Amati VCT 2 plc

HALF-YEARLY REPORT

For the six months ended 31 July 2014

Amati
Global Investors

Finely crafted investments

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Table of investor returns to 31 July 2014

	Date	NAV Total Return with dividends re-invested	FTSE AIM All-Share Total Return Index
Re-launch as Amati VCT 2 following merger	9 November 2011*	36.3%	7.7%
Appointment of Amati as Manager of Amati VCT 2, which was known as ViCTory VCT at the time	25 March 2010	43.0%	12.0%

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

Key data

for the six months to 31 July 2014

	31/07/14 (unaudited)	31/07/13 (unaudited)	31/01/14 (audited)
Net Asset Value ("NAV")	£33.7m	£31.1m	£34.5m
Shares in issue	28,587,090	27,693,343	27,893,328
NAV per share	117.9p	112.3p	123.7p
Bid price	111.0p	101.0p	118.0p
Mid price	111.3p	110.0p	118.3p
Market capitalisation	£31.8m	£30.5m	£33.0m
Share price discount to NAV	5.6%	2.0%	4.4%
NAV Total Return (assuming re-invested dividends)	-1.5%	8.7%	22.6%
FTSE AIM All-Share Total Return Index	-10.0%	-1.6%	18.0%
Ongoing charges*	2.6%	2.7%	2.7%
Dividends declared during the period	2.75p	2.75p	6.75p

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

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 historic returns from launch to 31 July 2014 attributable to shares issued by VCTs which have been merged into Amati VCT 2

	Launch date	Merger 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	8 December 2005	-20.9%	-21.1%	-22.2%
Invesco Perpetual AiM VCT	30 July 2004	8 November 2011	-30.0%	-31.4%	-2.1%
Amati VCT 2 (originally Singer & Friedlander AIM 3 VCT*)	29 January 2001	n/a	-27.8%	-27.1%	-39.7%
Singer & Friedlander AIM 2 VCT	29 February 2000	22 February 2006	-44.7%	-43.2%	-68.0%
Singer & Friedlander AIM VCT	28 September 1998	22 February 2006	-62.3%	-36.7%	3.5%

** Singer & Friedlander AIM 3 VCT changed its name to ViCTory VCT on 22 February 2006 and to Amati VCT 2 on 8 November 2011.*

CHAIRMAN'S STATEMENT

Overview

After the strong progress of small and mid cap stock indices in 2013, the first half of 2014 was more subdued. AIM experienced a tough period as some of the junior market's best known and most popular stocks suffered major share price corrections.

The period under review was also characterised by an acceleration in the recovery of Initial Public Offering ("IPO") and fundraising activity, which gave rise to a busy period for new VCT qualifying deals. Twelve investments were made for a total of £3.9 million. The new investments were a mix of IPOs, placings of stock in companies already listed, and pre-IPO (private company) transactions. The depth of new qualifying opportunities afforded the Managers significant flexibility to exit some positions and investments totalling £2.4 million were sold from the qualifying portfolio. The additions and disposals are reported in detail within the Fund Manager's Review.

Performance and Dividend

The NAV Total Return for the six month period was down 1.5%, which compares to a decline of 10.0% for the FTSE AIM All-Share Total Return Index.

The dividend policy of the Company is to pay between five and six percent of year-end net asset value, subject to the availability of liquidity and sufficient distributable reserves. In line with this the Board is declaring an interim dividend of 2.75p per share, to be paid on 7 November 2014 to shareholders on the register on 10 October 2014.

Corporate Developments

In February the Company launched a joint top up offer with Amati VCT to raise up to £7 million in aggregate. As at 26 September 2014 total subscriptions received under the joint offer were £3.5m, of which £1.8m was subscribed for Amati VCT 2 shares. The joint offer will close on 3 April 2015, or earlier if the maximum subscription is received.

The 2014 Budget confirmed the prohibition of enhanced share buybacks and other returns of capital for VCTs, as well as measures to prevent investors claiming upfront income tax relief for a VCT subscription where the investor has disposed of shares in the same VCT within six months (before or after the subscription). As reported in my statement in the 2014 annual report of the Company, the Company had ceased to offer enhanced share buybacks in 2013.

In addition, the Budget announced a prohibition on returning capital to investors early, for example by converting the share premium account to a distributable reserve and paying dividends from that reserve before the end of the accounting period which falls three years after the issue of shares from which the share premium account arises. This measure will only affect shares issued by VCTs on or after 6 April 2014 and we do not foresee that this legislation is likely to impinge on the Company's ability to maintain its dividend policy.

The Budget statement also indicated changes to allow VCT investors to invest via nominee arrangements, a move which may add useful flexibility for investors.

Outlook

The macro outlook is complicated by geopolitical tensions in the Middle East and Eastern Europe, a flagging Eurozone economy and persistently weak data from China. Closer to home, the UK economy continues to strengthen but the Manager remains cautious on the robustness and sustainability of the recovery. However, it is in the nature of the VCT's portfolio, which contains many companies engaging with new markets, innovations, and industry niches, that these have the capability of growing significantly even in more difficult times. In the absence of any clear overall market direction, the performance of the Company over the coming months is likely to be very much dependent on stock-specific factors.

Julian Avery
Chairman

29 September 2014

New Registrar Arrangements

Since October 2011 Share Registrars Limited ("Share Registrars") have been providing back office functions for The City Partnership (UK) Limited in the latter's capacity as Registrar. Share Registrars will now act as the Company's registrars. Under the terms and conditions of the Dividend Re-investment Scheme ("DRIS") the Company has also appointed Share Registrars as the Scheme Administrator. This means that for all matters in connection with your shareholding, dividend payments, or the DRIS you should contact Share Registrars on 01252 821390 or by email at enquiries@shareregistrars.uk.com.

You will now also be able to see details of your shareholding on Share Registrars' website (www.shareregistrars.uk.com). To set up a secure login for this you will need your Investor ID, which can be found on your share certificate. In addition, once set up, you can amend your address and bank mandate details, and input a proxy vote for a Company meeting using this online service.

For questions relating to applications for new shares please contact City Partnership on 0131 2437210 or by email at info@city.uk.com. For any other matters please contact Amati Global Investors on 0131 5039115 or by email 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 UK stock market plateaued in February, with mid and small cap indices achieving all-time highs and AIM stocks almost regaining a three year peak. No single catalyst appeared to be responsible for the subsequent stalling of momentum, with the most likely cause being a build-up of numerous headwinds. Over the remainder of the period, investors reacted with increasing caution to international conflicts, persistent earnings downgrades, an anticipated turning point in interest rates and a steady stream of company fund raisings.

The reduced appetite for risk saw declines across wide areas of the market, ranging from premium rated growth stocks to interest rate sensitive companies. This translated into heavy underperformance by sectors such as technology and telecoms, as well as industrials and consumer cyclicals. Defensive areas like utilities and healthcare saw gains, whilst resources rebounded after previous weakness. Although selling pressure was widespread, it was heaviest within AIM and mid cap stocks.

Performance

The NAV Total Return fell 1.5% over the 6 months to 31 July 2014. This compares to a fall of 10.0% for the FTSE AIM All-Share Total Return Index.

The most significant positive contributor to performance over the period was **Frontier Developments** ("Frontier"), the Cambridge-based video games developer, which gained 78%. Frontier was established in the 1990s by David Braben, the co-author of the seminal *Elite* space trading video game. Frontier has been transitioning from a developer of video games for external publishers into a company that uses its expertise to self-publish titles. The most eagerly awaited launch, *Elite:Dangerous*, is currently in ' Beta Phase', which has involved the participation of around 100,000 gamers in the final stages of the game's development. Media response to this game has been very positive. **Quixant**, the provider of computing platforms for casino games machines, was the second greatest positive contributor to performance, ending the period up 37%. The share price climbed steadily over the period as the group continued to deliver on its growth promises, announced a new multi-year contract with its principal gaming customer, and secured a significant project with another Tier 1 customer. It was pleasing to witness **IDOX** returning to growth mode and seeing the share price recover by 25% over the period as a result. IDOX provides document management software to UK local authorities and global engineering companies. Issues surfaced on the engineering side of the business in 2013 which led to material earnings downgrades. A restructuring of the divisional management team, greater operating discipline and a closer focus on margins has convinced the market that the business has been stabilised. **Tristel**, the manufacturer of infection prevention and contamination control products, continued its remarkable recovery during the period with the shares ending up 54% ahead. The company was a regular source of profit upgrades as its new product lines proved popular amongst customers and compensated for the revenue falls in its traditional 'Endoscopy' business. **Science in Sport** ("SIS"), a new qualifying holding, also performed strongly, ending up 53%.

The biggest detractor from performance was **Accesso Technology Group** ("Accesso"), the provider of technology solutions to theme parks, which saw its share price decline 27%. After several periods of exceptional performance, it was perhaps to be expected that the shares would pause for breath, however, the extent of the decline took us by surprise. Whilst the underlying business continues to perform well, Accesso was a victim of the broader 'sell-off' of technology stocks during the spring. We are disappointed but not concerned by the correction and remain confident in the long term prospects for the company. Profit warnings were behind the other significant detractors from performance. **Synectics**, the designer of surveillance security systems, fell 41% over the period. The decline was precipitated by delays in anticipated large customer orders and a fall in the overall order book. The same issue of customer order delays afflicted **Sabien Technology Group**, the supplier of boiler efficiency technology, which fell 48% over the period. **Judges Scientific**, the scientific instrument consolidator, also succumbed to heavy selling pressure following a profits warning, and experienced a share price decline of 41%. The portfolio impact from most of these companies was, however, reduced by earlier share sales at higher levels.

Portfolio Activity

Qualifying Portfolio

The six month period was another very busy half-year for qualifying investments. The VCT participated in twelve VCT qualifying fundraisings, encompassing 3 IPOs; 6 secondary fundraisings by companies already quoted on AIM ("Placings"); and 3 capital raisings by private companies ("Pre-IPOs").

The first IPO in which the VCT invested was **Rosslyn Data Technologies**, a company in which the VCT already held a position, having participated in a Pre-IPO round in November 2013. The company, which specialises in software for data management and analytics, floated in April. An investment by way of a convertible loan and equity was made in **Rame Energy**, an energy consultancy that has diversified into power generation. The company floated on AIM in order to raise capital to finance Chilean wind power sites in partnership with Santander. The first two sites will have a capacity of 15MW and are expected to be operational by the end of 2014. Beyond these assets, the company is targeting an operating portfolio of 300MW of installed capacity in Latin America within three years. The final IPO was **FairFX Group**, which is best known for providing one of the lowest cost means of obtaining foreign currencies, either as cash delivered to your door, or as a pre-paid debit card. Once you have a pre-paid debit card from FairFX Group it can be easily topped up online, or using a dedicated App on a smart phone. They also offer a low cost service for making foreign exchange payments to overseas bank accounts. The company has been seeing rapid growth as a result of being consistently rated as the cheapest provider on Moneysupermarket.com.

The secondary fund raisings on AIM in which the VCT participated included **SIS**, which produces and markets sports dietary supplements. SIS manufactures the majority of its products in-house, an attribute which allows them to ensure the highest levels of compliance with regulations on banned substances, and it has benefited from the surge in interest in cycling, running, triathlon and other endurance events. Another was **Crawshaw Group**, the operator of a discount chain of butcher shops, which raised capital to continue its roll-out of new outlets throughout the UK. The company is experiencing strong demand from customers prepared to visit off-high street locations to source their butcher meat in preference to more expensive supermarket offerings. The VCT also took a position in **Mirada**, a company involved in the provision and support of products and services in the Internet Protocol TV (IPTV), broadcast and cashless parking markets. Within IPTV, also known as 'Over the Top', Mirada has a specific focus on the fast-growing Latin American region, where it has won major contracts for the provision of set-top boxes. Mirada raised £3.5m in order to service these new contracts. The VCT also acquired a position in **Futura Medical**, the sexual health products business. Whilst this had been owned in the VCT in the past, and subsequently exited, we felt that the company had advanced its principal products sufficiently to de-risk the investment proposition to an acceptable level. The final investments were in **Ilika**, a materials innovation company, which has engineered a unique processing methodology for the production of stacked solid-state batteries; and a small addition to the holding in **Fox Marble Holdings**, as part of a larger funding round to acquire and develop additional quarry sites.

The first of the Pre-IPO additions during the period was a convertible loan and equity investment into **DXI**, a telecoms software business. DXI has pioneered the development of a true cloud-based telephony system with all of the functionality required for a business to operate a call centre. Contact centres are changing from hardware to software based systems in order to gather and analyse data, improving efficiency whilst providing a better service and customer experience. DXI may not ultimately float on AIM but we see the exit horizon as sufficiently short to qualify under the investment criteria of the VCT. A position was also taken in **MirriAd**, which has developed a technology platform that allows product placements to be seamlessly integrated into existing video content across multiple formats. The company has deals with major US studios and works with some of the world's leading brands, content owners and distributors. The solution allows the content-owner to sell the same advertising inventory to different brands in different territories. The final pre-IPO investment was in **Nujira**, which has established itself as a leader in the field of 'Envelope Tracking' ("ET"), a technology that increases energy efficiency in mobile phone handsets, thereby improving battery life. ET is being adopted across the smartphone industry, providing a huge potential market for ET chips.

The abundance of new qualifying deals completed allowed us to make several exits from the qualifying portfolio. These included **Cello Group**, the advertising and marketing services company; **Cohort**, the defence consultancy and technology solutions provider; and **Outsourcery**, the cloud service provider. Following strong share price appreciation, we were also able to reduce some core holdings for portfolio management reasons, such as: **Frontier**, **Anpario**, **Prezzo** and **Ideagen**. Profits were also taken in **Judges Scientific**, **Belvoir Lettings**, **Netcall** and **Microsaic Systems**.

Non-Qualifying Portfolio

We completed four new additions to the non-qualifying portfolio during the period. **DX (Group)** floated on AIM in February, raising £200 million. DX (Group) is an independent mail, parcels and logistic network operator, which specialises in time sensitive, two-man and high value deliveries. The company was priced at an attractive valuation and offers a good dividend yield. DX was followed by **Boohoo.com**, the online fashion retailer focussed on the 16 to 24 year-old demographic. A very strong initial trading period following IPO provided us with an exit at an attractive profit. We also took a new position in **Cineworld Group**, the leading cinema operator in the UK and Ireland. A recent acquisition of a leading cinema business operating across Eastern Europe has created the second-largest multipex chain in Europe. The final non-qualifying addition was **Regenersis**, a provider of after-market services to consumer electronics companies, which undertook a fundraising in order to finance the acquisition of Blancco, a specialist in 'data erasure'. Data erasure is growing into an important market as data protection requirements become progressively onerous.

We exited several non-qualifying positions over the period, partly as a result of valuation concerns, and partly to make way for new qualifying positions. The exits included **AVEVA Group**, the supplier of engineering, design and plant management software; **Elementis**, the speciality chemicals supplier; and **Rightmove**, the leading UK property portal. We also sold the VCT's final tranche in **Asian Citrus Holdings**, having been unable to influence an improvement in corporate governance and confidence in this stock.

Outlook

The peak in UK stock market momentum, together with a sector pattern showing rotation from highly rated growth and rate-sensitive companies into cheaper, lagging areas, suggests investors are seeking value in an environment which otherwise appears up with events. This market tilt also reflects a high degree of uncertainty. UK and US economic news remains broadly supportive, but Europe is weak and aggregate earnings forecasts continue to fall. Tensions in the Middle East and North Africa present longer term headwinds, whilst the UK picture is further complicated by the impact of sterling strength on exports, and the ongoing debate about the timing, and degree, of interest rate rises. Unless, and until, earnings upgrades make a re-appearance, the Bank of England's handling of forward guidance assumes even greater significance, with the most likely near term outcome being continued market churn and loss of momentum. Against this backdrop, there should be scope for active fund managers to add portfolio value from selective stockpicking.

Dr Paul Jourdan, Douglas Lawson and David Stevenson
Amati Global Investors

29 September 2014

INVESTMENT PORTFOLIO
as at 31 July 2014

FTSE Sector	Number of shares	Book cost+ £'000	Valuation £'000	Fund %	% of shares in issue
Amerisur Resources plc @	697,000	297	431	1.3	0.1
Egdon Resources plc *@	1,265,500	158	297	0.9	0.6
Ilika plc *@	239,400	144	172	0.5	0.4
MyCelx Technologies Corporation *@	194,470	425	778	2.3	3.2
Oil & Gas		**1,024**	**1,678**	**5.0**	
Fox Marble Holdings plc *@	2,809,999	543	450	1.3	2.3
Fox Marble Holdings plc Placing Shares *@	503,225	91	80	0.2	0.3
Fox Marble Holdings plc 8% Convertible Loan Note *#@	508,300	508	522	1.6	48.0**
Basic materials		**1,142**	**1,052**	**3.1**	
AB Dynamics plc *@	345,872	298	533	1.6	2.1
Bglobal plc *@	1,134,117	291	139	0.4	1.1
DX (Group) plc @	242,652	242	278	0.8	0.1
Judges Scientific plc *@	19,322	116	255	0.8	0.3
Keywords Studios plc *@	354,467	436	518	1.5	0.8
Microsaic Systems plc *@	1,093,000	402	508	1.5	2.1
Polyhedra Group plc *#@	1,032,711	310	54	0.2	1.2
Polyhedra Group plc 8% Convertible Unsecured Loan Stock *#@	953,272	953	910	2.7	23.8**
Rame Energy plc *@	782,541	141	119	0.3	0.8
Rame Energy plc 8% Convertible Unsecured Loan Stock 2019 *#@	375,620	376	373	1.1	47.0**
Regenersis plc @	38,993	134	131	0.4	0.0
Sabien Technology Group plc †@	1,551,426	375	248	0.7	4.9
Solid State plc *@	100,017	242	465	1.4	1.2
Sportsweb.com *#	58,688	352	317	0.9	11.4
Synectics plc †	136,688	342	458	1.4	0.8
Universe Group plc †@	12,500,970	288	656	1.9	5.7

FTSE Sector	Number of shares	Book cost+ £'000	Valuation £'000	Fund %	% of shares in issue
Water Intelligence plc *@	395,084	170	123	0.4	3.7
Industrials		**5,468**	**6,085**	**18.0**	
China Food Company plc 12.5% Convertible Loan Note #@	624	624	644	1.9	14.1**
Crest Nicholson Holdings plc @	194,383	631	684	2.1	0.1
Frontier Developments plc *@	515,329	549	1,391	4.1	1.5
Science in Sport plc *@	837,567	377	578	1.7	3.4
Sorbic International plc 10% Convertible Loan Stock #@	276	276	303	0.9	10.8**
Consumer goods		**2,457**	**3,600**	**10.7**	
Allergy Therapeutics plc *	265,455	29	52	0.2	0.1
Anpario plc *@	356,012	313	830	2.5	1.8
Deltex Medical Group plc *@	2,931,000	735	278	0.8	1.4
Futura Medical plc *@	652,792	372	339	1.0	0.7
Tristel plc *@	876,402	438	649	1.9	2.2
Health care		**1,887**	**2,148**	**6.4**	
Cineworld Group plc @	110,000	359	354	1.1	0.0
Conexion Media Group plc *#	1,080,883	184	3	-	1.4
Crawshaw Group plc *@	877,462	367	430	1.3	1.1
Dods (Group) plc *	2,000,000	596	70	0.2	0.6
Ebiquity plc *	345,500	729	411	1.2	0.5
Eclectic Bar Group plc *@	235,120	376	423	1.3	1.8
Fuse8 plc #	20,999	210	-	-	0.2
Mirada plc Placing Shares *@	2,790,000	349	349	1.0	2.4
Music Festivals plc *#@	59,527	39	-	-	0.4
Music Festivals plc 8% Convertible Loan Note 2016 *#@	340,000	340	-	-	11.3**
Prezzo plc *	1,076,000	121	1,528	4.5	0.5

FTSE Sector	Number of shares	Book cost+ £'000	Valuation £'000	Fund %	% of shares in issue
Rated People Limited *#@	832	93	93	0.3	0.5
Tasty plc *	538,000	373	508	1.5	1.0
TLA Worldwide plc †@	2,877,000	576	1,108	3.3	2.3
Consumer services		**4,712**	**5,277**	**15.7**	
Antenova Limited *#	2,181,435	-	50	0.2	3.0
Antenova Limited A Preference Shares *#	1,275,166	100	15	-	3.1
Telecommunications		**100**	**65**	**0.2**	
Belvoir Lettings plc *@	373,849	334	471	1.4	1.6
Brooks Macdonald Group plc †@	90,100	1,153	1,262	3.7	0.7
Brookwell Limited Redeemable Preference Shares #	205,371	96	66	0.2	3.8
FairFX Group plc Placing Shares *@	822,897	370	370	1.1	1.2
MartinCo plc *@	283,536	283	349	1.1	1.3
Paragon Entertainment Limited †@	8,431,300	322	274	0.8	4.5
Financials		**2,558**	**2,792**	**8.3**	
Accesso Technology Group plc *@	273,000	273	1,379	4.1	1.3
Celoxica Holdings plc *#	771,250	-	-	-	0.3
DXI Limited *#@	2,048,000	337	246	0.7	1.8
DXI Limited 15% Loan Note 2019 *#@	337,067	337	436	1.3	48.1**
EU Supply plc †@	1,679,139	380	504	1.5	2.7
GB Group plc †@	538,323	222	824	2.4	0.5
Ideagen plc *@	1,748,533	332	564	1.7	1.4
IDOX plc †@	3,611,951	272	1,607	4.8	1.0
Kalibrate Technologies plc *@	443,094	350	474	1.4	1.3
MirriAd Limited *#@	13,464,000	337	337	1.0	1.0
Netcall plc *	611,562	110	373	1.1	0.4
Nujira Limited *#@	162,842	240	240	0.7	0.4

FTSE Sector	Number of shares	Book cost+ £'000	Valuation £'000	Fund %	% of shares in issue
Quixant plc †@	835,117	385	1,236	3.7	1.3
Rosslyn Data Technologies plc *@	1,095,940	365	285	0.8	1.5
Software Radio Technology plc *@	1,900,000	579	446	1.3	1.5
Ubisense Group plc *@	309,607	536	542	1.6	1.2
Technology		**5,055**	**9,493**	**28.1**	
Total investments		**24,403**	**32,190**	**95.5**	
Net current assets			**1,525**	**4.5**	
Net assets		**24,403**	**33,715**	**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.*

All holdings are in ordinary shares unless otherwise stated.

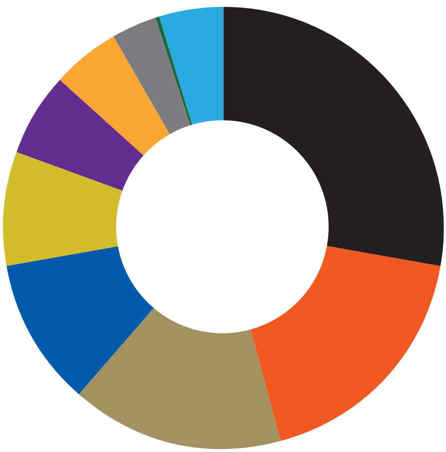
As at the period end, the percentage of the Company's portfolio held in qualifying holdings for the purposes of Section 274 of the Income and Corporation Taxes Act 2007 is 90.11%.

TEN LARGEST HOLDINGS
as at 31 July 2014

Company	Sector	Valuation £'000	Fund %
IDOX plc	Technology	1,607	4.8
Prezzo plc	Consumer services	1,528	4.5
Frontier Developments plc	Consumer goods	1,391	4.1
Accesso Technology Group plc	Technology	1,379	4.1
Brooks Macdonald Group plc	Financials	1,262	3.7
Quixant plc	Technology	1,236	3.7
TLA Worldwide plc	Consumer services	1,108	3.3
Fox Marble Holdings plc	Basic materials	1,052	3.1
Polyhedra Group plc	Industrials	964	2.9
Anpario plc	Health care	830	2.5

Representing approximately 36.7% of shareholders' funds.

SECTOR ALLOCATION
as at 31 July 2014



FTSE Sector	Fund %
Technology	28.1
Industrials	18.0
Consumer services	15.7
Consumer goods	10.7
Financials	8.3
Health care	6.4
Oil & Gas	5.0
Basic materials	3.1
Telecommunications	0.2
Net current assets	4.5
	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 22 to 25 to the Financial Statements in the Company's Report and Financial Statements for the year ended 31 January 2014. 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 which has been prepared in accordance with the Statement "Half-yearly financial reports" issued by the UK Accounting Standards Board gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- 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

29 September 2014

INCOME STATEMENT

for the six months ended 31 July 2014

	Note	Revenue £'000	Capital £'000	Six months ended 31 July 2014 (unaudited) Total £'000
(Loss)/return on investments		-	(425)	(425)
Income	6	187	31	218
Investment management fee		(80)	(147)	(227)
Other expenses		(145)	-	(145)
(Loss)/profit on ordinary activities before taxation		(38)	(541)	(579)
Taxation on ordinary activities	8	-	-	-
(Loss)/profit on ordinary activities after taxation		(38)	(541)	(579)
Basic and diluted (loss)/return per Ordinary share	4	(0.13)p	(1.91)p	(2.04)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 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 2013 (unaudited)			Year ended 31 January 2014 (audited)		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
	-	2,653	2,653	-	7,978	7,978
	259	-	259	431	219	650
	(68)	(204)	(272)	(144)	(1,855)	(1,999)
	(137)	-	(137)	(282)	-	(282)
	54	2,449	2,503	5	6,342	6,347
	-	-	-	-	-	-
	54	2,449	2,503	5	6,342	6,347
	0.19p	8.88p	9.07p	0.02p	23.00p	23.02p

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

for the six months ended 31 July 2014

	Note	Six months ended 31 July 2014 (unaudited) £'000	Six months ended 31 July 2013 (unaudited) £'000	Year ended 31 January 2014 (audited) £'000
Opening shareholders' funds		34,515	29,106	29,106
(Loss)/profit for the period		(579)	2,503	6,347
Increase in share capital in issue		1,709	1,880	2,610
Share buy backs		(714)	(1,284)	(1,690)
Share issue costs		(72)	(133)	(132)
Dividends paid	7	(1,144)	(969)	(1,726)
Closing shareholders' funds		33,715	31,103	34,515

The accompanying notes are an integral part of the statement.

CONDENSED BALANCE SHEET
as at 31 July 2014

	Note	31 July 2014 (unaudited) £'000	31 July 2013 (unaudited) £'000	31 January 2014 (audited) £'000
Fixed assets				
Investments held at fair value		32,190	30,691	32,103
Current assets				
Debtors		112	94	1,146
Cash at bank		3,258	532	2,929
Total current assets		3,370	626	4,075
Current liabilities				
Creditors: amounts falling due within one year		(1,845)	(214)	(392)
Provision for liabilities and charges				
Performance fee provision		-	-	(1,271)
Net current assets		1,525	412	2,412
Total assets less current liabilities		33,715	31,103	34,515
Capital and reserves				
Called up share capital	9	1,429	1,384	1,395
Share premium account	9	6,712	4,436	5,139
Reserves	9	25,574	25,283	27,981
Equity shareholders' funds		33,715	31,103	34,515
Net asset value per share	5	117.94p	112.31p	123.74p

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

CASH FLOW STATEMENT

for the six months ended 31 July 2014

	Note	Six months ended 31 July 2014 (unaudited) £'000	Six months ended 31 July 2013 (unaudited) £'000	Year ended 31 January 2014 (audited) £'000
Operating activities				
Investment income received		202	253	655
Other interest received		5	-	2
Investment management fees		(476)	(262)	(546)
Other operating costs		(158)	(148)	(280)
Net cash outflow from operating activities	10	(427)	(157)	(169)
Financial investment				
Purchase of investments		(4,313)	(5,962)	(8,435)
Disposal of investments		4,853	7,058	12,860
Net cash inflow from financial investment		540	1,096	4,425
Dividends				
Payment of dividends		(1,086)	(969)	(1,726)
Net cash (outflow)/inflow before financing		(973)	(30)	2,530

	Six months ended 31 July 2014 (unaudited) £'000	Six months ended 31 July 2013 (unaudited) £'000	Year ended 31 January 2014 (audited) £'000
Financing			
Refund of merger costs relating to asset acquisition	-	19	19
Issue of shares	2,019	1,822	2,077
Expenses of the issue of shares	(3)	(94)	(106)
Share buy backs	(714)	(1,284)	(1,690)
Net cash inflow from financing	1,302	463	300
Increase in cash	329	433	2,830

Reconciliation of net cash flow to movement in net cash

Net cash at start of period	2,929	99	99
Net cash at end of period	3,258	532	2,929
Increase in cash during the period	329	433	2,830

The accompanying notes are an integral part of the statement.

NOTES TO THE FINANCIAL STATEMENTS
for the six months ended 31 July 2014

1. The unaudited half-yearly financial results cover the six months ended 31 July 2014 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 2014 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 2014, which were unqualified, have been lodged with the Registrar of Companies. No statutory accounts in respect of any period after 31 January 2014 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 return per share is based on the loss attributable to shareholders for the six months ended 31 July 2014 of £579,000 (six months ended 31 July 2013: profit of £2,503,000, year ended 31 January 2014: profit of £6,347,000) and the weighted average number of shares in issue during the period of 28,305,353 (31 July 2013: 27,581,783, 31 January 2014: 27,572,227). 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 2014 is based on net assets of £33,715,000 (31 July 2013: £31,103,000, 31 January 2014: £34,515,000) and the number of shares in issue of 28,587,090 (31 July 2013: 27,693,343, 31 January 2014: 27,893,328). 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 2014 (unaudited) £'000	Six months ended 31 July 2013 (unaudited) £'000	Year ended 31 January 2014 (audited) £'000
Income:			
Dividends from UK companies*	165	189	486
Dividends from overseas companies	-	15	28
UK loan stock interest	47	25	106
Other income	-	28	28
Interest from deposits	6	2	2
	218	259	650

** includes a dividend from Antenova Limited deemed to be capital in nature.*

7. Dividends paid

	Six months ended 31 July 2014 (unaudited) £'000	Six months ended 31 July 2013 (unaudited) £'000	Year ended 31 January 2014 (audited) £'000
Final dividend for the year ended 31 January 2014 of 4.0p per ordinary share paid on 25 July 2014	1,144	-	-
Interim dividend for the year ended 31 January 2014 of 2.75p per ordinary share paid on 25 October 2013	-	-	757
Final dividend for the year ended 31 January 2013 of 3.5p per ordinary share paid on 15 July 2013	-	969	969
	1,144	969	1,726

8. The effective rate of tax for the six months ended 31 July 2014 is 0% (31 July 2013: 0%, 31 January 2014: 0%).

9. Unaudited reserves

	Share capital* £'000	Share premium* £'000	Merger reserve* £'000	Capital redemption reserve* £'000	Special reserve £'000	Capital reserve# £'000	Revenue reserve £'000	Total capital & reserves £'000
Opening balance as at 1 February 2014	1,395	5,139	1,322	239	23,029	3,507	(116)	34,515
Shares issued	64	1,645	-	-	-	-	-	1,709
Share issue expenses	-	(72)	-	-	-	-	-	(72)
Transfer of merger investment disposals	-	-	(234)	-	-	234	-	-
Dividends paid	-	-	-	-	(1,144)	-	-	(1,144)
Repurchase of shares	(30)	-	-	30	(714)	-	-	(714)
Loss for the period	-	-	-	-	-	(541)	(38)	(579)
Closing balance as at 31 July 2014	1,429	6,712	1,088	269	21,171	3,200	(154)	33,715

* *These reserves are not distributable.*

\# *These reserves are not wholly distributable.*

At 31 July 2014, the capital reserve constitutes realised losses of £5,566,000 (31 July 2013: £6,216,000, 31 January 2014: £6,583,000) and investment holding gains of £8,766,000 (31 July 2013: £5,617,000, 31 January 2014: £10,090,000).

Distributable reserves comprise the special reserve, the revenue reserve and the capital reserve excluding investment holding gains. At 31 July 2014, the amount of reserves deemed distributable is £15,451,000 (31 July 2013: £17,909,000, 31 January 2014: £16,330,000).

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

	Six months ended 31 July 2014 (unaudited) £'000	Six months ended 31 July 2013 (unaudited) £'000	Year ended 31 January 2014 (audited) £'000
(Loss)/profit on ordinary activities before taxation	(579)	2,503	6,347
Net losses/(gains) on investments	425	(2,653)	(7,978)
(Decrease)/increase in creditors	(253)	8	1,462
(Increase)/decrease in debtors	(20)	(15)	28
Income reinvested	-	-	(28)
Net cash outflow from operating activities	(427)	(157)	(169)

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 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 is 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 31 July 2014, adjusted to reflect the share consolidation in November 2011, was 41.1p, including the proposed interim dividend of 2.75p, which was insufficient to trigger Singer & Friedlander Investment Management Limited's entitlement to subscribe for additional shares. It is estimated that a further 149.5p in dividends per share would require payment 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 July 2013: nil, 31 January 2014: nil).

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 2014 was 117.94p. The Company normally announces its net asset value on a weekly basis.

Financial calendar

September 2014	Half-yearly report for the six months to 31 July 2014 published
November 2014	Interim management statement released
31 January 2015	Year end
May 2015	Announcement of final results for the year ended 31 January 2015
June 2015	Annual General Meeting

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