ViCTory VCT PLC

HALF YEARLY REPORT

For the six months ended 31 July 2010

Amati Global Investors

Finely crafted investments

CONTENTS

OVERVIEW

Corporate Objective

The objective of ViCTory VCT 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.

Key data

for the six months to 31 July 2010

	31/07/10 (unaudited)	31/07/09 (unaudited)	31/01/10 (audited)
Total Net Asset Value ("NAV")	£17.5m	£19.3m	£17.8m
Shares in issue	41,263,352	42,857,890	41,958,437
NAV per share	42.5p	45.1p	42.4p
Share price	33.5p	37.0p	32.8p
Market capitalisation	£13.8m	£15.9m	£13.7m
Share price discount to NAV	21.2%	18.0%	22.8%
NAV per share plus cumulative dividends paid to date	52.3p	54.9p	52.2p
Total return for the period	0.2%	1.4%	-4.6%
Total return of FTSE AIM All-Share Index for the period	3.3%	34.9%	67.0%
Total return since inception	-49.9%	-46.9%	-50.0%
Total return of FTSE AIM All-Share Index since inception	-47.9%	-59.3%	-49.6%

Table of investor returns

	Launch date	NAV total return with dividends re-invested	NAV total return with dividends not re-invested	FTSE Aim All-Share total return index
ViCTory VCT	29 January 2001	-49.9%	-45.0%	-47.9%
Singer & Friedlander AIM VCT	28 September 1998	-73.8%	-44.2%	-10.7%
Singer & Friedlander AIM 2 VCT	29 February 2000	-61.6%	-56.4%	-72.4%
Singer & Friedlander AIM 3 VCT ('C' shares)	4 April 2005	-45.1%	-41.3%	-32.9%

INVESTMENT POLICY

Investment Objective

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

Risk Diversification

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

Asset Allocation

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

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

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

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

In accordance with the conditions for eligibility as an investment company under the Companies Act 2006, any holdings by the Company in shares or other securities in a company will not represent more than 15% 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).

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.

Change in Investment Policy

A change in the investment policy of the Company will only be effected with shareholders' approval in accordance with the Listing Rules.

BOARD REVIEW

The six month period under review includes the first four months following the appointment, on 22 March, of Amati Global Investors (“Amati”) as the new fund manager. This appointment was a significant step for the Company, which, despite changes of name, had been run by the same manager since inception. At the annual general meeting held in July the Company’s proposed changes to its investment mandate, which allow greater flexibility in making non-qualifying investments, were approved by shareholders. The detail of the new investment mandate is included on pages 2 and 3. The Board has been pleased with the progress that Amati has made in restructuring the portfolio over the past few months. This restructuring is dependent on finding buyers for existing holdings which the manager wishes to exit, and on finding new qualifying deals to replace them to ensure that the level of qualifying assets doesn’t fall near the required minimum 70% level. This will take some considerable time to complete. Significant strides have been taken, however, as detailed in the fund manager’s review, and this has already had a beneficial impact on performance.

The net result for the six months to 31 July 2010 has been a 0.2% positive return for the net asset value (“NAV”) per share. This compares to rise of 3.3% for the FTSE AIM All-Share Total Return Index. In order to give an early indication of the impact of the change of manager on performance, we have looked at how the portfolio would have performed if it had been unaltered from the date of the handover, and deducting the expenses net of income for the period. Had this been the case then the NAV per share would have fallen by around 6.2%, rather than rising by 0.2%. The difference is the result both of holdings being sold which have subsequently performed poorly, the most significant of which was Connaught, and of new investments which have begun to perform well. This is, therefore, an encouraging start to the reshaping of the portfolio.

The Board is clear that it wishes to resume paying dividends at the earliest possible point. As part of the process of identifying how we are able to do so, and in consultation with our advisers, we have been able to make a transfer between distributable and non-distributable reserves during the period, based on a more appropriate application of our accounting policies with respect to investment losses. In light of this, we are optimistic that by the end of the financial year we will be in a position to declare dividends for shareholders once again.

The Company has been able to improve the level of information available to shareholders through the internet. A wealth of information is now available on Amati’s website (www.amatiglobal.com), including a history of the Company, all Company announcements, the latest share price and NAV, monthly investment updates, performance information, and all relevant documentation. I hope that you find this useful. Please contact the manager on 0131 243 0439 if you would like to receive monthly fact sheets by email. These contain an update on market conditions, performance, transactions and outlook.

Please do not hesitate to contact the Company Secretary on 0131 243 7215 if you have any queries. We also have a dedicated email enquiry service through vct-enquiries@amatiglobal.com.

C J L Moorsom Chairman
J D Hambro
M S Killingley
D M Page

ViCTory VCT PLC
30 September 2010

FUND MANAGER'S REVIEW

Market Review

Having started 2010 in recovery mode, with a spring in its step, the UK stock market peaked in early April, and then retraced, with lows in May and late June. For the period under review, therefore, the net result was somewhat directionless, with net modest gains, thanks to a sharp rally at the end of July.

Clearly this glosses over some important developments which have taken place over the six months. From a UK perspective, perhaps the most obvious of these is the change of government at the May elections. This marked both the end of a political dynasty in New Labour, and the start of something unknown to most of us, coalition government. From an economic perspective the tide has very firmly swung away from public spending excess, towards austerity and cut-backs. Whilst some economists have argued persuasively for persisting with stimulus spending to avoid the risks of double-dip recession, these arguments have been too casual about the calamity which will result if bond markets lose confidence in the Government's ability to repay debts. The Greek crisis illustrated this point all too clearly. It also highlighted the unpredictability and speed with which such a loss of confidence can engulf a state. In our view, the fear of this situation should push us towards the risk of cutting spending too fast, rather than that of not cutting fast enough. We have also observed over the years that there is a well-trodden, if not always smooth, path for the private sector to be engaged positively in bringing efficiencies to bear in public sector service provision. The high-profile disasters, such as Jarvis, belie the norm here.

Thus the Emergency Budget during June looks well handled, having put in place a credible route towards deficit reduction over the next five years. This will be followed by more in-depth reviews of spending. In July a consultation with industry was opened in a Green Paper on private sector funding. This makes clear the Government's concern to see the private sector expand to fill the gap left by the contraction of the public sector. Success on this point will be a key measure of the Coalition's first term. VCTs will themselves be part of what is examined in this review. We hope that they can continue to play a significant part in the funding of small UK enterprises.

Performance

The NAV rose by 0.2% during the period, which compares to a return of 3.3% for the FTSE AIM All-Share Total Return Index. The biggest contributor during the period was **Lo-Q**, the third largest holding in the portfolio. The company provides virtual queuing systems for theme parks and major attractions, and has been successfully diversifying its customer base over recent years. Profitable, with a strong balance sheet, the company looks well placed to develop its business. The shares rallied strongly in February and March to reflect this. The other largest contributors were: **Rockhopper Exploration**, an oil explorer with licensed blocks in the north Falklands basin, which we bought immediately following its confirmation of an oil discovery, and exited following a sharp rise; **Symphony Environmental Technologies**, which makes environmentally friendly plastics, where trading has been steadily improving; **Prezzo**, the restaurant group, which has been resilient in the downturn; and **Fulcrum Utility Services**, a new holding added in June.

On the negative side **Connaught** was the biggest detractor. We highlighted this company at the AGM as one that we were concerned about. The non-qualifying portion of this holding was one of the first sales we made for ViCTory in April. We disposed of the rest immediately after the company issued its first warning on trading. Our average selling price was 216p. The company's share price has subsequently completely collapsed, as the true scale of the company's problems have become apparent. At the end of July the share price was around 35p. On 7 September it was put into administration. Other detractors were **First Artist Corporation**, which has now been sold, **Kiotech International**, which has fallen on relatively small volumes, but where we believe trading to be in good shape, and **Zytronic**, which fell back after a strong rally at the end of 2009.

Portfolio Activity

Following our appointment as fund manager in March of this year, our immediate priority was to determine which holdings in the portfolio we considered carried an unacceptable level of risk and exit these positions where liquidity permitted, and with due regard to maintain a weighting in qualifying holdings comfortably above the required minimum 70% level. We focused on two groups of companies: firstly, those where we had specific concerns over the business model; and secondly, those that were unprofitable or cash absorptive, and appeared too close for comfort to the end of their cash or to debt covenant levels.

Our sale of Connaught has already been discussed, in this case we were concerned both about the business model and the lack of cash generation. We also sold **LiDCO Group**, **Xploite** (subsequently **Avisen** following a paper bid) and **Autoclenz Holdings**, being unconvinced of these business propositions. LiDCO Group produces equipment for hemodynamic monitoring, which encompasses blood pressure, volume, and flow metrics. It has entered into an exclusive distribution agreement in the US with Covidien, and much of the company's future hopes are pinned on this relationship. We see this as a high risk proposition, having seen many small UK medical device companies with similar distribution arrangements in the US flounder in the past. We exited with a significant profit on the original investment. We sold the bulk of our holding in Xploite for cash during the takeover by Avisen, and exited the remaining Avisen holding, seeing the company as sub-scale, and of questionable quality. Autoclenz Holdings, whilst a profitable business, does not have the characteristics that we look for in a long-term investment.

In the category of loss making companies, one of the larger disposals was **Synchronica**. We are unconvinced by the company's strategy and think that the cost base is too high relative to revenues. **Tanfield Group**, once an AIM favourite, was sold following sustained losses and a rapidly depleting cash balance. We also exited **First Artist Corporation**, which has too high a level of debt, leaving it highly reliant as a loss making business on the goodwill of its lenders. Finally, some sales were made to either tidy up the portfolio and reduce the number of small, non-material holdings, such as **Optimisa** and **Individual Restaurant Company**; or reduce positions in overweight positions, such as **Mediwatch**. We also reduced our stake in **Advanced Power Components** through converting some of the loan stock into equity and selling at a profit.

Buying activity can be split into qualifying and non-qualifying deals. On the qualifying side, we saw some good quality businesses returning to AIM to raise funds, allowing us to make some new investments which we believe have excellent potential.

Egdon Resources presented a rare opportunity to buy a qualifying holding in the oil and gas sector. Strategically we are attracted to the energy sector, and would ordinarily use only the non-qualifying portfolio to give ViCTory its exposure to this area. Egdon Resources has a portfolio of small producing oil and gas fields onshore in the UK from which we anticipate steadily rising cash flow over the next few years. It raised money alongside acquiring a further portfolio of onshore blocks from Encore Oil & Gas. It also has some exploration and development assets in France. **Bglobal** designs, installs and manages smart meters. It is a company we know well as a consequence of a previous investment. The company has suffered from funding issues in the past but these appear to have been resolved and a new management team impressed us. The fundraising was conducted to complete the acquisition of a software business that is complementary and gives the business increased scale and liquidity. Finally, the growth drivers in its market (smart meters) are very strong. The largest of the new qualifying investments was in **Fulcrum Utility Services**, a business acquired by a cash shell, Marwyn Capital I, from National Grid. Fulcrum Utility Services performs engineering and project management for unregulated gas meter installations (i.e. those over 23 meters from the gas distribution network). The business was utterly neglected as part of National Grid, hence it was acquired for zero consideration, and we believe the new management team has the ability to realise its significant potential. If successful the rewards will be substantial. We made a small addition to ViCTory's holding in **Green Compliance**, a company which is building a health and safety compliance services business through a series of acquisitions. The company has since made two further acquisitions to take the total to six since it first raised funding in December 2009 to pursue this strategy.

The first non-qualifying investment we made was in **Asian Citrus Holdings**, which is the largest independent orange producer in China, dominating the supply of popular American orange varieties. The structure of the planting cycle in its three farms is such that it should have significant production growth 'built-in' for the next ten years. This is because the company has one mature farm, one planted five years ago which is just beginning to produce, and one just planted which begins production in five years time. They also have two nurseries which can produce three million saplings per year, which they sell on to local farmers, but keep the right to buy the produce so that they act as the distributor to supermarkets. We also invested via a convertible loan in **China Food Company**, a soy sauce and condiment manufacturer also based in China. The company has recently opened a large new soy sauce factory which should underpin significant growth over the next few years. Other non-qualifying investments included **Gulfsands Petroleum**, an oil exploration and production company whose principal activity is in Syria. We expect to add further qualifying and non-qualifying holdings over the coming months.

Outlook

The incoming coalition government has acted swiftly to prepare for steep budget cuts to eliminate the budget deficit. In doing so Britain will most likely be setting a precedent that many other developed nations will eventually follow. Both the currency and bond markets have responded positively to this position, whilst the equity market is rather more nervous as to which companies will be most severely impacted. Whilst GDP growth expectations have generally been revised downwards in Europe and the US, this is probably more a symptom of re-stocking coming to an end, rather than a slide into a second recession and corporate balance sheets, having been repaired *en masse* in 2009, look better prepared to weather and emerge from a second downturn. However, the underlying nervousness will probably mean a good deal of volatility is in store during the second half of the year, but overall we expect the second half to show a positive result. Utilising the new investment policy, we expect to be able to build up the non-qualifying investment portfolio over the coming months at attractive levels. In addition we expect to find two or three substantial new qualifying investments during the second half to continue the programme of strengthening the core portfolio of qualifying investments.

Dr Paul Jourdan
CEO and Founder
Amati Global Investors

30 September 2010

INVESTMENT PORTFOLIO
as at 31 July 2010

FTSE Sector	Number of shares	Book Cost £	Valuation £	Fund %	% of shares in issue
Oil & Gas		**531,800**	**569,340**	**3.3**	
Borders & Southern Petroleum plc@	125,000	94,043	87,500	0.5	0.0
Egdon Resources plc*@	1,648,000	206,006	230,720	1.3	1.3
Gulfsands Petroleum plc@	86,000	231,751	251,120	1.5	0.1
Industrials		**9,967,990**	**4,138,665**	**23.6**	
Advanced Power Components plc Loan Stock#	68,750	68,750	68,750	0.4	18.6
Aero Inventory plc*	430,000	1,289,924	-	-	0.8
AssetCo plc*	681,959	508,091	390,422	2.2	0.8
Avingtrans plc*	503,333	528,333	176,167	1.0	2.0
Bglobal plc*@	674,117	256,164	299,982	1.7	0.7
Conder Environmental*#	2,568,275	385,241	-	-	4.5
Green Compliance plc†@	43,210,000	440,231	864,200	4.9	3.0
Hightex Group plc*	4,285,714	300,005	310,714	1.8	2.3
ID Data Group plc*#@	80,123,625	1,089,736	-	-	6.0
ILX Group plc*	991,600	474,965	218,152	1.2	4.2
Mount Engineering plc*@	584,682	409,277	280,647	1.6	2.5
Petards Group plc*	2,414,504	18,109	12,556	0.1	0.4
Quadnetics Group plc*	136,588	341,381	236,297	1.4	0.8
Recycled Waste*#	28,195,000	374,994	-	-	n/a
Ringprop*#	282,307	366,999	-	-	3.5
RTC Group plc*	537,500	220,375	53,750	0.3	6.0
Savile Group plc*	600,000	402,000	180,000	1.0	4.2
Sportsweb.com*#	58,688	352,128	316,915	1.8	11.4
Symphony Environmental Technologies plc*	2,880,770	460,339	360,096	2.1	2.5
Vianet Group*#	22,760,250	1,069,990	-	-	9.3
Zytronic plc*	215,126	610,958	370,017	2.1	1.5

FTSE Sector	Number of shares	Book Cost £	Valuation £	Fund %	% of shares in issue
Consumer goods		**2,616,849**	**1,443,033**	**8.2**	
Asian Citrus Holdings Ltd@	880,000	431,027	396,000	2.3	0.1
China Food Company plc Convertible 8% Loan Note#@	624	624,000	624,000	3.5	45.2
NeutraHealth plc*	2,433,473	279,470	91,255	0.5	1.4
Real Good Food Company (The) plc*	549,075	596,112	131,778	0.8	0.8
SocialGO plc (formerly Bright Things)*	20,000,000	686,240	200,000	1.1	5.5
Health care		**2,653,072**	**2,565,383**	**14.6**	
1st Dental Laboratories plc*	1,733,333	450,000	73,667	0.4	4.1
Chromogenex plc*#@	150,000	13,875	486	-	0.2
Kiotech International plc@	13,333,334	402,001	400,000	2.3	3.2
Lipoxen plc*	2,800,000	238,001	182,000	1.0	1.6
Mediwatch plc*	11,243,833	1,097,622	646,520	3.7	8.0
Omega Diagnostics Group plc*	1,000,000	200,000	160,000	0.9	4.8
Synergy Health plc†	165,200	251,573	1,102,710	6.3	0.3
Consumer services		**8,677,233**	**3,005,387**	**17.1**	
Cello Group plc*	225,000	257,625	81,000	0.5	0.4
Clapham House Group (The) plc*	342,080	395,992	253,139	1.4	0.8
Conexion Media Group plc*	1,080,883	183,750	13,511	0.1	1.4
Coolabi plc*	2,585,883	361,506	193,941	1.1	5.4
Dods Group plc (formerly Huveaux plc)*	2,000,000	595,868	245,000	1.4	1.3
Ebiquity plc*	345,500	729,005	214,210	1.2	0.6
Expansys plc*@	775,000	449,500	54,250	0.3	0.1
Freshwater UK plc*	544,000	195,840	73,440	0.4	2.9

FTSE Sector	Number of shares	Book Cost £	Valuation £	Fund %	% of shares in issue
Fuse 8 plc (formerly Award International Holdings)*	20,999	209,990	6,300	0.0	0.2
Imagesound Ltd*#	1,250,000	92,188	-	-	2.0
Just Car Clinics Group plc*	281,955	95,865	129,699	0.7	1.9
Lilestone Holdings Limited*#	342,593	978,655	-	-	5.4
Lilestone Holdings Limited Loan Note*#	260,000	260,000	-	-	10.6
Lo-Q plc†	748,500	748,656	800,895	4.6	4.7
Medal Entertainment & Media†#	1,021,669	653,679	-	-	6.7
Ovidia Investments*#	134,307	518,312	-	-	0.6
Prezzo plc†	1,526,000	171,638	659,995	3.8	0.7
Pubs 'N' Bars*#	670,983	281,813	-	-	1.7
Smallbone plc*#	338,983	293,220	-	-	1.4
Tasty plc*	779,688	540,377	155,938	0.9	1.6
UBC Media Group plc*	2,481,384	663,754	124,069	0.7	1.3
Telecommunications		**500,000**	**-**	**-**	
Stanhope Telecom*#	400,000	500,000	-	-	n/a
Financials		**2,174,112**	**784,724**	**4.5**	
Formation Group plc	3,236,342	504,172	48,545	0.3	1.5
Fulcrum Utility Services Ltd*@	5,166,167	619,940	736,179	4.2	3.3
Global Money Transfer Loan Note#	300,000	300,000	-	-	n/a
Relax Group plc*#	1,031,746	750,000	-	-	3.4

FTSE Sector	Number of shares	Book Cost £	Valuation £	Fund %	% of shares in issue
Technology		**6,661,806**	**1,417,340**	**8.1**	
Arcontech Group plc†	79,702,635	440,853	103,614	0.6	5.2
Camaxys#	1,592,656	254,825	-	-	n/a
Flexbenefits*#	504,750	681,828	-	-	n/a
IDOX plc*@	3,606,667	270,500	405,750	2.3	1.1
Infonic*#	14,097,032	1,395,327	-	-	n/a
Parseq plc (formerly Intelligent Environments Group)†	5,040,075	219,792	340,205	2.0	1.2
Tikit Group plc†	348,326	400,869	567,771	3.2	2.4
Torex Retail*#	1,298,757	694,691	-	-	n/a
U4EA*#	19,486,071	2,303,121	-	-	n/a
UK Government loans		**169,759**	**178,758**	**1.0**	
Treasury 4.25% Stock 07/03/2011	175,000	169,759	178,758	1.0	0.0
Total investments		**33,952,621**	**14,102,630**	**80.4**	
Net current assets			**3,446,031**	**19.6**	
Net assets		**33,952,621**	**17,548,661**	**100.0**	

* Qualifying holdings.
† Part qualifying holdings.
# Unquoted holdings.
@ These investments are also held by other funds managed by Amati.
All holdings are in ordinary shares unless otherwise stated.

Note to the above table:

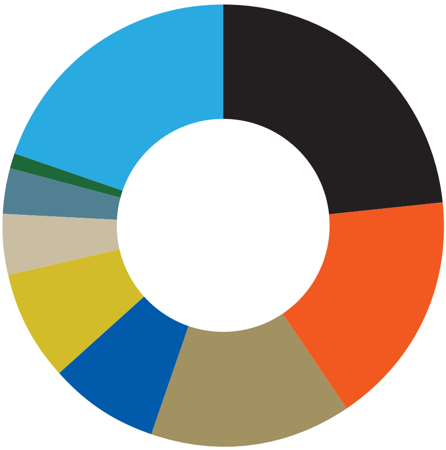
As at the period end, the percentage of the Company's portfolio held in qualifying holdings for the purposes of Section 274 of the Income and Corporation Taxes Act 2007 is 87.71%.

TEN LARGEST HOLDINGS
as at 31 July 2010

Company	Sector	Valuation £	Fund %
Synergy Health plc	Health care	1,102,710	6.3
Green Compliance plc	Industrials	864,200	4.9
Lo-Q plc	Consumer services	800,895	4.6
Fulcrum Utility Services Ltd	Financials	736,179	4.2
Prezzo plc	Consumer services	659,995	3.8
Mediwatch plc	Health care	646,520	3.7
China Food Company plc Convertible 8% Loan Note	Consumer goods	624,000	3.5
Tikit Group plc	Technology	567,771	3.2
IDOX plc	Technology	405,750	2.3
Kiotech International plc	Health care	400,000	2.3

Representing approximately 38.8% of shareholders' funds.

SECTOR ALLOCATION
as at 31 July 2010



FTSE Sector	Fund %
Industrials	23.6
Consumer services	17.1
Health care	14.6
Consumer goods	8.2
Technology	8.1
Financials	4.5
Oil & Gas	3.3
UK Government loans	1.0
Net current assets	19.6
	100.0

PRINCIPAL RISKS AND UNCERTAINTIES

The Company's assets consist of equity and fixed interest investments, cash and liquid resources. Its principal risks include market risk, credit risk and liquidity risk. Other risks faced by the Company include economic, investment and strategic, regulatory, reputational, operational and financial risks as well as the potential for loss of approval as a VCT. These risks, and the way in which they are managed, are described in more detail in Note 20 to the Financial Statements in the Company's Report and Financial Statements for the year ended 31 January 2010. The Company's principal risks and uncertainties have not changed materially since the date of that report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

in respect of the half-yearly financial report

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with the Statement "Half-yearly financial reports" issued by the UK Accounting Standards Board;
- the Board Review and Fund Manager's Review (constituting the interim management report) includes a true and fair review of the information required by DTR4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements;
- the Statement of Principal Risks and Uncertainties on page 14 is a fair review of the information required by DTR4.2.7R, being a description of the principal risks and uncertainties for the remaining six months of the year; and
- the financial statements include a fair review of the information required by DTR4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

For and on behalf of the Board

C J L Moorsom
Chairman

30 September 2010

INCOME STATEMENT

for the six months ended 31 July 2010

	Note	Revenue £'000	Capital £'000	Six months ended 31 July 2010 (unaudited) Total £'000
Return/(loss) on investments		-	161	161
Income	6	131	-	131
Investment management fee		(38)	(114)	(152)
Other expenses		(161)	-	(161)
(Loss)/profit on ordinary activities before taxation		(68)	47	(21)
Taxation on ordinary activities	8	-	-	-
(Loss)/return on ordinary activities after taxation		(68)	47	(21)
(Loss)/return per ordinary share	4	(0.16)p	0.11p	(0.05)p

The total column is the profit and loss account of the Company.

The accompanying notes are an integral part of the statement.

All revenue and capital items derive from continuing operations.

No operations were acquired or discontinued during the period.

There were no other recognised gains or losses in the period.

	Six months ended 31 July 2009 (unaudited)			Year ended 31 January 2010 (audited)	
Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
-	326	326	-	(724)	(724)
189	-	189	342	-	342
(36)	(107)	(143)	(72)	(216)	(288)
(152)	-	(152)	(302)	-	(302)
1	219	220	(32)	(940)	(972)
-	-	-	-	-	-
1	219	220	(32)	(940)	(972)
-	0.51p	0.51p	(0.07)p	(2.20)p	(2.27)p

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

for the six months ended 31 July 2010

	Six months ended 31 July 2010 (unaudited) £'000	Six months ended 31 July 2009 (unaudited) £'000	Year ended 31 January 2010 (audited) £'000
Opening shareholders' funds	17,803	19,198	19,198
(Loss)/return for the period	(21)	220	(972)
Share buy backs	(233)	(95)	(423)
Closing shareholders' funds	17,549	19,323	17,803

The accompanying notes are an integral part of the statement.

CONDENSED BALANCE SHEET
as at 31 July 2010

	Note	31 July 2010 (unaudited) £'000	31 July 2009 (unaudited) £'000	31 January 2010 (audited) £'000
Fixed assets				
Investments held at fair value		14,103	18,839	17,895
Current assets				
Debtors		50	33	19
Accrued interest on fixed interest securities		10	70	49
Cash at bank		3,679	514	1
		3,739	617	69
Current liabilities				
Bank overdraft		-	-	(25)
Creditors: amounts falling due within one year		(293)	(133)	(136)
		(293)	(133)	(161)
Net current assets/(liabilities)		3,446	484	(92)
Total assets less current liabilities		17,549	19,323	17,803
Capital and reserves				
Called up share capital	9	2,063	2,143	2,098
Share premium account	9	2,955	2,955	2,955
Reserves	9	12,531	14,225	12,750
Equity shareholders' funds		17,549	19,323	17,803
Net asset value per share	5	42.53p	45.09p	42.43p

The accompanying notes are an integral part of the balance sheet.

CASH FLOW STATEMENT

for the six months ended 31 July 2010

	Note	Six months ended 31 July 2010 (unaudited) £'000	Six months ended 31 July 2009 (unaudited) £'000	Year ended 31 January 2010 (audited) £'000
Operating activities				
Investment income received		162	175	339
Deposit interest received		-	1	1
Investment management fees		(98)	(142)	(290)
Other operating costs		(132)	(197)	(331)
Net cash outflow from operating activities	10	(68)	(163)	(281)
Financial investment				
Purchase of investments		(2,686)	(5,435)	(7,836)
Disposals of investments		6,612	4,208	6,516
Net cash inflow/(outflow) from financial investment		3,926	(1,227)	(1,320)
Net cash inflow/(outflow) before financing		3,858	(1,390)	(1,601)
Financing				
Share buy backs		(155)	(96)	(423)
Net cash outflow from financing		(155)	(96)	(423)
Increase/(decrease) in cash		3,703	(1,486)	(2,024)
Reconciliation of net cash flow to movement in net cash				
Net cash at start of period		(24)	2,000	2,000
Net cash at end of period		3,679	514	(24)
Increase/(decrease) in cash during the period		3,703	(1,486)	(2,024)

The accompanying notes are an integral part of the statement.

NOTES TO THE FINANCIAL STATEMENTS
for the six months ended 31 July 2010

1. The unaudited half-yearly financial results cover the six months ended 31 July 2010 and have been prepared in accordance with applicable accounting standards and adopting the accounting policies set out in the statutory accounts for the year ended 31 January 2010 and in accordance with the Statement of Recommended Practice for financial statements of investment trust companies and venture capital trusts revised January 2009.

Under the terms of the new management agreement with Amati Global Investors Limited ("Amati"), the manager now receives an annual management fee of 1.75% of the net asset value of the Company.

2. The financial information set out in this report has not been audited and does not comprise full financial statements within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 January 2010, which were unqualified, have been lodged with the Registrar of Companies. No statutory accounts in respect of any period after 31 January 2010 have been reported on by the Company's auditors or delivered to the Registrar of Companies.

3. Copies of the half-yearly report are being sent to all shareholders. Further copies are available free of charge from The City Partnership (UK) Limited, secretary to the Company by telephoning 0131 243 7210 or email vct-enquiries@amatiglobal.com.

4. The (loss)/return per share is based on the loss attributable to shareholders for the six months ended 31 July 2010 of £21,000 (31 July 2009: return of £220,000, 31 January 2010: loss of £972,000) and the weighted average number of shares in issue during the period of 41,815,359 (31 July 2009: 43,101,453, 31 January 2010: 42,764,055).

5. The net asset value per share at 31 July 2010 is based on net assets of £17,549,000 (31 July 2009: £19,323,000, 31 January 2010: £17,803,000) and the number of shares in issue of 41,263,352 (31 July 2009: 42,857,890, 31 January 2010: 41,958,437).

6. Income

	Six months ended 31 July 2010 (unaudited) £'000	Six months ended 31 July 2009 (unaudited) £'000	Year ended 31 January 2010 (audited) £'000
Income:			
Dividends from UK companies	86	84	151
Fixed interest securities	47	103	189
Interest from bank deposits	(2)	2	2
	131	189	342

7. No dividends for the period ending 31 July 2010 have been paid or proposed (31 July 2009: nil and 31 January 2010: nil).

8. The effective rate of tax for the six months ended 31 July 2010 is 0%.

9. Unaudited reserves

	Share Capital £'000	Share premium account £'000	Merger reserve £'000
Opening balance as at 1 February 2010	2,098	2,955	16,492
Transfer of investment losses	-	-	(8,735)
Transfer on disposal of investments	-	-	-
Amortisation of discount on fixed interest securities	-	-	-
Share buy backs in period	(35)	-	-
Return/(loss) for the period	-	-	202
Closing balance as at 31 July 2010	2,063	2,955	7,959

The merger reserve was created when the company merged with Singer & Friedlander AIM VCT and Singer & Friedlander AIM 2 VCT in February 2006. It reflected the excess of the value of the investments acquired over the nominal value of the ordinary shares issued. The merger reserve is a non distributable reserve.

Investments are initially recognised at cost and any realised or unrealised gains or losses on investments arising from their subsequent revaluation at fair value have been taken to capital reserve. This has included any losses on the investments acquired in February 2006 as a consequence of the merger. At 1 February 2010 the merger reserve has been amended by £8,735,000 to include all losses arising on those specific investments since February 2006 with a corresponding increase in the capital reserves where those losses had been previously allocated.

The special reserve was created out of the cancellation of the share premium account on 15 March 2002. The changes in the special reserve arise from the repurchase of 695,085 of the Company's ordinary shares for cancellation at a total consideration of £233,000.

Distributable reserves comprise the special reserve, the revenue reserve and realised gains and losses included in the capital reserve. In addition, net unrealised losses of £13,881,000 (31 January 2010: £22,763,000) on investments held at the period end are deducted from distributable reserves. At 31 July 2010, the amount of reserves deemed distributable is positive £3,898,000 (31 January 2010: negative £4,381,000).

		Capital reserves			
Special reserve £'000	Capital redemption reserve £'000	Gains and losses on sales of investments £'000	Investments holding gains and losses £'000	Revenue reserve £'000	Total capital & reserves £'000
17,690	639	459	(22,763)	233	17,803
-	-	1,750	6,985	-	-
-	-	(2,837)	2,837	-	-
-	-	-	(7)	-	(7)
(233)	35	-	-	-	(233)
-	-	785	(933)	(68)	(14)
17,457	674	157	(13,881)	165	17,549

10. Reconciliation of (loss)/gain on ordinary activities before taxation to net cash outflow from operating activities

	Six months ended 31 July 2010 (unaudited) £'000	Six months ended 31 July 2009 (unaudited) £'000	Year ended 31 January 2010 (audited) £'000
(Loss)/gain on ordinary activities before taxation	(21)	220	(972)
Net (gain)/loss on investments	(161)	(326)	724
Decrease/(increase) in debtors	42	(23)	13
Increase/(decrease) in creditors	79	(23)	(21)
Amortisation of discount on fixed interest securities	(7)	(11)	(25)
Net cash outflow from operating activities	(68)	(163)	(281)

11. 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 Singer & Friedlander Investment Management Limited will be entitled to subscribe at par for such number of additional ordinary shares as shall in aggregate be equal to 15% of ordinary shares in the Company as enlarged by such subscriptions. If this target dividend rate will have been achieved by the payment of dividends in 2014 and 2015 Singer & Friedlander Investment Management Limited will be entitled to subscribe for such number of additional ordinary shares as shall in aggregate be equal to 12.5% (2014) and 10% (2015) of ordinary shares in the Company as enlarged by such subscriptions.

This right is a share based payment under FRS20. This right or option has been valued on the date that it was granted to Singer & Friedlander Investment Management Limited and this cost is being charged to the income statement as part of the management fee evenly over the period over which it vests. These options currently have a nil value.

12. Related Parties

The Company holds 342,080 shares (0.8%) in The Clapham House Group PLC of which Mr David Page is executive chairman. Mr David Page holds 1,192,491 shares (2.9%) in The Clapham House Group PLC in his own name and receives a fee of £168,000 per annum.

Save as disclosed in this paragraph, there is no conflict of interest between the Company, the duties of the directors and their interests.

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 July 2010 was 42.53p. The Company normally announces its net asset value on a weekly basis.

Financial calendar

September 2010	Half-yearly report for the six months to 31 July 2010 published
November 2010	Interim management statement released
31 January 2011	Year end
May 2011	Announcement of final results for the year ended 31 January 2011
June 2011	Annual General Meeting

CORPORATE INFORMATION

Directors

Christopher John Leon Moorsom
James Daryl Hambro*
Mike Sedley Killingley*
David Michael Page*

*Independent non-executive Directors

All the Directors above are of:
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Secretary

The City Partnership (UK) Limited
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21 Thistle Street
Edinburgh EH2 1DF

Manager

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Solicitors to the Company

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Independent Auditors

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