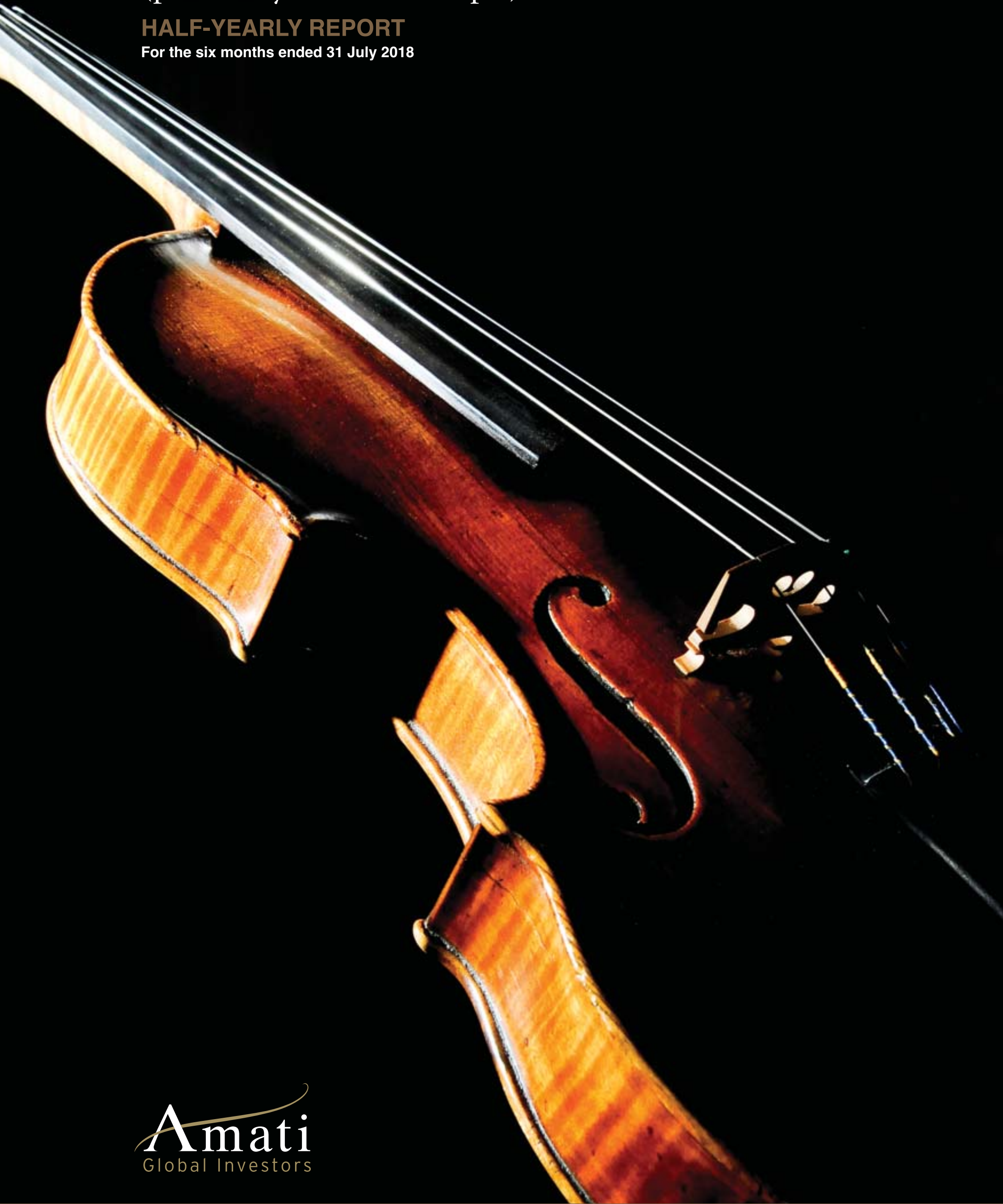
Amati AIM VCT plc
(previously Amati VCT 2 plc)

HALF-YEARLY REPORT

For the six months ended 31 July 2018



Amati
Global Investors

Finely crafted investments

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OVERVIEW

Corporate Objective

The investment objectives of Amati AIM VCT plc (the "Company") are to generate tax free capital gains and regular dividend income for its shareholders, primarily through qualifying investments in AIM-traded companies and through non-qualifying investments as allowed by the VCT legislation. The Company will manage its portfolio to comply with the requirements of the rules and regulations applicable to VCTs from time to time. The Company's policy is to hold a diversified portfolio across a broad range of sectors to mitigate risk.

Key Data

	6 months ended 31/07/18 (unaudited)	Year ended 31/01/18 (audited)	6 months ended 31/07/17 (unaudited)
Net Asset Value ("NAV")	£141.5m*	£61.6m	£50.4m
Shares in issue	80,513,669*	36,057,095	34,585,493
NAV per share	175.7p	170.7p	145.8p
Share price	165.5p	157.5p	134.8p
Market capitalisation	£133.3m	£56.8m	£46.6m
Share price discount to NAV	5.8%	7.7%	7.5%
NAV Total Return (assuming re-invested dividends)	5.9%	45.2%	21.5%
Numis Alternative Markets Total Return Index	2.3%	23.2%	13.5%
Ongoing charges**	2.0%	2.3%	2.4%
Dividends in respect of the period	3.50p	8.50p	3.25p

* On 4 May 2018 the Company merged with Amati VCT plc and the assets and liabilities of Amati VCT were acquired. Further details are set out in note 12 of this report.

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

Table of Investor Returns to 31 July 2018

	Date	NAV Total Return with dividends re-invested	Numis Alternative Markets Total Return Index
Re-launch of the VCT under management of Amati Global Investors	9 November 2011*	151.9%	55.7%
Appointment of Amati Global Investors as Manager of the VCT, which was known as ViCTory VCT at the time	25 March 2010	164.3%	60.0%

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

A table of historic returns is included on page 32.

CHAIRMAN'S STATEMENT

Overview

The NAV Total Return for the Company for the six month period under review was 5.9%, which compares to a rise of 2.3% for the Numis Alternative Markets Total Return Index. A total of £10.5m was invested in qualifying holdings during this first half of the year (£1.0m of which was invested by Amati VCT prior to the merger), with investments being made in five companies new to the portfolio. This is a higher rate of investment than we have seen over the last few years. Full details are given in the Fund Manager's Review.

In May, the Company merged with Amati VCT and changed its name from Amati VCT 2 to Amati AIM VCT. The increased scale as a result of the merger is expected to lower the expense ratio which has been reducing over the last few years as the Company has grown.

A joint Prospectus for share offers was launched by the two Amati VCTs in October 2017, seeking to raise up to £20m and also catering for the shares issued to Amati VCT holders as part of the merger. The Prospectus also allowed for an over-allotment option for a further £10m fund raising following the merger. With the £20m target having been reached prior to the merger, the Board took the decision in June to make use of the over-allotment option when it became clear that the Company's rate of new investment in the first half was higher than anticipated. All of the £10m over-allotment facility has now been raised, allowing the Company more scope to take advantage of new qualifying investment opportunities as they arise.

Other Corporate Developments

As part of the merger, the directors of the two VCTs formed a new Board and, as the newly appointed Chairman, I would like to thank the two retiring directors for many years of outstanding service to the Amati VCTs. Julian Avery chaired the board of Invesco Perpetual AIM VCT from its inception in 2004 and became Chairman of Amati VCT 2 in 2011 when it was formed on the merger of ViCTory VCT with Invesco Perpetual AIM VCT. Charles Pinney was a director of Amati VCT since its inception in 2005. Both gave extraordinary care and diligence to their roles and I would like to express gratitude on behalf of both the Board and Manager.

There have also been changes in the fund management team at Amati Global Investors, with Douglas Lawson having left in August to manage a data analytics company in which he was a founder investor and Anna Wilson having joined in February. I believe I speak for all shareholders in expressing thanks to Douglas for his many years of dedication and service to Amati, where he contributed greatly to building the strength of the current portfolio, and also in welcoming Anna to the management team. Anna joins with many years of experience in managing funds focused on AIM.

Investment Performance and Dividend

The dividend policy of the Company continues to be 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 for the year to 31 January 2019 of 3.50p per share, to be paid on 23 November 2018 to shareholders on the register on 19 October 2018.

Evolution of the VCT Legislation

From April 2019 onwards, the required minimum level of qualifying investments held by the Company rises from 70% of tested assets to 80%. In addition there is a new requirement that 30% of funds raised must be invested in qualifying holdings by the end of the financial year after the year in which the funds are raised. At the end of the period under review the Company was 86.05% invested in qualifying holdings under the first of these tests and the Company has been running above the 80% level for many years. The second test has also already been met in respect of the £20m raised under the Prospectus offers. The Board continues to monitor the Company's progress under these all important tests with vigilance.

HMRC's ambition to bring down the waiting time for the issue of pre-clearance letters from three months to three weeks for prospective fund raisings has thus far not resulted in the bottle-neck easing, which is often frustrating and can result in some difficult dilemmas over investments which have to complete before a response is received. HMRC have encouraged managers to rely on their independent advisors in these situations and therefore the Manager has taken this course on certain occasions.

The higher annual investment limit for "Knowledge Intensive Companies" which was proposed in the April budget has now been ratified by the EU and passed into the regulations by Parliament. This means certain companies can now raise £10m from tax incentivised sources in a 12 month period, increased from £5m. Part of the Company's recent investment in Creo Medical was dependent on this new rule being ratified and this has now been able to proceed, allowing us to gain a more substantial holding than we could have done under the previous rules. This new rule will be supportive of the strong level of new investment made by the Company during the first half being continued.

Outlook

As the deadline approaches for agreeing terms with the European Union for the exit of the United Kingdom, uncertainty remains a concern for the investing community. The effects of the more recent weakening of sterling may be advantageous for some exporting companies in our portfolio, which is now spread among some 66 companies, with further diversification through the 8.9% of the investment portfolio held in the TB Amati UK Smaller Companies Fund which is itself invested in 68 companies. I remain optimistic that our VCT will find a positive path through the turmoil that may lie ahead.

Peter Lawrence
Chairman

2 October 2018

For any matters relating to your 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 Global Investors ("Amati") on 0131 503 9115 or by email at info@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

The six months under review proved to be a test period for the two major questions troubling markets after such a prolonged bull run: what might prompt a correction and what would be the response in the aftermath? At the start of 2018, the consensus view was for sustained, synchronised global growth across the US, Europe and Asia. Whilst it was recognised that the US was likely to continue with its leadership in the normalisation of interest rates, it was thought that the Federal Reserve would not require a more radical cooling of the economy. This comfortable assumption was called into question in January with a surprise spike in US earnings inflation, which translated into rapidly rising bond yields. A US market sell-off then sparked global volatility. Weakness continued into late March, causing a 10% correction to the UK market from its January peak, as wider concerns gripped investors such as geo-political risks in the Middle East and Asia, and President Trump's escalating rhetoric. Meanwhile, Trump's tax reliefs were inflating the US economy by way of rate cuts boosting near term earnings and also by allowing corporates to use repatriated overseas cash to fund share buybacks, thereby underpinning the stock market. This in turn generated a robust results season for US corporates, and a series of strong data points for US economic growth. Despite growing concerns about a slowing European economy, risks in emerging economies and an escalating global trade war, investor appetite returned and the UK stock market recovered all of its losses by mid-May, even if this strong momentum cooled somewhat by the end of the period. Over the period, smaller companies lagged behind the performance of larger stocks, as the weakness in sterling provided a sentiment boost towards international earnings, led by pharmaceutical, oil & gas and industrial stocks.

Performance

The VCT's NAV Total Return for the six month period was 5.9%. This compares to the benchmark Numis Alternative Markets Total Return Index, which gained 2.3% over the same period.

The most significant contributor to performance in the six month period was **AB Dynamics** ("ABD"), the specialist automotive engineering group, its shares gaining 53%. ABD has been riding on the coat-tails of the car industry's drive to develop driver assistance technologies as part of the journey towards mass-produced fully autonomous vehicles. The vehicle safety organisations in Europe and the US are rapidly adapting regulations to keep pace with the autonomous movement, which is translating into increased development and testing requirements and therefore demand for ABD's Advanced Driver Assistance Systems (ADAS) and Guided Soft Targets (GST). **Accesso Technology Group** ("Accesso"), the leading supplier of technology solutions to the theme park and visitor attraction industries, was the second greatest contributor to performance, with a price gain of 20% over the six months. A number of milestones were achieved by Accesso, including the signing of its first partnership in the healthcare industry to supply a hospital group in Detroit with its digital experience and personalisation platform. Accesso's technology will be used to build unique patient profiles which can be integrated with electronic medical records. **Keywords Studios** ("Keywords"), the technical services provider to the video games industry, delivered another strong performance, gaining 23% over the period. Keywords continued its acquisition strategy, completing six further acquisitions, including its first in the provision of Hollywood production services for the video games industry. This acquired business, Blindlight, focuses on procuring specialist talent for services including voiceover production for video games. **Water Intelligence**, the provider of leak detection and remediation services, advanced 125% over the six months, following a sequence of positive updates and the acquisitions of its Kentucky and South Florida franchises. Other strong performers over the period include: **Learning Technologies Group**, the provider of e-learning technologies and services, which completed the acquisition of PeopleFluent, a provider of cloud-based integrated recruitment, talent management and compensation management solutions; **GB Group**, the identity management software and data specialist, which announced strong organic growth and an upgrade to its earnings estimates; **LoopUp Group**, the Software-as-a-Service (SaaS) provider for remote meetings, which acquired Meetingzone, another UK conferencing services provider. The investment in **TB Amati UK Smaller Companies Fund** also delivered a strong return, rising 12% during the period against a rise in its benchmark of 2.0%.

The greatest detractor from performance was **Faron Pharmaceuticals** ("Faron"), a clinical stage biopharmaceutical company that is developing novel treatments for medical conditions with significant unmet needs. Faron fell 87% over the period, reminding investors of the downside when drug discovery companies fail to live up to expectations. Traumakine, Faron's lead drug candidate, was claimed to prevent vascular leakage and organ failures. Unfortunately, the results of the Phase III clinical study failed to indicate that the treatment offered significant benefits over existing drugs. We did not view the company's other products as sufficiently mature in their development cycle to merit holding Faron and exited the position. Despite the losses suffered on Faron over the six months under review, the share price had increased by over 250% since the stock was first added to the portfolio, allowing us to take some early profits, which reduced the impact of the disappointing news on the portfolio. **Frontier Developments** ("Frontier"), the developer of video games, including the first based on the *Jurassic Park* film series, saw its shares fall back by 16% over the period. This followed the extraordinary gains witnessed over the previous six months which were led by the announcement of *Jurassic World* as Frontier's third game franchise. **Brooks Macdonald Group** ("Brooks"), the national wealth management group, fell 15% over the period. This was a reaction to news that short-term profits at Brooks will be tempered by an increase in provisions to deal with legacy matters at its Spearpoint business, which was acquired in 2012. While Brooks accepts no legal liability for these matters it is making redress in the interests of treating customers fairly.

We believe the merger of Amati VCT and Amati VCT 2 in May represents a positive development for shareholders; the portfolio gained slightly in diversification and the expense ratio has fallen with the greater scale of the VCT. Given how similar the VCTs were before the merger in all other respects the transition to a single Amati AIM VCT has been seamless.

Portfolio Activity

The Company made six significant new qualifying investments during the period.

The first new investment during the period was in a placing for **Diurnal Group** ("Diurnal"), a developer of hormone therapeutics to treat adrenal insufficiency, where adrenal glands produce insufficient amounts of cortisol (a steroid hormone), causing low blood pressure and fatigue. Diurnal has two mature products in its pipeline that are both reformulated versions of hydro-cortisone - the first (Alkindi) was approved in Europe in early 2018 and the second (Chronocort) will have a Phase III European trial read out later this year. Alkindi is a sugar-coated, low dose formulation for children, whilst Chronocort is a time-lapsed release version of the drug, which matches the dosing to the patient's sleep pattern. The second investment in which the VCT participated was **IXICO**, the developer of a digital imaging platform called Trial Tracker, which helps to identify changes in brain scans that may be invisible to the human eye. IXICO raised £5.5 million in an oversubscribed placing in order to extend its product range into other therapeutic areas such as Multiple Sclerosis. **Block Energy** ("Block"), a UK-based oil exploration and production company operating in the Republic of Georgia, was a rare opportunity to invest in a VCT-qualifying resources company. Block has acquired three producing blocks, each with a substantial resource base but mixed reservoir quality. The investment thesis rests on Block's ability to apply new drilling technology to improve production at these sites. The opportunity to invest in Block came at an attractive valuation and, whilst execution of the opportunity will have its challenges, the upside could be significant. The Company invested in the Initial Public Offering ("IPO") of **i-nexus Global** ("i-nexus"), a SaaS provider to large enterprises to manage business improvement and change. i-nexus software supports Hoshin, a strategy development methodology introduced in Japan in the 1960s. Hoshin is a planning, implementation and review methodology which is seeing increasing adoption amongst large corporates to ensure that strategic goals are being communicated to all employees and actioned at all levels of an organisation. A position was also added in **ANGLE**, a leading liquid biopsy company, as part of a £12 million placing. ANGLE is commercialising a platform technology that can capture rare cells (such as cancer cells) circulating in the blood when they are relatively limited in number and collect these cells for analysis. ANGLE's cell separation technology is known as the Parsortix system and collects cells through a liquid biopsy. The final material VCT qualifying investment was made in **Creo Medical Group**, a medical device company focused on surgical endoscopy. Its lead product, the Speedboat RS2, enables non-invasive bowel surgery, replacing high risk major surgery with a simple outpatient procedure. The device has been approved in both Europe and the US and has already been used in operations with exceptional results.

The Company's holding in **IDOX**, the provider of document management software to Local Authorities and the engineering sector, was sold during the period. We concluded that IDOX's problems on which we reported in the Company's 2018 annual report, were myriad and complex and that the Company's capital would be better deployed elsewhere. **Crawshaw Group**, the chain of butchers, was also sold due to an ongoing difficult trading environment and the departure of the CEO and CFO. A small, residual position in **Tasty**, owner of the London-focused Italian restaurant chain Wildwood, was also sold.

Outlook

"Challenging" may have become an over-popular, almost devalued, term in recent times, not only in company outlook statements but also within fund manager commentaries. However, its use is particularly pertinent at this point. A strong global economy, fuelled by ten years of stimulation, now faces the twin dangers of monetary policy reversal and an increasingly hostile trading and geo-political environment. The UK, as an open economy, has benefited from recent global growth but now faces its own individual risks as the Brexit deadline approaches. The last six months suggest there may still be an appetite amongst investors to "buy the dips," but it may also prove to have been an artificial, unrepeatable environment created by the impact of Trump's cuts to corporation tax. Investors feel that more challenging times are inevitably coming, but few want to speculate as to when.

As we stated in our last review, the portfolio can never be immune to wider market forces. Our aim is to keep the portfolio dominated by a range of long term holdings in innovative and high quality companies serving specific niches in attractive growth markets, which is both the core objective of Amati AIM VCT and, we believe, the best defence against increasingly disconcerting geo-political uncertainties.

Dr Paul Jourdan, David Stevenson and Anna Wilson
Amati Global Investors

2 October 2018

INVESTMENT PORTFOLIO

as at 31 July 2018

	Cost £'000	Valuation £'000	Market Cap £m	Sector	Status	Dividend Yield[NTM] %	Fund %
TB Amati UK Smaller Companies Fund	9,274	12,601	-	Financials	OEIC	1.3	8.9
Keywords Studios plc[1, 3]	5,785	10,376	1,160.6	Industrials	AIM	0.1	7.3
AB Dynamics plc[2, 3]	3,753	8,038	240.3	Industrials	AIM	0.3	5.7
Learning Technologies Group plc[1, 3]	5,078	7,815	675.7	Industrials	AIM	0.4	5.5
Quixant plc[2, 3]	4,196	7,494	285.3	Technology	AIM	0.8	5.3
Frontier Developments plc[1]	4,698	7,044	437.8	Consumer goods	AIM	-	5.0
Ideagen plc[2]	3,303	6,282	267.7	Technology	AIM	0.2	4.4
GB Group plc[2, 3]	3,203	6,085	825.1	Technology	AIM	0.5	4.3
Accesso Technology Group plc[1, 3]	221	5,882	719.9	Technology	AIM	-	4.2
Tristel plc[2]	3,290	5,348	126.7	Health care	AIM	1.5	3.8
Top Ten	**42,801**	**76,965**					**54.4**
Craneware plc[2]	3,899	4,554	565.2	Technology	AIM	1.1	3.2
LoopUp Group plc[1, 3]	2,577	4,320	246.3	Technology	AIM	-	3.1
Water Intelligence plc[2]	1,218	3,340	62.5	Industrials	AIM	-	2.4
Hardide plc[1]	2,361	3,256	30.5	Basic materials	AIM	-	2.3
Premier Technical Services Group plc[2, 3]	2,141	3,115	204.3	Industrials	AIM	0.8	2.2
Anpario plc[2]	1,829	2,872	101.9	Health care	AIM	1.7	2.0
Bilby plc[2]	1,681	2,715	50.8	Industrials	AIM	2.2	1.9
i-nexus Global plc[1]	2,500	2,532	23.7	Technology	AIM	-	1.8
Science in Sport plc[2]	1,956	2,129	48.1	Consumer goods	AIM	-	1.5
FairFX Group plc[1]	1,137	2,082	217.5	Financials	AIM	-	1.5
Top Twenty	**64,100**	**107,880**					**76.3**

	Cost £'000	Valuation £'000	Market Cap £m	Sector	Status	Dividend Yield[NTM] %	Fund %
Angle plc[1]	1,615	1,712	66.5	Health care	AIM	-	1.2
Brooks Macdonald Group plc[2]	1,154	1,672	257.6	Financials	AIM	2.7	1.2
Creo Medical Group plc[1]	1,612	1,613	120.0	Health care	AIM	-	1.1
Ixico plc[1]	1,409	1,610	15.0	Health care	AIM	-	1.1
Fusion Antibodies plc[1]	1,444	1,583	26.1	Health care	AIM	-	1.1
Amryt Pharma plc[1, 3]	1,563	1,530	49.5	Health care	AIM	-	1.1
Block Energy plc[1]	1,500	1,313	9.1	Oil & Gas	AIM	-	0.9
Diurnal Group plc[1]	1,440	1,313	107.3	Health care	AIM	-	0.9
Rosslyn Data Technologies plc[1]	947	1,017	12.4	Technology	AIM	-	0.7
SRT Marine Systems plc[1]	1,174	982	35.6	Technology	AIM	-	0.7
Oncimmune Holdings plc[1]	1,013	942	69.6	Health care	AIM	-	0.7
appScatter Group plc[1]	1,228	923	43.1	Technology	AIM	-	0.7
Byotrol plc[1]	859	900	14.5	Basic materials	AIM	-	0.6
Belvoir Lettings plc[1]	783	828	36.3	Financials	AIM	6.6	0.6
MaxCyte Inc[1]	820	750	36.6	Health care	AIM	-	0.5
Escape Hunt plc[1]	752	695	23.1	Consumer services	AIM	-	0.5
Velocity Composites plc[1]	820	646	19.7	Industrials	AIM	-	0.5
Universe Group plc[1]	488	598	11.6	Industrials	AIM	-	0.4
Solid State plc[2]	520	558	22.9	Industrials	AIM	4.4	0.4
MyCelx Technologies Corporation[1]	645	505	23.5	Oil & Gas	AIM	-	0.4
Brady plc[2]	395	428	55.0	Technology	AIM	-	0.3
MirriAd Advertising plc[1]	834	421	34.7	Consumer services	AIM	-	0.3
Netcall plc[2]	110	416	97.2	Technology	AIM	1.7	0.3
Property Franchise Group plc (The)[2]	352	413	36.2	Financials	AIM	5.5	0.3
FireAngel Safety Technology Group plc[1]	690	389	28.5	Industrials	AIM	-	0.3

	Cost £'000	Valuation £'000	Market Cap £m	Sector	Status	Dividend Yield[NTM] %	Fund %
Brighton Pier Group plc (The)[1]	489	379	35.7	Consumer services	AIM	-	0.3
EU Supply plc[1]	532	331	7.9	Technology	AIM	-	0.2
Synectics plc[2]	342	273	35.6	Industrials	AIM	2.4	0.2
Genedrive plc[1]	442	211	5.1	Health care	AIM	-	0.2
Dods (Group) plc[1]	596	210	35.9	Consumer services	AIM	-	0.2
Venn Life Sciences Holdings plc[1]	356	160	4.3	Health care	AIM	-	0.1
Sportsweb.com[1]	352	158	2.8	Industrials	Unquoted	-	0.1
Fox Marble Holdings plc Ordinary shares[1]	249	156	18.3	Industrials	AIM	-	0.1
Ilika plc[1]	265	147	21.2	Oil & Gas	AIM	-	0.1
Antenova Limited Ordinary shares & A Preference Shares[1]	100	128	4.2	Telecom-munications	Unquoted	-	0.1
Allergy Therapeutics plc[1]	29	70	168.6	Health care	AIM	-	-
Sabien Technology Group plc[1]	441	43	0.6	Industrials	AIM	-	-
Investments held at nil value	2,085	-	-	-	-	-	-
Total investments	**94,545**	**133,903**					**94.7**
Net current assets		**7,550**					**5.3**
Net assets		**141,453**					**100.0**

1 Qualifying holdings.
2 Part qualifying holdings.
3 These investments are also held by other funds managed by Amati.
NTM Next twelve months consensus estimate (Source: FactSet and Fidessa).
The Manager rebates the management fee of 0.75% on the TB Amati UK Smaller Companies Fund and this is included in the yield.
All holdings are in ordinary shares unless otherwise stated.
Investments held at nil value: China Food Company plc, Conexion Media Group plc[1], Polyhedra Group plc[1], Rated People Limited[1], Sorbic International plc
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 86.05%.

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 ways in which they are managed, are described in more detail in Notes 19 to 22 to the Financial Statements in the Company's Report and Financial Statements for the year ended 31 January 2018. 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 FRS 104 "Interim Financial Reporting" 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) include a true and fair review of the information required by DTR4.2.7R of the Disclosure Guidance 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 13 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 Guidance 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 Company 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

Peter Lawrence
Chairman

2 October 2018

INCOME STATEMENT
for the six months ended 31 July 2018

				Six months ended 31 July 2018 (unaudited)
	Note	Revenue £'000	Capital £'000	Total £'000
Gain on investments		-	6,682	6,682
Income	9	268	-	268
Investment management fee		(218)	(654)	(872)
Other expenses		(182)	-	(182)
(Loss)/profit on ordinary activities before taxation		(132)	6,028	5,896
Taxation on ordinary activities	11	-	-	-
(Loss)/profit and total comprehensive income attributable to shareholders		(132)	6,028	5,896
Basic and diluted (loss)/earnings per Ordinary share	7	(0.23)p	10.32p	10.10p

The "Total" column of this Income Statement represents the profit and loss account of the Company in accordance with Financial Reporting Standards ("FRS"). The supplementary revenue and capital columns have been prepared in accordance with The Association of Investment Companies' Statement of Recommended Practice ("AIC SORP"). There is no other comprehensive income other than the results for the period discussed above. Accordingly a statement of total comprehensive income is not required.

All the items above derive from continuing operations of the Company.

The accompanying notes are an integral part of the statement.

		Six months ended 31 July 2017 (unaudited)			Year ended 31 January 2018 (audited)
Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
-	9,259	9,259	-	19,511	19,511
226	-	226	403	-	403
(104)	(311)	(415)	(227)	(681)	(908)
(146)	-	(146)	(289)	-	(289)
(24)	8,948	8,924	(113)	18,830	18,717
-	-	-	-	-	-
(24)	8,948	8,924	(113)	18,830	18,717
(0.07)p	26.39p	26.32p	(0.33)p	54.85p	54.52p

STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 July 2018 (unaudited)

	Note	Share capital £'000	Share premium £'000	Merger reserve £'000	Capital redemption reserve £'000	Capital reserve (non-distributable) £'000
			Non-distributable reserves			
Opening balance as at 1 February 2018		1,804	19,359	425	418	33,359
Profit/(loss) and total comprehensive income for the period		-	-	-	-	7,265
Total comprehensive income for the period		1,804	19,359	425	418	40,624
Contributions by and distributions to shareholders:						
Repurchase of shares		(54)	-	-	54	-
Shares issued		215	7,256	-	-	-
Shares issued in connection with merger		2,062	70,688	-	-	-
Merger costs		-	(243)	-	-	-
Other costs charged to capital		-	-	-	-	-
Dividends paid		-	-	-	-	-
Cancellation of share premium	3	-	(96,397)	-	-	-
Total contributions by and distributions to shareholders		2,223	(18,696)	-	54	-
Closing balance as at 31 July 2018		4,027	663	425	472	40,624

* Of the distributable reserves £36,510,000 is currently unavailable for distribution as it is within the three year restricted period (Income and Corporation Taxes Act 2007, as amended).

The accompanying notes are an integral part of the statement.

	Distributable reserves*			
	Special reserve £'000	Capital reserve (distributable) £'000	Revenue reserve £'000	Total reserves £'000
	10,386	(4,073)	(127)	61,551
	-	(1,237)	(132)	5,896
	10,386	(5,310)	(259)	67,447
	(1,710)	-	-	(1,710)
	-	-	-	7,471
	-	-	-	72,750
	(38)	-	-	(281)
	(1)	-	-	(1)
	(4,223)	-	-	(4,223)
	96,397	-	-	-
	90,425	-	-	74,006
	100,811	(5,310)	(259)	141,453

For the six months ended 31 July 2017 (unaudited)

		Non-distributable reserves			
	Share capital £'000	Share premium £'000	Merger reserve £'000	Capital redemption reserve £'000	Capital reserve (non-distributable) £'000
Opening balance as at 1 February 2017	1,633	13,044	425	364	16,487
Profit/(loss) and total comprehensive income for the period	-	-	-	-	8,732
Total comprehensive income for the period	1,633	13,044	425	364	25,219
Contributions by and distributions to shareholders:					
Repurchase of shares	(22)	-	-	22	-
Shares issued	119	3,049	-	-	-
Share issue costs	-	(40)	-	-	-
Dividends paid	-	-	-	-	-
Total contributions by and distributions to shareholders	97	3,009	-	22	-
Closing balance as at 31 July 2017	1,730	16,053	425	386	25,219

The accompanying notes are an integral part of the statement.

Distributable reserves			
Special reserve £'000	Capital reserve (distributable) £'000	Revenue reserve £'000	Total reserves £'000
14,477	(6,031)	(14)	40,385
-	216	(24)	8,924
14,477	(5,815)	(38)	49,309
(559)	-	-	(559)
-	-	-	3,168
-	-	-	(40)
(1,462)	-	-	(1,462)
(2,021)	-	-	1,107
12,456	(5,815)	(38)	50,416

For the year ended 31 January 2018 (audited)

		Non-distributable reserves			
	Share capital £'000	Share premium £'000	Merger reserve £'000	Capital redemption reserve £'000	Capital reserve (non-distributable) £'000
Opening balance as at 1 February 2017	1,633	13,044	425	364	16,487
Profit/(loss) and total comprehensive income for the period	-	-	-	-	16,872
Total comprehensive income for the period	1,633	13,044	425	364	33,359
Contributions by and distributions to shareholders:					
Repurchase of shares	(54)	-	-	54	-
Shares issued	225	6,439	-	-	-
Share issue costs	-	(49)	-	-	-
Merger costs	-	(75)	-	-	-
Dividends paid	-	-	-	-	-
Total contributions by and distributions to shareholders	171	6,315	-	54	-
Closing balance as at 31 January 2018	1,804	19,359	425	418	33,359

The accompanying notes are an integral part of the statement.

	Distributable reserves			
	Special reserve £'000	Capital reserve (distributable) £'000	Revenue reserve £'000	Total reserves £'000
	14,477	(6,031)	(14)	40,385
	-	1,958	(113)	18,717
	14,477	(4,073)	(127)	59,102
	(1,514)	-	-	(1,514)
	-	-	-	6,664
	-	-	-	(49)
	-	-	-	(75)
	(2,577)	-	-	(2,577)
	(4,091)	-	-	2,449
	10,386	(4,073)	(127)	61,551

CONDENSED BALANCE SHEET

as at 31 July 2018

	Note	31 July 2018 (unaudited) £'000	31 July 2017 (unaudited) £'000	31 January 2018 (audited) £'000
Fixed assets				
Investments held at fair value	13	133,903	48,389	58,273
Current assets				
Debtors		105	47	867
Cash at bank		9,744	2,358	2,823
Total current assets		9,849	2,405	3,690
Current liabilities				
Creditors: amounts falling due within one year		(2,299)	(378)	(412)
Net current assets		7,550	2,027	3,278
Total assets less current liabilities		141,453	50,416	61,551
Capital and reserves				
Called up share capital		4,027	1,730	1,804
Share premium account	3	663	16,053	19,359
Reserves	3	136,763	32,633	40,388
Equity shareholders' funds		141,453	50,416	61,551
Net asset value per share	8	175.69p	145.77p	170.70p

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

STATEMENT OF CASH FLOWS

for the six months ended 31 July 2018

	Six months ended 31 July 2018 (unaudited) £'000	Six months ended 31 July 2017 (unaudited) £'000	Year ended 31 January 2018 (audited) £'000
Cash flows from operating activities			
Income received	197	200	408
Investment management fees	(547)	(372)	(818)
Other operating costs	(207)	(160)	(287)
Net cash outflow from operating activities	(557)	(332)	(697)
Cash flows from investing activities			
Purchases of investments	(7,957)	(1,858)	(5,466)
Disposals of investments	4,014	1,703	5,679
Net cash (outflow)/inflow from investing activities	(3,943)	(155)	213
Net cash outflow before financing	(4,500)	(487)	(484)
Cash flows from financing activities			
Cash received as part of asset acquisition of Amati VCT	9,462	-	-
Net cash paid in respect of assets and liabilities of Amati VCT	(88)	-	-
Merger costs of the Company	(281)	-	(75)
Net proceeds of share issues and buybacks	6,551	3,052	4,704
Equity dividends paid	(4,223)	(1,462)	(2,577)
Net cash inflow from financing activities	11,421	1,590	2,052
Increase in cash	6,921	1,103	1,568
Reconciliation of net cash flow to movement in net cash			
Net cash at start of period	2,823	1,255	1,255
Net cash at end of period	9,744	2,358	2,823
Increase in cash during the period	6,921	1,103	1,568

	Six months ended 31 July 2018 (unaudited) £'000	Six months ended 31 July 2017 (unaudited) £'000	Year ended 31 January 2018 (audited) £'000
Reconciliation of profit on ordinary activities before taxation to net cash outflow from operating activities			
Profit on ordinary activities before taxation	5,896	8,924	18,717
Net gain on investments	(6,682)	(9,259)	(19,511)
Increase in creditors	315	32	91
(Increase)/decrease in debtors	(86)	(29)	6
Net cash outflow from operating activities	(557)	(332)	(697)

The accompanying notes are an integral part of the statement.

NOTES TO THE FINANCIAL STATEMENTS

for the six months ended 31 July 2018

1. Basis of Accounting

The Half-yearly financial report covers the six months ended 31 July 2018. The Company applies FRS 102 and the AIC's Statement of Recommended Practice issued in November 2014 and consequential amendments as adopted for its financial year ended 31 January 2018. The financial statements for this six month period have been prepared in accordance with FRS 104 and 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 2018.

The comparative figures for the financial year ended 31 January 2018 have been extracted from the latest published audited Annual Report and Financial Statements. 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.

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 2018 have been reported on by the Company's auditors. Interim accounts prepared for the period to 14 June 2018 in respect of the cancellation of the company's share premium account (see note 3) were delivered to the Registrar of Companies.

2. Merger of Company with Amati VCT plc (AVCT) - Basis of Accounting

On 4 May 2018 the merger took place between the Company and Amati VCT plc. The method of accounting for this was that the Company acquired the assets and liabilities of AVCT in exchange for shares in the Company. The transaction was accounted for as an asset acquisition and further details are set out in note 12 of this report. The income and costs for the period to 3 May 2018 and the comparable periods to 31 July 2017 and 31 January 2018, reflect the activities of the Company before the acquisition and after that date reflect those of the enlarged company.

Amati VCT 2 plc was renamed Amati AIM VCT plc with effect from 4 May 2018.

3. Cancellation of share premium

On 12 June 2018, the share premium account was cancelled by Order of Court following the passing of a Special Resolution. The credit arising of £96,397,000 has been applied in creating a special reserve, within the capital reserve, which will be able to be applied in any manner in which the Company's profits available for distribution (as determined in accordance with Section 649 of the Companies Act 2006) are able to be applied.

4. 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.

5. Segmental reporting

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

6. Copies of the Half-yearly report are being made available to all shareholders. Further copies are available free of charge from Amati Global Investors by telephoning 0131 503 9115 or by email to info@amatiglobal.com.

7. Earnings per share

Earnings per share is based on the gain attributable to shareholders for the six months ended 31 July 2018 of £5,896,000 (six months ended 31 July 2017: £8,924,000, year ended 31 January 2018: £18,717,000) and the weighted average number of shares in issue during the period of 58,395,967 (31 July 2017: 33,907,246, 31 January 2018: 34,329,245). There is no difference between basic and diluted earnings per share.

8. Net Asset Value

The net asset value per share at 31 July 2018 is based on net assets of £141,453,000 (31 July 2017: £50,416,000, 31 January 2018: £61,551,000) and the number of shares in issue on 31 July 2018 of 80,513,669 (31 July 2017: 34,585,493, 31 January 2018: 36,057,095). There is no difference between basic and diluted net asset value per share.

9. Income

	Six months ended 31 July 2018 (unaudited) £'000	Six months ended 31 July 2017 (unaudited) £'000	Year ended 31 January 2018 (audited) £'000
Income:			
Dividends from UK companies	262	198	353
UK loan stock interest	-	25	44
Interest from deposits	6	3	6
	268	226	403

10. Dividends paid

	Six months ended 31 July 2018 (unaudited) £'000	Six months ended 31 July 2017 (unaudited) £'000	Year ended 31 January 2018 (audited) £'000
Second interim dividend for the year ended 31 January 2018 of 5.25p per share paid on 27 July 2018	4,223*	-	-
First interim dividend for the year ended 31 January 2018 of 3.25p per share paid on 24 November 2017	-	-	1,115
Final dividend for the year ended 31 January 2017 of 4.25p per share paid on 21 July 2017	-	1,462	1,462
	4,223	1,462	2,577

* Based on the shares in issue of the enlarged company on the ex-dividend date 21 June 2018.

11. The effective rate of tax for the six months ended 31 July 2018 is 0% (31 July 2017: 0%, 31 January 2018: 0%).

12. Asset acquisition of Amati VCT plc

On 4 May 2018 the Company acquired the assets and liabilities of AVCT in accordance with the supplementary prospectus and circular published on 9 March 2018 (the "Scheme"). The assets and liabilities of AVCT were transferred to the Company on 4 May 2018 and in exchange the assenting shareholders of AVCT were allotted 41,231,436 ordinary shares in the Company, being 5.98787 ordinary shares for each 10 ordinary shares of 10p each held in the capital of AVCT.

The assets and liabilities of AVCT as at 4 May 2018 which were acquired are set out below:-

	£'000
Fixed assets	-
Investments held at fair value	63,393
Current assets	
Debtors	142
Cash at bank	9,462
Current liabilities	
Creditors: amounts falling due within one year	247
Net current assets	
Total assets less current liabilities	72,750

13. Investments

	Level 1 Traded on AIM £'000	Level 2 Unquoted investments £'000	Level 3 Unquoted investments £'000	Total £'000
Cost as at 1 February 2018	23,364	-	2,816	26,180
Opening unrealised appreciation/(depreciation)	34,760	-	(1,401)	33,359
Opening unrealised loss recognised in realised reserve	(296)	-	(970)	(1,266)
Opening valuation as at 1 February 2018	57,828	-	445	58,273
Movements in the period:				
Purchases	7,956	1,613	-	9,569
Stocks received as part of asset acquisition*	63,393	-	-	63,393
Sales – proceeds	(3,735)	-	(279)	(4,014)
Realised loss on sales	(2,072)	-	-	(2,072)
Unrealised gain in the period	8,633	-	121	8,754
Valuation as at 31 July 2018	132,003	1,613	287	133,903
Cost at 31 July 2018	90,395	1,613	2,537	94,545
Unrealised appreciation/(depreciation) as at 31 July 2018	41,904	-	(1,280)	40,624
Closing unrealised loss recognised in realised reserve	(296)	-	(970)	(1,266)
Valuation as at 31 July 2018	132,003	1,613	287	133,903
Equity shares	132,003	1,613	240	133,856
Preference shares	-	-	47	47
Loan stock	-	-	-	-
Valuation as at 31 July 2018	132,003	1,613	287	133,903

* The investments of AVCT were transferred into the Company at fair value on the date of the asset acquisition. The original book cost of these assets in AVCT was £28,157,000 being £35,236,000 less than the transfer at fair value shown above.

13. Investments (continued)

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

– Quoted market prices in active markets – "Level 1"

Inputs to Level 1 fair values are quoted prices in active markets. An active market is one in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis. The Company's investments classified within this category are AIM traded companies and fully listed companies.

– Valued using models with significant observable market parameters – "Level 2"

Inputs to Level 2 fair values are inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.

– Valuation technique – "Level 3"

Level 3 fair values are measured using a valuation technique that is based on data from an unobservable market.

14. Related parties

The Company holds 652,687 shares in Anpario plc, an AIM traded company, of which Mr Peter Lawrence is a non-executive director. Mr Lawrence's charitable trust holds 27,950 shares in Anpario plc.

The Company retains Amati Global Investors as its Manager. The number of ordinary shares (all of which are held beneficially) by certain members of the management team of the Manager are:

	31 July 2018 shares held
Paul Jourdan	483,648
David Stevenson	17,583

Related party transaction

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

SHAREHOLDER INFORMATION

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/amat.php.

Net Asset Value per Share

The Company normally announces its net asset value on a weekly basis. Net asset value per share information can be found on Amati Global Investor's website: http://www.amatiglobal.com/amat.php.

Financial calendar

October 2018	Half-yearly report for the six months to 31 July 2018 published
31 January 2019	Year end
May 2019	Announcement of final results for the year ended 31 January 2019
June 2019	Annual General Meeting

Dividends

Shareholders who wish to have future dividends re-invested 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 821390 or email enquiries@shareregistrars.uk.com.

Table of Historic Returns from launch to 31 July 2018 attributable to shares issued by VCTs which have been merged into Amati AIM VCT

	Launch date	Merger date	NAV Total Return with dividends re-invested	NAV Total Return with dividends not re-invested	Numis Alternative Markets Total Return Index
Singer & Friedlander AIM 3 VCT ('C' shares)	4 April 2005	8 December 2005	46.2%	22.3%	30.6%
Amati VCT plc	24 March 2005	4 May 2018	134.1%	74.8%	25.9%
Invesco Perpetual AIM VCT	30 July 2004	8 November 2011	29.4%	-7.7%	60.0%
Amati AIM VCT (originally Singer & Friedlander AIM 3 VCT*)	29 January 2001	n/a	33.3%	11.0%	-6.2%
Singer & Friedlander AIM 2 VCT	29 February 2000	22 February 2006	2.2%	-15.1%	-52.1%
Singer & Friedlander AIM VCT	28 September 1998	22 February 2006	-30.3%	-20.8%	45.7%

* Singer & Friedlander AIM 3 VCT changed its name to ViCTory VCT on 22 February 2006, to Amati VCT 2 on 8 November 2011 and to Amati AIM VCT on 4 May 2018.

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