Amati VCT 2 plc

HALF-YEARLY REPORT

For the six months ended 31 July 2012

Amati
Global Investors

Finely crafted investments

CONTENTS

OVERVIEW

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.

Key data

for the six months to 31 July 2012

	31/07/12 (unaudited)	31/07/11 (unaudited)#	31/01/12 (audited)
Total Net Asset Value ("NAV")	£28.4m	£18.5m	£28.7m
Shares in issue	27,736,452	39,642,549	27,643,668
NAV per share	102.4p	46.7p	103.8p
Share price	103.0p	39.0p	102.0p
Market capitalisation	£28.6m	£15.5m	£28.2m
Share price premium/(discount) to NAV	0.6%	-16.5%	-1.7%
NAV Total return (assuming re-invested dividends)	1.9%	2.6%	-1.8%
FTSE AIM All-Share total return index	-11.8%	-7.7%	-18.5%
Total expense ratio*	2.7%	3.3%	2.8%
Ongoing charges**	2.7%	3.2%	2.8%
Dividends declared during the period adjusted for the share consolidation#	2.5p	2.4p	5.5p

* *Total expense ratio for the six months ended 31 July 2012 and year ended 31 January 2012 are based on average monthly net assets (31 July 2011: based on net assets at period end only).*

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

A share consolidation took place on 8 November 2011 when the net asset value per share was rebased to approximately 100p.

Table of Investor Returns

to 31 July 2012

	Date	NAV total return with dividends re-invested	FTSE AIM All-Share total return index
Re-launch as Amati VCT 2 following merger	8 November 2011*	5.80%	-7.99%
ViCTory VCT change of Manager to Amati	25 March 2010	11.00%	-4.29%

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

Table of historic returns to 31 July 2012 attributable to shares issued by the original VCTs which have merged to create 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	-38.59%	-35.36%	-33.54%
Invesco Perpetual AiM VCT	30 July 2004	-45.66%	-39.27%	-16.39%
Singer & Friedlander AIM 3 VCT	29 January 2001	-44.00%	-39.71%	-48.44%
Singer & Friedlander AIM VCT	28 September 1998	-70.70%	-42.02%	-11.56%
Singer & Friedlander AIM 2 VCT	29 February 2000	-57.09%	-52.49%	-72.70%

CHAIRMAN'S STATEMENT

Overview

This is the first full set of half-year results since the merger last November, and I am pleased to report that the Company has continued to show positive progress, in spite of nervous market conditions. The AIM market has been particularly volatile during the period. This volatility reflects the steep fall in commodity prices seen from April onwards, as well as the ongoing fluctuations of sentiment which stem from the uncertainties surrounding the future of the Euro. It has been re-assuring to note that the volatility of the Company's portfolio has been relatively low.

The Fund Manager's principal work on the portfolio has been focused on the qualifying holdings. Despite the difficult market conditions and relative dearth of companies floating on AIM, the Company has invested £2.7m in new qualifying holdings, and this 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. As a result of this activity, the number of holdings in the portfolio as a whole, which increased at the time of the merger, has been falling, and now stands at 69 compared to 86 at the beginning of the period.

Performance and Dividend

During the six month period to 31 July 2012 the net asset value total return of the Company was 1.9%. This compares to a fall in the FTSE AIM All-Share Total Return Index of 11.8%. It has been encouraging to see good performances from some of the largest holdings, Lo-Q and IDOX in particular, which both rose by over 40% during the period, reflecting strong progress in these businesses.

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 declaring an interim dividend of 2.5p per share, to be paid on 26 October 2012 to shareholders on the register on 5 October 2012.

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

Corporate Developments

The Company's share offer put in place at the time of the merger has been well received, raising £6.16m in total, of which £1.08m has been raised under the offer and £5.08m has been invested under the enhanced share buy back and reinvestment facility. The Board has been pleased that the Company received good support from existing shareholders who chose to make a further investment in the Company via the enhanced share buy back and reinvestment facility. This has served to underpin the longer term future of the Company, and its ability to make significant new investments.

Outlook

The last two years have seen a change of investment manager, a merger and a share offer. 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 are expected to be continuing difficult markets. I am grateful to shareholders for their continuing support.

Julian Avery
Chairman
27 September 2012

If you have any questions relating to your investment please contact the Company Secretary on 0131 243 7215, or send queries to a dedicated email enquiry service at vct-enquiries@amatiglobal.com. Amati maintains a website for the Company – www.amatiglobal.com – on which monthly investment updates, performance information, and past company reports can be found.

Market Review

The Eurozone sovereign debt crisis dominated the news during the six month period from February to July 2012. Equity markets started the period strongly on expectations of further ECB liquidity injections and an orderly resolution to the Greek crisis. Momentum continued into March, aided by improved sentiment in the US and China, however, by April the market was pausing for breath. An inconclusive Greek election and the re-surfacing of a banking crisis in Spain sent equity markets sharply lower in May, with particular pain felt by investors in natural resources stocks. By June a way out seemed plausible as Eurozone leaders agreed to recapitalise struggling banks directly. This action created a recognition that the sell-off in May had created buying opportunities, which sent equities higher in June and July, albeit on small volumes. However, the Eurozone crisis is still very much ongoing, and remains a continuing source of uncertainty. Asset allocation decisions in this environment are extremely difficult.

Performance

The portfolio ended the period up 1.9%, outperforming the FTSE AIM All-Share Total Return Index, which fell 11.8%. This outperformance of the portfolio can be attributed in part to the underweight position in basic resources and oil and gas stocks, which are largely excluded as qualifying investments under the VCT legislation.

The biggest positive contributor to performance in the period was **Lo-Q**. Lo-Q, which develops technologies used by theme park visitors to avoid standing in queues, continues to produce positive revenue and earnings growth, driven by contract wins and implementations. Lo-Q's sustained success demonstrates that its proposition to enhance the customer's experience continues to be in demand despite the low-growth consumer environment. An extension of the company's core contract with Six Flags provides a base for further expansion internationally and into new products, such as a waterproof wrist band device that has opened up the water park market. The share price appreciation has put the company on the radar of a larger investment audience, which created a virtuous cycle of liquidity and share price momentum. The other standout performer was **IDOX**. The company reported a steady stream of contract wins as well as two bolt-on acquisitions. IDOX's acquisition of McLaren Software in 2010 has proved particularly judicious as it has diversified the business away from its previous reliance on the public sector, and opened up the lucrative North American market for engineering enterprise management software. Other significant contributors to performance were **GB Group**, a qualifying holding added towards the end of 2011 through a placing to acquire a customer registration and address management software business; **Fulcrum Utility Services**, the gas connection services business; and **Sabien Technology Group**, the designer and manufacturer of M2G, a boiler energy efficiency technology.

The most significant detractor from performance over the period was **Futura Medical**, which gave back most of the gains made since it was added to the portfolio in a placing in March 2011. The market was frustrated by an apparent lack of urgency by Reckitt Benckiser, Futura's major licensee, in taking CSD500, one of its lead products, to market. Since the period end Futura has announced that the licensing arrangement with Reckitt Benckiser has been terminated, and they are in discussion with other partners. **Software Radio Technology** (SRT) also performed poorly following full year results that were significantly below expectations. Whilst the company appears to have the leading maritime identification and tracking technology, and its markets are gradually making such systems mandatory, the sales visibility is poor, which makes forecasting difficult and revenues lumpy. Despite this setback, we remain convinced that SRT is well placed to capitalise as its markets continue to regulate. **Hargreaves Services**, the coal mining and services business, was surprised by a geological issue encountered at one of its mines. The issue had never been encountered in the 100 year history of the mine but will have a material impact on current year earnings. Despite this major set-back at Maltby, we think that the other businesses in Hargreaves remain in good shape, and continue to view this as a high quality, undervalued holding. Other notable detractors over the period were **Green Compliance**, which missed forecasts and saw its balance sheet come under pressure; and **Anglo Pacific Group**, which suffered from the negative sentiment in the second quarter towards resources.

Shortly after the period end, we decided to write-down the value of the VCT's convertible loan to Music Festivals plc. Unfortunately the management team were too bullish on prospects for attendances this year, and in August, the company reported that ticket sales at its two main festivals were materially below expectations. Unfortunately the company was unable to absorb the large and unexpected losses which have resulted. The company was recently put into administration, and we believe we should be able to obtain some value for our loan notes through this process. In the meantime the loan has been written-down by 75%.

Portfolio Activity

The merger with the former Invesco Perpetual AiM VCT ("AVCT2"), which concluded in November 2011, created a lengthy list of holdings, despite some commonality between the portfolios in the two original VCTs. By the end of the period under review the number of investee companies had been reduced from 86 to 69. As always, selling qualifying holdings can be a lengthy process due to liquidity constraints and the requirement to replace such stocks to maintain the required level of qualifying investments. We also exited holdings in the non-qualifying portfolios as we sought to raise cash, both to position the overall portfolio more defensively, and to fund new qualifying deals we were working on.

Qualifying Portfolio

The most significant addition to the qualifying portfolio over the period was **EcoData Group**, a pre-IPO opportunity. It is unusual for us to add a private company to the portfolio unless we can see credible evidence that the company is suitable for an AIM flotation in a reasonable time frame, and the opportunity offers the possibility of substantial upside potential within this time period. We believe that EcoData meets both of these criteria. EcoData is an Italian-based company which has an exclusive agreement to remove all expired prescription drugs from pharmacies, hospitals and wholesalers in Italy. It is a highly regulated industry with significant barriers to entry and EcoData is the only company in Europe to comply fully with EU directives on the secure disposal of pharmaceutical products. We made an initial equity investment in April and followed this with a larger convertible loan in July. The company is planning for an AIM flotation to enable it to expand its business into other European countries, including the UK. We also added to our investment in **Deltex Medical Group**, makers of oesophageal Doppler monitors (ODM), as it raised further working capital. We are increasingly optimistic that the mechanisms are in place now for a wider-scale adoption of this technology within the NHS, including financial penalties for non-adoption. We invested in **Belvoir Lettings,** a residential lettings franchisor, which was one of very few successful new AIM flotations during the period. The lettings market is very strong due to a difficult housing market for first time buyers, and Belvoir offers an attractive model to franchisees. We participated in two smaller placings: **Judges Scientific**, which designs and sells scientific instrumentation; and **Universe Group**, which provides software and services to petrol forecourts.

The new qualifying additions provided scope to make further sales of existing holdings that do not meet our investment criteria. We sold the portfolio's position in **Green Compliance** due to concerns over the sustainability of its debt levels. We exited **EKF Diagnostics Holdings** and **Omega Diagnostics Group**, both specialists in the field of in-vitro diagnostics; and **PROACTIS Holdings**, a spend control software provider. We also sold several sub-scale holdings such as **GETECH Group** and **Hasgrove**. We took some profits in **Lo-Q** for portfolio management reasons rather than any concerns over the business which, as indicated above, continues to impress.

Non-Qualifying Portfolio

Buying in the non-qualifying portfolio was restricted to some small additions to existing holdings, principally **Asian Citrus Holdings**, which continued to come under pressure as negative sentiment towards China continued. Against this background, Asian Citrus delivered solid earnings and we view the company as materially undervalued, hence our decision to add to this holding.

We raised cash and reduced risk by selling **Waterlogic**, the drinking water dispenser business; **RPC Group**, the European packaging specialist; and **Skywest Airlines**, the Australian Airline operator. We also reduced **Anglo Pacific Group**, the mining royalties company; and **XP Power**, the designer and manufacturer of power solutions. Our non-qualifying portfolio realisations were driven more by macro uncertainty than concerns over company fundamentals.

Outlook

It seems too optimistic to suppose that Draghi's announcement of interest rate caps for government bonds in the Eurozone will be the end of the battle to save the Euro, but it may well be the beginning of the end, and in this sense there is an increased level of optimism in the air. There is an excess of liquidity held by savers who have been deferring investment decisions, and this is equally true of the corporate sector. Meanwhile low risk asset classes have become exceptionally low yielding. If the investment climate does relax then there is the prospect of a much better period ahead for equities as investors seek out higher returns. However, as always in distressed economic conditions, it is difficult to know when to feel confident about this happening, and there are still many pitfalls ahead.

Dr Paul Jourdan and Douglas Lawson
Amati Global Investors

27 September 2012

INVESTMENT PORTFOLIO

as at 31 July 2012

FTSE Sector	Number of shares	Book cost+ £	Valuation £	Fund %	% of shares in issue	Original AVCT2 book cost at 8 November 2011‡ £
Egdon Resources plc†@	1,650,060	206,410	123,755	0.4	1.3	-
MyCelx Technologies Corporation*@	234,190	511,837	538,637	1.9	1.8	210,399
Oil & Gas		**718,247**	**662,392**	**2.3**		**210,399**
Altona Energy plc@	646,820	35,575	19,405	0.1	0.1	58,214
Anglo Pacific Group plc@	162,915	464,461	368,595	1.3	0.1	212,937
Oxford Catalysts Group plc*	143,678	71,839	99,138	0.3	0.2	250,000
Basic materials		**571,875**	**487,138**	**1.7**		**521,151**
Bglobal plc*@	1,134,117	290,664	87,894	0.3	1.1	174,800
Cohort plc*	290,667	247,067	334,267	1.2	0.7	383,298
Corac Group plc†@	1,801,398	244,990	121,594	0.4	0.6	-
EcoData Group plc*#@	1,032,711	309,813	309,813	1.1	1.2	-
EcoData Group plc 8% Convertible Unsecured Loan Note*#@	953,272	953,272	953,272	3.4	23.8**	-
Hargreaves Services plc@	53,973	430,394	386,987	1.4	0.2	175,103
Judges Scientific plc*@	44,069	264,414	328,314	1.3	0.9	-
Manroy plc*@	331,636	302,319	225,513	0.8	1.8	134,423
Microsaic Systems plc†@	863,828	288,486	345,531	1.2	2.0	-
RTC Group plc*	537,500	220,375	32,250	0.1	4.0	-
Sabien Technology Group plc†@	1,670,832	397,965	551,375	1.9	5.3	415,895
SKIL Ports & Logistics Limited@	106,000	252,914	112,360	0.4	0.2	-
Sportsweb.com*#	58,688	352,128	316,915	1.1	11.4	-
Staffline Group plc*	150,500	326,585	337,120	1.2	0.7	120,000
Synectics plc*	136,588	341,381	382,446	1.3	0.8	-
Vianet Group plc*@	256,098	230,488	266,342	0.9	0.9	-
Zytronic plc†	215,226	611,272	634,917	2.2	1.4	-
Industrials		**6,064,527**	**5,726,910**	**20.2**		**1,403,519**

FTSE Sector	Number of shares	Book cost+ £	Valuation £	Fund %	% of shares in issue	Original AVCT2 book cost at 8 November 2011‡ £
Asian Citrus Holdings Limited@	2,730,000	1,201,053	805,350	2.8	0.2	489,773
China Food Company plc 10% Convertible Loan Note#@	624	624,000	625,963	2.2	18.4**	-
Devro plc@	95,342	297,830	277,445	1.0	0.1	-
New Britain Palm Oil Limited@	47,600	327,383	398,650	1.4	0.0	188,135
Sorbic International plc@	215,485	23,703	18,855	0.1	0.5	-
Sorbic International plc 10% Convertible Loan Stock#@	276	276,000	273,638	0.9	6.8**	-
Consumer goods		**2,749,969**	**2,399,901**	**8.4**		**677,908**
Allergy Therapeutics plc*	265,455	28,536	19,909	0.1	0.1	194,097
Anpario plc*@	590,065	519,257	560,562	2.0	3.0	550,005
Deltex Medical Group plc*@	2,300,000	615,500	575,000	2.0	1.5	-
Futura Medical plc*@	775,222	505,775	527,151	1.9	1.1	150,000
Inditherm plc*	2,500,000	68,750	100,000	0.3	4.9	250,000
Sinclair IS Pharma plc†@	1,429,471	425,678	389,531	1.4	0.4	-
Synergy Health plc*@	94,000	142,567	847,880	3.0	0.2	-
Tristel plc*@	1,197,726	598,783	407,227	1.4	3.0	197,992
Health care		**2,904,846**	**3,427,260**	**12.1**		**1,342,094**
BrainJuicer Group plc*	175,000	516,250	563,500	2.0	1.4	189,000
Cello Group plc*	225,000	257,625	76,500	0.3	0.3	-
Conexion Media Group plc*	1,080,883	183,750	1,081	-	1.4	-
Cupid plc†@	292,167	590,177	576,299	2.0	0.4	176,106
Dods Group plc*	2,000,000	595,868	105,000	0.4	0.9	-
Ebiquity plc*	345,500	729,005	307,495	1.1	0.6	-
Entertainment One Limited@	37,714	25,319	59,211	0.3	0.0	-
Expansys plc*@	775,000	449,500	8,913	-	0.1	-
Fuse8 plc*	20,999	209,990	-	-	0.2	-

FTSE Sector	Number of shares	Book cost+ £	Valuation £	Fund %	% of shares in issue	Original AVCT2 book cost at 8 November 2011‡ £
Lilestone Holdings Limited*#	1,616,786	1,238,655	-	-	4.2	-
Music Festivals plc*@	59,527	38,693	6,548	-	0.4	-
Music Festivals plc 8% Convertible Loan Note 2016*#@	340,000	340,000	85,000	0.3	11.3**	-
Ovidia Investments#	134,307	518,312	-	-	0.4	-
Prezzo plc†	1,342,500	151,327	912,900	3.2	0.6	-
Tasty plc*	779,688	540,376	491,203	1.7	1.6	-
TLA Worldwide plc†@	2,877,000	575,482	661,710	2.3	4.5	-
UBC Media Group plc*	2,296,384	614,268	41,335	0.1	1.2	-
Consumer services		**7,574,597**	**3,896,695**	**13.7**		**365,106**
Antenova Limited*#	2,181,435	-	-	-	3.0	525,000
Antenova Limited A Preference*#	1,275,166	100,117	100,117	0.5	3.1	100,117
Telecommunications		**100,117**	**100,117**	**0.5**		**625,117**
OPG Power Ventures plc@	199,749	185,767	80,898	0.3	0.1	-
Utilities		**185,767**	**80,898**	**0.3**		-
Belvoir Lettings plc*@	576,000	432,000	460,800	1.6	2.8	-
Brooks Macdonald Group plc†@	90,100	1,153,280	1,112,735	3.9	0.8	127,382
Brookwell Limited Redeemable Preference	331,591	254,154	139,268	0.5	3.8	258,122
Fulcrum Utility Services Limited†@	5,167,557	620,193	981,836	3.5	3.3	-
London Capital Group Holdings plc@	654,836	565,445	392,902	1.4	1.2	200,849
Paragon Entertainment Limited†@	6,851,000	274,091	530,952	1.8	4.2	-
Financials		**3,299,163**	**3,618,492**	**12.7**		**586,353**

FTSE Sector	Number of shares	Book cost+ £	Valuation £	Fund %	% of shares in issue	Original AVCT2 book cost at 8 November 2011‡ £
Camaxys#	1,592,656	254,825	-	-	8.8	-
Celoxica Holdings plc*#	771,250	-	-	-	0.3	198,125
FFastFill plc*@	2,600,000	260,000	351,000	1.2	0.5	182,000
GB Group plc*@	538,323	221,925	452,191	1.6	0.5	87,945
IDOX plc†@	3,610,951	271,560	1,408,271	5.0	1.0	-
Lo-Q plc*	499,400	499,400	1,623,050	5.7	2.9	-
Netcall plc*	961,562	173,081	240,391	0.8	0.8	267,857
Software Radio Technology plc*@	1,900,000	579,500	389,500	1.4	1.6	712,568
Tikit Group plc*	218,000	250,700	697,600	2.5	1.5	-
Ubisense Group plc*@	325,577	563,203	660,921	2.3	1.5	150,385
Universe Group plc*@	12,495,970	287,407	287,407	1.0	6.7	-
Technology		**3,361,601**	**6,110,331**	**21.5**		**1,598,880**
Total investments		**27,530,709**	**26,510,135**	**93.4**		**7,330,527**
Net current assets			**1,880,355**	**6.6**		
Net assets		**27,530,709**	**28,390,490**	**100.0**		

* Qualifying holdings.

† Part qualifying holdings.

Unquoted holdings.

@ These investments are also held by other funds managed by Amati.

** These figures represent percentage of loan stock held.

\+ 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 into 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.

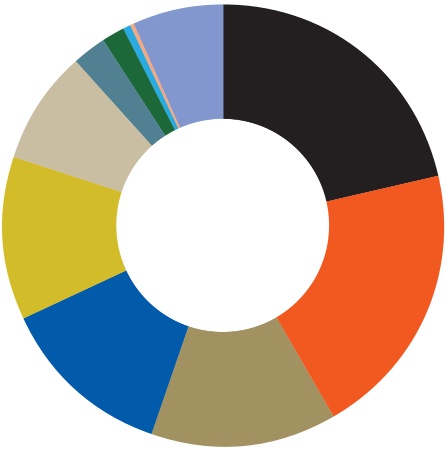
As at the period end, the percentage of the Company's portfolio held in qualifying holdings for the purposes of Section 274 of the Income and Corporation Taxes Act 2007 is 88.1%.

TEN LARGEST HOLDINGS
as at 31 July 2012

Company	Sector	Valuation £	Fund %
Lo-Q plc	Technology	1,623,050	5.7
IDOX plc	Technology	1,408,271	5.0
EcoData Group plc	Industrials	1,263,085	4.5
Brooks Macdonald Group plc	Financials	1,112,735	3.9
Fulcrum Utility Services Limited	Financials	981,836	3.5
Prezzo plc	Consumer Services	912,900	3.2
Synergy Health plc	Health care	847,880	3.0
Asian Citrus Holdings Limited	Consumer Goods	805,350	2.8
Tikit Group plc	Technology	697,600	2.5
TLA Worldwide plc	Consumer Services	661,710	2.3

Representing approximately 36.4% of shareholders' funds.

SECTOR ALLOCATION
as at 31 July 2012



FTSE Sector	Fund %
Technology	21.5
Industrials	20.2
Consumer services	13.7
Financials	12.7
Health care	12.1
Consumer goods	8.4
Oil & Gas	2.3
Basic materials	1.7
Telecommunications	0.5
Utilities	0.3
Net current assets	6.6
	100.0

PRINCIPAL RISKS AND UNCERTAINTIES

The Company's assets consist of equity and fixed interest investments and cash. Its principal risks include market risk, interest rate 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 Notes 24 to 27 to the Financial Statements in the Company's Report and Financial Statements for the year ended 31 January 2012. 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 Chairman's Statement 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

Julian Avery
Chairman

27 September 2012

INCOME STATEMENT
for the six months ended 31 July 2012

	Note	Revenue £'000	Capital £'000	Six months ended 31 July 2012 (unaudited) Total £'000
Return/(loss) on investments		-	513	513
Income	6	222	-	222
Investment management fee		(65)	(195)	(260)
Other expenses		(141)	-	(141)
Merger costs		-	-	-
Profit/(loss) on ordinary activities before taxation		16	318	334
Taxation on ordinary activities	8	(1)	-	(1)
Profit/(loss) on ordinary activities after taxation		15	318	333
Basic and diluted return/(loss) per Ordinary share	4	0.05p	1.15p	1.20p

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

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

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 losses has not been prepared.

The accompanying notes are an integral part of the statement.

	Six months ended 31 July 2011 (unaudited)			Year ended 31 January 2012 (audited)		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
	-	156	156	-	(34)	(34)
	124	-	124	305	-	305
	(42)	(125)	(167)	(90)	(271)	(361)
	(138)	-	(138)	(225)	-	(225)
	-	-	-	(88)	-	(88)
	(56)	31	(25)	(98)	(305)	(403)
	-	-	-	-	-	-
	(56)	31	(25)	(98)	(305)	(403)
	(0.13)p	0.07p	(0.06)p	(0.26)p	(0.80)p	(1.06)p

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
for the six months ended 31 July 2012

	Note	Six months ended 31 July 2012 (unaudited) £'000	Six months ended 31 July 2011 (unaudited) £'000	Year ended 31 January 2012 (audited) £'000
Opening shareholders' funds		28,680	20,692	20,692
Profit/(loss) for the period		333	(25)	(403)
Increase in share capital in issue		2,256	-	3,869
Shares issued in connection with merger		-	-	11,423
Share buy backs		(1,933)	(1,359)	(5,434)
Other costs charged to capital		(76)	-	(278)
Dividends paid	7	(870)	(795)	(1,189)
Closing shareholders' funds		28,390	18,513	28,680

The accompanying notes are an integral part of the statement.

CONDENSED BALANCE SHEET
as at 31 July 2012

	Note	31 July 2012 (unaudited) £'000	31 July 2011 (unaudited) £'000	31 January 2012 (audited) £'000
Fixed assets				
Investments held at fair value		26,510	17,818	27,601
Current assets				
Debtors		143	310	111
Cash at bank		2,293	719	1,332
Total current assets		2,436	1,029	1,443
Current liabilities				
Creditors: amounts falling due within one year		(556)	(334)	(364)
Net current assets		1,880	695	1,079
Total assets less current liabilities		28,390	18,513	28,680
Capital and reserves				
Called up share capital	9	1,386	1,982	1,382
Share premium account	9	2,533	2,955	452
Reserves	9	24,471	13,576	26,846
Equity shareholders' funds		28,390	18,513	28,680
Net asset value per share	5	102.36p	46.70p	103.75p

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

CASH FLOW STATEMENT
for the six months ended 31 July 2012

	Note	Six months ended 31 July 2012 (unaudited) £'000	Six months ended 31 July 2011 (unaudited) £'000	Year ended 31 January 2012 (audited) £'000
Operating activities				
Investment income received		189	116	267
Interest received		5	-	-
Investment management fees		(257)	(172)	(325)
Other operating costs		(120)	(153)	(294)
Merger costs of the Company		(5)	-	(83)
Net cash outflow from operating activities	10	(188)	(209)	(435)
Tax paid				
Tax paid on overseas dividends		(1)	-	-
Financial investment				
Purchase of investments		(3,067)	(2,140)	(3,953)
Disposal of investments		4,965	3,857	7,114
Net cash inflow from financial investment		1,898	1,717	3,161
Dividends				
Payment of dividends		(870)	(795)	(1,189)
Net cash inflow before financing		839	713	1,537

Financing

Funds received as part of asset acquisition	-	-	245
Merger costs relating to asset acquisition	(6)	-	(113)
Issue of shares	2,192	-	3,755
Expenses of the issue of shares	(10)	-	(121)
Share buy backs	(2,054)	(243)	(4,210)
Other capital costs	-	-	(10)
Net cash inflow/(outflow) from financing	122	(243)	(454)
Increase in cash	961	470	1,083

Reconciliation of net cash flow to movement in net cash

Net cash at start of period	1,332	249	249
Net cash at end of period	2,293	719	1,332
Increase in cash during the period	961	470	1,083

The accompanying notes are an integral part of the statement.

NOTES TO THE FINANCIAL STATEMENTS

for the six months ended 31 July 2012

1. The unaudited half-yearly financial results cover the six months ended 31 July 2012 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 2012 and in accordance with the SORP.

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 2012, which were unqualified, have been lodged with the Registrar of Companies. No statutory accounts in respect of any period after 31 January 2012 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 7215 or email vct-enquiries@amatiglobal.com.

4. The return/(loss) per share is based on the profit attributable to shareholders for the six months ended 31 July 2012 of £333,000 (six months ended 31 July 2011: loss of £25,000, year ended 31 January 2012: loss of £403,000) and the weighted average number of shares in issue during the period of 27,733,278 (31 July 2011: 41,736,513, 31 January 2012: 37,951,414). There is no dilutive effect on the return per share for the outstanding convertible securities (as explained in note 11) and there is therefore considered to be no difference between basic and diluted return per share.

5. The net asset value per share at 31 July 2012 is based on net assets of £28,390,000 (31 July 2011: £18,513,000, 31 January 2012: £28,680,000) and the number of shares in issue of 27,736,452 (31 July 2011: 39,642,549, 31 January 2012: 27,643,668). There is no dilutive effect on the net asset value per share for the outstanding convertible securities (as explained in note 11) and there is therefore considered to be no difference between basic and diluted net asset value per share.

6. Income

	Six months ended 31 July 2012 (unaudited) £'000	Six months ended 31 July 2011 (unaudited) £'000	Year ended 31 January 2012 (audited) £'000
Income:			
Dividends from UK companies	147	82	172
Dividends from overseas companies	21	2	35
UK loan stock interest	54	40	93
Other interest	-	-	5
	222	124	305

7. Dividends paid

	Six months ended 31 July 2012 (unaudited) £'000	Six months ended 31 July 2011 (unaudited) £'000	Year ended 31 January 2012 (audited) £'000
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 2012 of 1.0p per ordinary share paid on 18 October 2011	-	-	394
Final dividend for the year ended 31 January 2011 of 2.0p per ordinary share paid on 26 July 2011	-	795	795
	870	795	1,189

8. The effective rate of tax for the six months ended 31 July 2012 is 0% (31 July 2011: 0%, 31 January 2012: 0%).

9. Unaudited reserves

	Share capital* £'000	Share premium* £'000	Merger reserve* £'000	Special reserve £'000	Capital redemption reserve* £'000	Capital reserve £'000	Revenue reserve £'000	Total capital & reserves £'000
Opening balance as at 1 February 2012	1,382	452	2,439	30,558	31	(6,084)	(98)	28,680
Shares issued	99	2,157	-	-	-	-	-	2,256
Share issue expenses	-	(76)	-	-	-	-	-	(76)
Transfer of merger investment disposals	-	-	(63)	-	-	63	-	-
Profit for the period	-	-	-	-	-	318	15	333
Share buybacks during the period	(95)	-	-	(1,933)	95	-	-	(1,933)
Dividends paid	-	-	-	(870)	-	-	-	(870)
Closing balance as at 31 July 2012	1,386	2,533	2,376	27,755	126	(5,703)	(83)	28,390

* These reserves are not distributable.

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

At 31 July 2012, the capital reserve constitutes realised losses of £4,682,000 (31 July 2011: £4,738,000, 31 January 2012: £7,325,000) and investment holding losses of £1,021,000 (31 July 2011: £1,589,000, 31 January 2012: gains of £1,241,000).

Distributable reserves comprise the special reserve, the revenue reserve and the capital reserve excluding investment holding gains. At 31 July 2012, the amount of reserves deemed distributable is £21,969,000 (31 July 2011: £9,804,000, 31 January 2012: £23,135,000), a net movement in the period of £1,166,000. The net movement is comprised of the profit on ordinary activities in the income statement of £333,000 plus the movement in investment holding gains of £1,241,000 and the transfer of investment losses to the merger reserve of £63,000, less the dividend paid of £870,000 and the share buybacks of £1,933,000.

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

	Six months ended 31 July 2012 (unaudited) £'000	Six months ended 31 July 2011 (unaudited) £'000	Year ended 31 January 2012 (audited) £'000
Profit/(loss) on ordinary activities before taxation	334	(25)	(403)
Net (gain)/loss on investments	(513)	(156)	34
(Decrease)/increase in creditors	(12)	(13)	47
Decrease/(increase) in debtors	3	(15)	(80)
Written off expenses from merger	-	-	(33)
Net cash outflow from operating activities	(188)	(209)	(435)

11. Singer & Friedlander's option

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

This right is a share based payment under FRS20.

The value of dividends paid since the merger is 25.64p, on an adjusted basis to take into account the share consolidation in November 2011. In order to exceed the targeted return which triggers Singer & Friedlander Investment Management Limited's entitlement to subscribe for additional shares, a further 65.38p of dividends would require payment by 31 January 2013. Regardless of performance over this period, the Directors would not sanction this level of dividend within this period and thus do not foresee any circumstances under which the option would crystalise. The option is therefore valued at nil (31 July 2011: nil, 31 January 2012: nil).

12. Related Parties

The Company holds 90,100 shares in Brooks Macdonald Group plc of which Christopher Macdonald is chief executive. There shares were acquired as part of the asset acquisition of the company formerly known as AVCT2 and have a cost of £1,153,000 and a valuation of £1,113,000. Christopher Macdonald holds 808,103 shares in Brooks Macdonald Group plc in his own name.

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 2012 was 102.42p. The Company normally announces its net asset value on a weekly basis.

Financial calendar

September 2012	Half-yearly report for the six months to 31 July 2012 published
November 2012	Interim management statement released
31 January 2013	Year end
May 2013	Announcement of final results for the year ended 31 January 2013
June 2013	Annual General Meeting

CORPORATE INFORMATION

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Mike Sedley Killingley
Christopher Anthony James Macdonald
Christopher John Leon Moorsom

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