

Amati VCT 2 plc

ANNUAL REPORT & FINANCIAL STATEMENTS

For the year ended 31 January 2013



Amati
Global Investors

Finely crafted investments

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OVERVIEW

Highlights

- NAV Total Return for the year was 8.8% which compares to -2.8% for the FTSE AIM All-Share Total Return Index.
- Proposed final dividend of 3.5p per share bringing the total declared in respect of the year to 6.0p per share which is 5.6% of year end NAV.
- The offer for subscription launched at the time of the merger with Amati VCT 2 and closed in September 2012 after raising £6.2m.
- New offer for subscription opened in February 2013 to raise up to £15m with Enhanced share buyback and dividend re-investment facility.
- £4.2m invested in seven new qualifying holdings during the year.

Fund performance

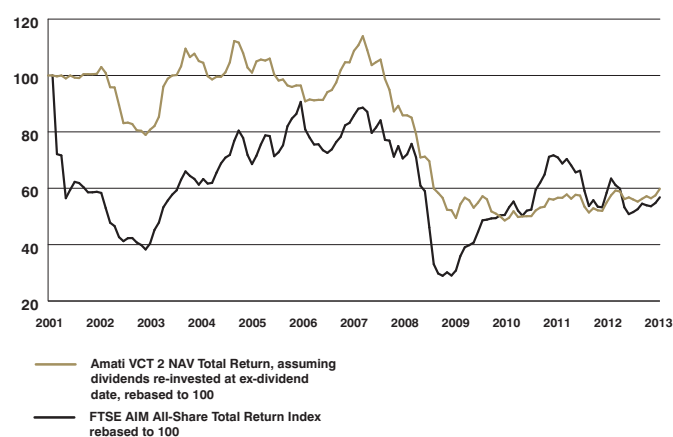
NAV Total Return for the year to 31 January 2013 was 8.8%, which compares to -2.8% for the FTSE AIM All-Share Total Return Index. Since the change of Manager on 25 March 2010 the NAV Total Return has been 18.5% during which time the FTSE AIM All-Share Total Return Index has risen by 5.4%.

Key data

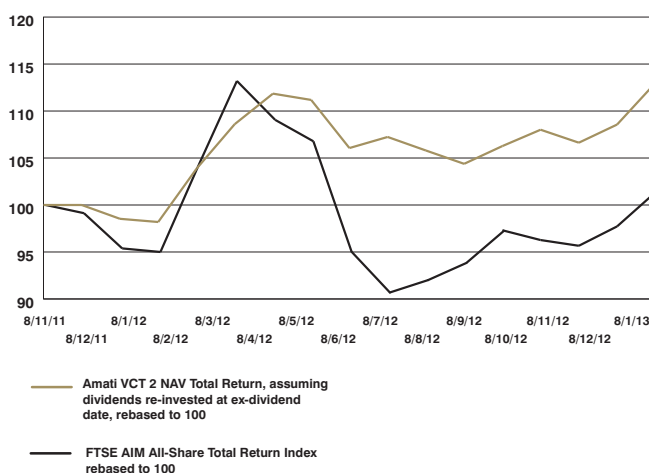
	31/01/13	31/01/12
Net Asset Value ("NAV")	£29.1m	£28.7m
Shares in issue	27,289,574	27,643,668
NAV per share	106.7p	103.8p
Share price	105.8p	102.0p
Market capitalisation	£28.9m	£28.2m
Share price discount to NAV	0.8%	1.7%
NAV Total Return for the year (assuming re-invested dividends)	8.8%	-1.8%
FTSE AIM All-Share Total Return Index	-2.8%	-18.5%
Ongoing charges*	2.7%	2.8%
Dividends proposed/declared during the year	6.0p	5.5p

* Ongoing charges calculated in accordance with the Association of Investment Companies' ("AIC's") guidance.

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



Amati VCT 2 NAV Total Return and FTSE AIM All-Share Total Return Index from 9 November 2011* to 31 January 2013



* date of share reconstruction following the merger.

OVERVIEW

Continued

Dividends declared and recommended since launch

Year ended 31 January	Total dividends per share* p	Cumulative dividends per share* p
2002	4.03	4.03
2003	1.90	5.93
2004	0.59	6.52
2005	1.18	7.70
2006	0.00	7.70
2007	4.74	12.44
2008	9.48	21.92
2009	1.18	23.10
2010	0.00	23.10
2011	4.74	27.84
2012	5.50	33.34
2013	6.00	39.34

* adjusted for the share reconstruction on 9 November 2011 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 2013

	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*	12.99%	1.35%
ViCTory VCT change of Manager	25 March 2010	18.54%	5.42%
Invesco Perpetual AiM VCT change of Manager	10 February 2011	4.25%	-21.99%

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

Table of Historic Returns to 31 January 2013 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	-34.42%	-31.93%	-26.79%
Invesco Perpetual AiM VCT	30 July 2004	-41.97%	-37.40%	-7.90%
Singer & Friedlander AIM 3 VCT	29 January 2001	-40.20%	-36.69%	-43.21%
Singer & Friedlander AIM VCT	28 September 1998	-68.72%	-40.75%	-2.59%
Singer & Friedlander AIM 2 VCT	29 February 2000	-54.18%	-50.26%	-69.93%

Overview

This is the first full year set of results since the merger of Amati VCT 2 and ViCTory VCT in November 2011, and I am pleased to report that the Company has continued to make good progress, and show positive returns. The AIM market was volatile during the year, although it ended up close to where it started. Against this background it has been re-assuring to note that the volatility of the Company's portfolio has been relatively low.

As noted at the half year, the Fund Manager's principal work on the portfolio has been focused on the qualifying holdings. The number of qualifying investment opportunities rose during the year, and the Company has invested £4.2m in seven new qualifying holdings, which has enabled a considerable repositioning of the qualifying portfolio. At the same time the Company has remained well above the required 70% level for qualifying investments. The number of holdings in the portfolio has continued to fall, and now stands at 67, which compares to 69 at the end of the first half, and 85 at the beginning of the period.

Investment Performance and Dividend

During the year to 31 January 2013 the net asset value total return of the Company was 8.8% which compares to -2.8% for the FTSE AIM All-Share Total Return Index.

Amati Global Investors, the Company's Fund Manager, has written a detailed report on investment activity during the year and the market outlook, which I commend to your attention.

As previously stated 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. In line with this policy the Board is recommending a final dividend of 3.5p per share, to be paid on 15 July 2013 to shareholders on the register on 21 June 2013.

Other Corporate Developments

The Company's share offer put in place at the time of the merger was well received, raising £6.2m in total. More recently the company has launched a joint share offer together with Amati VCT, and this has raised £1.6m for Amati VCT 2 to date. The offer will remain open until 23 January 2014. The Board has been pleased with the level of support the Company has

received from existing shareholders for new subscriptions, including those made via the enhanced share buyback and re-investment facility. This has gone a long way to securing the long term future of the Company, and its ability to make significant new investments.

In the budget published in March 2013 concern was expressed about VCTs offering enhanced share buybacks, following a number of representations to the Government from investors. The Manager is actively involved in the debate on this topic, and it would be reasonable to expect some further guidance on the subject to appear later in the year.

Outlook

The last two years have seen considerable changes, including a change of investment manager, a merger and a share offer, and, most recently, a joint share offer with Amati VCT. Your Board believes that the Company has been significantly strengthened as a result of these moves and is now well positioned to perform relatively well in what remain difficult markets to read. I am grateful to shareholders for their continuing support.

Annual General Meeting

The AGM will be held at 12 noon on 18 June 2013 at the offices of Abchurch Communications, 16th Floor, 125 Old Broad Street, London EC2N 1AR. 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 7215 if you have any queries or use the dedicated email enquiry service which is available through vct-enquiries@amatiglobal.com.

Thank you for your continued support.

Julian Avery
Chairman

1 May 2013

Market review

The first half of the year was dominated by the Eurozone sovereign debt crisis, the US budget negotiations, and concerns over a slowdown in growth in China. After a positive start to the year, stock markets fell sharply in May after an inconclusive election in Greece, and the resurfacing of concerns about the Spanish banking system. In response Eurozone leaders agreed in June to recapitalise the banks directly, and in July ECB President, Mario Draghi, said, "Within our mandate, the ECB is ready to do whatever it takes to preserve the Euro. And believe me, it will be enough". This was a "shock and awe" statement, based on the theory that betting against the promise of unlimited liquidity would be seen as pointless and so in practice little actual market support would be needed. It turned out to be a big enough gesture to change the underlying tone of both equity and bond markets, and since that point on stock markets have been in a rising trend. Markets were given further impetus following the US Presidential election as a consensus formed around the likelihood of an agreement to avert the fiscal cliff. In addition there has been a smooth transition of power in China through the change of leadership, and there is a growing expectation that a 'hard landing' has been avoided in the Chinese economy.

So far stock market sentiment has been improving faster than average earnings have been rising, so a significant portion of gains have come from upwards re-rating of share prices. In this sense the stock market appears to be forecasting a successful "muddle-through" for the sovereign debt crisis, and a resumption of normal growth conditions over the next few years. During the second half of the year it became evident that the US economy is showing a much stronger return to growth than that of Europe. In addition to having a more flexible economy, the benefit of cheap energy from shale gas and shale oil is now really starting to show for the US. From a European (including the UK) point of view, this is very disconcerting, as it is hard to see how this balance can be redressed, and with such high levels of government debt, and with intractable budget deficits, Europe is sorely in need of some good news.

Performance

The year under review saw an NAV Total Return of 8.8%. This compares to -2.8% for the FTSE AIM All-Share Total Return Index. The two largest holdings in the portfolio at the end of the year - IDOX and Lo-Q - also made the most significant contribution to performance. The share price of IDOX appreciated by 115%, following a sequence of earnings upgrades. IDOX continues to impress with well thought-out,

earnings enhancing acquisitions of software businesses in its two areas of core competence, UK local authorities planning departments and engineering document management. It also demonstrates high levels of recurring revenues with customers. Despite the share price rise over the past twelve months, IDOX is a company that we believe can continue to meet the high expectations that have been set. Lo-Q's share price gained a further 75% over the year, following strong performance in 2011. This improvement was driven by a series of new contract wins with global theme parks for the installation of its 'queue busting' technology, which provides park visitors with a device enabling them to avoid queues at attractions. Lo-Q expanded its market through the development of a water park device and has already signed up eleven customers. The company added scale and diversified further through the acquisition of a US-based online ticketing business, with a customer list that provides Lo-Q with substantial cross-selling opportunities. **Belvoir Lettings**, a new addition to the portfolio, also posted strong performance following a well-received Initial Public Offering ("IPO"), which we describe in more detail in the Transactions section of this review. **Tikit Group**, the software provider to lawyers and other professional services firms, saw its share price rise through good trading momentum and was then subject of a successful takeover bid by BT during the second part of the year at a substantial premium. Other strong performers during the year included **Anpario**, the supplier of feed supplements to the agriculture and aquaculture industries; **Universe Group**, the developer and supplier of payment and on-line loyalty systems; and **Synergy Health**, the provider of high value services to healthcare markets.

The main detractor from performance was **Music Festivals**, which struggled to compete for the patronage of the squeezed UK consumer in a market being supplied with an increasing number of festivals. This was exacerbated by the location of Benicassim, Music Festivals' principal event, in Spain, and therefore the relative expense of this festival experience relative to UK alternatives. We over-estimated the lure of Benicassim and the loyalty of the customers. Poor ticket sales led to a rapid deterioration of Music Festivals' fortunes and, finally, its descent into administration. **Futura Medical** also disappointed after a strong run into the prior year end. The company announced that it had terminated its relationship with Reckitt Benckiser, its partner for the launch of CSD500, Futura's lead sexual health product. The cessation of the partnership was due to an inability to agree commercial terms and did not cast doubts over the efficacy of the product. In the non-qualifying portfolio **Hargreaves Services** disappointed significantly. Firstly it encountered a geological problem at the Maltby coal mine,

which proved intractable, and has eventually led to its closure. It then discovered a long-standing fraud at its Belgian operations. The combination sent the shares 43% lower during the year under review, and we sold our holding in the company.

Transactions

Qualifying portfolio

We added seven new qualifying holdings to the portfolio over the year. Of these, two were made through Initial Public Offerings (“IPOs”), four were through secondary placings in companies with an existing AIM listing; and one was an unquoted investment, split into two tranches. The first IPO was **Belvoir Lettings**, a well-established lettings franchise. Belvoir has over 140 offices in the UK and offers a franchise model. The franchises require a relatively low upfront capital commitment, and offer involvement in a high margin business with stable and recurring revenue streams. The second was **Fox Marble Holdings**, a company which is developing marble quarries in Kosovo, a region which has been documented as one of the best unexploited marble resources globally. This investment was structured as part equity and part convertible loan, and Paul Jourdan has joined the board of the company.

The four new holdings bought through secondary placings were as follows. The first was in **Deltex Medical Group**, which manufactures and distributes the CardioQ Oesophageal Doppler Monitor (“ODM”). Progress for Deltex during 2012 was slower than planned, but national incentive payments are now in place for ODM, as of February 2013, as part of a wider government led scheme to encourage NHS hospitals to adopt chosen new technologies. In addition, in early April the US Centres for Medicare and Medicaid Services granted ODM its own code for physician reimbursement. This is a major step towards opening up the US market for the product, which has been many years in the making. The next investment was in **Judges Scientific**, which placed stock to continue its strategy of buying complementary, niche instrumentation and precision engineering businesses. This buy and build model has proven very successful and the company is now generating sufficient cashflow to self-fund a continuation of their acquisition strategy. The third was **Universe Group**, a supplier of software and payment systems to petrol station forecourts. It recently disposed of a non-core, loss making contract manufacturing division and is now a simpler, higher margin, software and technology business. The last was **Ideagen**, a knowledge management software business focussed on specialist markets with onerous compliance requirements. It raised funds to acquire Plumtree, a provider of compliance software to

healthcare customers. There is an opportunity to consolidate the compliance software market and Ideagen appears well placed to capitalise on this theme.

The unquoted investment was in **Polyhedra Group** (formerly called EcoData Group) and this was followed by a larger, convertible loan investment later in the year. Polyhedra has an exclusive contract to track pharmaceutical waste in Italy through the supply chain from the pharmacist to final disposal. Polyhedra has moved into other high margin areas of the pharmaceutical supply chain through the acquisition of a prescription and over-the-counter drugs labelling business and a company with a unique technology to generate unique tamper-proof dual barcodes for a variety of end markets. Douglas Lawson has joined the board of Polyhedra.

The most significant qualifying disposals during the year were **Staffline Group**, the provider of outsourced labour to manufacturing customers; **EKF Diagnostics Holdings**, an acquisitive medical diagnostics business; **Publishing Technology**, a provider of publishing software; and **Manroy**, the UK defence equipment supplier. Other disposals included **PROACTIS Holdings**, **Hangar8** and **Green Compliance**. We also reduced the position size of **Lo-Q** for portfolio management reasons but retain a significant position in this company.

Non-qualifying portfolio

We introduced several new names to the non-qualifying portfolio during the year. **Blinkx** is a technology business with a proprietary engine that searches online video content and matches advertising clips to that content. Unlike other search technologies, Blinkx searches the visual as well as the speech and text content of a video clip and, in doing so, is able to place more targeted advertising in front of clips, which is more valuable to the advertiser and, therefore, more lucrative for Blinkx. A position was taken in **Dignity**, the UK funeral director, as part of a placing to acquire Yew Holdings, which added a further 40 funeral homes and 2 crematoria to its estate. Unfortunately, this placing was heavily oversubscribed and therefore our order was heavily scaled back, hence the small holding. We added to the holding in **Entertainment One**, a film distribution and TV production business, as it raised funds to acquire Alliance Films, a Canadian competitor. Entertainment One distributes around 100 films per year, and also owns some childrens’ TV shows, including Peppa Pig, the popular children’s cartoon character. Seeing value in the oil and gas sector we added stocks including **Providence Resources**, the oil and gas business with a portfolio of assets offshore Ireland; and **Amerisur Resources**, a full cycle

exploration & production company with oil and gas assets in Colombia and Paraguay. Positions were also taken in **Quintain Estates & Development**, the London-focused property developer with a sizeable development in Wembley; and **Devro**, the manufacturer of collagen sausage skins.

To generate funds for these new non-qualifying positions, we exited several holdings including **XP Power**, the designer of power conversion solutions; **Anglo Pacific Group**, the mining royalties company; **Eros International**, the Bollywood film content owner and distributor; **RPC Group**, the European speciality packaging business; and **Waterlogic**, the water technology company. We also sold long standing positions in **New Britain Palm Oil** and **Hargreaves Services**, following disappointing newsflow as described above.

Outlook

The strong momentum in the market during late 2012 and early 2013 has resulted in many stocks appearing fairly fully priced, albeit that this is less true further down towards the micro-cap end of the market. There has been a strong sense that investors who have been sitting on cash or very low yielding bonds, waiting for safer times before investing in equities have given up waiting, attracted by the sustained rally and the revival of growth, albeit tentative, in the US. This momentum has the attraction of offering quick rewards, but it also presents the danger of some sudden setbacks, for which there are plenty of potential triggers. Amongst these, however, it is difficult to guess which might have the weight to significantly damage sentiment. What the central bankers probably worry about the most still is deflation. What would probably be the most hazardous development for investors would be a significant rise in core-Eurozone, UK, or US bond rates, and it is noteworthy that the twenty-year-plus bull market in these government bonds looks like it has finally peaked, or is in the process of peaking.

In the UK it appears that, for all the political rhetoric over austerity and growth, there is in reality very little room for manoeuvre. Any Chancellor must appear to be prudent, because if bond rates rise sharply a destructive and self-feeding crisis would rapidly ensue, which would then lead to enforced spending cuts. However, he or she will also be well-briefed on the so-called "Paradox of Thrift", which is the phenomenon whereby spending cuts reduce overall income in the economy, and therefore don't generally cause the budget deficit to shrink, as government revenues fall at least as fast as the spending does. In other words, whoever is in charge, the tightrope being walked requires there to be a convincing impression of austerity and budgetary responsibility, combined with minimal cuts in reality.

Because this leaves inflation as the only reliable tool for dealing with the high level of debt and the budget deficit, it also requires a stated aim to keep inflation low (therefore not causing bond yields to rise), whilst all the time hoping it will come out as much above target as possible. We therefore expect UK fiscal policy to remain broadly unchanged from its current course, and inflation to remain above expectations.

**Dr Paul Jourdan, Douglas Lawson
and David Stevenson**

Amati Global Investors

1 May 2013



Dr Paul Jourdan
 Founder and CEO
 Amati Global Investors



Douglas Lawson
 Founder and Director
 Amati Global Investors



David Stevenson
 Fund Manager

Dr Paul Jourdan

Paul Jourdan is an award-winning fund manager, 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 TB 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 Hebrides Ensemble and of Sistema Scotland, and also as a Governor of the Royal Conservatoire of Scotland. He is a director of Amati Global Investors and he also serves as a director of Fox Marble Holdings plc in which Amati VCT 2 holds an investment.

Douglas Lawson

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 has co-managed the TB 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. He serves as a director of Amati Global Investors and Polyhedra Group plc, in which Amati VCT 2 holds an investment.

David Stevenson

David Stevenson joined Amati Global Investors in February 2012. Prior to this he was a partner with investment boutique Cartesian Capital, which managed a range of retail and institutional UK equity funds in long only and long/short strategies. David co-founded Cartesian in 2005, and saw growth in client assets to a peak of £600m. Previously he was Assistant Director at SVM, where he also managed equity products including the UK Opportunities small/midcap fund which was ranked top decile amongst peers for the period from inception to late 2005. David started his career at KPMG where he qualified as a Chartered Accountant. He latterly specialised in corporate finance, before moving into private equity with Dunedin Fund Managers.

INVESTMENT PORTFOLIO

as at 31 January 2013

FTSE Sector	Number of shares	Book cost* £	Valuation £	Fund %	% of shares in issue	Original AVCT2 book cost at 8 November 2011# £
Amerisur Resources plc [@]	697,000	297,242	313,650	1.1	0.1	-
Egdon Resources plc ^{†@}	1,650,060	206,410	160,881	0.5	1.2	-
MyCelx Technologies Corporation ^{†@}	234,190	511,837	562,056	1.9	2.3	210,399
New World Oil and Gas plc [@]	2,170,000	231,874	168,175	0.6	0.6	-
Providence Resources plc [@]	41,684	292,660	252,188	0.9	0.1	-
Oil & Gas		1,540,023	1,456,950	5.0		210,399
Fox Marble Holdings plc 8% Convertible Loan Note ^{*#@}	508,300	508,300	525,365	1.8	48.0**	-
Fox Marble Holdings plc ^{*@}	2,260,000	452,000	435,050	1.5	2.1	-
Basic materials		960,300	960,415	3.3		
Bglobal plc ^{*@}	1,134,117	290,664	107,741	0.4	1.1	174,800
Cohort plc [*]	290,667	247,067	424,374	1.4	0.7	383,298
Corac Group plc ^{*@}	1,240,962	186,144	161,325	0.5	0.4	-
Judges Scientific plc ^{†@}	44,169	265,427	463,775	1.6	0.8	-
Microsaic Systems plc ^{†@}	863,828	288,486	345,531	1.2	2.0	-
Polyhedra Group plc ^{*#@}	1,032,711	309,813	309,813	1.1	1.2	-
Polyhedra Group plc 8% Convertible Unsecured Loan Stock ^{*#@}	953,272	953,272	952,904	3.3	23.8**	-
Sabien Technology Group plc ^{†@}	1,670,832	397,965	551,375	1.9	5.3	415,895
SKIL Ports & Logistics Limited [@]	158,778	315,698	206,411	0.7	0.4	-
Sportsworld.com ^{*#}	58,688	352,128	316,915	1.1	11.4	-
Synectics plc [*]	136,588	341,381	467,131	1.6	0.8	-
Universe Group plc ^{*@}	12,495,970	287,407	531,079	1.8	6.7	-
Vianet Group plc ^{*@}	256,098	230,488	291,952	1.0	0.9	-
Zytronic plc [*]	130,226	369,842	403,701	1.4	0.9	-
Industrials		4,835,782	5,534,027	19.0		973,993
Asian Citrus Holdings Limited [@]	2,730,000	1,201,053	764,400	2.6	0.2	489,773
China Food Company plc 12.5% Convertible Loan Note ^{*#@}	624	624,000	736,365	2.5	18.4**	-
Devro plc [@]	95,342	297,830	325,116	1.1	0.1	-
Sorbic International plc [@]	215,485	23,703	22,626	0.1	0.5	-
Sorbic International plc 10% Convertible Loan Stock ^{*#@}	276	276,000	288,910	1.0	6.8**	-
Consumer goods		2,422,586	2,137,417	7.3		489,773

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	28,536	0.1	0.1	194,097
Anpario plc* [@]	590,065	519,257	737,581	2.5	3.0	550,005
Deltex Medical Group plc* [@]	2,931,000	735,390	578,873	2.0	1.8	-
Futura Medical plc* [@]	775,222	505,775	503,894	1.7	1.0	150,000
Inditherm plc*	2,500,000	68,750	87,500	0.3	4.9	250,000
Sinclair IS Pharma plc* ^{†@}	1,429,471	425,678	371,662	1.3	0.3	-
Synergy Health plc* [@]	94,000	142,567	1,031,180	3.6	0.2	-
Tristel plc* [@]	1,197,726	598,783	359,318	1.2	3.0	197,992
Health care		3,024,736	3,698,544	12.7		1,342,094
BrainJuicer Group plc*	160,000	472,000	316,800	1.1	1.3	172,800
Cello Group plc*	225,000	257,625	96,750	0.3	0.3	-
Conexion Media Group plc*	1,080,883	183,750	3,783	-	1.4	-
Cupid plc* [@]	292,167	590,177	541,239	1.9	0.3	176,106
Dignity plc* [@]	9,100	96,460	106,288	0.4	0.0	-
Dods Group plc*	2,000,000	595,868	90,000	0.3	0.6	-
Ebiquity plc*	345,500	729,005	328,225	1.1	0.6	-
Entertainment One Limited* [@]	203,210	296,338	369,842	1.3	0.1	-
Expansys plc* [@]	775,000	449,500	6,975	-	0.1	-
Fuse8 plc* [#]	20,999	209,990	-	-	0.2	-
Lilestone Holdings Limited* [#]	1,616,786	1,238,655	-	-	4.2	-
Music Festivals plc* ^{#@}	59,527	38,692	-	-	0.4	-
Music Festivals plc 8% Convertible Loan Note 2016* ^{#@}	340,000	340,000	-	-	11.3**	-
Ovidia Investments* [#]	134,307	518,312	-	-	0.4	-
Prezzo plc* [†]	1,342,500	151,327	1,040,438	3.6	0.6	-
Tasty plc*	779,688	540,377	506,797	1.7	1.6	-
TLA Worldwide plc* ^{†@}	2,980,053	599,185	566,210	2.0	3.4	-
UBC Media Group plc*	2,296,384	614,268	40,187	0.1	1.2	-
Consumer services		7,921,529	4,013,534	13.8		348,906
Antenova Limited* [#]	2,181,435	-	-	-	3.1	525,000
Antenova Limited A Preference Shares* [#]	1,275,166	100,117	232,831	0.8	3.6	100,117
Telecommunications		100,117	232,831	0.8		625,117

INVESTMENT PORTFOLIO

Continued

FTSE Sector	Number of shares	Book cost+ £	Valuation £	Fund %	% of shares in issue	Original AVCT2 book cost at 8 November 2011† £
Belvoir Lettings plc†@	577,000	433,397	761,640	2.6	2.8	-
Brooks Macdonald Group plc†@	90,100	1,153,280	1,184,815	4.1	0.7	127,382
Brookwell Limited Redeemable Preference Shares	258,932	198,463	108,752	0.4	3.8	201,562
Fulcrum Utility Services Limited*@	1,953,161	234,379	253,911	0.9	1.3	-
London Capital Group Holdings plc@	430,652	371,864	142,115	0.5	0.8	132,088
Paragon Entertainment Limited†@	6,851,000	274,091	411,060	1.4	4.2	-
Quintain Estates & Development plc@	600,000	376,495	367,500	1.2	0.1	-
Financials		3,041,969	3,229,793	11.1		461,032
Blinkx plc@	570,000	419,532	333,450	1.1	0.2	-
Camaxys#	1,592,656	254,825	-	-	8.8	-
Celoxica Holdings plc*#	771,250	-	-	-	0.3	198,125
FFastFill plc*@	2,600,000	260,000	364,000	1.3	0.5	182,000
GB Group plc*@	538,323	221,925	484,491	1.7	0.5	87,945
Ideagen plc*@	2,150,000	408,500	494,500	1.7	1.8	-
IDOX plc†@	3,611,951	272,097	2,058,812	7.1	1.0	-
Lo-Q plc†@	449,600	450,202	1,816,384	6.2	2.3	-
Netcall plc*	961,562	173,081	322,123	1.1	0.8	267,857
Software Radio Technology plc*@	1,900,000	579,500	422,750	1.5	1.6	712,568
Tikit Group plc*	218,000	250,700	906,880	3.1	1.4	-
Ubisense Group plc*@	325,577	563,203	667,433	2.3	1.5	150,385
Technology		3,853,565	7,870,823	27.1		1,598,880
Total investments		27,700,607	29,134,334	100.1		6,050,194
Net current liabilities			(28,324)	(0.1)		
Net assets		27,700,607	29,106,010	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.

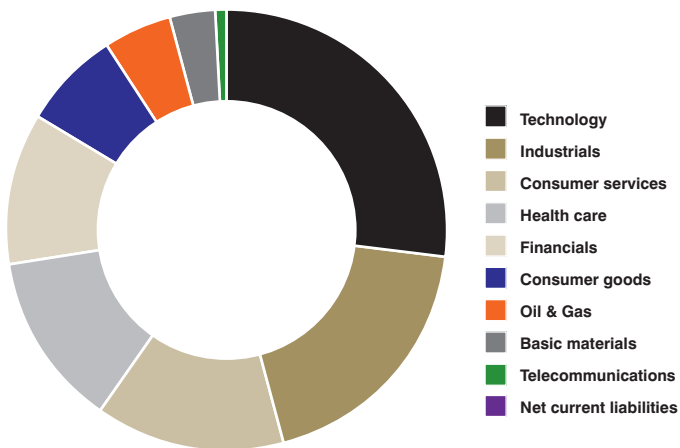
‡ This column shows the book cost of the AVCT2 investments which formed part of the asset acquisition. These investments were transferred to the Company at fair value on the date of the asset acquisition. The total book cost at 8 November 2011 per the table above does not agree to the total book cost 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 86.41%.

Sector Allocation as at 31 January 2013

FTSE Sector	Fund %
Technology	27.1
Industrials	19.0
Consumer services	13.8
Health care	12.7
Financials	11.1
Consumer goods	7.3
Oil & Gas	5.0
Basic materials	3.3
Telecommunications	0.8
Net current liabilities	(0.1)
	100.0



TOP TEN INVESTMENTS

as at 31 January 2013

IDOX plc

Sector	Technology		
Market capitalisation	£198.4m	Year to 31 October 2012	£ million
Cost	£272,097	Profit before tax	6.9
Valuation	£2,058,812	Profit after tax	6.7
Valuation basis	SETS closing	Net assets	38.9
Income recognised in year	£23,000		

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 90% of UK local authorities are customers of IDOX. The group's products enable local authorities to manage information, knowledge, documents and content. The acquisition of McLaren Software, which provides document management applications to the oil and gas, mining, utilities, pharmaceuticals and transport sectors, was one of a series of acquisitions aimed at diversifying away from the company's reliance on the UK public sector.

Lo-Q plc

Sector	Technology		
Market capitalisation	£78.1m	Year to 4 November 2012	£ million
Cost	£450,202	Profit before tax	3.2
Valuation	£1,816,384	Profit after tax	2.5
Valuation basis	Bid price	Net assets	12.4
Income recognised in year	£nil		

Lo-Q designs, installs and operates systems that reduce queuing times for visitors to theme parks. The first installation was in 2001 in the Six Flags Over Georgia park near Atlanta and since that time the company's products have been used by more than 8.4 million guests. The virtual queuing system, which is now available in 130 visitor attractions worldwide, can be operated through a mobile phone, a handheld device or wristband which is rented at the park. The revenue share agreement offers a very attractive and low risk incremental revenue stream to the park operator. Lo-Q recently acquired Accesso, a leading ticketing and e-commerce group, and the combined technologies will enhance Lo-Q's product offering and consolidate its market-leading position.

Polyhedra Group plc

Sector	Industrials		
Market capitalisation	£25.2m	Year to 31 December 2011	£
Cost	£1,263,085	Turnover	0
Valuation	£1,262,717	Loss before tax	(1,572)
Valuation basis	Cost price (ord shares) Discounted cash Flow/ Black Scholes (convertible loan)	Loss after tax	(1,572)
Income recognised in year	£38,000	Net assets/(liabilities)	(108,428)

Polyhedra, formerly EcoData, is a private company which provides the pharmaceutical supply chain with the collection, audit and safe disposal of expired and unused products. Polyhedra operates in an increasingly regulated industry with high barriers to entry, and is the only company in Europe fully to comply with EU directives on the secure disposal of pharmaceutical products. The company intends to list on the AIM market in due course, with a view to rolling out its service offering in the UK and Germany.

Brooks Macdonald Group plc

Sector	Financials		
Market capitalisation	£174.6m	Year to 30 June 2012	£ million
Cost	£1,153,280	Profit before tax	8.5
Valuation	£1,184,815	Profit after tax	6.3
Valuation basis	SETS closing	Net assets	23.7
Income recognised in year	£17,000		

Brooks Macdonald Group plc is an AIM listed, integrated, wealth management group. The group consists of four principal companies: Brooks Macdonald Asset Management Limited, a discretionary asset management business; Brooks Macdonald Funds Limited, a fund management business; Brooks Macdonald Financial Consulting Limited, a financial advisory and employee benefits consultancy; and Braemar Estates (Residential) Limited, an estate management company. Assets under management have grown to £3.5 billion, and the changing regulatory landscape following the coming into force of the Retail Distribution Review (RDR) should present further opportunities for growth.

Prezzo plc

Sector	Consumer services		
Market capitalisation	£177.6m	53 weeks to 1 January 2012	£ million
Cost	£151,327	Profit before tax	16.1
Valuation	£1,040,438	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 in the UK operating under the Prezzo and Chimichanga brands. Prezzo opened 27 new restaurants in the first half of 2011, and has several more developments in the pipeline, including the development of sites at Kings Cross railway station and planned openings in Bath, Bristol and Cobham. At the period end Prezzo had 184 restaurants in its estate, including 20 trading under the Chimichanga brand, which have a theme based on the increasingly popular Tex-Mex cuisine.

TOP TEN INVESTMENTS

Continued

Synergy Health plc

Sector	Health care		
Market capitalisation	£640.5m	Year to 1 April 2012	£ million
Cost	£142,567	Profit before tax	32.5
Valuation	£1,031,180	Profit after tax	24.8
Valuation basis	SETS closing	Net assets	623.6
Income recognised in year	£18,000		

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.

Fox Marble Holdings plc

Sector	Basic materials		
Market capitalisation	£20.8m	Year to 31 December 2012	€ million
Cost	£960,300	Loss before tax	(7.4)
Valuation	£960,415	Loss after tax	(7.4)
Valuation basis	Bid price (ord shares) Discounted cash Flow/ Black Scholes (convertible loan)	Net assets	6.7
Income recognised in year	£17,000		

Fox Marble is a decorative stone extraction company operating in Kosovo, with headquarters in the United Kingdom. The company has extraction licenses for five high quality marble quarries, in an area with world-class marble reserves which are largely unexploited. Production has already begun at the Rahovek quarry, with the first trial blocks already shipped to Italy for cutting and polishing.

Tikit Group plc

Sector	Technology		
Market capitalisation	£64.2m	Year to 31 December 2011	£ million
Cost	£250,700	Profit before tax	3.5
Valuation	£906,880	Profit after tax	2.7
Valuation basis	Cash offer price	Net assets	18.1
Income recognised in year	£19,000		

Tikit provides software and services to legal and accountancy firms worldwide. Its technology solutions include IT outsourcing, financial and practice management, time capture, document production, customer relationship and infrastructure services. Tikit integrates products from third-party providers as well as its own proprietary software, and has launched a cloud-based product for small firms unable to afford their own IT systems. After the period end we accepted a tender offer from BT, which acquired Tikit at a significant premium to the pre-announcement share price.

Asian Citrus Holdings Limited

Sector	Consumer goods		
Market capitalisation	£343.8m	Year to 30 June 2012	£ million
Cost	£1,201,053	Profit before tax	77.5
Valuation	£764,400	Profit after tax	77.5
Valuation basis	Bid price	Net assets	836.5
Income recognised in year	£49,000		

Asian Citrus is the largest orange plantation owner and operator in China. The company has three plantations occupying a total area of around 103 square kilometres with 3.9 million planted trees. The Hepu Plantation in Guangxi is operating at full maturity, the Xinfeng Plantation in Jiangxi Province is approaching full maturity and the first harvest at a third plantation in Hunan province is expected to be in 2014. In 2010 Asian Citrus expanded into the concentrated juice market with the acquisition of a 92% interest in Beihai Perfuming Garden Juice Company, and in addition to the two existing production facilities in Beihai city and Hepu county, a third facility is expected to become operational in the first quarter of 2013.

Belvoir Lettings plc

Sector	Financials		
Market capitalisation	£27.3m	Year to 31 December 2011	£ million
Cost	£433,397	Profit before tax	1.5
Valuation	£761,640	Profit after tax	1.0
Valuation basis	Bid price	Net assets	1.9
Income recognised in year	£17,000		

Belvoir Lettings is a specialist residential lettings franchise in the UK. The franchise model is highly cash generative and Belvoir is expanding its portfolio and gaining market share in a sector that is growing rapidly on the back of the property downturn and tighter restrictions on mortgage lending. Belvoir added six new franchisees to the network during the year, bringing the total to 142 letting agents.

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, chairman of Equity Insurance Group until its acquisition by the Australian insurance group, IAG in January 2007 and was a non-executive director of Warner Estate Holdings plc until December 2012. He was also previously a senior adviser to Fenchurch Advisory Partners. He is currently a non-executive director of Charles Taylor plc.

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, Brooks Macdonald Asset Management (International) Limited, Brooks Macdonald Retirement Services (International) Limited and Braemar Group Limited. The Company holds shares in Brooks MacDonald Group plc.

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 2013. The Statement of Corporate Governance on pages 25 to 29 forms part of the Directors' Report.

Results and Dividends

The total profit on ordinary activities after taxation for the year attributable to shareholders was £2,109,000, equivalent to a return of 7.63p per share (31 January 2012 loss: £403,000, equivalent to a loss of 1.06p per share).

The Board is recommending a final dividend of 3.5p per share for the year ended 31 January 2013 payable on 15 July 2013 to shareholders on the register at 21 June 2013. An interim dividend of 2.5p per share was paid on 26 October 2012 to shareholders on the register at 5 October 2012.

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 page 3 and in the Fund Manager's Review on pages 4 to 6.

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

Issue and Buy Back of Shares

During the year 2,581,717 shares in the Company were bought back for an aggregate consideration of £2.6m at an average price of 99.62p 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.

During the year 2,227,623 shares in the Company were allotted at an average price of 112.81p per share raising £2.5m.

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.
- Ongoing charges 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 2012.

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. As at 31 January 2013 the Company held investments in 68 companies.

The Manager may use exchange-traded or over-the-counter 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 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 or over-the-counter 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 (as defined by the valuation methodology set out in sections 278-9 of the Income Tax Act 2007 in which assets are valued on the basis of last purchase price rather than by market price) will be approximately:

- (i) Between 70% and 85% in Qualifying Investments, whether equity or non-equity securities in (a) companies traded on AIM or on ISDX, or (b) companies likely to seek a quotation on AIM or on ISDX within a 24 month period, or (c) likely to be the subject of a trade sale within a 24 month period.
- (ii) Between 0% and 30% 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 month period. Investments may also include derivative instruments.
- (iii) Between 0% and 30% in cash or cash equivalents (including money market funds) or government or investment grade bonds.

Consistent 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% 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% 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 either be traded on an over-the-counter market or will be exchange-traded. They will be in highly liquid markets bearing a reasonable level of correlation to the FTSE AIM All-Share Total Return 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% of the adjusted capital and reserves. The Company currently does not have any borrowings.

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% by VCT value of its investments in shares or securities comprised in qualifying holdings, of which at least 70% by VCT value must be ordinary shares which carry no preferential rights (for funds raised prior to April 2011 at least 30% by VCT value must be in ordinary shares which carry no preferential rights). In addition, it may not invest more than 15% of its investments in a single company and it must have at least 10% by VCT 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 £8 million if the funds being invested were raised after 5 April 2006) and £16m after investment (or £8m after 5 April 2006), they must also be carrying on a qualifying trade and satisfy a number of other tests.

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 holdings have to be in ordinary shares; and
- 4) VCTs are allowed to list on any 'European Union Regulated Market'.

The Finance Bill 2012 was published on 29 March 2012, and received Royal Assent on 17 July 2012. The amendments have effect in relation to shares issued on or after 6 April 2012. The amendments increased:

- the employee limit to fewer than 250;
- the threshold of gross assets to no more than £15m before investment and £16m immediately thereafter (or £8m if the funds being invested were received after 5 April 2006); and
- the maximum annual amount that can be invested in any 12 month period in an individual company in aggregate from EIS, VCT and other state aided risk capital measures to £5m.

The Finance Bill provided that the maximum annual investment limit would be applied to all vintages of VCT funds.

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, Financial Reporting 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 page 28.

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 22 to 25 to the financial statements on pages 49 to 51.

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, ISDX-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 page 28.

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 16. The terms of the directors' appointment and replacement are set out in the Statement of Corporate Governance on page 25.

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 2013 Shares held	31 January 2012 Shares held
Julian Avery	63,752	60,411
Mike Killingley	36,151	36,151
Christopher Macdonald	27,409	27,409
Christopher Moorsom	37,680	37,680

On 12 March 2013 Julian Avery, Mike Killingley and Christopher Macdonald each acquired 9,120 shares in the Company at a price of 114.03p per share in the offer for subscription.

Details of their remuneration are set out in the directors' remuneration report on page 31.

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 27,289,574 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 7 March 2013 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 £1,250,000. This authority expires on 7 March 2018.

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 7 March 2014.

Buy back of shares

The Company was authorised to make market purchases up to 24.99% of the issued share capital of the Company as at 7 March 2013. This authority expires on 7 March 2014.

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 a fee of 1.75% of the net asset value of the Company in arrears. Annual running costs are capped at 3.5% 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). There is no performance fee payable to the Manager in respect of the year ended 31 January 2013 (31 January 2012: £nil).

Administration Arrangements

Under the IMA, the Manager has also agreed to provide secretarial and administration services for the Company. The Manager has engaged The City Partnership (UK) Limited to act as company secretary and Capita Financial Group to act as fund administrator. The Company has agreed to pay to the Manager a fee of £65,000 (subject to an annual increase in line with the retail prices index) annually in arrears in respect of these services and the fee for the year ended 31 January 2013 is £70,157.

The appointment of the Manager as investment manager and/or administrator and company secretary may be terminated on one year's 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 8 to 10.

The Company's ongoing charges ratio for the year ended 31 January 2013 as a proportion of the average net assets of the Company was 2.7% (31 January 2012: 2.8%).

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 2013 were £27,330 which had been outstanding for 27 days (31 January 2012: £3,000).

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

The auditors, PKF (UK) LLP have merged their business into BDO LLP and, as a consequence, will not be seeking re-appointment. A resolution to appoint BDO 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 24 of this report. The independent auditor's report is set out on pages 32 and 33 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 Abchurch Communications, 16th Floor, 125 Old Broad Street, London EC2N 1AR on 18 June 2013 at 12 noon. The notice of meeting is set out on pages 52 and 53 of this Annual Report and a proxy form is included. The following denotes the business to take place:

Ordinary Resolutions

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 2013, 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 2013 which is set out in full on pages 30 and 31 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 conditional upon the passing of this Resolution.

Resolution 3: Approval of a final dividend of 3.5p per share

Shareholders will be asked to approve a final dividend of 3.5p per share payable on 15 July 2013 to shareholders on the register at 12 June 2013.

Resolutions 4 and 5: Appointment of auditor

These resolutions provide for the appointment of BDO 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 Julian Avery

Julian Avery retires, and being eligible, offers himself for re-election.

Resolution 7: Re-election of Mike Killingley

Mike Killingley retires, and being eligible, offers himself for re-election.

Resolution 8: Re-election of Christopher Macdonald

Christopher Macdonald retires, and being eligible, offers himself for re-election.

Resolution 9: Re-election of Christopher Moorsom

Christopher Moorsom retires, and being eligible, offers himself for re-election.

Special Resolutions

Resolution 10: Renewal of authority for directors to disapply pre-emption rights in respect of their authority to allot shares

Shareholders will be asked to renew the directors' authority to disapply pre-emption rights in respect of their authority to allot unissued ordinary shares of the Company up to an aggregate nominal amount of £1,250,000.

If the directors wish to allot any of the unissued ordinary shares for cash they must, in the first instance, offer them to existing shareholders in proportion to their shareholding. There are occasions when the directors will need the flexibility to finance business opportunities by issue of ordinary shares without a pre-emptive offer to existing shareholders. Shareholders last granted such authority to directors to disapply pre-emptive rights at the general meeting of the Company on 7 March 2013. This authority will expire on the earlier of the date of the next annual general meeting of the Company in 2014 and the date which is 15 months after the date on which this resolution is passed.

Resolution 11: 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. 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 2014 and the date which is 18 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.

Resolution 12: Renewal of authority for the Company to purchase its own shares under the Company's Enhanced Share Buyback and Re-investment Facility ("ESBRF")

A special resolution will be proposed at the annual general meeting seeking authority for the Company to purchase up to 24.99% 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 2014 and the date which is 18 months after the date on which this resolution is passed.

By order of the Board

The City Partnership (UK) Limited

Company Secretary

1 May 2013

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 Conduct 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 Chairman's Statement, 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 16.

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 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 the UK Corporate Governance Code of 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. The Board are currently considering the changes to the UK corporate governance code (effective for periods commencing 1 October 2012).

Board of Directors

The Company has a board of four directors, all of whom are considered independent non-executive directors under the AIC Code. Christopher Moorsom is the Senior Independent Director. Biographical details of all directors are shown on page 16.

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. At the forthcoming annual general meeting and each subsequent annual general meeting all directors will retire and stand for re-election. 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 in accordance with the guidelines in the AIC Code. 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. Directors interests are noted at the start of each board meeting and any director would not participate in the discussion concerning any investment in which he has an interest.

The Board does not consider that length of service will necessarily compromise the independence or effectiveness of directors and no limit has been placed on the overall length of service. The Board consider that such continuity and experience can be of significant benefit to the Company and its shareholders. However, in accordance with the Articles and the AIC Code any director who has served for more than nine years will stand for re-election annually therefore a resolution to re-elect Christopher Moorsom is included in the Notice of the Annual General Meeting.

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

The Board carried out a performance evaluation of the Board, committees and individual directors led by the senior independent director in the year. The directors concluded that the balance of skills and directors is appropriate and all directors contribute fully to discussion in an open, constructive and objective way. The size and composition of the Board and its committees is considered adequate for the effective governance

of the Company. The biographies of the directors shown on page 16 demonstrate the wide range of investment, commercial and professional experience that they contribute.

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

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 met twice this year and the audit committee chairman also held private discussions with the external auditor without the Manager. After each meeting, the chairman reports to the board on the matters discussed, on recommendations and on actions to be taken.

The main activities of the audit committee during the year were:

- reviewed all financial statements released by the Company;
- monitored the effectiveness of the system of internal controls and risk management;
- approved the external auditor's plan and fees; and
- reviewed its terms of reference.

The audit committee's primary responsibilities are:

- 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. The Company confirms that the external auditor provides no non-audit services. The audit committee must approve the appointment of the external auditor for any non-audit services;
- 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 reviews the services, independence and objectivity of the external auditor on an annual basis and recommends the services of BDO LLP following their merger with 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.

The Board has considered the recommendations of the UK Code concerning gender diversity and welcomes initiatives aimed at increasing diversity generally. The Board believe, however, that all appointments should be made on merit rather than positive discrimination. The policy of the Board is that maintaining an appropriate balance around the board table through a diverse mix of skills, experience, knowledge and background is of paramount importance and gender diversity is a significant element of this.

Any search for new Board candidates is conducted, and appointments made, on merit, against objective selection criteria having due regard, amongst other things, to the benefits of diversity on the Board, including gender.

Remuneration Committee

As stated in the Directors' Remuneration Report on pages 30

and 31 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 2013.

Director	Board meetings		Audit Committee meetings	
	held	attended	held	attended
Julian Avery	5	5	2	2
Mike Killingley	5	5	2	2
Christopher Macdonald	5	4	2	2
Christopher Moorsom	5	4	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

STATEMENT OF CORPORATE GOVERNANCE

Continued

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 and the updated Turnbull guidance published by the Financial Reporting Council in 2005, 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 25, 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.

A bi-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 and

the audit committee reviews financial information prior to its publication. 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, cash forecasts and investment valuations are produced on a weekly basis for review by the Manager. Quarterly management accounts are produced for review and approval by the Manager and the Board.

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 17 to 23. As a consequence, the directors believe that the Company has sufficient cash and liquid investments to continue to operate and that together with funds raised after the end of the financial year under the new offer 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 authorised and allotted and rights attached to such shares are set out in the Directors' Report and Business Review on page 21.

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.

On behalf of the Board

Julian Avery

Chairman

1 May 2013

DIRECTORS' REMUNERATION REPORT

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.

Where disclosures have been audited, they are indicated as such. The auditor's opinion is included in the Independent Auditor's Report on pages 32 and 33.

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

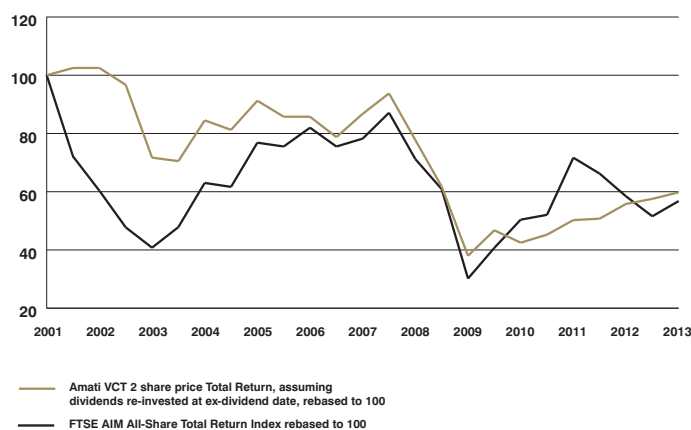
terminate the letters of appointment and no provision for compensation upon early termination of appointment.

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	2013 AGM
Mike Killingley	22 February 2006	2013 AGM
Christopher Macdonald	8 November 2011	2013 AGM
Christopher Moorsom	12 June 2003	2013 AGM

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	2013 £	2012 £
Julian Avery	22,000	5,100
Mike Killingley	17,500	15,500
Christopher Macdonald	15,000	3,400
Christopher Moorsom	15,000	17,300
James Hambro † (resigned 8 November 2011)	n/a	11,500
David Page (resigned 8 November 2011)	n/a	11,500
	69,500	64,300

† 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

1 May 2013

INDEPENDENT AUDITOR'S REPORT

to the Members of Amati VCT 2 plc

We have audited the financial statements of Amati VCT 2 plc for the year ended 31 January 2013 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 2013 and of its profit 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 25 to 29 in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook issued by the Financial Conduct 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 28, 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

1 May 2013

INCOME STATEMENT

for the year ended 31 January 2013

	Note	2013 Revenue £'000	2013 Capital £'000	2013 Total £'000	2012 Revenue £'000	2012 Capital £'000	2012 Total £'000
Return/(loss) on investments	9	-	2,514	2,514	-	(34)	(34)
Income	2	382	-	382	305	-	305
Investment management fees	3	(127)	(382)	(509)	(90)	(271)	(361)
Other expenses	5	(277)	-	(277)	(225)	-	(225)
Merger costs		-	-	-	(88)	-	(88)
(Loss)/profit on ordinary activities before taxation		(22)	2,132	2,110	(98)	(305)	(403)
Taxation on ordinary activities	6	(1)	-	(1)	-	-	-
Profit/(loss) on ordinary activities after taxation		(23)	2,132	2,109	(98)	(305)	(403)
Basic and diluted return/(loss) per Ordinary share	8	(0.08)p	7.71p	7.63p	(0.26)p	(0.80)p	(1.06)p

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. 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 38 to 51 form part of these financial statements.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

for the year ended 31 January 2013

	Note	2013 £'000	2012 £'000
Opening shareholders' funds		28,680	20,692
Profit/(loss) for the year		2,109	(403)
Increase in share capital in issue	13	2,513	3,869
Shares issued in connection with merger		-	11,423
Share buy backs	13	(2,572)	(5,434)
Other costs charged to capital	13	(64)	(278)
Dividends paid	7	(1,560)	(1,189)
Closing shareholders' funds		29,106	28,680

BALANCE SHEET

as at 31 January 2013

	Note	2013 £'000	2012 £'000
Fixed assets			
Investments held at fair value	9	29,134	27,601
Current assets			
Debtors	10	98	111
Cash at bank		99	1,332
Total current assets		197	1,443
Current liabilities			
Creditors: amounts falling due within one year	11	(225)	(364)
Net current (liabilities)/assets		(28)	1,079
Total assets less current liabilities		29,106	28,680
Capital and reserves			
Called up share capital*	12	1,364	1,382
Share premium account*	13	2,771	452
Merger reserve*	13	1,956	2,439
Special reserve	13	26,445	30,558
Capital redemption reserve*	13	160	31
Capital reserve#	13	(3,469)	(6,084)
Revenue reserve	13	(121)	(98)
Equity shareholders' funds		29,106	28,680
Net asset value per share	14	106.66p	103.75p

* These reserves are not distributable.

These reserves are not wholly distributable (see note 13).

The financial statements on pages 34 to 51 were approved and authorised for issue by the Board of directors on 1 May 2013 and were signed on its behalf by

Julian Avery

Chairman

Company Number 04138683

The accompanying notes on pages 38 to 51 are an integral part of the balance sheet.

CASH FLOW STATEMENT

for the year ended 31 January 2013

	Note	2013 £'000	2012 £'000
Operating activities			
Investment income received		358	267
Other interest received		5	-
Investment management fees		(504)	(325)
Other operating costs		(238)	(294)
Merger costs of the Company		(6)	(83)
Net cash outflow from operating activities	16	(385)	(435)
Taxation			
Taxation paid		(1)	-
Financial investment			
Purchases of investments		(7,027)	(3,953)
Disposals of investments		8,018	7,114
Net cash inflow from financial investment		991	3,161
Dividends			
Payment of dividends		(1,560)	(1,189)
Net cash (outflow)/inflow before financing		(955)	1,537
Financing			
Funds received as part of asset acquisition		-	245
Merger costs relating to asset acquisition		(7)	(113)
Issue of shares		2,442	3,755
Expenses of the issue of shares		(20)	(121)
Share buy backs		(2,693)	(4,210)
Other capital costs		-	(10)
Net cash outflow from financing		(278)	(454)
(Decrease)/increase in cash		(1,233)	1,083
Reconciliation of net cash flow to movement in net cash			
Net cash at 1 February		1,332	249
Net cash at 31 January		99	1,332
(Decrease)/increase in cash during the year		(1,233)	1,083

The accompanying notes on pages 38 to 51 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 Statement of Recommended Practice, 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' ("SORP") revised in January 2009.

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 in respect of ordinary shares issued by the Company 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 ISDX, these are generally valued at bid prices at close of business on the Balance sheet date, in accordance with FRS 26. Investments 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:

- 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 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 fair 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 and Singer & Friedlander AIM 2 VCT as at 22 February 2006.

The fair value of the option is determined at the date of grant using a Black-Scholes pricing model and is expensed on a straight-line basis over the vesting period based on the Company's estimate of shares that will eventually vest. Further details of which are set out in note 4. Any deemed provision is transferred to a share options reserve.

NOTES TO THE FINANCIAL STATEMENTS

Continued

2 Income

	Year to 31 January 2013 £'000	Year to 31 January 2012 £'000
Income:		
Dividends from UK companies	264	172
Dividends from overseas companies	57	35
UK loan stock interest	61	93
Other interest	-	5
	382	305

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 21.

Under this agreement the Manager receives a fee of 1.75% of the net asset value of the Company in arrears.

Investment management fees for the year were as follows:

	Year to 31 January 2013 £'000	Year to 31 January 2012 £'000
Due to the Manager by the Company at 1 February	122	86
Management fee charged to revenue and capital for the year	509	361
Fees paid to the Manager during the year	(504)	(325)
Due to the Manager by the Company at 31 January	127	122

The Manager also receives a secretarial and administration fee of £70,157 (subject to an annual increase in line with the retail prices index) annually in arrears.

The Manager is entitled to a performance fee of 20% of returns in a relevant period in excess of a minimum threshold of NAV plus dividends paid of 121.76p per share. In addition, returns are subject to a hurdle rate test of 8% simple interest for each pool of money raised and a performance fee is only payable where returns are sustained for a period of at least six months. No performance fee is payable in respect of the year ended 31 January 2013 (31 January 2012: £nil).

Annual running costs are capped at 3.5% 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 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% (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.

The value of dividends paid since the merger to the Company's accounting year ending 31 January 2013, adjusted to reflect the share consolidation in November 2011, was 31.64p, including the proposed final dividend of 3.5p, which was insufficient to trigger Singer & Friedlander Investment Management Limited's entitlement to subscribe for additional shares. It is estimated that a further 145p in dividends per share would require payment by 31 January 2014 and 176p by 31 January 2015 in order to exceed the targeted return before the option lapses. These figures are calculated by adjusting the starting net asset value per ordinary share to take account of the share consolidation in November 2011. Regardless of performance over this period, the Directors would not sanction this level of dividend within that period and, therefore, do not see any circumstances under which the option would crystallise and continue to value the option at nil (31 January 2012: nil).

5 Other Expenses

	Year to 31 January 2013 £'000	Year to 31 January 2012 £'000
Directors' remuneration	70	64
Auditor's remuneration – audit of statutory financial statements	20	27
Administration and secretarial services	70	67
Other expenses	117	67
	277	225

The Company has no employees other than directors.

Details of directors' remuneration are provided in the audited section of the directors' remuneration report on pages 30 and 31.

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

6 Tax on Ordinary Activities

6a Analysis of credit for the year

	Year to 31 January 2013 £'000	Year to 31 January 2012 £'000
Charge for the year	1	-

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

NOTES TO THE FINANCIAL STATEMENTS

Continued

6 Tax on Ordinary Activities (continued)

6b Factors affecting the tax charge for the year

	Year to 31 January 2013 £'000	Year to 31 January 2012 £'000
Profit/(loss) on ordinary activities before taxation	2,110	(403)
Corporation tax at standard rate of 24.33% (2012: 20.17%)	513	(81)
Effect of:		
Movement in excess management expenses	178	109
Non-taxable dividends	(78)	(35)
Non-taxable (gains)/losses on investments	(612)	7
Tax charge for the year (note 6a)	1	-

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 £1,181,000 (31 January 2012: £897,000).

7 Dividends Paid

	2013 £'000	2012 £'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
Final dividend for the year ended 31 January 2012 of 3.13p per ordinary share paid on 17 July 2012	870	-
Interim dividend for the year ended 31 January 2013 of 2.5p per ordinary share paid on 26 October 2012	690	-
	1,560	1,189

8 Return per Share

The revenue return per share is based on the net loss on ordinary activities after taxation of £23,000 (31 January 2012: £98,000 loss) and on 27,624,086 (31 January 2012: 37,951,414) shares, being the weighted average number of shares in issue during the year. The capital return per share is based on the profit on ordinary activities after taxation of £2,132,000 (31 January 2012: £305,000 loss) and on 27,624,086 (31 January 2012: 37,951,414) shares, being the weighted average number of shares in issue during the year. The total return per share is based on the total net profit on ordinary activities after taxation of £2,109,000 (31 January 2012: £403,000 loss) and on 27,624,086 (31 January 2012: 37,951,414) 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 Investments

	Quoted investments £'000	Unquoted investments £'000	Total £'000
Cost as at 1 February 2012	24,652	4,663	29,315
Transfers from quoted to unquoted investments	(39)	39	-
Purchases	5,255	1,772	7,027
Disposals			
- proceeds received	(7,214)	(794)	(8,008)
- realised (losses)/gains on disposal	(539)	45	(494)
- realisation of revaluation movements from previous years	(28)	-	(28)
- unrealised loss previously recognised in realised reserves	(111)	-	(111)
Cost at 31 January 2013	21,976	5,725	27,701
Unrealised gains/(losses) at 1 February 2012	587	(2,301)	(1,714)
Unrealised gains/(losses) on investments during the year	3,069	(61)	3,008
Realisation of revaluation movements	28	-	28
Unrealised loss previously recognised in realised reserves	111	-	111
Unrealised gains/(losses) at 31 January 2013	3,795	(2,362)	1,433
Valuation at 1 February 2012	25,239	2,362	27,601
Valuation at 31 January 2013	25,771	3,363	29,134
Equity shares	25,662	627	26,289
Preference shares	109	233	342
Loan stock	-	2,503	2,503
Total investments at valuation	25,771	3,363	29,134

In addition to the realisation of revaluation movements on disposals of investments of £28,000 noted above a further realisation of £297,000 in respect of quoted investments and £209,000 in respect of unquoted investments has been made within the capital reserve in relation to investments included within bookcost at 31 January 2013.

	2013 £'000	2012 £'000
Realised losses on disposal	(494)	(400)
Unrealised gains on investments during the year	3,008	366
Net gain/(loss) on investments	2,514	(34)

Transaction Costs

During the year the Company incurred transaction costs of £16,000 (31 January 2012: £4,000) and £19,000 (31 January 2012: £16,000) on purchases and sales of investments respectively. These amounts are included in the gains/(losses) on investments as disclosed in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

Continued

10 Debtors

	2013 £'000	2012 £'000
Receivable for investments sold	-	10
Prepayments and accrued income	98	101
	98	111

11 Creditors: Amounts Falling due within One Year

	2013 £'000	2012 £'000
Trade creditors	27	3
Other creditors	198	361
	225	364

12 Called Up Share Capital

Ordinary shares (5p shares)	Number	2013 £'000	Number	2012 £'000
Allotted, issued and fully paid at 1 February	27,643,668	1,382	43,557,324	2,178
Issued during the year	2,227,623	111	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	(2,581,717)	(129)	(8,274,993)	(414)
At 31 January	27,289,574	1,364	27,643,668	1,382

During the year a total of 2,581,717 ordinary shares of 5p each were purchased by the Company at an average price of 99.62p per share.

13 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 2012	1,382	452	2,439	30,558	31	(6,084)	(98)	28,680
Shares issued	111	2,402	-	-	-	-	-	2,513
Share issue expenses	-	(83)	-	-	-	-	-	(83)
Refund of share issue expenses relating to issues prior to share premium cancellation	-	-	-	19	-	-	-	19
Repurchase of shares	(129)	-	-	(2,572)	129	-	-	(2,572)
Dividends paid	-	-	-	(1,560)	-	-	-	(1,560)
Transfer of merger investment disposals	-	-	(483)	-	-	483	-	-
Profit for the year	-	-	-	-	-	2,132	(23)	2,109
At 31 January 2013	1,364	2,771	1,956	26,445	160	(3,469)	(121)	29,106

* These reserves are not distributable.

These reserves are not wholly distributable.

At 31 January 2013, the capital reserve constitutes realised losses of £8,254,000 (31 January 2012: £7,325,000) and investment holding gains of £4,785,000 (31 January 2012: £1,241,000).

Distributable reserves comprise the special reserve, the revenue reserve and the capital reserve excluding investment holding gains. At 31 January 2013, the amount of reserves deemed distributable is £18,070,000 (31 January 2012: £23,135,000), a net movement in the period of £(5,065,000). The net movement is comprised of the gain on ordinary activities in the income statement of £2,109,000, less the movement in investment holding gains of £3,544,000, the repurchase of shares of £2,572,000, dividends paid of £1,560,000, plus the transfer of investment losses to the merger reserve of £483,000 and the refund of share issue expenses of £19,000.

14 Net Asset Value per Ordinary Share

The calculation of net asset value per share at 31 January 2013 is based on net assets of £29,106,000 (31 January 2012: £28,680,000) divided by the 27,289,574 (31 January 2012: 27,643,668) 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.

15 Analysis of Changes in Cash

	2013 £'000	2012 £'000
At 1 February	1,332	249
(Decrease)/increase in cash	(1,233)	1,083
At 31 January	99	1,332

NOTES TO THE FINANCIAL STATEMENTS

Continued

16 Reconciliation of Profit/(Loss) on Ordinary Activities Before Taxation to Net Cash Outflow from Operating Activities

	2013 £'000	2012 £'000
Profit/(loss) on ordinary activities before taxation	2,110	(403)
Net (gains)/losses on investments	(2,514)	34
(Decrease)/increase in creditors, excluding corporation tax payable	(4)	47
Decrease/(increase) in debtors	23	(80)
Written off expenses from merger	-	(33)
Net cash outflow from operating activities	(385)	(435)

17 Significant Interests

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

	Nominal	% held
Sportsweb.com	58,688	11.4
Camaxys	1,592,656	8.8
Universe Group plc	12,495,970	6.7
Sabien Technology Group plc	1,670,832	5.3
Inditherm plc	2,500,000	4.9
Lilestone Holdings Limited	1,616,786	4.2
Paragon Entertainment Limited	6,851,000	4.2
Brookwell Limited Redeemable Preference Shares	258,932	3.8
Antenova Limited A Preference Shares	1,275,166	3.6
TLA Worldwide plc	2,980,053	3.4
Antenova Limited	2,181,435	3.1
Anpario plc	590,065	3.0
Tristel plc	1,197,726	3.0

18 Material disposals of unquoted investments

At 31 January 2012 the Company held 20,000 shares in Infrared Integrated Systems Limited at a cost and value of £680,000. During the year the Company fully disposed of this investment for proceeds of £746,000. A further £96,290 has been placed in escrow and up to £239,036 is payable if certain milestones are achieved. The conditions relating to the release of the escrow sum remain outstanding and the milestones have not been met. Neither the sum held in escrow nor the milestone payments have been recognised in the accounts.

19 Post Balance Sheet Events

The following transactions have taken place between 31 January 2013 and the date of this report:
1,425,228 shares were allotted raising net proceeds of £1.6m

20 Segmental Analysis

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

21 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:

	2013 (Book value) £'000	2013 (Fair value) £'000	2012 (Book value) £'000	2012 (Fair value) £'000
Assets at fair value through profit and loss				
Investment portfolio	29,134	29,134	27,601	27,601
Receivable for investments sold	-	-	10	10
Accrued income and other debtors	98	98	101	101
Cash at bank	99	99	1,332	1,332
Liabilities measured at amortised cost				
Accrued expenses	(225)	(225)	(364)	(364)
Total for financial instruments	29,106	29,106	28,680	28,680
Total net assets	29,106	29,106	28,680	28,680

21 Financial Instruments (continued)

Fixed asset investments (see note 9) are measured at fair value. For quoted securities this is generally the bid price or, in the case of SETS securities, 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, fully listed companies and ISDX traded 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. Changing one or more inputs for Level 3 assets would not 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 2013

	Year ended 31 January 2013				Year ended 31 January 2012			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Ordinary shares	24,755	-	1,534	26,289	24,990	-	1,081	26,071
Preference shares	109	-	233	342	201	-	100	301
Loan stock investments	-	-	2,503	2,503	-	-	1,229	1,229
	24,864	-	4,270	29,134	25,191	-	2,410	27,601

Level 3 financial assets at fair value

At 31 January 2013

	Year ended 31 January 2013				Year ended 31 January 2012			
	Ordinary shares £'000	Preference shares £'000	Loan stock £'000	Total £'000	Ordinary shares £'000	Preference shares £'000	Loan stock £'000	Total £'000
Opening balance at 1 February 2012	1,081	100	1,229	2,410	507	-	898	1,405
Transfers to/(from) Level 3 (see details below)	708	-	-	708	(225)	-	-	(225)
Purchases	310	-	1,461	1,771	205	-	421	626
Assets acquired as part of asset acquisition	-	-	-	-	850	100	-	950
Disposal proceeds	(842)	-	-	(842)	(226)	-	-	(226)
Total net gains/(losses) recognised in the income statement	277	133	(187)	223	(30)	-	(90)	(120)
Closing balance at 31 January 2013	1,534	233	2,503	4,270	1,081	100	1,229	2,410

Tikit Group plc moved from Level 1 to Level 3 during the year when trading was suspended pending a merger. Music Festivals plc moved to Level 3 from Level 1 when it delisted during the year.

22 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.

Details of the Company's investments at the balance sheet date are disclosed in the Investment Portfolio on pages 8 to 10.

As at 31 January 2013 88.5% (31 January 2012: 91.4%) of the Company's investments are traded on AIM or fully listed. A 10% increase in stock prices as at 31 January 2013 would have increased the net assets attributable to the Company's shareholders and the total profit for the year by £2,577,000 (31 January 2012: £2,524,000); 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 2013 11.5% (31 January 2012: 8.6%) 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 2013 would have increased the net assets attributable to the Company's shareholders and the total profit for the year by £336,000 (31 January 2012: £236,000); 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.

23 Interest Rate Risk

Fixed rate

Four 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 £2,503,000 (31 January 2012: £1,229,000), the weighted average interest rate is 9.4% (31 January 2012: 8.4%) and the average period to maturity is 3 years.

Details of the Company's investments at the balance sheet date are provided on pages 8 to 10.

24 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. The carrying amount of financial assets best represents the maximum credit risk exposure at the balance sheet date. At 31 January 2013, the financial assets exposed to credit risk, representing convertible loan stock investments, accrued income and cash amounted to £2,658,000 (31 January 2012: £2,598,000). The convertible loans in China Food Company plc and Sorbic International plc are secured over the buildings and land use rights of the companies.

Credit risk on the unquoted loan stock held within unlisted investments is also considered to be part of market risk as the value of the loan stock is influenced in part by the price of the underlying equity.

The loan stock investments in the table below are considered past due, but not individually impaired, because the terms have been renegotiated subsequent to the year end and, at this stage, it is believed that the loan is fully recoverable.

	0-6 Months £'000	Total 2013 £'000
Loan stock past due	953	953

Interest of £38,000 was due to the Company at 31 January 2013, however this was received on 12 February 2013.

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 2013, 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 2013 or 31 January 2012.

25 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 17 to 23. 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 2013, these investments were valued at £4,280,000 (31 January 2012: £5,354,000). The directors consider that frequently traded AIM investments with a market capitalisation of greater than £200m represent readily realisable securities.

26 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 OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of Amati VCT 2 plc (the “Company”) will be held on Tuesday 18 June 2013 at the offices of Abchurch Communications, 16th Floor, 125 Old Broad Street, London EC2N 1AR at 12 noon (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 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 2013 together with the Independent Auditor’s Report thereon.”
2. “To approve the Directors’ Remuneration Report for the financial year ended 31 January 2013.”
3. “To approve a final dividend of 3.5p per share payable on 15 July 2013 to shareholders on the register at 21 June 2013.”
4. “To appoint BDO 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 2014 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 Julian Avery, as a director of the Company.”
7. “To re-elect Mike Killingley as a director of the Company.”
8. “To re-elect Christopher Macdonald as a director of the Company.”
9. “To re-elect Christopher Moorsom, as a director of the Company.”

Special Business

To consider, and if thought fit, to pass the following Resolutions as Special Resolutions of the Company:

Special Resolutions

10. “THAT in substitution for any existing authorities, the directors be and hereby are empowered pursuant to sections 570 and 573 of the 2006 Act to allot or make offers or agreements to allot equity securities (which expression shall have the meaning subscribed to it in section 560 of the 2006 Act) for cash pursuant to the authority given in accordance with section 551 of the 2006 Act by the resolution passed at the general meeting on 7 March 2013 as if section 561(1) of the 2006 Act did not apply to any such allotment, up to an aggregate nominal amount of £1,250,000. The authority hereby conferred shall (unless previously renewed or revoked) by this resolution shall expire on the earlier of the date of the annual general meeting of the Company to be held in 2014 and the date which is 15 months after the date on which this resolution is passed.
11. “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 such number thereof being 14.99% of the issued ordinary share capital of the Company as at the date of this resolution;
 - (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% 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 2014 and the date which is 18 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.”

12. "THAT, in addition to the authority set out in resolution 11 above, the Company be and is hereby empowered to make market purchases within the meaning of Section 701 of CA 2006 of Ordinary Shares for cancellation under the Company's Enhanced Share Buyback and Re-investment Facility ("ESBRF") as described in the circular to shareholders dated 6 February 2013 and provided that:

- (i) the maximum aggregate number of Ordinary Shares authorised to be purchased is such number thereof being 24.99% of the issued ordinary share capital of the Company as at the date of this resolution;
- (ii) the price which may be paid is a fixed price equal to 99% of the most recently published net asset value per Ordinary Share prior to the date of purchase rounded down to the nearest 0.01p per share (which fixed price shall, for the purposes of section 701(3)(b) of CA 2006 constitute both the maximum and minimum price which may be paid per Ordinary Share);
- (iii) the authority hereby conferred shall expire on the earlier of the annual general meeting of the Company to be held in 2014 and the date which is 18 months after the date on which this Resolution is passed; and
- (iv) 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

1 May 2013

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 12 noon on 16 June 2013 to 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 on 30 April 2013 (being the last business day prior to the publication of this Notice) 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 30 April 2013 (being the last business day prior to the publication of this Notice) the Company's issued share capital consists of 27,752,387 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 30 April 2013 are 27,752,387.
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.

SHAREHOLDER INFORMATION

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 2013 was 106.7p. 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 should contact The City Partnership (UK) Limited by telephone on 0131 243 7210 or in writing to The City Partnership (UK) Limited, Thistle House, 21 Thistle Street, Edinburgh EH2 1DF.

Financial Calendar

May 2013	Annual report for the year ended 31 January 2013 to be circulated to shareholders
June 2013	Interim management statement released
June 2013	Annual general meeting
September 2013	Half-yearly Report for the six months ending 31 July 2013 to be circulated to shareholders
November 2013	Interim management statement released
31 January 2014	Year-end

Annual General Meeting

The annual general meeting of the Company will be held on 18 June 2013 at 12 noon at the offices of Abchurch Communications, 16th Floor, 125 Old Broad Street, London EC2N 1AR. The notice of the meeting, together with the enclosed proxy form, is included on pages 52 and 53 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 18 June 2013

I/We _____

of _____

(block capitals please)

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 Abchurch Communications, 16th Floor, 125 Old Broad Street, London EC2N 1AR on 18 June 2013 at 12 noon, notice of which was dated 1 May 2013, 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	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 To approve the Director's Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 To approve a final dividend	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 To appoint BDO LLP as auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 To authorise the directors to fix the remuneration of the auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 To re-elect Julian Avery as a director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 To re-elect Mike Killingley as a director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8 To re-elect Christopher Macdonald as a director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9 To re-elect Christopher Moorsom as a director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Special Business

Special Resolutions

	For	Against	Vote Withheld
10 To renew the directors' authority to disapply pre-emption rights	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11 To authorise the directors to buy back shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12 To authorise the directors to buy back shares under the ESBRF	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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 Abchurch Communications, 16th Floor, 125 Old Broad Street, London EC2N 1AR on 18 June 2013 at 12 noon.

Signed: _____

Dated: _____

2013



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 12 noon on 14 June 2013.
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
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

Nimmo W.S.
8 Walker Street
Edinburgh
EH3 7LH

Bankers

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

