Amati VCT 2 plc

HALF-YEARLY REPORT

For the six months ended 31 July 2015

Amati
Global Investors

Finely crafted investments

CONTENTS

OVERVIEW

Table of investor returns to 31 July 2015

	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*	34.5%	6.7%
Appointment of Amati Global Investors ("Amati") as Manager of Amati VCT 2, which was known as ViCTory VCT at the time	25 March 2010	41.2%	11.0%

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

Key data (Unaudited)

	6 months ended 31/07/15	Year ended 31/01/15	6 months ended 31/07/14
Net Asset Value ("NAV")	£33.3m	£30.6m	£33.7m
Shares in issue	30,230,851	28,670,817	28,587,090
NAV per share	110.0p	106.8p	117.9p
Bid price	103.0p	102.5p	111.0p
Mid price	103.3p	102.8p	111.3p
Market capitalisation	£31.2m	£29.5m	£31.8m
Share price discount to NAV	6.1%	3.7%	5.6%
NAV Total Return (assuming re-invested dividends)	6.3%	-8.6%	-1.5%
FTSE AIM All-Share Total Return Index	9.5%	-18.6%	-10.0%
Ongoing charges*	2.7%	2.6%	2.6%
Dividends in respect of the period	2.75p	6.25p	2.75p

** 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 2015 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	-21.9%	-21.9%	-23.0%
Invesco Perpetual AiM VCT	30 July 2004	8 November 2011	-30.9%	-31.9%	-3.1%
Amati VCT 2 (originally Singer & Friedlander AIM 3 VCT*)	29 January 2001	n/a	-28.8%	-27.9%	-40.2%
Singer & Friedlander AIM 2 VCT	29 February 2000	22 February 2006	-45.4%	-43.8%	-68.4%
Singer & Friedlander AIM VCT	28 September 1998	22 February 2006	-62.8%	-37.1%	2.5%

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

Overview

The period under review started with positive market conditions, in spite of the uncertainties surrounding the UK General Election in May, and ended with growing concerns about emerging markets, with China being centre stage. AIM was affected by this sentiment along with the major markets, but overall it was a positive, but uneasy period. During this period the Manager has made fewer, but larger qualifying investments, with two substantial new positions taken during the six months, both of which have performed well so far. Together with three small follow-on investments, a total of £1.2m was invested in qualifying holdings.

Investment Performance and Dividend

The NAV Total Return for the six month period was 6.3%, which compares to a rise of 9.5% for the FTSE AIM All-Share Total Return Index. This relative underperformance has in large part been caused by the decision to write off the remaining value in the convertible loans held in two Chinese companies, Sorbic and China Food, both of which were quoted on AIM. Whilst every effort is being made to realise the value of these loans, we have no certainty about whether this can be achieved. There were also a number of notable successes in the first half, in particular TLA Worldwide, Brooks Macdonald, GB Group, Accesso and Bilby, all of which are substantial holdings. Further details are given in the Manager's review.

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 13 November 2015 to shareholders on the register on 9 October 2015.

Other Corporate Developments

The joint top up offer with Amati VCT closed in July. Total subscriptions for the period under review were £4.3m, of which £2.1m was subscribed for Amati VCT 2 shares. The Board has announced its intention to launch a further Top Up Offer in conjunction with Amati VCT plc. The capacity of these offers will be subject to the rules governing non-Prospectus offers. The offer document will provide full details, and we anticipate this being available from Amati's website as soon as the offer is launched.

VCT Legislation

2015 has seen some of the most far-reaching changes to the VCT legislation since the scheme began in 1995. These were first outlined in the March Budget (see the Company's 2015 Annual Report), and then taken significantly further in the July Budget. These new rules are a mixture of some additional measures to target VCT investments towards companies that government wishes to see supported, and changes to try to ensure that the scheme falls within the EU legislation on state aided funding. The new rules are extremely complex, and are yet to be finalised, but the expected impact can be summarised as follows:

VCTs will only be allowed to make investments into companies (other than buying secondary shares on the stock market for liquidity management purposes) where:

i) the capital is supporting growth in the business;

ii) the company has been trading for less than 7 years (or 10 years if it is a "knowledge intensive company"), or if the company received state-aided funding within these time limits and the VCT is investing within 7 years of the initial funding;

iii) the company has not exceeded the limits on state-aided funding, which are £5m in any 12 month period, and a lifetime limit of £12m (or £20m for a knowledge intensive company); and

iv) the VCT funding is not being used to make a business acquisition (however this is structured).

Importantly, the "protected money" regime, which has hitherto allowed VCTs to use money raised before rule changes were introduced to continue to operate in the same way, does not apply to any of these new conditions. In addition, a breach of one of the above conditions could result in the loss of VCT status by the company, so there is a requirement for a high level of vigilance in complying with these new requirements.

These rule changes will affect all VCTs and we believe that AIM VCTs will be well placed to operate under the new regime. The Manager intends to work actively with brokers and nominated advisers to help ensure that opportunities to make further qualifying investments in good quality companies continue to appear regularly on AIM. Amati intends to provide a more detailed explanation of the new rules on its website once the legislation has been passed in November and the relevant guidance from HMRC issued. Investors who wish to receive this fuller explanation by email should contact the Manager using the phone number or email address below.

Outlook

We are pleased with the additions that have been made to the portfolio during the year, in which the emphasis has been on relatively mature businesses. The qualifying portfolio is dominated by companies with excellent growth prospects. We are also more than adequately weighted in qualifying holdings, with enough margin to have time to digest the new rules fully and find the right opportunities to make new investments. In addition, the strategy of basing the non-qualifying portfolio around the TB Amati UK Smaller Companies Fund (the "Fund"), as well as a few individual holdings which diversify the overall portfolio risks, has made a good start, with the Fund returning 12.2% over the period under review. Whilst there are many challenges facing equity markets today, small UK growth companies appear to remain well placed to deliver positive returns.

Julian Avery
Chairman

28 September 2015

For any matters relating to your specific shareholding in the Company, dividend payments, or the Dividend Re-investment Scheme please contact Share Registrars on 01252 821390, or by email at enquiries@shareregistrars.uk.com. For any other matters please contact Amati on 0131 503 9115 or by email at vct-enquiries@amatiglobal.com. Amati maintains an informative website for the Company – www.amatiglobal.com – on which monthly investment updates, performance information, and past company reports can be found.

Market Review

At the start of 2015 many questioned whether the equity markets could continue with a seventh year of recovery following the 2008-9 crisis. The answer so far has been very mixed on a global basis, but broadly positive for UK smaller companies. The year started positively as the European Central Bank initiated a programme of quantitative easing, albeit late in the day and coinciding with the end of the US asset purchase program. The tardiness of the European action serves as a symbol of the unwieldy nature of European political processes and demonstrates just how difficult and time consuming it is to ratify action. Meanwhile in the UK, the prospect of a hung Parliament did not appear to concern the stock market. This was something we found puzzling at the time but, as often happens, the market had served up a better prediction of the outcome than the polls. Likewise, the extreme brinkmanship over the third bailout of Greece created few waves in the markets. Thus the period overall saw a benign backdrop for the portfolio, particularly for those companies with either domestic UK or US exposure.

The problems in the global commodities markets, however, have become more extreme, and this has significant consequences. Oil has been the highest profile casualty, and whilst at the start of the year many industry players thought the downturn would be short and sharp, this view has shifted to an expectation that prices will remain low for a good deal longer. Oil-related companies have been suffering from a freeze on capital expenditure in the industry. Likewise industrial metal prices have been continuing to fall, and these point to potential larger issues stemming from a slowdown in China.

Performance

For the six months to 31 July 2015, the Company achieved a NAV total return of 6.3%, which compares with a total return of 9.5% for the FTSE AIM All-Share Index (the "Index"). The Index benefited from a strong start to 2015, driven by positive macro events, before declining in June and July. For the Company, performance lagged the strong Index during the first four months of the period but outperformed in the latter two months.

The gains of the Company were led by five standout performers. **TLA Worldwide** ("TLA"), a US-focused athlete representation and sports marketing business, gained 52% over the half year under review. TLA acquired an Australian and UK-based athlete representation business boasting clients such as Sir Chris Hoy and Becky Adlington, and diversifying TLA's activities into new sports such as Australian rules football and cricket. TLA's results were also announced during the period and demonstrated good progress in its core baseball representation market and confirmation of the co-promotion of the International Champions Cup in Australia, featuring Real Madrid, Manchester City and AS Roma. **Brooks Macdonald Group**, the integrated wealth management group, saw its share price appreciate by 37%, backed by 22% growth in discretionary funds under management. During its ten years as an AIM-listed business, Brooks Macdonald has seen funds under management grow from £400 million to over £7 billion. **GB Group**, the identity data intelligence software specialist, continued its impressive record of organic and acquisition-led earnings growth, which translated into a 50% increase in share price over the half year under review. GB Group announced contract wins with clients such as Stripe and Holvi (both banking and payments providers), Waitrose, John Lewis and the UK's Serious Fraud Office. These contracts provide the company with a source of secure, recurring revenues. **Bilby**, the gas heating and building services provider which floated in Feburary, gained 72% over the period. Bilby announced several substantial contract wins in its maiden results following its admission to AIM in February 2015 (see Portfolio Activity below). **Accesso Technology Group**, the technology provider for theme parks, cultural attractions and ski resorts, gained 26% over the period. The strong share price rise was precipitated by the announcement of a long term agreement with Merlin Entertainments to provide fully hosted onsite ticketing and eCommerce solutions. This contract is for an initial seven year period and encompasses Merlin's global portfolio of 100 attractions, including Legoland, Madame Tussauds and Sea Life.

The greatest detractors from performance came from the unquoted portfolio. The Company's convertible loan positions in **China Food Company** and **Sorbic International** (another Chinese company) were both written-down to nil. In China Food's case, much of the write-down had been taken in previous periods but this further impairment was unavoidable in the face of continued delays in the sale of the business, which represents the Company's best chance of seeing some return of value from its investment. Sorbic's predicament is quite different but equally, if not more, frustrating than that of China Food. Sorbic is a manufacturer of food preservatives in the Shandong province of China and has a history of profitable trading and a strong balance sheet. Like China Food, the Company's convertible loan was never converted into equity as the share price did not advance ahead of the conversion price of the loan. As a consequence, we looked forward to the repayment of the loan on the redemption date. The repayment was not made and the loan is in default. The Legal Representative of Sorbic, who holds the Company's "chops" (the corporate seals required to ratify legal documents and payments) has refused to repay the loan despite Sorbic holding adequate cash to allow this to happen. We are now engaged in a process of trying to recover the Company's losses but we have written the value down to nil for prudence.

Following a rescue fundraising (see Portfolio Activity below) the original position in **MirriAd** was substantially written-off. MirriAd has developed a technology platform that allows product placements to be seamlessly integrated into existing video content across multiple formats. **Nujira**, an unquoted holding specialising in envelope tracking, a power supply method to extend battery life, was the subject of a successful bid approach from Qualcomm (see Portfolio Activity below). Whilst the takeover was a welcome development, the price was lower than anticipated and the valuation was marked down in line with the takeover price. In the quoted portfolio, the greatest detractor was **Frontier Developments** ("Frontier"), the video games developer. Frontier gave back some of its the gains it enjoyed in 2014 in the lead up to the launch of *Elite:Dangerous*, the multi-player space epic game. Despite this, sales of *Elite:Dangerous* have been strong. The first paid for upgrade has been announced, called *Elite Dangerous: Horizons*, and this will be launched simultaneously on PC and Microsoft's Xbox One.

Portfolio Activity

Qualifying Portfolio

During the six month period the Company made two substantial new investments, both in Initial Public Offers ("IPOs") on AIM; and three small follow-on investments, two of which were in existing

AIM-listed portfolio companies; and one in an an existing private company holding.

The first IPO was **Bilby**, which provides building services focused on the installation and maintenance of central heating systems, gas servicing, plumbing and drainage works, voids and general property repair. Legislation requires mandatory spending on ageing social housing, which generates a high level of revenue visibility for companies providing these services. Bilby joined AIM in February to acquire similar, privately owned, profitable property services companies in the South East. Since its IPO, Bilby has raised further funding to acquire Purdy, an Essex-based gas an electrical contractor. The second IPO was **Premier Technical Services Group** ("PTSG"), the UK's leading provider of access and safety services and a specialist in the design, installation and testing of electrical systems. The IPO raised £5m to provide the capacity for growth into adjacent markets with long-term growth potential that are highly regulated. These two investments accounted for £0.98m of the £1.2m invested in qualifying holdings.

The smaller follow-on investments in AIM companies were in **Belvoir Lettings** ("Belvoir"), one of the UK's largest property lettings franchises, which raised further funds to acquire Newton Fallowell, an East Midlands-based franchise property sales and lettings business. The Company also subscribed to a Placing in **Sabien Technology Group** ("Sabien"), which specialises in energy efficiency technologies.

The third follow-on investment was in MirriAd, a private advertising technology company. A $15m funding round into MirriAd involving two new US institutional investors was vetoed by a shareholder with its own agenda just before it was due to close. This forced the company into a complex restructuring and rescue. However, we believe that MirriAd has emerged from this restructuring with a stronger shareholder list, which includes IP Group, an investor with a long history of developing innovative technology companies.

We completed four exits of note in the qualifying portfolio. **DXI**, the software solution provider to call centres, was exited through a trade sale to 8x8, a US provider of Voice over Internet Protocol ("VoIP") technologies. The Company's investment was substantially structured as a convertible loan to provide a base case return of around 10%, which was achieved. **Nujira**, the power-saving technology developer, was also sold during the period. Having failed to develop its own sales channels, Nujira decided that a sale of the intellectual property was the best course of action, rather than another funding round. Qualcomm was the successful bidder but the price fell short of our expectations. The Company's quoted positions in **Deltex Medical Group**, the designer and distributor of oesophageal Doppler monitors used during surgical procedures and **Ebiquity**, the marketing performance analysis company, were also sold during the period.

Non-Qualifying Portfolio

Two significant investments were made in the non-qualifying portfolio. We added further to the Company's existing position in the **TB Amati UK Smaller Companies Fund** (the "Fund"). The Fund returned 12.2% in the six month period versus a benchmark (Numis Smaller Companies Index (plus AIM, excluding Investment Companies)) return of 11.5%. At the period end, it comprised 7.1% of the Company's net asset value. The other investment was in **Hiscox**, the FTSE 250 international specialist insurer. Hiscox has invested in distribution, marketing and products in the US to diversify its revenue geographically and add a further avenue of growth for its professional, business and homeowner business lines.

One significant disposal was made from the non-qualifying portfolio, namely **DX Group**, the logistics and parcel delivery company.

Outlook

China has been dominating the headlines since the period end. It remains an opaque economy – China's GDP figures are not revised, published economic statistics hold little credibility and its banking system is largely State controlled, operating as much on political allegiances as on credit control – and there is little that can be taken at face value. Hence global commodity prices are amongst the more accurate indicators as to the real state of affairs. The stalling of the soaring Chinese domestic stock market is proving to have an impact way beyond its size. A world which had come to rely on China as the engine of growth is now having to recalibrate. There is heightened nervousness because this lack of reliable information about the Chinese economy makes it difficult to know the scale of the potential implications.

In the shorter term, it has become clear that the slowdown in China will be deflationary for the developed world, as the price of many of the goods manufactured there will fall on currency devaluation. The "lower-for-longer" oil price adds to this effect. This has pushed back the date when interest rates are likely to rise in the UK, and also in the US. In the past, that delay would have been enough to maintain a positive tone to the stock market, but this is no longer proving to be the case. Overall we believe that the UK is one of the more attractive places in the world to be investing, and the companies in the portfolio should be well placed in most cases to do well in this difficult and unpredictable global environment. Importantly, higher-quality stocks on AIM have remained in good demand, underpinned by the inheritance tax reliefs that they offer direct investors, and this has brought an encouraging level of resilience to the portfolio, particularly as the companies in which we invested in at early stages start to mature.

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

28 September 2015

INVESTMENT PORTFOLIO
as at 31 July 2015

FTSE Sector	Number of shares	Book cost £'000	Valuation £'000	Fund %	Status
Ilika plc*@	239,400	144	156	0.5	AIM
MyCelx Technologies Corporation*@	194,470	425	68	0.2	AIM
Oil & Gas		**569**	**224**	**0.7**	
Fox Marble Holdings plc*@	3,313,224	634	696	2.1	AIM
Fox Marble Holdings plc 8% Convertible Loan Note*@	508,300	508	506	1.5	Unquoted
Basic materials		**1,142**	**1,202**	**3.6**	
AB Dynamics plc†@	300,372	259	643	1.9	AIM
Bglobal plc@	1,134,117	166	-	-	Unquoted
Bilby plc†@	989,501	574	990	3.0	AIM
Keywords Studios plc†@	354,767	436	585	1.8	AIM
Learning Technologies Group plc Placing Shares*@	3,554,648	747	800	2.4	AIM
Microsaic Systems plc*@	1,006,767	370	443	1.3	AIM
Polyhedra Group plc*@	1,032,711	310	35	0.1	Unquoted
Polyhedra Group plc 8% Convertible Unsecured Loan Stock*@	953,272	953	923	2.8	Unquoted
Premier Technical Services Group plc*@	772,976	402	479	1.4	AIM
Rame Energy plc*@	782,541	141	47	0.1	Unquoted
Rame Energy plc Warrants*@	771,689	-	-	-	Unquoted
Rame Energy plc 8% Convertible Unsecured Loan Stock 2019*@	375,620	375	356	1.1	Unquoted
Rame Energy plc 8% Unsecured Loan Stock 2015*@	138,904	139	147	0.4	Unquoted
Sabien Technology Group plc†@	1,551,426	375	109	0.3	AIM
Sabien Technology Group plc Placing Shares@	1,088,850	77	77	0.2	AIM
Solid State plc†@	100,017	243	906	2.7	AIM

FTSE Sector	Number of shares	Book cost £'000	Valuation £'000	Fund %	Status
Sportsweb.com*	58,688	352	317	1.0	Unquoted
Synectics plc†	136,688	342	260	0.8	AIM
Universe Group plc†@	11,570,552	266	954	2.9	AIM
Water Intelligence plc*@	395,084	170	146	0.5	AIM
Industrials		**6,697**	**8,217**	**24.7**	
China Food Company plc 12.5% Convertible Loan Note@	624	624	-	-	Unquoted
Frontier Developments plc*@	515,329	549	1,020	3.1	AIM
Science in Sport plc†@	838,567	377	562	1.7	AIM
Sorbic International plc 10% Convertible Loan Stock@	276	276	-	-	Unquoted
Consumer goods		**1,826**	**1,582**	**4.8**	
Allergy Therapeutics plc*	265,455	29	70	0.2	AIM
Anpario plc*@	308,028	271	939	2.8	AIM
Futura Medical Group plc*@	652,792	372	222	0.7	AIM
Tristel plc†@	877,402	438	834	2.5	AIM
Health care		**1,110**	**2,065**	**6.2**	
Conexion Media Group plc*#	1,080,883	184	3	-	AIM
Crawshaw Group plc*@	877,462	368	553	1.7	AIM
Dods (Group) plc*	2,000,000	596	155	0.5	AIM
Eclectic Bar Group plc*@	182,696	292	113	0.3	AIM
Mirada plc*@	2,790,000	349	279	0.8	AIM
Music Festivals plc*@	59,527	39	-	-	Unquoted
Music Festivals plc 8% Convertible Loan Note 2016*@	340,000	333	-	-	Unquoted
Rated People Limited*@	832	92	-	-	Unquoted
Tasty plc*	461,000	320	576	1.7	AIM

FTSE Sector	Number of shares	Book cost £'000	Valuation £'000	Fund %	Status
TLA Worldwide plc†@	2,322,209	465	1,359	4.1	AIM
Consumer services		**3,038**	**3,038**	**9.1**	
Antenova Limited*	2,181,435	-	50	0.2	Unquoted
Antenova Limited A Preference Shares*	1,275,166	100	15	-	Unquoted
Telecommunications		**100**	**65**	**0.2**	
Assura Group plc@	773,554	337	422	1.3	Full
Belvoir Lettings plc*@	365,582	339	461	1.4	AIM
Brooks Macdonald Group plc†@	90,130	1,154	1,631	4.9	AIM
Brookwell Limited Redeemable Preference Shares	205,371	23	-	-	Unquoted
FairFX Group plc*@	902,289	416	316	1.0	AIM
Hiscox Limited@	57,571	490	533	1.6	AIM
MartinCo plc*@	140,456	140	202	0.6	AIM
Paragon Entertainment Limited†@	8,431,300	322	169	0.5	AIM
TB Amati UK Smaller Companies Fund@	380,468	2,126	2,373	7.1	OEIC
Financials		**5,347**	**6,107**	**18.4**	
Accesso Technology Group plc†@	273,100	274	1,912	5.7	AIM
Celoxica Holdings plc*	771,250	-	-	-	Unquoted
EU Supply plc†@	1,460,407	330	120	0.4	AIM
GB Group plc†@	539,023	223	1,264	3.8	AIM
Ideagen plc*@	2,230,362	496	1,015	3.0	AIM
IDOX plc†@	3,180,142	239	1,193	3.6	AIM
Kalibrate Technologies plc*@	443,094	350	425	1.3	AIM
MirriAd plc*#@	457,838	486	137	0.4	AIM
Netcall plc*	611,562	110	275	0.8	AIM
Nujira Limited*@	162,842	168	48	0.1	Unquoted
Quixant plc†@	835,417	386	1,295	3.9	AIM

FTSE Sector	Number of shares	Book cost £'000	Valuation £'000	Fund %	Status
Rosslyn Data Technologies plc*@	1,095,940	365	126	0.4	AIM
Software Radio Technology plc*@	1,900,000	579	523	1.6	Unquoted
TCOM Limited*@	162,842	-	-	-	Unquoted
TCOM Limited Preference Shares*@	162,842	-	-	-	Unquoted
Ubisense Group plc*@	309,607	536	334	1.0	AIM
Technology		**4,542**	**8,667**	**26.0**	
Total investments		**24,371**	**31,167**	**93.7**	
Net current assets			**2,083**	**6.3**	
Net assets		**24,371**	**33,250**	**100.0**	

* *Qualifying holdings.*

† *Part qualifying holdings.*

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

All holdings are in ordinary shares unless otherwise stated.

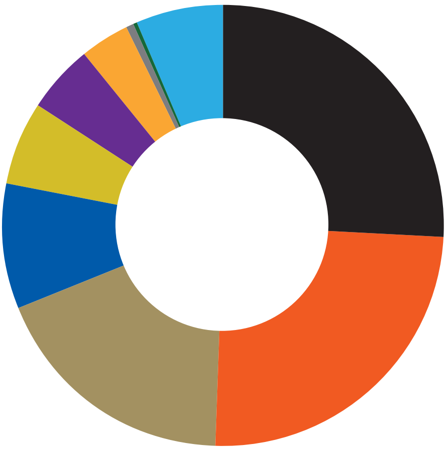
As at the period end, the percentage of the Company's portfolio held in qualifying holdings for the purposes of Section 274 of the Income and Corporation Taxes Act 2007 is 86.37%.

TEN LARGEST HOLDINGS
as at 31 July 2015

Company	Sector	Valuation £'000	Fund %
TB Amati UK Smaller Companies Fund	Financials	2,373	7.1
Accesso Technology Group plc	Technology	1,912	5.7
Brooks Macdonald Group plc	Financials	1,631	4.9
TLA Worldwide plc	Consumer services	1,359	4.1
Quixant plc	Technology	1,295	3.9
GB Group plc	Technology	1,264	3.8
Fox Marble Holdings plc	Basic materials	1,202	3.6
IDOX plc	Technology	1,193	3.6
Frontier Developments plc	Consumer goods	1,020	3.1
Ideagen plc	Technology	1,015	3.0

Representing approximately 42.8% of shareholders' funds.

FUND EXPOSURE BY SECTOR
as at 31 July 2015



FTSE Sector	Fund %
Technology	26.0
Industrials	24.7
Financials	18.4
Consumer services	9.1
Health care	6.2
Consumer goods	4.8
Basic materials	3.6
Oil & Gas	0.7
Telecommunications	0.2
Net current assets	6.3
	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 2015. 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

28 September 2015

UNAUDITED INCOME STATEMENT

for the six months ended 31 July 2015

				Six months ended 31 July 2015
	Note	Revenue £'000	Capital £'000	Total £'000
Return/(loss) on investments		-	2,034	2,034
Income	8	372	-	372
Investment management fee		(70)	(209)	(279)
Other expenses		(148)	-	(148)
Profit/(loss) on ordinary activities before taxation		154	1,825	1,979
Taxation on ordinary activities	10	-	-	-
Profit/(loss) for the period being total comprehensive income for the period		154	1,825	1,979
Basic and diluted return/(loss) per Ordinary share	6	0.52p	6.17p	6.70p

The total column is the Statement of Total Comprehensive Income of the Company, prepared in accordance with Financial Reporting Standards ("FRS"). The supplementary revenue and capital return columns are prepared in accordance with the Statement of Recommended Practice, "Financial Statements of Investment Trust Companies and Venture Capital Trusts" ("SORP") revised in November 2014.

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 2014			Year ended 31 January 2015		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
	-	(425)	(425)	-	(2,682)	(2,682)
	187	31	218	374	31	405
	(80)	(147)	(227)	(148)	(254)	(402)
	(145)	-	(145)	(303)	-	(303)
	(38)	(541)	(579)	(77)	(2,905)	(2,982)
	-	-	-	-	-	-
	(38)	(541)	(579)	(77)	(2,905)	(2,982)
	(0.13p)	(1.91p)	(2.04p)	(0.27p)	(10.22p)	(10.49p)

UNAUDITED STATEMENT OF CHANGES IN EQUITY

			Non-distributable reserves	
	Share capital	Share premium	Merger reserve	Capital redemption reserve
For the six months ended 31 July 2015	£'000	£'000	£'000	£'000
Opening balance as at 1 February 2015	1,434	7,205	1,088	287
Shares issued	100	2,072	-	-
Share issue expenses	-	(15)	-	-
Repurchase of shares	(22)	-	-	22
Dividends paid	-	-	-	-
Transfer of merger investment disposals	-	-	(663)	-
Profit for the period	-	-	-	-
Closing balance as at 31 July 2015	1,512	9,262	425	309
For the six months ended 31 July 2014				
Opening balance as at 1 February 2014	1,395	5,139	1,322	239
Shares issued	64	1,645	-	-
Share issue expenses	-	(72)	-	-
Repurchase of shares	(30)	-	-	30
Dividends paid	-	-	-	-
Transfer of merger investment disposals	-	-	(234)	-
Loss for the period	-	-	-	-
Closing balance as at 31 July 2014	1,429	6,712	1,088	269
For the year ended 31 January 2015				
Opening balance as at 1 February 2014	1,395	5,139	1,322	239
Shares issued	87	2,150	-	-
Share issue expenses	-	(84)	-	-
Repurchase of shares	(48)	-	-	48
Dividends paid	-	-	-	-
Transfer of merger investment disposals	-	-	(234)	-
Loss for the period	-	-	-	-
Closing balance as at 31 January 2015	1,434	7,205	1,088	287

these reserves are not wholly distributable.

The accompanying notes are an integral part of the statement.

				Distributable reserves
	Special reserve £'000	Capital reserve# £'000	Revenue reserve £'000	Total reserves £'000
	19,969	836	(193)	30,626
	-	-	-	2,172
	-	-	-	(15)
	(461)	-	-	(461)
	(1,051)	-	-	(1,051)
	-	663	-	-
	-	1,825	154	1,979
	18,457	3,324	(39)	33,250
	23,029	3,507	(116)	34,515
	-	-	-	1,709
	-	-	-	(72)
	(714)	-	-	(714)
	(1,144)	-	-	(1,144)
	-	234	-	-
	-	(541)	(38)	(579)
	21,171	3,200	(154)	33,715
	23,029	3,507	(116)	34,515
	-	-	-	2,237
	-	-	-	(84)
	(1,131)	-	-	(1,131)
	(1,929)	-	-	(1,929)
	-	234	-	-
	-	(2,905)	(77)	(2,982)
	19,969	836	(193)	30,626

UNAUDITED CONDENSED BALANCE SHEET

as at 31 July 2015

	Note	31 July 2015 £'000	31 July 2014 £'000	31 January 2015 £'000
Fixed assets				
Investments held at fair value	11	31,167	32,190	28,302
Current assets				
Debtors		128	112	144
Cash at bank		2,997	3,258	2,659
Total current assets		3,125	3,370	2,803
Current liabilities				
Creditors: amounts falling due within one year		(1,042)	(1,845)	(479)
Net current assets		2,083	1,525	2,324
Total assets less current liabilities		33,250	33,715	30,626
Capital and reserves				
Called up share capital		1,512	1,429	1,434
Share premium account		9,262	6,712	7,205
Reserves		22,476	25,574	21,987
Equity shareholders' funds		33,250	33,715	30,626
Net asset value per share	7	109.99p	117.94p	106.82p

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

UNAUDITED STATEMENT OF CASH FLOWS
for the six months ended 31 July 2015

	Note	Six months ended 31 July 2015 £'000	Six months ended 31 July 2014 £'000	Year ended 31 January 2015 £'000
Operating activities				
Investment income received		308	202	396
Deposit interest received		-	5	-
Investment management fees		(271)	(476)	(1,849)
Other operating costs		(161)	(158)	(303)
Net cash outflow from operating activities	12	(124)	(427)	(1,756)
Investing activities				
Purchase of investments		(2,487)	(4,313)	(6,869)
Disposals of investments		2,305	4,853	8,774
Net cash (outflow)/inflow from investment activities		(182)	540	1,905
Dividends				
Payment of dividends		(1,051)	(1,086)	(1,929)
Net cash outflow before financing		(1,357)	(973)	(1,780)
Financing activities				
Issue of shares		2,128	2,019	2,646
Expenses of the issue of shares		28	(3)	(5)
Share buybacks		(461)	(714)	(1,131)
Net cash inflow from financing activities		1,695	1,302	1,510
Increase/(decrease) in cash		338	329	(270)
Reconciliation of net cash flow to movement in net cash				
Net cash at start of period		2,659	2,929	2,929
Net cash at end of period		2,997	3,258	2,659
Increase/(decrease) in cash during the period		338	329	(270)

The accompanying notes are an integral part of the statement.

1. The half-yearly financial results cover the six months ended 31 July 2015. The Company applies UK Generally Accepted Accounting Principles in its annual financial statements, and is intending to adopt FRS 102 and the AIC's Statement of Recommended Practice issued in November 2014 for its financial year ending 31 January 2016. The financial statements for the six months to 31 July 2015 have therefore been prepared in accordance with FRS 104 'Interim Financial Reporting'. The Directors do not expect any significant changes to the Company's accounting policies as a result of the adoption of FRS 102. The accounts have therefore been prepared on the basis of the same accounting policies as set out in the Company's Annual Report and Financial Statements for the year ended 31 January 2015.

   The comparative figures for the financial year ended 31 January 2015 are not the Company's statutory accounts for that financial year, but are based on those accounts, represented as necessary to comply with FRS 102. Those accounts have been reported on by the Company's auditor and lodged with the registrar of companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

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. No statutory accounts in respect of any period after 31 January 2015 have been reported on by the Company's auditors or delivered to the Registrar of Companies.

3. Going concern

In accordance with FRC Guidance for directors on going concern and liquidity risk the directors are of the opinion that, at the time of approving the Half-yearly Report, the Company has adequate resources to continue in business for the foreseeable future. In reaching this conclusion the directors took into account the nature of the Company's business and Investment Policy, its risk management policies, the diversification of its portfolio, the cash holdings and the liquidity of non-qualifying investments. Thus the directors believe it is appropriate to continue to apply the going concern basis in preparing the financial statements.

4. Segmental reporting

The Directors are of the opinion that the Company is engaged in a single segment of business, being investment business.

5. 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.

6. The return per share is based on the gain attributable to shareholders for the six months ended 31 July 2015 of £1,979,000 (six months ended 31 July 2014: loss of £579,000, year ended 31 January 2015: loss of £2,982,000) and the weighted average number of shares in issue during the period of 29,559,281 (31 July 2014: 28,305,353, 31 January 2015: 28,437,624). 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.

7. The net asset value per share at 31 July 2015 is based on net assets of £33,250,000 (31 July 2014: £33,715,000, 31 January 2015: £30,626,000) and the number of shares in issue of 30,230,851 (31 July 2014: 28,587,090, 31 January 2015: 28,670,817). 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.

8. Income

	Six months ended 31 July 2015 £'000	Six months ended 31 July 2014 £'000	Year ended 31 January 2015 £'000
Income:			
Dividends from UK companies*	170	165	264
Dividends from overseas companies	6	-	10
UK loan stock interest	191	47	116
Other income	-	-	-
Interest from deposits	5	6	15
	372	218	405

** includes dividends received from Antenova Limited deemed to be capital in nature.*

9. Dividends paid

	Six months ended 31 July 2015 £'000	Six months ended 31 July 2014 £'000	Year ended 31 January 2015 £'000
Final dividend for the year ended 31 January 2015 of 3.5p per share paid on 24 July 2015	1,051	-	-
Interim dividend for the year ended 31 January 2015 of 2.75p per ordinary share paid on 7 November 2014	-	-	785
Final dividend for the year ended 31 January 2014 of 4.0p per ordinary share paid on 25 July 2014	-	1,144	1,144
	1,051	1,144	1,929

10. The effective rate of tax for the six months ended 31 July 2015 is 0% (31 July 2014: 0%, 31 January 2015: 0%).

11. Investments

	Level a Traded on AIM £'000	Level ci Unquoted investments £'000	Level cii Unquoted investments £'000	Total £'000
Cost as at 1 February 2015	18,460	902	4,673	24,035
Opening unrealised appreciation/(depreciation)	6,693	(270)	(818)	5,605
Opening unrealised loss recognised in realised reserve	(786)	-	(552)	(1,338)
Opening valuation as at 1 February 2015	24,367	632	3,303	28,302
Movements in the period:				
Reclassification in period	(166)	-	166	-
Purchases	2,919	-	133	3,052
Sales – proceeds	(1,474)	(72)	(675)	(2,221)
Realised loss on sales	(7)	-	3	(4)
Unrealised gain/(loss) in the period	2,989	(160)	(791)	2,038
Valuation as at 31 July 2015	28,628	400	2,139	31,167
Cost at 31 July 2015	19,241	830	4,300	24,371
Unrealised appreciation/(depreciation) as at 31 January 2015	9,698	(430)	(1,609)	7,659
Closing unrealised loss recognised in realised reserve	(311)	-	(552)	(863)
Valuation as at 31 July 2015	28,628	400	2,139	31,167
Equity shares	28,628	400	192	29,220
Preference shares	-	-	15	15
Loan stock	-	-	1,932	1,932
Valuation as at 31 July 2015	28,628	400	2,139	31,167

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

– Quoted market prices in active markets – "Level a"

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

– Valued using models with significant observable market parameters – "Level b"

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

– A valuation technique; – "Level c i) & ii)"

i) Using observable market data; or

ii) Using non-observable market data.

There has been no significant change in analysis as disclosed in the Company's annual accounts.

12. Reconciliation of profit/(loss) on Ordinary Activities before Taxation to Net Cash Outflow from Operating Activities

	Six months ended 31 July 2015 £'000	Six months ended 31 July 2014 £'000	Year ended 31 January 2015 £'000
Profit/(loss) on ordinary activities before taxation	1,979	(579)	(2,982)
Net (return)/loss on investments	(2,033)	425	2,682
Decrease in creditors, excluding corporation tax payable	(2)	(253)	(1,448)
Increase in debtors	(68)	(20)	(8)
Net cash outflow from operating activities	(124)	(427)	(1,756)

Share price

The Company's shares are listed on the London Stock Exchange. The bid-price of the Company's shares can be found on Amati Global Investors' website: http://www.amatiglobal.com/avct2.php.

Net Asset Value per Share

The Company's net asset value per share as at 31 July 2015 was 109.99p. The Company normally announces its net asset value on a weekly basis. Net asset value per share information can be found on Amati Global Investors' website: http://www.amatiglobal.com/avct2.php.

Financial calendar

September 2015	Half-yearly report for the six months to 31 July 2015 published
31 January 2016	Year end
May 2016	Announcement of final results for the year ended 31 January 2016
June 2016	Annual General Meeting

Dividends

Shareholders who wish to have future dividends reinvested in the Company's shares or wish to have dividends paid directly into their bank account rather than sent by cheque to their registered address should contact Share Registrars Limited on 01252 821 390 or email enquiries@shareregistrars.uk.com.

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Amati Global Investors Limited is authorised and regulated by the Financial Conduct Authority