and reserves. The Company currently does not have any borrowings.

Merger with AVCT2 and share capital reconstruction

On 8 November 2011, the Company completed a scheme of reconstruction (the "Scheme") with AVCT2. The terms of the Scheme were set out in a circular issued by the Company on 28 September 2011. The Scheme was effected by AVCT2 transferring its assets and liabilities to the Company in consideration for which the Company issued 27,063,870 shares to the shareholders of AVCT2. Under the Scheme, AVCT2 was placed into members' voluntary liquidation. The number of new shares issued by the Company to the shareholders of AVCT2 was determined by reference to the adjusted net asset values of the two companies. The new shares rank pari passu in all respects and form a single class with the existing ordinary shares.

The creation of a single, larger company is expected to bring a number of advantages to shareholders, namely restoring efficiencies of scale through a greater capital base over which to spread administration, regulatory and management costs, extending the potential life of the Company, allowing investors to benefit from the mature portfolio of Qualifying Investments which has been built up over many years and a cap introduced on annual running costs at 3.5 per cent. of the Company's net assets, any excess being met by the Manager by way of a reduction in future management fees.

The costs of the Scheme were allocated equally between the Company and AVCT2 in accordance with the terms of the Scheme. The aggregate cost of the Merger was originally estimated at £211,995 of which 50% (£105,997) was allocated to the Company in accordance with the terms of the Scheme. However the actual amount disclosed as merger costs in the Income Statement of the Company is £88,000. The difference is due to an over provision of stamp duty in the original budget.

Following the Merger 38,422,530 shares were re-designated as deferred shares and subsequently bought back by the Company and cancelled. The Company obtained approval to cancel the share premium account and capital redemption reserve of the Company and established a new reserve which may be treated as distributable which can be treated to fund the Company's buy back of shares and payment of future dividends.

VCT Regulation

The Company's investment policy is designed to ensure that it meets the requirements of HM Revenue & Customs to qualify and to maintain approval as a VCT. HM Revenue & Customs VCT regulations state that the Company must, within three years of raising funds, maintain at least 70 per cent. by value of its investments in shares or securities comprised in qualifying holdings, of which 30 per cent. by value must be ordinary shares which carry no preferential rights. In addition, it may not invest more than 15 per cent. of its investments in a single company and it must have at least 10 per cent. by value of its total investments in any qualifying company in qualifying shares approved by HM Revenue & Customs. To be classed as a VCT qualifying holding, companies in which investments are made must have no more than £15 million of gross assets at the time of investment (or £7 million if the funds being invested were raised after 5 April 2006).

A number of changes were made to the rules for VCTs in the 2007 Budget. The cash element of disposals of qualifying investments are treated as occurring six months later for the purpose of maintaining the 70 per cent. qualifying holding condition. Money raised in future tax years will only be able to be invested in companies with less than 50 employees and not more than £2m can be invested in a company by venture capital schemes within one year.

EU State Aid approval for VCT tax reliefs was received on 29 April 2009, subject to the following four further changes, which came into force under the Finance Act 2010 from 6 April 2011:

1) Territorial rules were relaxed, such that companies are only required to have a 'permanent establishment' in the UK;
2) 'Enterprises in difficulty' are excluded from qualifying;
3) 70% of qualifying investments have to be invested in ordinary shares (up from 30%); and
4) VCTs are allowed to list on any 'European Union Regulated Market'.

The Finance Bill 2012 was published on 29 March 2012. Most of the provisions were similar to the first draft of the Bill which was published in December 2011. The first draft proposed to increase:

- the employee limit to fewer than 250 (currently 50);
- the threshold of gross assets to no more than £15m before investment and £16m immediately thereafter; and
- the maximum annual amount that can be invested in an individual company in aggregate from EIS, VCT and other state aided risk capital measures to £5m (currently £2m).

The final draft of the Finance Bill provided that the maximum annual investment limit would be applied to all vintages of VCT funds. Also, EU State Aid approval has not been received for the increase to £5m, therefore, the £2m will continue to apply until this approval is received.

Management

The Board has delegated the management of the investment portfolio to the Manager and the Manager also provides or procures the provision of company secretarial and administrative services to the Company.

Principal Risks and Uncertainties

The Board considers that the Company faces the following major risks and uncertainties:

Investment Risk

A substantial portion of the Company's investments are in small AIM traded companies as well as some unquoted companies. By their nature these investments involve a higher degree of risk than investment in larger fully listed companies. These companies tend to have limited product lines and niche markets. They can be reliant on a few key individuals. They can be dependent on securing further financing. In addition, the liquidity of these shares can be low and the share prices volatile.

To reduce the risk, the Board places reliance upon the skills and expertise of the Manager and its strong track record for investing in this segment of the market. Investments are actively and regularly monitored by the Manager and the Board receives detailed reports on the portfolio in addition to the Manager's report at regular Board meetings. The Manager also seeks to limit these risks through building a highly diversified portfolio with companies in different sectors and markets at different stages of development.

Venture Capital Trust Approval Risk

The current approval as a venture capital trust allows investors to take advantage of income tax reliefs on initial investment and ongoing tax-free capital gains and dividend income. Failure to meet the qualifying requirements could result in investors losing the income tax relief on initial investment and loss of tax relief on any tax-free income or capital gains received. In addition, failure to meet the qualifying requirements could result in a loss of listing of the shares.

To reduce this risk, the Board has appointed the Manager which has significant experience in venture capital trust management, and is used to operating within the requirements of the venture capital trust legislation. In addition, to provide further formal reassurance, the Board has appointed PricewaterhouseCoopers LLP ("PwC") as taxation adviser to the Company. PwC reports every six months to the Board to confirm independently compliance with the venture capital legislation, to highlight areas of risk and to inform on changes in legislation.

Compliance Risk

The Company is listed on the London Stock Exchange and is required to comply with the rules of the UK Listing Authority, as well as with the Companies Acts, Accounting Standards and other legislation. Failure to comply with these regulations could result in a delisting of the Company's shares, or other penalties under the Companies Acts or from financial reporting oversight bodies.

Board members and the Manager have considerable experience of operating at senior levels within quoted businesses. In addition, the Board and the Manager receive regular updates on new regulation from the auditor, lawyers and other professional bodies.

Internal Control Risk

Failures in key controls, within the Board or within the Manager's business could put assets of the Company at risk or result in reduced or inaccurate information being passed to the Board or to shareholders.

The Board seeks to mitigate the internal control risk by setting policy, regular reviews of performance, enforcement of contractual obligations and monitoring progress and compliance. Details of the Company's internal controls are on pages 32 and 33.

Financial Risk

By its nature, as a venture capital trust, the Company is exposed to market price risk, credit risk, liquidity risk and interest rate risk. The Company's policies for managing these risks are outlined in full in notes 24 to 27 to the financial statements on pages 53 to 55.

The Company is financed through equity.

Liquidity Risk

The Company's investments may be difficult to realise. As a closed-ended vehicle the Company does have the long-term funding appropriate to making investments in illiquid companies. However, if the underlying investee companies run into difficulties then their shares can become illiquid for protracted periods of time. In these circumstances the Manager would work with the investee company and its advisors to seek appropriate solutions.

Market Risk

Investment in AIM-traded, PLUS-traded and unquoted companies, by its nature, involves a higher degree of risk than investment in companies on the main market. In particular, smaller companies often have limited product lines, markets or financial resources and may be dependent for their management on a smaller number of key individuals. At times of adverse market sentiment the shares of small companies can become very difficult to sell, and values can fall rapidly. The Company's closed-end structure is important in this regard, in that it is less likely to become a forced seller at such points. The Company's investment policy also allows the Manager to invest in much larger more liquid companies through non-qualifying holdings. These can provide liquidity in times of market adversity.

Economic Risk

Events such as economic recession and movement in interest rates can affect investor sentiment towards liquidity risk, and hence have a negative impact on the valuation of smaller companies. The Manager seeks to mitigate this risk by seeking to adopt a suitable investment style for the current point in the business cycle, and to diversify the exposure to geographic end markets.

Reputational Risk

Inadequate or failed controls might result in breaches of regulations or loss of shareholder trust. Details of the Company's internal controls are on pages 32 and 33.

Operational Risk

Failure of the Manager's, or other contracted third parties', accounting systems or disruption to their businesses might lead to an inability to provide accurate reporting and monitoring or loss to shareholders. The Manager regularly reviews the performance of third party suppliers at monthly management meetings and quarterly board meetings of the Manager.

Directors

The biographies of directors are shown on page 20. The terms of the directors' appointment and replacement are set out in the Statement of Corporate Governance on page 30.

The directors who held office during the year and their interests in the shares of the Company (including beneficial and family interests) were:

	31 January 2012 Shares held	31 January 2011 Shares held
Julian Avery (appointed 8 November 2011)	60,411	n/a
Mike Killingley	36,151	17,189*
Christopher Macdonald (appointed 8 November 2011)	27,409	n/a
Christopher Moorsom	37,680	27,746*
James Hambro (resigned 8 November 2011)	-	13,745*
David Page (resigned 8 November 2011)	-	16,169*

* *rebased following share reconstruction.*

Under the terms of the Offer the directors of the Company made the following investments: Mike Killingley invested £20,000 and was allotted 19,502 shares in the Company at a price of 105.63p per share on 21 November 2011. Julian Avery, Christopher Macdonald and Christopher Moorsom invested £40,000, £20,000 and £10,000 respectively and were accordingly allotted 39,737, 19,868 and 9,934 shares in the Company at a price of 103.68p per share on 12 December 2011.

Under the terms of the ESBBF the directors of the Company undertook the following transactions: Mike Killingley sold 17,189 shares at a price of 97.19p per share and bought 16,649 shares in the Company at a price of 103.35p per share on 28 November 2011. Julian Avery and Christopher Macdonald sold 21,343 and 7,785 shares respectively at a price of 96.86p per share and bought 20,674 and 7,541 shares in the Company at a price of 102.99p per share on 5 January 2012.

There have been no changes in the holdings of the directors between 31 January 2012 and the date of this report.

Details of their remuneration are set out in the directors' remuneration report on page 35.

Companies Act 2006 Disclosures

The Board recognises the requirement under Section 417(5) of the Act to detail information about environmental matters (including the impact of the Company's business on the environment), any Company employees and social and community issues; including information about any policies it has in relation to these matters and effectiveness of these policies. As the Company has no employees or policies in these matters this requirement does not apply.

Share Capital

There are 27,643,668 ordinary shares in issue at the year end.

The rights and obligations attaching to the Company's ordinary shares are set out in the Company's Articles of Association, copies of which can be obtained from Companies House. The holders of ordinary shares are entitled to receive dividends when declared, to receive the Company's report and accounts, to attend and speak at general meetings, to appoint proxies and to exercise voting rights. There are no restrictions on the voting rights attaching to the Company's shares or the transfer of securities in the Company.

At a general meeting of the Company held on 31 October 2011 the following resolutions were passed:

Authority to allot shares

The directors were authorised pursuant to Section 551 of the Companies Act 2006 to allot relevant securities up to a maximum aggregate nominal value of £6,000,000 in connection with the merger, the offer for subscription and the dividend reinvestment scheme and to allot a further 10 per cent of the aggregate nominal value of the shares issued from time to time. This authority expires on 31 October 2016.

Disapplication of pre-emption rights

The directors were empowered to allot equity securities for cash (further to the authority referred to above) without first offering such securities to existing shareholders in proportion to their shareholdings. This authority expires on 31 October 2016.

Management Agreement

Amati Global Investors were appointed as Manager to the Company on 22 March 2010. Under an Investment Management and Administration Agreement ("IMA") dated 22 March 2010 the Manager has agreed to manage the investments and other assets of the Company on a discretionary basis subject to the overall policy of the directors. The Company will pay to the Manager under the terms of the IMA an annual fee of 1.75% of the net asset value of the Company. Following the merger with AVCT2 annual running costs are capped at 3.5 per cent. of the Company's net assets, any excess being met by the Manager by way of a reduction in future management fees. The annual running costs include the directors' and Manager's fees, professional fees and the costs incurred by the Company in the ordinary course of its business (but excluding any commissions paid by the Company in relation to any offers for subscription, any performance fee payable to the Manager, irrecoverable VAT and exceptional costs, including winding-up costs).

Administration Arrangements

Under the IMA, the Manager has also agreed to provide certain portfolio management, secretarial and administration services for the Company. A fee of £65,000 per annum is payable by the Company to the Manager for these services, subject to an annual increase in line with the retail prices index. The fee for the year ended 31 January 2012 is £66,558. These services are subject to termination by either party on 12 months' notice.

Fund Manager's Engagement

The Board regularly appraises the performance and effectiveness of the managerial and secretarial arrangements of the Company. As part of this process, the Board will consider the arrangements for the provision of investment management and other services to the Company on an ongoing basis and a formal review is conducted annually. In the opinion of the Board, the continuing appointment of the Manager, on the terms agreed, is in the interests of the shareholders. The directors are satisfied that the Manager will continue to manage the Company in a way which will enable the Company to achieve its objectives.

Details of the principal investments made by the Company are shown in the portfolio of investments on pages 12 to 14.

The ratio of the Company's expenses for the year ended 31 January 2012 as a proportion of the net assets of the Company was 2.8% (31 January 2011: 2.9%).

Supplier Payment Policy

The Company's policy is to pay all suppliers' invoices in accordance with agreed terms. The trade creditors as at 31 January 2012 were £3,000 which had been outstanding for 13 days (31 January 2011: £nil).

VCT Status Adviser

The Company has retained PwC to advise it on compliance with VCT requirements. PwC reviews new investment opportunities, as appropriate, and reviews regularly the investment portfolio of the Company. PwC works closely with the Manager but reports directly to the Board.

Auditor

A resolution to re-appoint PKF (UK) LLP as auditor will be proposed at the forthcoming annual general meeting.

Substantial Shareholdings

At the date of this report there was no individual shareholding exceeding 3% of the issued ordinary share capital.

Accountability and Audit

The statement of directors' responsibilities is set out on page 29 of this report. The independent auditor's report is set out on pages 36 and 37 of this report. The directors who were in office on the date of approval of these Annual Report and Financial Statements have confirmed that, as far as they were aware, there is no relevant audit information of which the auditor is unaware. Each of the directors has taken all the steps they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Annual General Meeting

The annual general meeting will be held at the offices of Howard Kennedy LLP, 19 Cavendish Square, London W1A 2AW on Thursday 14 June 2012 at 11.30 am. The notice of meeting is set out on pages 56 and 57 of this Annual Report and a proxy form is included. The following denotes the business to take place:

Ordinary business

Resolution 1: Approval of the Annual Report

Shareholders will be asked to receive the directors' report and financial statements for the financial year ended 31 January 2012, together with the independent auditor's report thereon.

Resolution 2: Approval of the Directors' Remuneration Report

Under Regulation 11 and Schedule 8 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008, the Company is required to produce a directors' remuneration report for each relevant financial year and shareholders are invited to approve that report for the financial year ended 31 January 2012 which is set out in full on pages 34 and 35 of this Annual Report. The directors' remuneration report includes details of the remuneration paid to directors and the Company's remuneration policy for its directors. The vote on this Resolution is advisory and no aspect of an individual director's entitlement to remuneration is condition upon the passing of this Resolution.

Resolution 3: Approval of a final dividend of 3.13p per share

Shareholders will be asked to approve a final dividend of 3.13p per share payable on 17 July 2012 to shareholders on the register at 22 June 2012.

Resolutions 4 and 5: Appointment of auditor

These resolutions provide for the appointment of PKF(UK) LLP as auditor to the Company to hold office from the conclusion of the annual general meeting until the conclusion of the next annual general meeting at which accounts are laid before the Company and to authorise the directors to fix the auditor's remuneration.

Resolution 6: Re-election of Mr Mike Killingley

Mr Mike Killingley will retire by rotation, and being eligible, offers himself for re-election.

Resolution 7: Re-election of Mr Christopher Moorsom

Mr Christopher Moorsom retires as he is subject to annual re-election by shareholders in accordance with the AIC Code recommendation that non-executive directors serving more than nine years should be subject to annual re-election.

Resolution 8: Election of Mr Julian Avery

Mr Julian Avery retires as he is subject to election by shareholders at the first AGM after appointment in accordance with the Company's Articles of Association.

Resolution 9: Election of Mr Christopher Macdonald

Mr Christopher Macdonald retires as he is subject to election by shareholders at the first AGM after appointment in accordance with the Company's Articles of Association.

Special Business

Resolution 10: Renewal of authority for the Company to purchase its own shares

The directors are aware that there is an illiquid market in the Company's shares and that at 3 May 2012 the shares are trading below net asset value. The directors therefore consider that the Company should have the ability to make market purchases of its ordinary shares in the market for cancellation. A special resolution will be proposed at the annual general meeting seeking authority for the Company to purchase up to 14.99% of the issued share capital as at the date of the annual general meeting. This authority will expire on the earlier of the date of the Company's annual general meeting to be held in 2013 and the date which is 15 months after the date on which this resolution is passed. It is the directors' intention to seek to renew this general authority annually, and more frequently if required.

By order of the Board

The City Partnership (UK) Limited
Company Secretary

3 May 2012

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the directors' report, the directors' remuneration report and the financial statements in accordance with applicable law and regulations. They are also responsible for ensuring that the annual report includes information required by the Listing Rules of the Financial Services Authority.

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) . Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss 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 accounting 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; and
- 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 adequate accounting records that are sufficient to show and explain the Company's transactions, to disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. 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 the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

The directors confirm, to the best of their knowledge:

- that the financial statements, which have been prepared in accordance with UK Generally Accepted Accounting Practice, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- that the management report included within the Board review, Fund Manager's review and Directors' report and business review includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

The names and functions of all the directors are stated on page 30.

Background

The Board of Amati VCT 2 plc has considered the principles and recommendations of the AIC Code of Corporate Governance ("AIC Code") by reference to the AIC Corporate Governance Guide for Investment Companies ("AIC Guide"). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in Section 1 of the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues which are of specific relevance to the Company.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Corporate Governance Code), will provide better information to shareholders.

The Company has complied with the recommendations of the AIC Code and the relevant provisions of Section 1 of the UK Corporate Governance Code except as set out below.

The UK Corporate Governance Code includes provisions relating to:

- the role of the chief executive
- executive directors' remuneration
- the need for an internal audit function

For the reasons set out in the AIC Guide, and in the preamble to the UK Corporate Governance Code, the Board considers these provisions are not relevant to the position of the Company, being an externally managed investment company. The Company has therefore not reported further in respect of these provisions.

Board of Directors

The Company has a board of four directors, all of whom are considered independent non-executive directors under the AIC Code. James Hambro and David Page resigned and Julian Avery and Christopher Macdonald were appointed to the Board with effect from 8 November 2011. Julian Avery was appointed Chairman of the Company on appointment. Christopher Moorsom was appointed the Senior Independent Director following the Merger on 8 November 2011. Biographical details of all directors are shown on page 20.

All directors are subject to re-election by shareholders at the first opportunity after their appointment and to further re-election thereafter at three year intervals.

Directors' retirement and re-election are subject to the Articles of Association and the AIC Code of Corporate Governance. At the forthcoming annual general meeting Mike Killingley will retire by rotation and stand for re-election. Julian Avery and Christopher Macdonald stand for election as they are subject to election by shareholders at the first annual general meeting after appointment in accordance with the Company's Articles of Association. In accordance with the AIC Code, Christopher Moorsom stands for re-election as a non-executive director serving more than nine years should be subject to annual re-election. As all directors have acted in the interests of the Company throughout the period of their appointment and demonstrated commitment to their roles the Board recommends they be re-elected at the annual general meeting.

No director has a contract of service with the Company. All of the directors have been provided with letters of appointment which are available for inspection by shareholders immediately before and after the Company's annual general meeting.

Directors are provided with key information on the Company's activities including regulatory and statutory requirements and internal controls by the Manager. The Manager, in the absence of explicit instructions from the Board, is empowered to exercise discretion in the use of the Company's voting rights. All shareholdings are voted, where practical, in accordance with the Manager's own corporate governance policy, which is to seek to maximise shareholder value by constructive use of votes at company meetings and by endeavouring to use its influence as an investor with a principled approach to corporate governance. The Board has direct access to secretarial advice and compliance services through the company secretary, who is responsible for ensuring that Board procedures are followed and applicable procedures complied with.

All directors are able to take independent professional advice in furtherance of their duties if necessary. In accordance with the AIC Code, the Company has in place directors' and officers' liability insurance. On appointment any new director will be given a comprehensive introduction to the Company's business including meeting the Company's key advisers.

When directors have concerns that cannot be resolved about the running of the Company or a proposed action, they are asked to ensure that their concerns are recorded in a Board minute. On resignation, a director who has any such concerns is encouraged to provide a written statement to the Chairman, for circulation to the Board.

The Board is responsible to shareholders for the proper management of the Company and meets at least quarterly. The AIC Code states that the board should have a formal schedule of matters specifically reserved to it for decision, to ensure that it has firm direction and control of the Company. This is achieved by a management agreement between the Company and the Manager, which sets out the matters over which the

Manager has authority and the limits above which Board approval must be sought. All other matters including strategy, investment and dividend policies, gearing and corporate governance proceedings are reserved for the approval of the Board of directors.

All the directors are equally responsible for the proper conduct of the Company's affairs. In addition, the directors are responsible for ensuring that the policies and operations are in the best interests of all the Company's shareholders and that the best interests of creditors and suppliers to the Company are properly considered.

The chairman and the company secretary establish the agenda for each Board meeting. The necessary papers for each meeting are distributed well in advance of each meeting ensuring all directors receive accurate, timely and clear information.

Independence of Directors

The Board regularly reviews the independence of each director and of the Board as a whole. The Company has an investment in Brooks Macdonald Group, of which Christopher Macdonald is chief executive officer. The Board has concluded that the independence of Christopher Macdonald is not compromised by this relationship. The Board believes that each director has demonstrated that he is independent in character and judgment and there are no relationships or circumstances which could affect their objectivity.

Board Performance

Due to the Merger a Board performance evaluation was not considered appropriate as the composition of the Board changed during the year. The Board intend to carry out a performance evaluation of the Board, committees and individual directors led by the senior independent director in the year ahead. The directors seek to ensure that the Board has an appropriate balance of skills, experience and length of service. The biographies of the directors shown on page 20 demonstrate the wide range of investment, commercial and professional experience that they contribute. The size and composition of the Board and its committees is considered adequate for the effective governance of the Company.

Board Committees

Copies of the terms of reference of the Company's audit committee are available from the company secretary and can be found on Amati's website: www.amatiglobal.com.

Audit Committee

A fully constituted committee of the Board of directors is established to perform the duties set out below and to report on those matters to the Board.

- to monitor the integrity of the Company's financial statements and any formal announcements relating to the Company's financial performance, reviewing significant financial reporting judgements contained in them.
- to review the Company's financial reporting, internal control and risk management procedures.
- to make recommendations to the Board for it to put to shareholders for their approval at the AGM, in relation to the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor.
- to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements.
- to develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm.
- to report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken.
- to review the Manager's arrangements for "whistleblowing" so that the committee might satisfy itself as to the adequacy of the Manager's arrangements for its staff to raise concerns about possible improprieties of financial reporting or otherwise.
- the chairman shall attend the AGM of the Company prepared to respond to any shareholder questions on the committee's activities.

The audit committee comprises Mike Killingley (chairman), Christopher Macdonald and Christopher Moorsom. Julian Avery is not a member of the audit committee, however he is invited to attend the audit committee meetings by the chairman of the audit committee.

The audit committee meets twice a year to review the Annual and Half-yearly Statements before submission to the Board. The audit committee reviews the services of the auditor on an annual basis and recommends the services of PKF (UK) LLP to the shareholders in view of the firm's extensive experience in auditing Venture Capital Trusts.

Nomination Committee

As the Board is small and consists of non-executive directors and in view of the nature of a Venture Capital Trust Company it has been decided that a Nomination Committee does not need to be formed. The appointment of new directors is decided by the whole Board.

Remuneration Committee

As stated in the Directors' Remuneration Report on pages 34 and 35 where a Venture Capital Trust Company has no executive directors, the UK Corporate Governance Code principles relating to directors' remuneration do not apply and as such no Remuneration Committee has been appointed. The remuneration of the directors is reviewed by the whole Board although no director is involved in setting his own remuneration.

Board and Committee Meetings

The following table sets out the directors' attendance at full Board and committee meetings held during the year ended 31 January 2012.

Director	Board meetings held	Board meetings attended	Audit Committee meetings held	Audit Committee meetings attended
Julian Avery (appointed 8 November 2011)	1	1	n/a	n/a
Mike Killingley	4	4	2	2
Christopher Macdonald (appointed 8 November 2011)	1	1	n/a	n/a
Christopher Moorsom	4	4	2	2
James Hambro (resigned 8 November 2011)	3	3	2	2
David Page (resigned 8 November 2011)	3	3	2	2

The Board is in regular contact with the Manager between board meetings.

Relations with Shareholders

The Company welcomes the views of shareholders and places great importance on communication with its shareholders. Shareholders have the opportunity to meet the Board at the annual general meeting. All shareholders are welcome to attend the meeting and to ask questions of the directors. The Board is also happy to respond to any written queries made by shareholders during the course of the year. All communication from shareholders is recorded and reviewed by the Board to ensure that shareholder enquiries are promptly and adequately resolved. The Company's senior independent director, Christopher Moorsom, is available to shareholders who have concerns that other channels have failed to allay and can be contacted through the company secretary, The City Partnership (UK) Limited.

The notice of the annual general meeting accompanies this annual report, which is sent to shareholders. A separate resolution is proposed for each substantive issue. The Board and representatives of the Manager are available to answer any questions shareholders may have.

The Company also communicates with shareholders through annual and half-yearly reports, which appear on the Company's website (http://www.amatiglobal.com/avct2_literature.php) and through the interim management statements. The Board as a whole approves the terms of the Chairman's Statement and Fund Manager's Review which form part of these reports in order to ensure that they present a balanced and understandable assessment of the Company's position.

Internal Control

The Board acknowledges that it is responsible for the Company's internal control systems and for reviewing their effectiveness. In accordance with the AIC Code, the Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Company. Internal controls are designed to manage the particular needs of the Company and the risks to which it is exposed. The internal control systems aim to ensure the maintenance of proper accounting records, the reliability of the financial information upon which business decisions are made and which is used for publication, and that the assets of the Company are safeguarded. They can by their nature only provide reasonable and not absolute assurance against material misstatement or loss. The financial controls operated by the Board include the authorisation of the investment strategy and regular reviews of the results and investment performance.

The Board has delegated contractually to third parties, as set out on page 26, the management of the investment portfolio, the custodial services, including the safeguarding of the assets, the day-to-day accounting, company secretarial and administration requirements and registration services.

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 regular reports from the Manager. Ad hoc reports and information are supplied to the Board as required. It remains the role of the Board to keep under review the terms of the management agreement with the Manager.

An annual review of the control systems is carried out which covers consideration of the key risks in three major areas: corporate strategy and compliance with laws and regulations; financial management and company reporting and relationships with service providers. Each risk is considered with regard to the controls exercised at Board level, reporting by service providers and controls relied upon by the Board. The company secretary reviews the annual statutory accounts to ensure compliance with Companies Acts and the AIC Code. The principal features of the internal control systems which the Company has in place in respect of financial reporting include segregation of duties between the review and approval of unquoted investment valuations and the recording of these valuations in the accounting records, bank reconciliations are carried out on a monthly basis and the audit committee reviews financial information prior to its publication.

Whistle Blowing

The Board has considered arrangements by which staff of the Manager or the company secretary may, in confidence, raise concerns within their respective organisations about possible improprieties in matters of financial reporting or other matters. It has concluded that adequate arrangements are in place for proportionate and independent investigation of such matters, and where necessary, for appropriate follow-up action to be taken within their respective organisations.

Going Concern

In accordance with FRC Guidance for directors on going concern and liquidity risk the directors are of the opinion that, at the time of approving the financial statements, the Company has adequate resources to continue in business for the foreseeable future. In reaching this conclusion the Directors took into account the nature of the Company's business and Investment Policy, its risk management policies, the diversification of its portfolio, the cash holdings and the liquidity of non-qualifying investments. 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 and Business Review on pages 21 to 28. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors believe it is appropriate to continue to apply the going concern basis in preparing the financial statements.

Listing Rule Disclosures DTR 7.2.6

The Company has one class of share, ordinary shares, which carry no right to fixed income. Details of the Company's share capital, including the number of shares allotted and rights attached to such shares are set out in the Directors' Report and Business Review on page 26.

There were no shareholders with a significant holding as at the year end and the date of this report.

The Company may by ordinary resolution appoint any person who is willing to act as a director, either to fill a vacancy or as an additional director. Each director is to be appointed by separate resolution.

The Company may by special resolution make amendment to the Company's Articles of Association.

The authority to re-purchase its own issued share capital was last renewed at the general meeting held on 31 January 2012 and this authority will be renewed again at the AGM to be held on 14 June 2012.

On behalf of the Board

Julian Avery
Chairman

3 May 2012

Introduction

The Board has prepared this report in accordance with the requirements of the Companies Act 2006 and The Large and Medium-sized Company and Groups (Accounts and Reports) Regulations 2008. An ordinary resolution for the approval of this report will be put to the members at the forthcoming annual general meeting.

The law requires that the Company's auditor audit certain disclosures. Where disclosures have been audited, they are indicated as such. The auditor's opinion is included in the Independent Auditor's Report on pages 36 and 37.

Policy on Directors' Fees

The Board's policy is that the remuneration of directors should reflect the experience of the Board as a whole, be fair and comparable with that of other companies that are similar in size and nature to the Company and have similar objectives and structures. Furthermore, the level of remuneration should be sufficient to attract and retain the directors required to oversee effectively the Company and to reflect the specific circumstances of the Company, the duties and responsibilities of the directors and the value and amount of time committed to the Company's affairs. It is the intention of the Board that, unless any revision to this policy is deemed necessary, this policy will continue to apply in the forthcoming and subsequent financial years.

The fees for the directors are set within maximum limits determined from time to time by the Company in general meeting. At present, the maximum aggregate remuneration is as contained in the Company's Articles, which limit the fees payable to the directors to £90,000 per annum in aggregate. The directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits.

Directors' Service Contracts

No director has a contract of service with the Company. All of the directors have been provided with letters of appointment. The letters of appointment provide that directors are appointed for a period of up to three years and are subject to re-election by shareholders at the first annual general meeting after their appointment. Thereafter they must retire at intervals of no more than three years. Their re-election is subject to shareholder approval. The letters of appointment are available for inspection on request. Any director who has served on the Board for more than nine years will submit themselves for re-election annually. There is no period of notice to be given to terminate the letters of appointment and no provision for compensation upon early termination of appointment.

The following table shows, for each director, the original appointment date and the annual general meeting (AGM) at which they may stand for re-election.

Director	Date of original appointment	Due date for re-election
Julian Avery	8 November 2011	2012 AGM
Mike Killingley	22 February 2006	2012 AGM
Christopher Macdonald	8 November 2011	2012 AGM
Christopher Moorsom	12 June 2003	2013 AGM
James Hambro (resigned 8 November 2011)	22 February 2006	n/a
David Page (resigned 8 November 2011)	1 August 2004	n/a

Company Performance

The graph below compares the change in the Company's share price total return to the FTSE AIM All-Share Index for the period from the launch of the Company. This index was chosen for comparison purposes, as it is the benchmark used for investment performance measurement purposes.

Directors' Remuneration (Audited)

Director	2012 £	2011 £
Julian Avery	5,100	n/a
Mike Killingley	15,500	15,000
Christopher Macdonald	3,400	n/a
Christopher Moorsom	17,300	18,000
James Hambro † (resigned 8 November 2011)	11,500	15,000
David Page (resigned 8 November 2011)	11,500	15,000
	64,300	63,000

† *The fees in respect of James Hambro were paid to charity.*

None of the directors received any other remuneration during the year. The Company has not contributed to directors' pension schemes.

No element of the directors' remuneration is performance related. The Company has not awarded any share options or long-term performance incentives to any of the directors.

On behalf of the Board

Julian Avery
Chairman

3 May 2012

We have audited the financial statements of Amati VCT 2 plc for the year ended 31 January 2012 which comprise the income statement, the reconciliation of movements in shareholders' funds, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 auditor

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2012 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the corporate governance statement set out on pages 30 to 33 in the annual report and financial statements in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook issued by the Financial Services Authority (information about internal control and risk management systems in relation to financial reporting processes and about share capital structures) is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a corporate governance statement has not been prepared by the Company.

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 33, in relation to going concern; and
- the part of the corporate governance statement relating to the company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the Board on directors' remuneration.

Rosemary Clarke (Senior statutory auditor)
for and on behalf of PKF (UK) LLP, Statutory auditor
London, UK

3 May 2012

INCOME STATEMENT

for the year ended 31 January 2012

	Notes	2012 Revenue £'000	2012 Capital £'000	2012 Total £'000	2011 Revenue £'000	2011 Capital £'000	2011 Total £'000
(Loss)/return on investments	10	-	(34)	(34)	-	2,710	2,710
Income	2	305	-	305	248	-	248
Investment management fee	3	(90)	(271)	(361)	(80)	(239)	(319)
Other expenses	5	(225)	-	(225)	(277)	-	(277)
Merger costs	9	(88)	-	(88)	-	-	-
(Loss)/profit on ordinary activities before taxation		(98)	(305)	(403)	(109)	2,471	2,362
Taxation on ordinary activities	6	-	-	-	-	-	-
(Loss)/profit on ordinary activities after taxation		(98)	(305)	(403)	(109)	2,471	2,362
Basic and diluted (loss)/return per Ordinary share	8	(0.26)p	(0.80)p	(1.06)p	(0.25)p	5.67p	5.42p

The total column is the profit and loss account of the Company, with the revenue and capital columns representing supplementary information under the Statement of Recommended Practice, 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' ("SORP") revised in January 2009.

All the items above derive from continuing operations of the Company. This includes the return on the assets acquired from AVCT2 (formerly Invesco Perpetual AiM VCT plc).There were no other recognised gains or losses in the year.

The only difference between the reported return on ordinary activities before tax and the historical profit is due to the fair value movement on investments. As a result a note on historical cost profit and loss has not been prepared.

The notes on pages 42 to 55 form part of these financial statements.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
for the year ended 31 January 2012

	Note	2012 £'000	2011 £'000
Opening shareholders' funds		20,692	18,330
(Loss)/profit for the year		(403)	2,362
Increase in share capital in issue		3,869	-
Shares issued in connection with merger		11,423	-
Share buy backs		(5,434)	-
Other costs charged to capital		(278)	-
Dividends paid	7	(1,189)	-
Closing shareholders' funds		28,680	20,692

BALANCE SHEET
as at 31 January 2012

	Note	2012 £'000	2011 £'000
Fixed assets			
Investments held at fair value	10	27,601	19,215
Current assets			
Debtors	11	111	1,381
Cash at bank		1,332	249
Total current assets		1,443	1,630
Current liabilities			
Creditors: amounts falling due within one year	12	(364)	(153)
Net current assets		1,079	1,477
Total assets less current liabilities		28,680	20,692
Capital and reserves			
Called up share capital*	13	1,382	2,178
Share premium account*	14	452	2,955
Merger reserve*	14	2,439	3,286
Special reserve	14	30,558	18,217
Capital redemption reserve*	14	31	558
Capital reserve	14	(6,084)	(6,626)
Revenue reserve	14	(98)	124
Equity shareholders' funds		28,680	20,692
Net asset value per share	15	103.75p	47.51p

** These reserves are not distributable.*

The financial statements on pages 38 to 55 were approved and authorised for issue by the Board of directors on 3 May 2012 and were signed on its behalf by

Julian Avery
Chairman

Company Number 04138683

The accompanying notes on pages 42 to 55 are an integral part of the balance sheet.

CASH FLOW STATEMENT

for the year ended 31 January 2012

	Note	2012 £'000	2011 £'000
Operating activities			
Investment income received		267	275
Investment management fees		(325)	(256)
Other operating costs		(294)	(312)
Merger costs of the Company		(83)	-
Net cash outflow from operating activities	17	(435)	(293)
Financial investment			
Purchase of investments		(3,953)	(9,057)
Disposals of investments		7,114	10,198
Net cash inflow from financial investment		3,161	1,141
Dividends			
Payment of dividends		(1,189)	-
Net cash inflow before financing		1,537	848
Financing			
Funds received as part of asset acquisition of AVCT2		245	-
Merger costs relating to asset acquisition of AVCT2		(113)	-
Issue of shares		3,755	-
Expenses of the issue of shares		(121)	-
Share buy backs		(4,210)	(575)
Other capital costs		(10)	-
Net cash outflow from financing		(454)	(575)
Increase in cash		1,083	273

Reconciliation of net cash flow to movement in net cash

		2012 £'000	2011 £'000
Net cash at 1 February		249	(24)
Net cash at 31 January		1,332	249
Increase in cash during the year		1,083	273

The accompanying notes on pages 42 to 55 are an integral part of the statement.

1 Accounting Policies

Basis of Accounting

The financial statements have been prepared under the historical cost convention, modified to include a revaluation of fixed asset investments, and in accordance with applicable Accounting Standards and law in the United Kingdom and with the SORP.

Acquisition of assets from AVCT2

On 8 November 2011 the Company acquired the assets and liabilities of AVCT2, the transaction being accounted for as an asset acquisition. The income and costs for the period up to 8 November 2011 and the comparable period for last year reflect the activities of the Company before the acquisition and after that date reflect those of the Company as enlarged by the acquisition. Further information is contained in Note 9 on pages 46 and 47.

Income

Dividends on quoted shares are recognised as income on the date that the related investments are marked ex dividend and, where no dividend date is quoted, when the Company's right to receive payment is established.

Fixed returns on non-equity shares and debt securities are recognised on a time apportionment basis so as to reflect the effective yield, provided there is no reasonable doubt that payment will be received in due course. Interest receivable is included in the accounts on an accruals basis.

Expenses

All expenses are accounted for on an accruals basis. In respect of the analysis between revenue and capital items presented within the income statement, all expenses have been prescribed as revenue items except as follows:

Expenses are split and presented partly as capital items where a connection with the maintenance or enhancement of the value of the investments held can be demonstrated, and accordingly the investment management fee is currently allocated 25% to revenue and 75% to capital, which reflects the directors' expected long-term view of the nature of the investment returns of the Company.

Performance fees are paid 100% from capital.

Issue Costs

Issue costs are deducted from the share premium account.

Taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Deferred tax assets are only recognised when they arise from timing differences where recovery in the foreseeable future is regarded as more likely than not. 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.

Current tax is expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date and any adjustment to tax payable in respect of previous years. The tax effect of different items of expenditure is allocated between revenue and capital on the same basis as a particular item to which it relates, using the Company's effective rate of tax, as applied to those items allocated to revenue, for the accounting period.

Investments

Investments are designated on initial recognition as Fair Value through Profit and Loss and are measured at subsequent reporting dates at fair value.

Gains and losses arising from changes in fair value are considered to be realised to the extent that they are readily convertible to cash in full at the balance sheet date.

Those venture capital investments that may be termed associated undertakings are carried at fair value as determined by the directors in accordance with the Company's normal policy as these investments are held as part of the Company's portfolio with a view to the ultimate realisation of capital gains. Carrying investments at fair value is specifically permitted under Financial Reporting Standard 9 "Associates and Joint Ventures", where venture capital entities hold investments as part of a portfolio.

In respect of investments that are traded on AIM or PLUS, these are generally valued at bid prices at close of business on the Balance sheet date, in accordance with FRS 26. However, investments which are frequently traded and are traded on SETS (London Stock Exchange's electronic trading service) are valued at closing price.

Unquoted investments are shown at fair value as assessed by the directors in accordance with International Private Equity Venture Capital Valuation ("IPEV") guidelines. Valuations of unquoted investments are reviewed quarterly:

- where a company is well established after the date of investment the shares may be valued by using the most appropriate methodology recommended by the IPEV guidelines, including earnings multiples, net assets, discounted cashflows and industry valuation benchmarks.
- alternatively where a value is indicated by a material arms-length transaction by a third party in the shares of the company the valuation will normally be based on this.

Convertible loan stock instruments are valued using a discounted cash flow calculation of the underlying host loan instrument and by valuing the option at fair value using an appropriate option valuation model.

Realised and unrealised surpluses or deficits on the disposal of investments, the revaluation of investments and permanent impairments in the value of investments are taken to the capital reserve.

Financial Instruments

The Company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. Financial instruments are recognised on trade date when the Company becomes a party to the contractual provisions of the instrument. Financial instruments are recognised initially at fair value plus, in the case of a financial instrument not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial instruments are derecognised on the trade date when the Company is no longer a party to the contractual provisions of the instrument.

Foreign Currency

Foreign currency assets and liabilities are translated into sterling at the exchange rates ruling at the balance sheet date. Transactions during the year are converted into sterling at the rates ruling at the time the transactions are executed. All exchange differences are reflected in the income statement.

Trade Debtors

Trade debtors are stated at their original invoiced value, as the difference that would be recognised from discounting future cash receipts over the short credit period is not considered to be material. Trade receivables are reduced by appropriate allowances for estimated irrecoverable amounts. Interest on overdue trade receivables is recognised as it accrues.

1 Accounting Policies (continued)

Trade Creditors

Trade creditors are stated at their original invoiced value, as the difference that would be recognised from discounting future cash payments over the short payment period is not considered to be material.

Share Based Payments

In accordance with FRS20: Share Based Payments, an expense is recognised in the financial statements relating to the value of the share options awarded to Singer & Friedlander Investment Management Limited under the arrangements agreed on the merger of the Company with Singer & Friedlander AIM VCT and Singer & Friedlander AIM 2 VCT on 22 February 2006.

The accounting charge is based on the fair value of each grant. The fair value of Singer & Friedlander Investment Management Limited's option is determined at the date of grant and is expensed on a straight-line basis over the vesting period based on the Company's estimate of shares that will eventually vest. In the case of the options granted, fair value is measured by a Black-Scholes pricing model, further details of which are set out in note 4. Any deemed provision is transferred to a share options reserve.

2 Income

	Year to 31 January 2012 £'000	Year to 31 January 2011 £'000
Income:		
Dividends from UK companies	172	152
Dividends from overseas companies	35	14
UK loan stock interest	93	82
Other interest	5	-
	305	248

3 Investment Management Fees

The Manager provides investment management and secretarial services to the Company under an investment management agreement. Details of this agreement are given on page 26.

Investment management fees for the year were as follows:

	Year to 31 January 2012 £'000	Year to 31 January 2011 £'000
Due to the Manager by the Company at 1 February	86	23
Management fee charge to revenue and capital for the year	361	319
Fees paid to the Manager during the year	(325)	(256)
Due to the Manager by the Company at 31 January	122	86

Following the merger with AVCT2 annual running costs are capped at 3.5 per cent. of the Company's net assets, any excess being met by the Manager by way of a reduction in future management fees. The annual running costs include the directors' and Manager's fees, professional fees and the costs incurred by the Company in the ordinary course of its business (but excluding any commissions paid by the Company in relation to any offers for subscription, any performance fee payable to the Manager, irrecoverable VAT and exceptional costs, including winding-up costs).

4 Singer & Friedlander's option

In accordance with the arrangements agreed on the merger on 22 February 2006 of the Company with Singer & Friedlander AIM VCT and Singer & Friedlander AIM2 VCT, Singer & Friedlander Investment Management Limited were granted an option which provides that if by the date of payment of the final dividend in respect of the ordinary shares for the Company's accounting year ending 31 January 2013 cumulative dividends declared and paid on each ordinary share (by reference to a record date after the merger) exceed a return of 8 per cent (compounded annually) of the net asset value per ordinary share they will be entitled to subscribe at par for such number of additional ordinary shares as shall in aggregate be equal to 15% of ordinary shares in the Company as enlarged by such subscriptions. If this target dividend rate will have been achieved by the payment of dividends in 2014 and 2015 Singer & Friedlander Investment Management Limited will be entitled to subscribe for such number of additional ordinary shares as shall in aggregate be equal to 12.5% (2014) and 10% (2015) of ordinary shares in the Company as enlarged by such subscriptions.

This right is a share based payment under FRS20.

The value of dividends paid since the merger is 9.5p. In order to exceed the targeted return which triggers Singer & Friedlander Investment Management Limited's entitlement to subscribe for additional shares, a further 41.5p of dividends would require payment by 31 January 2013. Regardless of performance over this period, the directors would not sanction this level of dividend within this period and thus do not foresee any circumstances under which the option would crystalise. The option is therefore valued at nil (31 January 2011: nil).

5 Other Expenses

	Year to 31 January 2012 £'000	Year to 31 January 2011 £'000
Directors' remuneration	64	63
Auditor's remuneration – audit of statutory financial statements	27	17
Administration and secretarial services	67	69
Other expenses	67	128
	225	277

The Company has no employees other than directors.

Auditor's remuneration for the year ended 31 January 2012 includes an under provision of £5,000 in respect of the audit of statutory financial statements for the year ended 31 January 2011.

Details of directors' remuneration are provided in the audited section of the directors' remuneration report on pages 34 and 35.

6 Tax on Ordinary Activities

6a Analysis of credit for the year

	Year to 31 January 2012 £'000	Year to 31 January 2011 £'000
Charge for the year	-	-

The income statement shows the tax credit allocated between revenue and capital.

6 Tax on Ordinary Activities (continued)

6b Factors affecting the tax charge for the year

	Year to 31 January 2012 £'000	Year to 31 January 2011 £'000
(Loss)/profit on ordinary activities before taxation	(403)	2,362
Corporation tax at standard rate of 20.17% (2011: 28%)	(81)	661
Effect of:		
Movement in excess management expenses	109	130
Non-taxable UK dividends	(35)	(43)
Non-taxable losses/(gains) on investments	7	(748)
Expenses disallowable for taxation purposes	-	-
Tax charge for the year (note 6a)	-	-

Due to the Company's tax status as an approved Venture Capital Trust, deferred tax has not been provided on any net capital gains arising on the disposal of investments as such gains are not taxable.

No deferred tax asset has been recognised on surplus expenses carried forward as it is not envisaged that any such tax will be recovered in the foreseeable future. The amount of unrecognised deferred tax asset is £897,000 (31 January 2011: £909,000).

7 Dividends Paid

	2012 £'000	2011 £'000
Final dividend for the year ended 31 January 2011 of 2.0p per ordinary share paid on 26 July 2011	795	-
Interim dividend for the year ended 31 January 2012 of 1.0p per ordinary share paid on 18 October 2011	394	-
	1,189	-

8 Return per Share

The revenue return per share is based on the net loss on ordinary activities after taxation of £98,000 (31 January 2011: £109,000) and on 37,951,414 (31 January 2011: 43,557,324) shares, being the weighted average number of shares in issue during the year. The capital return per share is based on the net loss on ordinary activities after taxation of £305,000 (31 January 2011: profit of £2,471,000) and on 37,951,414 (31 January 2011: 43,557,324) shares, being the weighted average number of shares in issue during the year. The total return per share is based on the total net loss on ordinary activities after taxation of £403,000 (31 January 2011: profit of £2,362,000) and on 37,951,414 (31 January 2011: 43,557,324) shares, being the weighted average number of shares in issue during the year. There is no dilutive effect on the return per share for outstanding convertible securities (as explained in note 4) therefore considered to be no difference between the basic and diluted return per share.

9 Asset acquisition of AVCT2

On 8 November 2011 the Company acquired the assets and liabilities of AVCT2 under a scheme of reconstruction. The assets and liabilities of AVCT2 were transferred to the Company and in exchange the assenting shareholders of AVCT2 were allotted 27,063,870 ordinary shares in the Company, being 0.621926751 ordinary shares for each ordinary share of 10p each held in the capital of AVCT2.

9 Asset acquisition of AVCT2 (continued)

The assets and liabilities of AVCT2 which were acquired are set out below:-

	£'000
Fixed assets	
Investments held at fair value	11,334
Current assets	
Debtors	30
Cash at bank	224
	254
Current liabilities	
Creditors: amounts falling due within one year	165
Net current assets	89
Total assets less current liabilities	11,423

The aggregate cost of the merger was originally estimated at £211,995 of which 50% was allocated to the Company and 50% was allocated to AVCT2 in accordance with the terms of the Scheme. The actual amount disclosed as merger costs in the Income Statement of the Company is £88,000, the difference being an over provision of stamp duty in the original budget.

10 Investments

	Quoted investments £'000	Unquoted investments £'000	Total £'000
Cost as at 1 February 2011	18,433	3,478	21,911
Transfers from unquoted to quoted investments	258	(258)	-
Purchases	3,465	626	4,091
Stocks received as part of asset acquisition*	10,384	950	11,334
Disposals - proceeds received	(6,779)	(226)	(7,005)
- realised (losses)/gains on disposal	(581)	181	(400)
- realisation of revaluation movements from previous years	(528)	(88)	(616)
Cost at 31 January 2012	24,652	4,663	29,315
Unrealised losses at 1 February 2011	(623)	(2,073)	(2,696)
Unrealised gains/(losses) on investments during the year	682	(316)	366
Realisation of revaluation movements	528	88	616
Unrealised gains/(losses) at 31 January 2012	587	(2,301)	(1,714)

* *The investments of AVCT2 were transferred into the Company at fair value on the date of the asset acquisition. The original book cost of these assets in AVCT2 was £13,958,000 being £2,624,000 more than the transfer at fair value shown above.*

10 Investments (continued)

	Quoted investments £'000	Unquoted investments £'000	Total £'000
Valuation at 1 February 2011	17,810	1,405	19,215
Valuation at 31 January 2012	25,239	2,362	27,601
Equity shares	25,239	1,033	26,272
Preference shares	-	100	100
Loan stock	-	1,229	1,229
Total investments at valuation	25,239	2,362	27,601

In addition to the realisation of revaluation movements on disposals of investments of £616,000 noted in the table above, a further realisation of £2,221,000 in respect of unquoted investments and £734,000 in respect of quoted investments, has been made within the capital reserve in relation to investments included within book cost at 31 January 2012.

	2012 £'000	2011 £'000
Realised (losses)/gains on disposal	(400)	311
Amortisation of discount on fixed interest securities	-	(82)
Unrealised gains on investments during the year	366	2,406
Amortisation of discount on fixed interest securities	-	75
Net (loss)/gain on investments	(34)	2,710

Transaction Costs

During the year the Company incurred transaction costs of £4,000 (31 January 2011: £32,000) and £16,000 (31 January 2011: £9,000) on purchases and sales of investments respectively. These amounts are included in the (losses)/gains on investments as disclosed in the income statement.

11 Debtors

	2012 £'000	2011 £'000
Receivable for investments sold	10	257
Prepayments and accrued income	101	21
Other debtors - share buy backs	-	1,103
	111	1,381

12 Creditors: Amounts Falling due within One Year

	2012 £'000	2011 £'000
Trade creditors	3	-
Other creditors	361	153
	364	153

13 Called Up Share Capital

Ordinary shares (5p shares)	Number	2012 £'000	Number	2011 £'000
Allotted, issued and fully paid at 1 February	43,557,324	2,178	43,557,324	2,178
Issued during the year	3,719,997	186	-	-
Issued as part of asset acquisition	27,063,870	1,353	-	-
Shares re-designated as deferred shares under share reconstruction and cancelled	(38,422,530)	(1,921)	-	-
Repurchase of own shares for cancellation	(8,274,993)	(414)	-	-
At 31 January	27,643,668	1,382	43,557,324	2,178

Prior to the merger 4,140,464 ordinary shares of 5p each were purchased by the Company at an average price of 34.6p per share.

Following the merger 4,134,529 ordinary shares of 5p each were purchased by the Company at an average price of 96.1p per share.

14 Reserves

	Share capital* £'000	Share premium* £'000	Merger reserve* £'000	Special reserve £'000	Capital redemption reserve* £'000	Capital reserve £'000	Revenue reserve £'000	Total reserves £'000
At 1 February 2011	2,178	2,955	3,286	18,217	558	(6,626)	124	20,692
Shares issued	186	3,683	-	-	-	-	-	3,869
Shares issued as part of asset acquisition	1,353	10,070	-	-	-	-	-	11,423
Share issue expenses	-	(237)	-	(31)	-	-	-	(268)
Repurchase of shares	(414)	-	-	(5,434)	414	-	-	(5,434)
Shares redesignated as deferred shares under reconstruction	(1,921)	-	-	-	1,921	-	-	-
Cancellation of share premium and capital redemption reserve	-	(16,019)	-	18,881	(2,862)	-	-	-
Costs relating to cancellation of share premium & capital redemption reserves	-	-	-	(10)	-	-	-	(10)
Dividends paid	-	-	-	(1,065)	-	-	(124)	(1,189)
Transfer of merger investment disposals	-	-	(847)	-	-	847	-	-
Loss for the year	-	-	-	-	-	(305)	(98)	(403)
At 31 January 2012	1,382	452	2,439	30,558	31	(6,084)	(98)	28,680

* *These reserves are not distributable.*

The realised and unrealised Capital reserve have been amalgamated under the revised SORP, as there is no requirement to show realised and unrealised separately.

At 31 January 2012, the capital reserve constitutes realised losses of £7,325,000 (31 January 2011: £3,930,000) and investment holding gains of £1,241,000 (31 January 2011: losses of £2,696,000).

14 Reserves (continued)

At the general meeting on 31 October 2011 the reduction in the share premium account and capital redemption reserve was authorised and the credit arising was applied in creating a distributable reserve which shall be able to be applied in any manner in which the Company's profits available for distribution are able to be applied.

Distributable reserves comprise the special reserve, the revenue reserve and the capital reserve excluding investment holding gains. At 31 January 2012, the amount of reserves deemed distributable is £23,135,000 (31 January 2011: £11,715,000), a net movement in the period of £11,420,000. The net movement is comprised of the loss on ordinary activities in the income statement of £403,000, less the investment holding gains of £1,241,000, the repurchase of shares of £5,434,000, dividends paid of £1,189,000, plus the transfer of the share premium account of £16,019,000, the transfer of the capital redemption reserve of £2,862,000 less associated costs of £41,000, and the transfer of investment losses to the merger reserve of £847,000.

15 Net Asset Value per Ordinary Share

The calculation of net asset value per share at 31 January 2012 is based on net assets of £28,680,000 (31 January 2011: £20,692,000) divided by the 27,643,668 (31 January 2011: 43,557,324) shares in issue at the year end. There is no dilutive effect on the net asset value per share for outstanding convertible securities (as explained in note 4) therefore there is considered to be no difference between the basic and diluted net asset value per share.

16 Analysis of Changes in Cash

	2012 £'000	2011 £'000
At 1 February	249	(24)
Increase in cash	1,083	273
At 31 January	1,332	249

17 Reconciliation of (loss)/profit on Ordinary Activities Before Taxation to Net Cash Outflow from Operating Activities

	2012 £'000	2011 £'000
(Loss)/profit on ordinary activities before taxation	(403)	2,362
Net losses/(gains) on investments	34	(2,710)
Increase in creditors, excluding corporation tax payable	47	16
(Increase)/decrease in debtors	(80)	46
Amortisation of discount on fixed interest securities	-	(7)
Written off expenses from merger	(33)	-
Net cash outflow from operating activities	(435)	(293)

18 Significant Interests

The Company has the following significant interests (amounting to an investment of 3% or more of the equity capital of an undertaking):

	Valuation £	% held
Sportsweb.com	316,915	11.4
Sabien Technology Group plc	454,635	5.3
Inditherm plc	87,500	4.9
TLA Worldwide plc	575,200	4.5
Lo-Q plc	1,723,160	4.3
Publishing Technology plc	163,125	4.3
Paragon Entertainment Limited	565,208	4.3
Lilestone Holdings Limited	-	4.2
RTC Group plc	37,625	4.0
Green Compliance plc	415,260	3.8
Brookwell Limited Redeemable Preference	200,939	3.8
Fulcrum Utility Services Limited	852,647	3.3
Antenova Limited A Preference	100,117	3.1
Anpario plc	460,251	3.0
Antenova Limited	-	3.0
Tristel plc	455,136	3.0

19 Material disposals of unquoted investments

At 31 January 2011 the Company held 1,250,000 shares in Imagesound Ltd at a cost of £92,188 and a valuation of £nil. During the year the Company fully disposed of this investment for proceeds of £200,000.

20 Post Balance Sheet Events

The following transactions have taken place between 31 January 2012 and the date of this report:

1,786,974 shares were allotted raising net proceeds of £1,977,377.

21 Segmental Analysis

The operations of the Company comprise one activity undertaken wholly in the United Kingdom.

22 Related Parties

The Company holds 90,100 shares in Brooks Macdonald Group plc of which Christopher Macdonald is chief executive. These shares were acquired as part of the asset acquisition of the company formerly known as AVCT2 and have a cost of £1,153,000 and a valuation of £1,020,000. Full details of this investment are set out in the Top Ten Investments on page 16. Christopher Macdonald holds 958,103 shares in Brooks Macdonald Group plc in his own name.

23 Financial Instruments

The Company's financial instruments comprise equity and fixed interest investments, cash balances and liquid resources including debtors and creditors. The Company holds financial assets in accordance with its investment policy to invest in qualifying investments predominantly in AIM traded companies or companies to be traded on AIM.

Classification of financial instruments

The Company held the following categories of financial instruments at 31 January:

	2012 (Book value) £'000	2012 (Fair value) £'000	2011 (Book value) £'000	2011 (Fair value) £'000
Assets at fair value through profit and loss				
Investment portfolio	27,601	27,601	19,215	19,215
Loans and receivables:				
Receivable for investments sold	10	10	257	257
Accrued income and other debtors	101	101	1,124	1,124
Cash at bank	1,332	1,332	249	249
Liabilities measured at amortised cost				
Accrued expenses	(364)	(364)	(153)	(153)
Total for financial instruments	28,680	28,680	20,692	20,692
Total net assets	28,680	28,680	20,692	20,692

Fixed asset investments (see note 10) are measured at fair value. For quoted securities this is generally the bid price or, in the case of frequently traded securities traded on SETS (London Stock Exchange's electronic trading service), the closing price. In respect of unquoted investments, these are valued by the directors using rules consistent with IPEV guidelines. The fair value of all other financial assets and liabilities is represented by their carrying value in the balance sheet.

The Company's investing activities expose it to various types of risk that are associated with the financial instruments and markets in which it invests. The most important types of financial risk to which the Company is exposed are market risk, credit risk and liquidity risk. The nature and extent of the financial instruments outstanding at the balance sheet date and the risk management policies employed by the Company are discussed below.

In order to provide further information on the valuation techniques used to measure assets carried at fair value, the measurement basis has been categorised into a "fair value hierarchy" as follows:

– **Quoted market prices in active markets – "Level 1"**

  Inputs to Level 1 fair values are quoted prices in active markets. An active market is one in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis. The Company's investments classified within this category are AIM traded companies and fully listed companies.

– **Valued using models with significant observable market parameters – "Level 2"**

  Inputs to Level 2 fair values are inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.

– **Valued using models with significant unobservable market parameters – "Level 3"**

  Inputs to Level 3 fair values are unobservable inputs for the asset. Unobservable inputs may have been used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset at the measurement date (or market information for the inputs to any valuation models). As such, unobservable inputs reflect the assumptions the Company considers that market participants would use in pricing the asset. The Company's investments in unquoted equities, preference shares and loan stock are classified within this category. As explained in note 1, unquoted investments are valued in accordance with the International Private Equity and Venture Capital Association ("IPEV") guidelines. Alternative assumptions which could reasonably be made are considered unlikely to have a significant impact on the valuation. For example, earnings multiple calculations are used to value some unquoted equity holdings. These multiples are derived from a basket of comparable quoted companies, with appropriate discounts applied. These discounts are subjective and based on the Manager's experience.

Financial assets at fair value

At 31 January 2012

	Year ended 31 January 2012 Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000	Year ended 31 January 2011 Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Ordinary shares	24,990	-	1,081	26,071	17,810	-	507	18,317
Preference shares	201	-	100	301	-	-	-	-
Loan stock investments	-	-	1,229	1,229	-	-	898	898
	25,191	-	2,410	27,601	17,810	-	1,405	19,215

Level 3 financial assets at fair value

At 31 January 2012

	Year ended 31 January 2012 Ordinary shares £'000	Preference shares £'000	Loan stock £'000	Total £'000	Year ended 31 January 2011 Ordinary Shares £'000	Loan stock £'000	Total £'000
Opening balance at 1 February 2011	507	-	898	1,405	336	-	336
Transfers to/(from) Level 3 (see details below)	(225)	-	-	(225)	-	-	-
Purchases	205	-	421	626	189	819	1,008
Assets acquired as part of asset acquisition	850	100	-	950			
Disposal proceeds	(226)	-	-	(226)	(46)	-	(46)
Total net (losses)/gains recognised in the income statement	(30)	-	(90)	(120)	28	79	107
Closing balance at 31 January 2012	1,081	100	1,229	2,410	507	898	1,405

Ubisense moved from Level 3 to Level 1 during the year when it was admitted to trading on AIM. DM plc moved to Level 3 from Level 1 when trading was suspended pending a merger. Fuse8 plc and Just Car Clinics Group plc moved to Level 3 from Level 1 when they became delisted during the year.

24 Market Risk

Market risk arises from uncertainty about the future prices of financial instruments held in accordance with the Company's investment objectives. It represents the potential loss that the Company might suffer through holding positions in the face of market investments.

The Company's strategy on the management of investment risk is driven by the Company's investment objective as outlined in the corporate objective on page 2. The management of market risk is part of the investment management process. The Board seeks to mitigate the internal risks by setting policy, regular reviews of performance, enforcement of contractual obligations and monitoring progress and compliance with an awareness of the effects of adverse price movements through detailed and continuing analysis, with an objective of maximising overall returns to shareholders. Investments in unquoted stocks and AIM traded companies, by their nature, involve a higher degree of risk than investments in the main market. Some of that risk can be mitigated by diversifying the portfolio across business sectors and asset classes. The Company's overall market positions are monitored by the Board on a quarterly basis.

24 Market Risk (continued)

Details of the Company's investments at the balance sheet date are disclosed in the Investment Portfolio on pages 12 to 14.

As at 31 January 2012 91.4% (31 January 2011: 92.7%) of the Company's investments are traded on AIM or fully listed. A 10% increase in stock prices as at 31 January 2012 would have increased the net assets attributable to the Company's shareholders and the total profit for the year by £2,524,000 (31 January 2011: £1,781,000); an equal change in the opposite direction would have decreased the net assets attributable to the Company's shareholders and the total profit for the year by an equal amount.

As at 31 January 2012 8.6% (31 January 2011: 7.3%) of the Company's investments are in unquoted companies held at fair value. A 10% increase in the valuations of unquoted investments at 31 January 2012 would have increased the net assets attributable to the Company's shareholders and the total profit for the year by £236,000 (31 January 2011: £140,500); an equal change in the opposite direction would have decreased the net assets attributable to the Company's shareholders and the total profit for the year by an equal amount.

25 Interest Rate Risk

Fixed rate

Three of the Company's financial assets are interest bearing at a fixed rate. As a result, the Company is subject to exposure to fair value interest rate risk due to fluctuations in the prevailing levels of market interest rates, however the impact of a reasonable movement in interest rates would not be significant to the net assets and profit for the year.

The total current market value of these stocks is £1,229,000 (31 January 2011: £898,000), the weighted average interest rate is 8.4% (31 January 2011: 6.2%) and the average period to maturity is 2 years.

26 Credit Risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. This is deemed not to be a material risk. The carrying amount of financial assets best represents the maximum credit risk exposure at the balance sheet date. At 31 January 2012, the financial assets exposed to credit risk amounted to £2,672,000 (31 January 2011: £2,528,000).

Credit risk on the unquoted loan stock held within unlisted investments is considered to be part of market risk.

However, the loan stock investments in the table below are considered past due, but not individually impaired, because interest on the loan is outstanding at 31 January 2012.

	0-6 Months £'000	Total 2012 £'000
Loan stock past due	328	328

Interest of £14,000 was due to be paid on 31 December 2011 but due to a clerical error was not received by the Company until 16 March 2012.

Credit risk arising on transactions with brokers relates to transactions awaiting settlement. Risk relating to unsettled transactions is considered to be small due to the short settlement period involved, the high credit quality of the brokers used and the fact that almost all transactions are on a 'delivery versus payment' basis. The Manager monitors the quality of service provided by the brokers used to further mitigate this risk.

All the assets of the Company which are traded on AIM are held by Bank of New York Nominees, the Company's custodian. Bankruptcy or insolvency of the custodian may cause the Company's rights with respect to securities held by the custodian to be delayed or limited.

At 31 January 2012, substantially all of the cash held by the Company was held by The Bank of New York. Bankruptcy or insolvency of this institution may cause the Company's rights with respect to the cash held by it to be delayed or limited. Should the credit quality or the financial position of this institution deteriorate significantly the Company has the ability to move the cash at short notice.

There were no significant concentrations of credit risk to counterparties at 31 January 2012 or 31 January 2011.

27 Liquidity Risk

The Company's financial instruments include investments in unlisted equity investments which are not traded in an organised public market and which generally may be illiquid. As a result, the Company may not be able to liquidate quickly some of its investments in these instruments at an amount close to their fair value in order to meet its liquidity requirements, or to respond to specific events such as deterioration in the creditworthiness of any particular issuer. The proportion of the portfolio invested in unlisted equity investments is not considered significant given the amount of investments in readily realisable securities.

The Company's liquidity risk is managed on an ongoing basis by the Manager in accordance with policies and procedures in place as described in the Directors' Report and Business Review on pages 21 to 28. The Company's overall liquidity risks are monitored on a quarterly basis by the Board.

The Company maintains sufficient investments in cash and readily realisable securities to pay accounts payable and accrued expenses. At 31 January 2012, these investments were valued at £5,354,000 (31 January 2011: £5,702,000). The directors consider that frequently traded AIM investments with a market capitalisation of greater than £200m represent readily realisable securities.

28 Capital Management Policies and Procedures

The Company's capital management objectives are:

- to ensure that it will be able to continue as a going concern;
- to satisfy the relevant HMRC requirements; and
- to maximise the income and capital return to its shareholders.

As a VCT, the Company must have, within 3 years of raising its capital, at least 70% by value of its investments in VCT qualifying holdings, which are relatively high risk UK smaller companies. In satisfying this requirement, the Company's capital management scope is restricted. The Company does have the option of maintaining or adjusting its capital structure by varying dividends, returning capital to shareholders, issuing new shares or selling assets to maintain a certain level of liquidity. There has been no change in the objectives, policies or processes for managing capital from the previous year.

The Board, with the assistance of the Manager, monitors and reviews the broad structure of the Company's capital on an ongoing basis. This review includes:

- the need to buy back equity shares for cancellation, which takes account of the difference between the net asset value per share and the share price (ie the premium or discount);
- the need for new issues of shares; and
- the extent to which revenue in excess of that which is to be distributed should be retained.

Notice is hereby given that the annual general meeting of Amati VCT 2 plc (the "Company") will be held on Thursday 14 June 2012 at 11.30 am at the offices of Howard Kennedy, 19 Cavendish Square, London W1A 2AW (the "Meeting") for the transaction of the following business:

Ordinary Business

To consider, and if thought fit, to pass the following Resolutions 1 to 9 as Ordinary Resolutions and Resolution 10 as a Special Resolution of the Company:

Ordinary Resolutions

1. "To receive and adopt the Directors' Report and financial statements of the Company for the financial year ended 31 January 2012 together with the Independent Auditor's Report thereon."
2. "To approve the Directors' Remuneration Report for the financial year ended 31 January 2012."
3. "To approve a final dividend of 3.13p per share payable on 17 July 2012 to shareholders on the register at 22 June 2012."
4. "To re-appoint PKF (UK) LLP of Farringdon Place, 20 Farringdon Road, London, EC1M 3AP as auditor of the Company from the conclusion of the Meeting until the conclusion of the next annual general meeting of the Company to be held in 2013 at which financial statements are laid before the Company."
5. "To authorise the directors to fix the remuneration of the auditor."
6. "To re-elect Mr Mike Killingley, as a director of the Company, who is retiring by rotation."
7. "To re-elect Mr Christopher Moorsom as a director of the Company, who retires as he is subject to annual re-election by shareholders in accordance with the AIC Code."
8. "To elect Mr Julian Avery, as a director of the Company, who retires as he is subject to election by shareholders at the first AGM after appointment in accordance with the Company's Articles of Association."
9. "To elect Mr Christopher Macdonald, as a director of the Company, who retires as he is subject to election by shareholders at the first AGM after appointment in accordance with the Company's Articles of Association."

Special Resolution

10. "THAT, in substitution for existing authorities, the Company be and is hereby empowered to make one or more market purchases within the meaning of Section 701 of CA 2006, of the Ordinary Shares (either for cancellation or for the retention of treasury shares for future re-issue or transfer) provided that:
    (i) the maximum aggregate number of Ordinary Shares authorised to be purchased is 4,185,828 being approximately 14.99% of the issued ordinary share capital of the Company as at 3 May 2012;
    (ii) the minimum price which may be paid per Ordinary Share is 5p per share, the nominal amount thereof;
    (iii) the maximum price (exclusive of expenses) which may be paid per Ordinary Share is an amount equal to 105 per cent. of the average of the middle market quotation of such Ordinary Share taken from the London Stock Exchange daily official list for the five business days immediately preceding the day on which such Ordinary Share is to be purchased;

(iv) the authority hereby conferred shall expire on the earlier of the annual general meeting of the Company to be held in 2013 and the date which is 15 months after the date on which this Resolution is passed; and

(v) the Company may make a contract to purchase its own Ordinary Shares under the authority conferred by this resolution prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority, and may make a purchase of such Ordinary Shares pursuant to any such contract."

By order of the Board

The City Partnership (UK) Limited
Secretary

Registered office:
27/28 Eastcastle Street
London W1W 8DH

3 May 2012

Notes

1. A member entitled to attend and vote at the Meeting convened by the above Notice is entitled to appoint one or more proxies to attend and, on a poll, to vote in his place. A proxy need not be a member of the Company.

2. To appoint a proxy you may use the Form of Proxy enclosed with this Notice of Annual General Meeting. To be valid, the Form of Proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of the same, must be deposited by 11.30 am on 12 June 2012 at the offices of The City Partnership (UK) Limited, c/o Share Registrars, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL. Completion of the Form of Proxy will not prevent you from attending and voting in person.

3. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, only shareholders registered in the register of members of the Company at the close of business on the day which is 48 hours before the day of the meeting shall be entitled to attend and vote at the Annual General Meeting in respect of the number of shares registered in their name at such time. If the Meeting is adjourned, the time by which a person must be entered on the register of members of the Company in order to have the right to attend and vote at the adjourned Meeting is 48 hours before the time appointed for the adjourned Meeting. Changes to the register of members after the relevant times shall be disregarded in determining the rights of any person to attend and vote at the Meeting.

4. 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 rights attached to any one share. To appoint more than one proxy, you should photocopy the proxy form. Please indicate in the box next to the proxy holder's name the number of securities in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and returned together in the same envelope.

5. A reply paid form of proxy is enclosed with members' copies of this document. To be valid, it should be lodged with the Company's registrars, The City Partnership (UK) Limited, c/o Share Registrars, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL so as to be received not later than 48 hours before the time appointed for the Meeting or any adjourned meeting or, in the case of a poll taken subsequent to the date of the Meeting or adjourned meeting, so as to be received no later than 24 hours before the time appointed for taking the poll.

6. As at 3 May 2012 (being the last business day prior to the publication of this Notice) the Company's issued share capital consists of 27,924,137 shares of 5p each, carrying one vote each at an annual general meeting of the Company. Therefore, the total voting rights in the Company as at 3 May 2012 are 27,924,137.

7. Appointment of a proxy will not preclude a member from subsequently attending, voting and speaking at the Meeting should he or she subsequently decide to do so. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.

8. 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 the Nominated Person and the member by whom he/she was 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, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

9. The statement of the rights of members in relation to the appointment of proxies in paragraphs 3 to 5 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by members of the Company.

10. The Register of Directors' Interests will be available for inspection at the Meeting.

11. Except as provided above, members who have general queries about the Meeting should use the following means of communication (no other methods of communication will be accepted);

    - Calling Doreen Nic on 0131 243 7210 or
    - Emailing vct-enquiries@amatiglobal.com

    You may not use any electronic address provided either in this notice of Meeting or any related documents (including the chairman's letter and proxy form) to communicate with the Company for any purpose other than those expressly stated.

Share Price

The Company's shares are listed on the London Stock Exchange. The mid-price of the Company's shares is given daily in the Financial Times in the Investment Companies section of the London Share Service.

Net Asset Value per Share

The Company's net asset value per share as at 31 January 2012 was 103.8p. The Company normally announces its net asset value on a weekly basis. Net asset value per share information can be found on the Amati Global Investors' website: http://www.amatiglobal.com/avct2.php

Dividends

Shareholders who wish to have future dividends reinvested in the Company's shares or wish to have dividends paid directly into their bank account rather than sent by cheque to their registered address can complete a mandate form for either purpose. Mandates can be obtained by telephoning The City Partnership (UK) Limited on 0131 243 7210 or writing to The City Partnership (UK) Limited, Thistle House, 21 Thistle Street, Edinburgh EH2 1DF.

Financial Calendar

May 2012	Annual report for the year ended 31 January 2012 to be circulated to shareholders
June 2012	Interim Management Statement released
June 2012	Annual general meeting
September 2012	Half-yearly Report for the six months ending 31 July 2012 to be circulated to shareholders
November 2012	Interim management statement released
31 January 2013	Year-end

Annual General Meeting

The annual general meeting of the Company will be held on 14 June 2012 at 11.30 am at the offices of Howard Kennedy, 19 Cavendish Square, London W1A 2AW. The notice of the meeting, together with the enclosed proxy form, is included on pages 56 and 57 of this report. The annual general meeting will include a presentation from the Manager.

AMATI VCT 2 PLC – FORM OF PROXY

For the Annual General Meeting on 14 June 2012

I/We ____________________

of ____________________

being a member of Amati VCT 2 plc, hereby appoint (see notes 1 and 2)

____

of ____________________

or failing him/her the chairman of the meeting to be my/our proxy and exercise all or any of my/our rights to attend, speak and vote for me/us in respect of my/our voting entitlement on my/our behalf at the Annual General Meeting of the Company to be held at the offices of Howard Kennedy LLP, 19 Cavendish Square, London W1A 2AW on 14 June 2012 at 11.30 am, notice of which was dated 3 May 2012, and at any adjournment thereof. The proxy will vote as indicated below in respect of the resolution set out in the notice of meeting:

Please indicate by placing an X in this box if this proxy appointment is one of multiple appointments being made (see note 2 below). ☐

Ordinary Business

Ordinary Resolutions

		For	Against	Vote Withheld
1	To receive the Directors Report and Financial Statements together with the Independent Auditor's Report	☐	☐	☐
2	To approve the Director's Remuneration Report	☐	☐	☐
3	To approve a final dividend of 3.13p per share	☐	☐	☐
4	To re-appoint PKF (UK) LLP as auditor	☐	☐	☐
5	To authorise the directors to fix the remuneration of the auditor	☐	☐	☐
6	To re-elect Mike Killingley as a director of the Company	☐	☐	☐
7	To re-elect Christopher Moorsom as a director of the Company	☐	☐	☐
8	To elect Julian Avery as a director of the Company	☐	☐	☐
9	To elect Christopher Macdonald as a director of the Company	☐	☐	☐

Special Resolution

		For	Against	Vote Withheld
10	To authorise the directors to buy back shares	☐	☐	☐

Please refer to the notes overleaf

Attendance indication

Shareholders who intend to attend the General Meeting are requested to place a tick in the box below in order to assist with administrative arrangements.

I/we intend to attend the Annual General Meeting at the offices of Howard Kennedy LLP, 19 Cavendish Square, London W1A 2AW on 14 June 2012 at 11.30 am. ☐

Signed: ____________ Dated: ________ 2012

NOTES RELATING TO FORM TO PROXY

1. Every member has the right to appoint some other person(s) of his/her choice, who need not be a member, as his/her proxy to exercise all or any of his/her rights to attend, speak or vote on his/her behalf at the meeting. A member wishing to appoint a person other than the chairman of the meeting as proxy should insert the name of such person in the space provided. If the proxy is being appointed in relation to less than your full voting entitlement, please enter alongside the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. If left blank your proxy will be deemed to be authorised in respect of your full voting entitlement (or if this proxy form has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account). Any alteration or deletion must be signed or initialled.
2. A member may appoint more than one proxy in relation to a meeting, provided that the proxy is appointed to exercise the rights attached to a different share or shares held by him/her. To appoint more than one proxy, please contact The City Partnership (UK) Limited on 0131 243 7210 for (an) additional form(s), or you may photocopy this form. Please indicate alongside the proxy holder's name the number of shares in relation to which the proxy holder is authorised to act as your proxy. Please also indicate by placing an X in the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and returned together in the same envelope.
3. Use of the form of proxy does not preclude a member from attending and voting in person.
4. Where the form of proxy is executed by an individual it must be signed by that individual or his or her attorney.
5. Where the form of proxy is executed by joint shareholders it may be signed by any of the members, but the vote of the member whose name stands first in the register of members of the Company will be accepted to the exclusion of the votes of the other joint holders.
6. Where the form of proxy is executed by a corporation it must be either under its seal or under the hand of an officer or attorney duly authorised.
7. If the form of proxy is signed and returned without any indication as to how the proxy shall vote, the proxy will exercise his/her discretion as to whether and how he/she votes, as he/she will on any other matters to arise at the meeting.
8. To be valid, the form of proxy, together with, if applicable, the power of attorney or other authority under which it is signed, or a certified copy thereof, must be sent or delivered to The City Partnership (UK) Limited at c/o Share Registrars Limited, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL or by fax to 01252 719232 or by scan and email to proxies@shareregistrars.uk.com to be received no later than 11.30 am on 12 June 2012.
9. The "vote withheld" option is provided to enable a member to abstain from voting on the resolution; however, it should be noted that a "vote withheld" is not a vote in law and will not be counted in the calculation of the proportion of the votes "for" and "against" the resolution.

CORPORATE INFORMATION

Directors
Julian Ralph Avery
Mike Sedley Killingley
Christopher Anthony James Macdonald
Christopher John Leon Moorsom

all of:
27/28 Eastcastle Street
London
W1W 8DH

Secretary
The City Partnership (UK) Limited
Thistle House, 21 Thistle Street
Edinburgh
EH2 1DF
Telephone: 0131 2437210
Email: vct-enquiries@amatiglobal.com

Fund Manager
Amati Global Investors Limited
76 George Street
Edinburgh
EH2 3BU

new address from 4 June 2012
18 Charlotte Square
Edinburgh
EH2 4DF

VCT Tax Adviser
PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Registrar
The City Partnership (UK) Limited
c/o Share Registrars
Suite E, First Floor
9 Lion and Lamb Yard
Farnham, Surrey
GU9 7LL

Auditor
PKF (UK) LLP
Farringdon Place
20 Farringdon Road
London
EC1M 3AP

Solicitors
Howard Kennedy
19 Cavendish Square
London
W1A 2AW

Bankers
The Bank of New York Mellon SA/NV
London Branch
160 Queen Victoria Street
London
EC4V 4LA

Amati Global Investors Limited
76 George Street Edinburgh EH2 3BU Tel: 0131 503 9100