Amati AIM VCT plc

Half-yearly Report

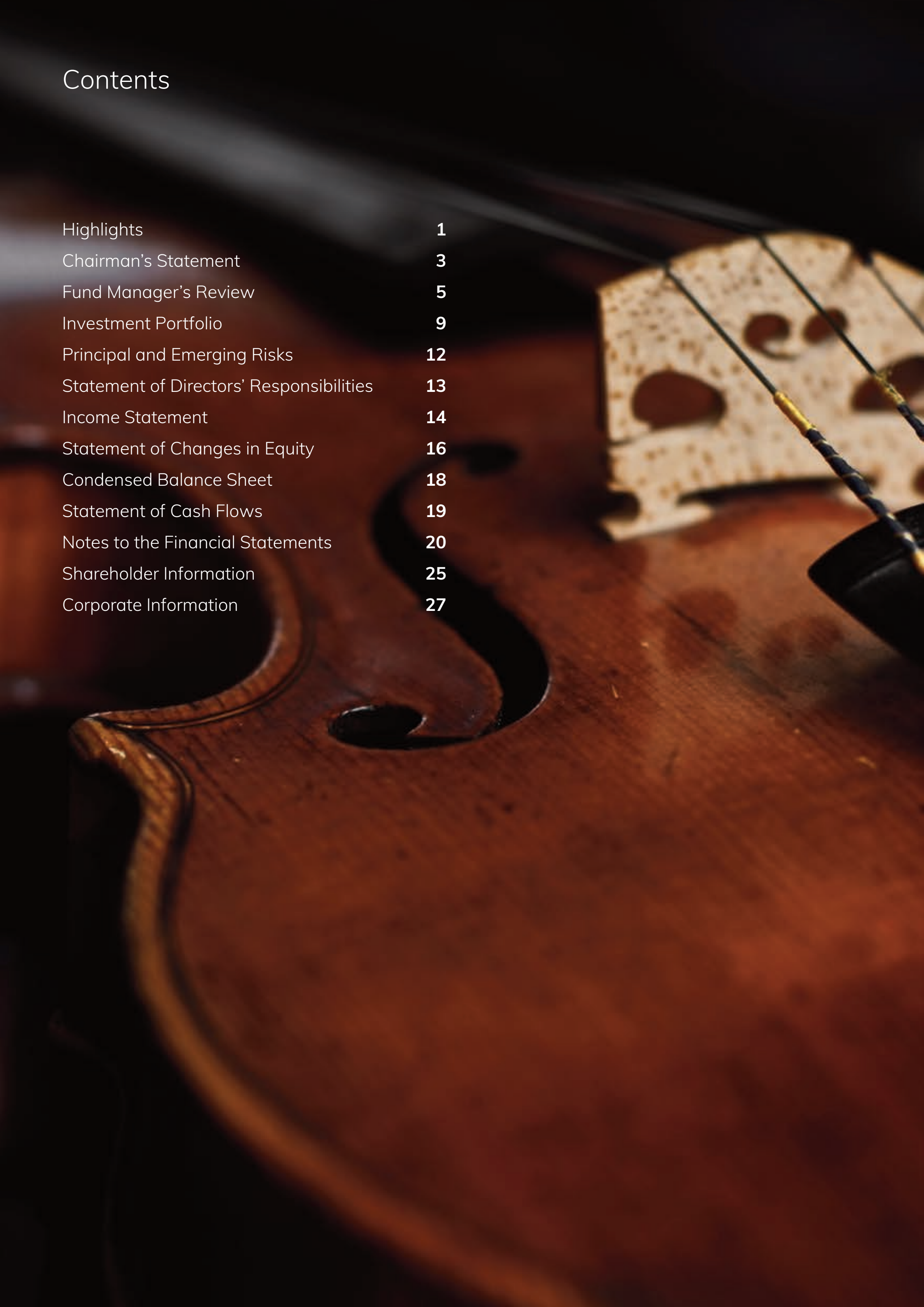
For the six months
ended 31 July 2020

Company Registration No. 04138683

Amati
Global Investors

Finely crafted investments

Contents



Highlights

Investment Objectives

The investment objective of Amati AIM VCT plc (the "Company") is to generate tax free capital gains and income on investors' funds, through investment primarily in AIM-traded companies. The Company will manage its portfolio to comply with the requirements of the rules and regulations applicable to Venture Capital Trusts. The Company's policy is to hold a diversified portfolio across a broad range of sectors to mitigate risk.

Dividend Policy

The Board aims to pay an annual dividend equal to between 5% and 6% of the Company's Net Asset Value at its immediately preceding financial year end, subject to distributable reserves and cash resources, and with the authority to increase or decrease this level at the directors' discretion.

Key Data

	6 months ended 31/07/20 (unaudited)	6 months ended 31/07/19 (unaudited)	Year ended 31/01/20 (audited)
Net Asset Value ("NAV")	£162.8m	£137.6m	£146.3m
Shares in issue	105,572,643	89,064,825	94,039,012
NAV per share	154.2p	154.5p	155.6p
Share price	141.5p	142.5p	144.5p
Market capitalisation	£149.4m	£126.9m	£135.9m
Share price discount to NAV	8.2%	7.8%	7.1%
NAV Total Return (assuming re-invested dividends)	1.9%	8.5%	12.0%
Numis Alternative Markets Total Return Index	-7.7%	3.5%	8.1%
Ongoing charges*	2.1%	2.1%	2.1%
Dividends in respect of the period	3.50p	3.50p	7.75p

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

Highlights (continued)

Table of investor returns to 31 July 2020

	Date	NAV Total Return with dividends re-invested	Numis Alternative Markets Total Return Index
NAV following re-launch of the VCT under management of Amati Global Investors ("Amati")	9 November 2011*	144.3%	31.3%
NAV following appointment of Amati as Manager of the VCT, which was known as ViCTory VCT at the time	25 March 2010	156.3%	34.9%

* 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 26.

Chairman's Statement

Overview

When the Company published its Annual Report in April, the market was in turmoil and in the midst of a severe sell off triggered by the global lockdowns in response to the COVID-19 pandemic. The markets recovered much of their losses within a relatively short period, in large part due to the magnitude of Government support schemes put in place around the world. From April onwards the market began to rally and a number of sectors in which the portfolio is heavily invested have fared particularly well, most notably healthcare, digital technology and video games.

As a result, the NAV total return for the six month period was +1.9%, which is a very positive result from where we were a few months ago. This compares to a return of -7.7% for the Numis Alternative Markets Total Return Index.

The unfolding of the crisis acted as a trigger for quite a number of portfolio companies to make the decision to raise more capital. This meant that the first half of the year also saw a high rate of new qualifying investments being made, with a total of £11.4m being deployed over the period in nine investments, seven of which were adding to existing holdings. Looking back, it is notable that these fund raisings all happened despite the elevated uncertainty, and they leave these portfolio companies well funded to execute their growth plans in the event of further disruption from COVID-19.

On 29 April 2020 the Company announced that its Prospectus Share Offer, which was launched on 31 October 2019, had successfully raised the initial target of £25m. Having considered the current rate of investment activity, the Company recently announced that it has re-opened the Offer and will be seeking to raise up to £20m available under the over allotment facility.

As always, when new money is raised, the additional funds will enable the Manager to continue to make new investments in the portfolio when good opportunities present themselves and these new investments will, in turn, allow the portfolio to continue to evolve and renew itself over the longer term as they mature.

Other Corporate Developments

Concern for the safety and wellbeing of our shareholders and other potential attendees led the Company to decide to conduct only the formal statutory business at its Annual General Meeting on 5 June this year and it is to be hoped that, circumstances permitting, we can return to a more familiar format for next year's AGM. Shareholders who wish to, can still view the Manager's presentations and interviews with CEOs from six portfolio companies which were made available to view on the Manager's website from the date of this year's AGM; see http://amatiglobal.com/videos.php?id=18

Chairman's Statement (continued)

Investment Performance and Dividend

The dividend policy of the Company continues to be to pay an annual dividend equal to between five and six percent of the Company's year-end net asset value at its immediately preceding financial year end, subject to distributable reserves and cash resources and with the authority to increase or decrease this level at the directors' discretion. In line with this, the Board is declaring an interim dividend of 3.50p per share, to be paid on 27 November 2020 to shareholders on the register on 23 October 2020.

Outlook

Having steadily increased our investments in healthcare companies over the last few years so that they now represent 28% of NAV, the Company's portfolio has found itself well placed in current market conditions. The largest holdings continue to mature and grow and some have now become very substantial businesses, with three of the top 10 holdings now being capitalised at above £1bn. It is also notable that following additional investments in the period, two of the top 10 holdings – Polarean Imaging and Diurnal – are amongst the more recent investments in the healthcare sector and are already starting to generate significant value. Nevertheless, the future remains full of uncertainty and a sustained market recovery may yet depend on continued government interventions. It is hoped that we can continue to navigate our investments through the unprecedented difficult times caused by the pandemic and so continue to deliver growing value to our shareholders.

Peter Lawrence
Chairman

5 October 2020

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.

Fund Manager's Review

Market Review

The six month period under review has been entirely dominated by the impact of the COVID-19 pandemic. Within a short timescale the global economy felt the full force of economic shutdowns across most countries, with consequential damage to jobs, consumer spending, capital investment and corporate profitability. The dramatic effect on GDP saw individual economies report recessionary conditions for the first two quarters of the year, despite unprecedented emergency measures involving fiscal and monetary stimulus.

Until mid-February stock markets had broadly sustained their momentum from late 2019, as investors assessed whether the initial outbreak in China, and Asia more generally, could be contained. As evidence emerged from Europe that the situation could become a global pandemic, sentiment collapsed causing a rapid sell-off. Initially this was indiscriminate, with all assets – equities, bonds, property and even gold – being hit as liquidity was sought at almost any price. This environment continued in the UK until mid-March. It was followed by a period of almost frenetic capital raising activity, as investors were approached by companies most impacted by the downturn as well as others seeking funding for investment opportunities. This coincided with a view that these might prove to be the last offerings in the event of a strong economic recovery. Alongside a more general search by investors for bargains within the UK market, it fostered a sharp rebound which continued through to early June. This, however, marked a relative high point, as the remainder of the reporting period saw the rally lose momentum, with investors re-assessing the likely trajectory of a future recovery. The rising incidence of virus cases in countries previously successful in controlling the initial outbreaks, plus evidence of only sluggish rebounds in consumer confidence and spending, indicated that the relaxation of lockdowns did not guarantee a return to normal activity.

Against a backdrop of mid and small cap indices registering declines of more than 20% over the six months, the most notable feature in the period was the significant outperformance of AIM, which fell by only a mid-single digit percentage. A significant proportion of companies listed on AIM remained in favour with investors. This included businesses involved in essential elements of the online economy such as retail, data communications, software, video gaming and cyber security, as well as those leading the research into COVD-19 treatments and vaccines.

Performance

The VCT'S NAV Total Return for the six month period was +1.9%. This outperformed the benchmark Numis Alternative Market Total Return Index which returned -7.7% over the same period.

The VCT benefited from high weightings in technology and healthcare stocks during this extraordinary time. Despite the disruptions caused by lockdowns around the world, these companies could, in general, continue to make progress. The largest contributors to performance were **Keywords Studios** and **Frontier Developments**, which rose by 54% and 38% respectively. At a Capital Markets Day in January 2020, Keywords Studios outlined its ambition to become the outsourcer of choice for the video gaming industry through a combination of organic and inorganic growth. In May 2020, they issued a further £100m of equity to provide capacity for further

Fund Manager's Review (continued)

acquisitions. Video games publisher Frontier Developments also benefited during lockdown as demand for video games grew sharply. Whilst we expect that sales growth will moderate to some extent, we believe that Frontier Developments' existing games will continue to sell well, boosted by add-ons and new features. The company also has an exciting pipeline of new launches, great expertise and an ambition to grow.

Pharmaceutical company **Synairgen** was a standout performer for the VCT. We took a position just at the time that the UK went into nationwide lockdown. The company raised money to fund two Phase II trials of their lead drug (an inhaled formulation of Interferon Beta) for the treatment of COVID-19. The results of the first trial amongst newly hospitalised COVID-19 patients were published on 20 July. This showed that patients in the treated group had a 79% lower chance of developing severe disease than those on placebo. The trial was small and larger studies will be needed, but this result puts the drug amongst the most promising treatments for the virus so far. This investment was more binary and therefore riskier than we would typically make, but we felt that the trial was potentially of global importance and that regulators around the world would be keen to assist its progress if it showed efficacy. Our position size was small, but has now become significant having risen more than six-fold.

On the negative side, one of our largest holdings, **AB Dynamics**, who design and supply advanced testing systems and measurement products to the global auto market, retreated 22% over the period as global macroeconomic conditions unsurprisingly took their toll on what has been an excellent long term contributor.

Hardide, the developer of advanced surface coating technology, fell sharply in expectation that the extremely low oil price would limit demand from their largest customer, an oil and gas equipment and services company, and delay demand from their aerospace customers which had been due to start ramping up this year. The company had raised money in January to fund a move to a new manufacturing site at Bicester, although we opted not to add to our holding at that point. Hardide does benefit from having a significantly more diversified customer base than used to be the case and it is sufficiently well capitalised to see it through the current situation. **Learning Technologies Group** fell by 14.5% after a strong run in 2019. The company, which provides services and software for digital learning and Human Resources, was not immune to their clients cutting expenditure on content during the crisis. However, given that management believe there are further opportunities to grow the business by acquisition, they raised £80m through an equity placing in June. Whilst the shares have not performed strongly over this half, we believe that e-learning capability will only be more in demand as remote working increases and more offices are consolidated.

The **TB Amati Smaller Companies Fund** fell by 11.4%, outperforming its benchmark which fell 16.2%. The biggest riser in the portfolio was online retailer **Gear4Music**, which sells exactly what the name implies. Other rises were predominantly in healthcare and technology. The big fallers were in more traditional parts of the economy, such as specialist mortgage provider **OneSavings Bank**, and **Redrow**, the housebuilder.

Portfolio Activity

This was a busy period for making qualifying investments during which we made seven follow-on investments and two new ones.

The new investments were in **Synairgen**, described above, and in **Eden Research Group**. Eden is focused on natural biopesticides with a number of products based around Turpenes which are authorised in some European territories and working their way towards approvals in others for specific indications. Having developed a fungicide (Mevalone) and a nematicide (Cedroz), the company raised money to help fund the development of a natural insecticide. It also has a yeast based micro-encapsulation technology which releases ingredients as they become wet. This has been partnered with Corteva, who are looking for an alternative to using plastics for micro-encapsulation in seed treatments, in response to the regulatory pressure that is mounting to remove plastic particles from the environment. We had seen this company several times before when it raised money, but felt that this time it had reached a level of maturity that could see the company start to make significant commercial progress, whilst at the same time recognising that this is a difficult industry for small businesses.

We made significant follow-on investments in **Diurnal**, **Polarean Imaging** and **Ilika**. Diurnal specialises in hormone therapies for endocrine conditions. It raised £11.2m to fund working capital ahead of an expected US deal for their drug Alkindi (which was signed shortly afterwards with Eton Pharmaceuticals) and the EU approval of Chronocort, for which a New Drug Application was filed in April. The approval of Alkindi in the US looks promising as it is already licensed in Europe and the US bioequivalence study met its primary endpoint. Chronocort has a much larger addressable market, and we hope to hear whether it is approved in the EU in early 2021. We initially made a £1.4m investment in Diurnal in 2018, following which a design flaw in Chronocort's initial Phase III study and the resulting failure to meet its primary endpoint caused a serious setback to the company. However, we made a more substantial investment in March of this year, investing a further £2.8m, as we now regard the risk profile to be a good deal lower. **Polarean Imaging** continues to make excellent progress with commercialising its next generation lung imaging technology, which we believe represents the first major innovation in lung imaging in a generation. The company's Phase III trial met the primary endpoint agreed with the FDA and it is expected to file for approval in the US shortly. It is already seeing significant interest from pharmaceutical companies in its imaging technology for use in clinical trials and it is clear that the devices have clear traction, having been referenced in over 1000 peer reviewed articles in medical journals. The company raised £8.4m and we invested £2m. **Ilika**, which makes solid state batteries, raised £15m to fund the manufacturing scale up for its micro M250 and M50 batteries, for which there are currently no substitutable products. These batteries sell for around £100 each and are used in industrial process or machine monitoring – such as continual monitoring of a wind turbine's structural integrity – and medical technologies – such as diabetes monitoring. There are further potential uses for consumer electronics. We invested £1.9m.

Smaller follow-on investments were made as follows: **Intelligent Ultrasound**, which makes an ultrasound simulator to train practitioners, as it raised more funds to develop its clinical products which apply artificial intelligence to

Fund Manager's Review (continued)

ultrasound images as they are taken to support diagnoses; **Rosslyn Data Technologies**, the data analysis company , as it raised funds to support further scaling up, having acquired Langdon Systems last year, giving it specialist software for managing bulk imports and export duties, which should help the company grow when the UK exits the Brexit transition period; and **Velocys** which raised more funds to support its sustainable jet-fuel and clean diesel technology.

We sold out of **i-nexus Global** and **Genedrive**, both of which had produced successive sets of disappointing results.

Outlook

Few of us could ever have imagined the first half of 2020 turning out the way it did, and so making predictions about what happens next feels something of a fool's errand. From an economic point of view the two major events of the first half were lockdowns across the globe, which are highly recessionary and damaging to business, and at the same time massive fiscal and monetary stimulus on a scale not seen since WWII. What unfolds in the second half and beyond will reflect the extent to which these factors unwind. There is much uncertainty as to the speed with which lockdowns and social distancing measures ease and then disappear altogether. It is critically important to an economic recovery that this process does not take too long. In general the VCT portfolio is less sensitive to this than might be expected, given its high weightings in sectors which have been able to continue growing during lockdowns.

What is clearer is that the massive stimulus packages are not likely to be unwound aggressively, because no politician wants to present the plan of austerity which would be required. The extreme growth in money supply is therefore likely to be inflationary in ways which may well prove uncomfortable after a decade of steady real growth and tightly controlled inflation. It will not become clear to what degree this will be evident until the economic suppression of lockdowns fully ends. A potentially dangerous monetary experiment is being played out. QE solved many of the problems arising from the Great Financial Crisis, without causing inflation to rise significantly. So why not repeat the process on a much bigger scale to solve the COVID-19 crisis? No-one really knows where the limits of this lie but it looks like we may find out. In the meantime we expect that the divergence between the winning and losing industrial sectors will continue, with the more mature industries tending to suffer the most. Fortunately the VCT's portfolio, focused as it is on healthcare and the digital economy, is well invested in many of the areas which are performing strongly.

Dr Paul Jourdan,
David Stevenson and Anna Macdonald

Amati Global Investors

5 October 2020

Investment Portfolio

as at 31 July 2020

	Aggregate Cost* £'000	Valuation £'000	Fair value movement in period £'000	Market Cap £m	Sector	Dividend Yield[NTM] %	Fund %
Frontier Developments plc[1,3]	4,698	12,119	3,316	756.4	Consumer goods	-	7.5
TB Amati UK Smaller Companies Fund	9,510	12,035	(1,550)	-	Financials	1.9	7.4
Keywords Studios plc[1]	5,174	9,667	3,405	1,394.9	Industrials	0.1	5.9
Learning Technologies Group plc[1]	4,551	9,177	(1,559)	980.5	Technology	-	5.6
Ideagen plc[2,3]	3,303	8,233	(1,237)	392.0	Technology	0.2	5.1
Polarean Imaging plc[1]	3,900	7,779	2,040	53.4	Health care	-	4.8
AB Dynamics plc[1,3]	2,579	7,590	(2,156)	381.1	Industrials	0.2	4.7
GB Group plc[2,3]	3,203	7,528	(485)	1,300.6	Technology	0.3	4.6
Tristel plc[2]	3,290	7,376	184	184.7	Health care	1.4	4.5
Diurnal Group plc[1]	4,240	4,275	1,280	54.9	Health care	-	2.6
Top Ten	**44,448**	**85,779**					**52.7**
Diaceutics plc[1]	1,557	3,688	1,086	151.3	Health care	-	2.3
Velocys plc[1]	1,773	3,599	2,387	65.1	Oil & Gas	-	2.2
Ilika plc[1]	2,153	3,470	1,315	88.7	Oil & Gas	-	2.1
Ixico plc[1]	1,409	3,421	(805)	32.0	Health care	-	2.1
Craneware plc[2]	3,899	3,394	(623)	423.9	Technology	1.3	2.1
Synairgen plc[1,3]	583	3,331	2,748	298.9	Health care	-	2.0
Amryt Pharma plc Ordinary shares[1,3]	1,563	2,507	779	280.5	Health care	-	1.5
Amryt Pharma plc Contingent Value Rights ("CVRs")[3]	-	380	41	-	Health care	-	0.3
Water Intelligence plc[2]	1,218	2,607	326	54.1	Industrials	-	1.6
Creo Medical Group plc[1,3]	1,613	2,477	284	302.4	Health care	-	1.5
MaxCyte Inc.[1,3]	1,984	2,447	787	164.1	Health care	-	1.5
Top Twenty	**62,200**	**117,100**					**71.9**

Investment Portfolio (continued)

	Aggregate Cost* £'000	Valuation £'000	Fair value movement in period £'000	Market Cap £m	Sector	Dividend Yield[NTM] %	Fund %
Anpario plc[2]	1,829	2,284	261	80.9	Health care	2.2	1.4
Fusion Antibodies plc[1]	2,344	2,224	117	24.2	Health care	-	1.4
LoopUp Group plc[1]	2,577	2,112	1,325	121.8	Technology	-	1.3
Quixant plc[2,3]	4,196	1,917	(1,046)	73.1	Technology	-	1.2
Rosslyn Data Technologies plc[1]	1,922	1,764	(79)	16.9	Technology	-	1.1
Intelligent Ultrasound plc[1]	1,625	1,714	130	29.1	Health care	-	1.1
Angle plc[1]	1,615	1,712	(517)	91.6	Health care	-	1.0
Sosandar plc[1]	1,872	1,685	(686)	26.0	Consumer services	-	1.0
Brooks Macdonald Group plc[2]	1,154	1,555	(410)	278.2	Financials	3.6	1.0
SRT Marine Systems plc[1]	1,174	1,540	(347)	65.7	Technology	-	0.9
Byotrol plc[1]	859	1,462	913	25.9	Basic materials	-	0.9
Block Energy plc[1]	3,000	1,227	(767)	10.5	Oil & Gas	-	0.8
Solid State plc[2]	520	1,199	(52)	49.6	Industrials	-	0.7
Belvoir Group plc[1]	783	1,114	(207)	49.1	Financials	-	0.7
Eden Research plc[1]	1,016	1,101	85	24.7	Basic materials	-	0.7
Hardide plc[1]	2,361	995	(1,809)	11.7	Basic materials	-	0.6
Science in Sport plc[2]	1,956	960	(420)	43.2	Consumer goods	-	0.6
Universe Group plc[1]	488	658	(120)	14.4	Industrials	-	0.4
Accesso Technology Group plc[1]	221	553	(243)	103.0	Technology	-	0.3
Property Franchise Group plc (The)[2]	352	531	(147)	46.5	Financials	-	0.3
Bilby plc[2]	1,681	453	(65)	12.3	Industrials	-	0.3
Falanx Group Limited[1]	1,350	450	(135)	4.0	Industrials	-	0.3
Equals Group plc[1,3]	1,137	424	(320)	50.9	Financials	-	0.3
Cloudcall Group plc[1]	350	255	(63)	28.3	Technology	-	0.2
Netcall plc[2]	110	214	6	50.5	Technology	0.6	0.1

	Aggregate Cost* £'000	Valuation £'000	Fair value movement in period £'000	Market Cap £m	Sector	Dividend Yield NTM %	Fund %
Velocity Composites plc[1]	803	207	(253)	6.5	Industrials	-	0.1
Synectics plc[2]	342	171	(27)	22.2	Industrials	-	0.1
MyCelx Technologies Corporation[1]	645	133	(93)	6.4	Oil & Gas	-	0.1
Brighton Pier Group plc (The) [1]	489	133	(95)	13.1	Consumer services	-	0.1
Antenova Limited Ordinary shares & A Preference Shares[1]	100	128	-	4.2	Telecommunications	-	0.1
FireAngel Safety Technology Group plc[1]	690	75	-	15.2	Industrials	-	-
Dods (Group) plc[1]	596	74	(6)	20.6	Consumer services	-	-
Bonhill Group plc[1]	670	50	(184)	5.9	Consumer services	-	-
Allergy Therapeutics plc[1]	29	36	7	86.0	Health care	-	-
Investments held at nil value	1,984				-		-
Total investments	**105,040**	**148,210**					**91.0**
Net current assets		**14,626**					**9.0**
Net assets		**162,836**					**100.0**

1 Qualifying holdings.
2 Part qualifying holdings.
3 These investments are also held by other funds managed by Amati.
* This column shows the aggregate bookcost to the Company either as a result of market trades and events or asset acquisition.
NTM Next twelve months consensus estimate (Source: Refinitiv, Fidessa & Amati Global Investors).

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: Celoxica Holdings plc[1], China Food Company plc, Leisurejobs.com Limited[1] (previously The Sportsweb.com Limited), Polyhedra Group Limited[1] (previously Polyhedra Group plc), Rated People Limited[1], Sorbic International plc, TCOM Limited[1], VITEC Global Limited[1].

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 was 90.4%.

Principal and Emerging Risks

The Company's assets consist of equity (91%) and fixed interest investments (0%) and cash (9%). Its principal risks include investment risk, venture capital approval risk, regulatory risk, internal control risk, financial risk, economic risk and operational risk. These risks and the ways in which they are managed are described in Principal and Emerging Risks and notes 15 to 19 to the Financial Statements in the Company's Report and Financial Statements for the year ended 31 January 2020. Following Brexit, a trading agreement with the European Union remains in negotiation, creating a lack of predictability and potential volatility. The Covid-19 pandemic has resulted in a period of increased economic uncertainty. Despite these developments the Company's principal and emerging risks 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 and Emerging Risks on page 12 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

5 October 2020

Income Statement (unaudited)
for the six months ended 31 July 2020

		Six months ended 31 July 2020		
	Note	Revenue £'000	Capital £'000	Total £'000
Gain on investments		-	6,241	6,241
Income	7	197	-	197
Investment management fees		(329)	(986)	(1,315)
Other expenses		(209)	-	(209)
(Loss)/profit on ordinary activities before taxation		(341)	5,255	4,914
Taxation on ordinary activities		-	-	-
(Loss)/profit and total comprehensive income attributable to shareholders		(341)	5,255	4,914
Basic and diluted (loss)/earnings per ordinary share	5	(0.33)p	5.13p	4.80p

The total column of this Income Statement represents the profit and loss account of the Company. The supplementary revenue and capital columns have been prepared in accordance with The Association of Investment Companies' Statement of Recommended Practice. 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 2019			Year ended 31 January 2020		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
	-	12,092	12,092	-	17,525	17,525
	412	-	412	767	-	767
	(295)	(885)	(1,180)	(582)	(1,746)	(2,328)
	(216)	-	(216)	(448)	-	(448)
	(99)	11,207	11,108	(263)	15,779	15,516
	-	-	-	-	-	-
	(99)	11,207	11,108	(263)	15,779	15,516
	(0.11)p	12.61p	12.50p	(0.29)p	17.63p	17.34p

Statement of Changes in Equity (unaudited)

	Share capital £'000	Share premium £'000	Merger reserve £'000
For the six months ended 31 July 2020			
Opening balance as at 1 February 2020	**4,703**	**26,084**	**425**
Profit/(loss) and total comprehensive income for the period	-	-	-
Share issues and buy backs*	576	16,674	-
Dividends paid	-	-	-
Closing balance as at 31 July 2020	**5,279**	**42,758**	**425**
For the six months ended 31 July 2019			
Opening balance as at 1 February 2019	4,278	10,571	425
Profit/(loss) and total comprehensive income for the period	-	-	-
Share issues and buy backs*	176	7,066	-
Dividends paid	-	-	-
Closing balance as at 31 July 2019	4,454	17,637	425
For the year ended 31 January 2020			
Opening balance as at 1 February 2019	4,278	10,571	425
Profit/(loss) and total comprehensive income for the period	-	-	-
Share issues and buybacks*	425	15,513	-
Dividends paid	-	-	-
Closing balance as at 31 January 2020	4,703	26,084	425

* During the period to 31 July 2020, £17,546,000 was raised through share issues (31 July 2019: £7,401,000; 31 January 2020: £16,150,000).

The accompanying notes are an integral part of the statement.

Non-distributable reserves		Distributable reserves			
Capital redemption reserve £'000	Capital reserve (non-distributable) £'000	Special reserve £'000	Capital reserve (distributable) £'000	Revenue reserve £'000	Total reserves £'000
629	**35,762**	**86,479**	**(7,100)**	**(658)**	**146,324**
-	8,422	-	(3,167)	(341)	4,914
52	-	(1,232)	-	-	16,070
-	-	(4,472)	-	-	(4,472)
681	**44,184**	**80,775**	**(10,267)**	**(999)**	**162,836**
509	18,867	96,718	(5,984)	(395)	124,989
-	8,865	-	2,342	(99)	11,108
81	-	(2,276)	-	-	5,047
-	-	(3,563)	-	-	(3,563)
590	27,732	90,879	(3,642)	(494)	137,581
509	18,867	96,718	(5,984)	(395)	124,989
-	16,895	-	(1,116)	(263)	15,516
120	-	(3,574)	-	-	12,484
-	-	(6,665)	-	-	(6,665)
629	35,762	86,479	(7,100)	(658)	146,324

Condensed Balance Sheet (unaudited)
as at 31 July 2020

	Note	31 July 2020 £'000	31 July 2019 £'000	31 January 2020 £'000
Fixed assets				
Investments held at fair value	9	**148,210**	127,727	131,954
Current assets				
Debtors		**26**	3,594	273
Cash at bank		**15,464**	9,222	15,091
Total current assets		**15,490**	12,816	15,364
Current liabilities				
Creditors: amounts falling due within one year		**(864)**	(2,962)	(994)
Net current assets		**14,626**	9,854	14,370
Total assets less current liabilities		**162,836**	137,581	146,324
Capital and reserves				
Called up share capital		**5,279**	4,454	4,703
Share premium account		**42,758**	17,637	26,084
Reserves		**114,799**	115,490	115,537
Equity shareholders' funds		**162,836**	137,581	146,324
Net asset value per share	6	**154.2p**	154.5p	155.6p

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

Statement of Cash Flows (unaudited)

for the six months ended 31 July 2020

	Six months ended 31 July 2020 £'000	Six months ended 31 July 2019 £'000	Year ended 31 January 2020 £'000
Cash flows from operating activities			
Investment income received	**221**	390	757
Investment management fees	**(1,240)**	(1,126)	(2,239)
Other operating costs	**(213)**	(207)	(444)
Net cash outflow from operating activities	**(1,232)**	(943)	(1,926)
Cash flows from investing activities			
Purchases of investments	**(11,460)**	(7,850)	(11,104)
Disposals of investments	**1,657**	3,544	9,329
Net cash outflow from investing activities	**(9,803)**	(4,306)	(1,775)
Net cash outflow before financing	**(11,035)**	(5,249)	(3,701)
Cash flows from financing activities			
Net cash paid in respect of assets and liabilities of Amati VCT	**-**	(4)	(4)
Merger costs of the Company	**-**	-	(14)
Net proceeds of share issues and buybacks	**15,880**	5,282	12,719
Equity dividends paid	**(4,472)**	(3,563)	(6,665)
Net cash inflow from financing activities	**11,408**	1,715	6,036
Increase/(decrease) in cash	**373**	(3,534)	2,335
Reconciliation of net cash flow to movement in net cash			
Increase/(decrease) in cash during the period	**373**	(3,534)	2,335
Net cash at start of period	**15,091**	12,756	12,756
Net cash at end of period	**15,464**	9,222	15,091
Reconciliation of profit on ordinary activities before taxation to net cash outflow from operating activities			
Profit on ordinary activities before taxation	**4,914**	11,108	15,516
Net gain on investments	**(6,241)**	(12,092)	(17,525)
Increase in creditors	**61**	59	105
Decrease/(increase) in debtors	**34**	(18)	(22)
Net cash outflow from operating activities	**(1,232)**	(943)	(1,926)

The accompanying notes are an integral part of the statement.

Notes to the Financial Statements (unaudited)

for the six months ended 31 July 2019

1. Basis of Accounting

The Half-yearly financial Report covers the six months ended 31 July 2020. The condensed financial statements for this six month period have been prepared in accordance with FRS 104 ("Interim financial reporting") 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 2020.

The comparative figures for the financial year ended 31 January 2020 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 2020 have been reported on by the Company's auditors.

2. Going concern

The financial statements have been prepared on a going concern basis and on the basis that approval as an investment trust company will continue to be met. The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company has the resources to continue in business for the foreseeable future, being a period of at least 12 months from the date these financial statements were approved. In making the assessment, the Directors have considered the likely impacts of the current COVID-19 pandemic on the Company, operations and the investment portfolio.

The Directors noted the Company's cash balance exceeds any short term liabilities, it holds a portfolio of listed investments and is able to meet the obligations of the Company as they fall due. The surplus cash enables the Company to meet any funding requirements and finance future additional investments. The Company is a closed end fund, where assets are not required to be liquidated to meet day to day redemptions. The Directors have completed stress tests assessing the impact of changes in market value and income with associated cashflows. Whilst the economic future is uncertain, and the Directors believe it is possible the Company could experience further reductions in income and/or market value this should not be to a level which would threaten the Company's ability to continue as a going concern. The Directors, the Manager and other service providers have put in place contingency plans to minimise disruption. Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern, having taken into account the liquidity of the Company's investment portfolio and the Company's financial position in respect of its cash flows and investment commitments (of which there are none of significance). Therefore, the financial statements have been prepared on the going concern basis.

3. Segmental reporting

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

4. 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.

5. Earnings per share

Earnings per share is based on the gain attributable to shareholders for the six months ended 31 July 2020 of £4,914,000 (six months ended 31 July 2019: £11,108,000, year ended 31 January 2020: £15,516,000) and the weighted average number of shares in issue during the period of 102,488,189 (31 July 2019: 88,857,658, 31 January 2020: 89,499,311). There is no difference between basic and diluted earnings per share.

6. Net Asset Value

The net asset value per share at 31 July 2020 is based on net assets of £162,836,000 (31 July 2019: £137,581,000, 31 January 2020: £146,324,000) and the number of shares in issue on 31 July 2020 of 105,572,643 (31 July 2019: 89,064,825, 31 January 2020: 94,039,012). There is no difference between basic and diluted net asset value per share.

7. Income

	Six months ended 31 July 2020 (unaudited) £'000	Six months ended 31 July 2019 (unaudited) £'000	Year ended 31 January 2020 (audited) £'000
Income:			
Dividends from UK companies	**185**	387	718
Interest from deposits	**12**	25	49
	197	412	767

Notes to the Financial Statements (continued)

8. Dividends paid

	Six months ended 31 July 2020 (unaudited) £'000	Six months ended 31 July 2019 (unaudited) £'000	Year ended 31 January 2020 (audited) £'000
Second interim dividend for the year ended 31 January 2020 of 4.25p per share paid on 24 July 2020*	**4,472**	-	
Interim dividend for the year ended 31 January 2020 of 3.5p per share paid on 22 November 2019	**-**	-	3,102
Final dividend for the year ended 31 January 2019 of 4.0p per share paid on 26 July 2019	**-**	3,563	3,563
	4,472	3,563	6,665

* The Company's intention would usually be to pay an interim dividend and a final dividend. Last year, the Directors chose to declare a second interim dividend which was paid in July, rather than a final dividend for the year ended 31 January 2020, due to uncertainties surrounding the holding of the AGM caused by the COVID-19 pandemic.

9. Investments

	Level 1 Traded on AIM £'000	Level 3 Unquoted investments £'000	Total £'000
Opening cost as at 1 February 2020	95,106	2,100	97,206
Opening investment holding gains/(losses)	36,609	(847)	35,762
Opening unrealised loss recognised in realised reserve	(228)	(786)	(1,014)
Opening fair value as at 1 February 2020	131,487	467	131,954
Analysis of transactions during the period:			
Purchases at cost	11,460	-	11,460
Sales proceeds received	(1,428)	(16)	(1,444)
Realised gain on sales	157	-	157
Unrealised gain on investments	6,026	57	6,083
Closing fair value as at 31 July 2020	147,702	508	148,210
Closing cost at 31 July 2020	102,956	2,084	105,040
Closing investment holding gains/(losses) as at 31 July 2020	44,974	(790)	44,184
Closing unrealised loss recognised in realised reserve	(228)	(786)	(1,014)
Closing fair value as at 31 July 2020	**147,702**	**508**	**148,210**
Equity shares	147,702	81	147,783
Preference shares	-	47	47
CVRs	-	380	380
Closing fair value as at 31 July 2020	**147,702**	**508**	**148,210**

There have been no level 2 investments during the period.

The Company measures fair values using the following fair value hierarchy into which the fair value measurements are categorised. A fair value measurement is categorised in its entirety on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset as follows:

Level 1 – the unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

The Company's level 1 investments are AIM traded companies and fully listed companies.

Notes to the Financial Statements (continued)

9. Investments (continued)

Level 2 – inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

The Company's level 2 assets are valued using models with significant observable market parameters.

Level 3 – inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

Level 3 fair values are measured using a valuation technique that is based on data from an unobservable market. Discussions are held with management, statutory accounts, management accounts and cashflow forecasts are obtained, and fair value is based on multiples of sales and earnings.

The valuation techniques used by the Company are explained in the Annual Report and Financial Statements for the year ended 31 January 2020.

10. Related parties

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

	31 July 2020 shares held
Paul Jourdan	619,294
David Stevenson	17,583

Save as disclosed above 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.

11. Post balance sheet events

Since the period end the Company has issued 4,245,893 ordinary shares, raising a total of £7,321,951 after expenses. In addition the Company has bought back 308,693 ordinary shares with a nominal value of £15,434.65 at a total cost of £468,940, which have been cancelled.

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 Investors' website: http://www.amatiglobal.com/amat.php

Financial calendar

31 January 2021	Year end
April 2021	Announcement of final results for the year ended 31 January 2021
June 2021	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 2020 attributable to shares issued by VCTs which have made up 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	41.8%	19.1%	10.1%
Amati VCT plc	24 March 2005	4 May 2018	127.0%	70.9%	6.2%
Invesco Perpetual AIM VCT	30 July 2004	8 November 2011	25.5%	-9.5%	34.9%
Singer & Friedlander AIM 3 VCT*	29 January 2001	n/a	29.3%	8.2%	-20.9%
Singer & Friedlander AIM 2 VCT	29 February 2000	22 February 2006	-0.9%	-17.1%	-59.6%
Singer & Friedlander AIM VCT	28 September 1998	22 February 2006	-32.4%	-21.9%	22.8%

* 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.

Corporate Information

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Julia Henderson
Susannah Nicklin
Brian Scouler

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