



Amati AIM VCT plc

Annual Report & Financial Statements

For the year ended 31 January 2019

Company Registration No. 04138683

Amati
Global Investors

Finely crafted investments

Amati AIM VCT plc

OUR STRATEGY

The investment objective of the Company is to generate tax free capital gains and income on investors' funds through investment primarily in AIM-traded companies.

DIVIDEND POLICY

The policy of the Company is to pay an annual dividend of between five and six percent of the year end net asset value.

Company Registration No. 04138683

This document is important. Shareholders who are in any doubt as to what action to take should consult an appropriate independent adviser. If you have sold or transferred all your shares in the Company, this document should be passed to the person through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Highlights

For the year ended 31 January 2019

NAV Total return
for the year

-10.0%
(2018: 45.2%)

Year end
Net Asset Value per share

146.1p
(2018: 170.7p)

£13.7m

invested in qualifying
holdings during the year by
Amati VCT and Amati AIM VCT
(2018: £5.4m)

£30m

The prospectus offer launched
in October 2017 was fully
subscribed and raised £30m
for the Company

Merger with Amati VCT plc
on 4 May 2018

Change of name from
Amati VCT 2 plc to
Amati AIM VCT plc

Key data

	31/01/19*	31/01/18
Net Asset Value ("NAV")	£125.0m	£61.6m
Shares in issue	85,549,682	36,057,095
NAV per share	146.1p	170.7p
Share price	134.5p	157.5p
Market capitalisation	£115.1m	£56.8m
Share price discount to NAV	7.9%	7.7%
NAV Total Return for the year (assuming re-invested dividends)	-10.0%	45.2%
Numis Alternative Markets Total Return Index**	-13.6%	23.2%
Ongoing charges***	2.0%	2.3%
Dividends paid and proposed in respect of the year	7.50p	8.50p

* On 4 May 2018 the Company merged with Amati VCT plc and the assets and liabilities of Amati VCT plc were acquired. Further details are set out in notes 2 and 9 of this report.

** Numis Alternative Markets Index is included as a benchmark for performance

*** Ongoing charges calculated in accordance with the Association of Investment Companies' ("AIC's") guidance. See Alternative Performance Measures on page 60.

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Highlights

Table of investor returns to 31 January 2019

From	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*	114.0%	31.5%
NAV following appointment of Amati as Manager of the VCT, which was known as ViCTory VCT at the time	25 March 2010	124.5%	35.2%

* Date of the share capital reconstruction when the NAV was rebased to approximately 100p per share.
A table of historic returns is included on page 59.

** Numis Alternative Markets Index is included as a benchmark for performance.

Dividends declared and recommended

2019 total dividends
per share

7.50p

5.1% of NAV

2019 cumulative
dividends per share

58.49p

 **14.7%**

Dividend History

Since the re-launch of the VCT under the management of Amati Global Investors*

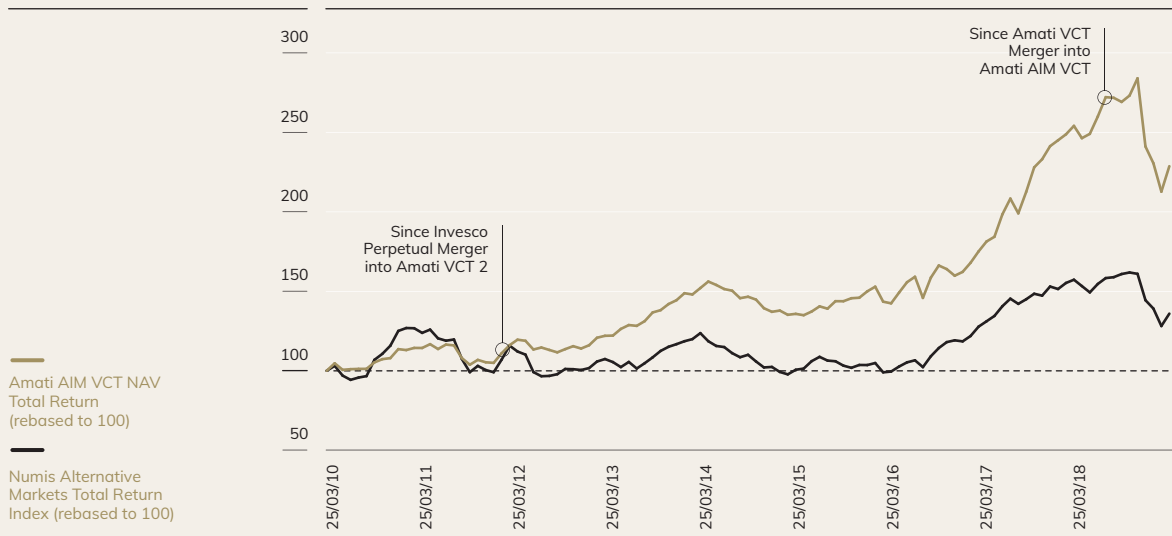
Year ended 31 January	Total dividends per share** p	Cumulative dividends per share p
2011	4.74	4.74
2012	5.50	10.24
2013	6.00	16.24
2014	6.75	22.99
2015	6.25	29.24
2016	6.25	35.49
2017	7.00	42.49
2018	8.50	50.99
2019	7.50	58.49

* On 25 March 2010 Amati Global Investors were appointed as Manager of ViCTory VCT. On 8 November 2011 Invesco Perpetual AIM VCT merged with ViCTory VCT and the name was changed to Amati VCT 2. On 4 May 2018 the Company merged with Amati VCT and the name was changed to Amati AIM VCT.

** Total dividends per share are the declared dividends of the financial year.

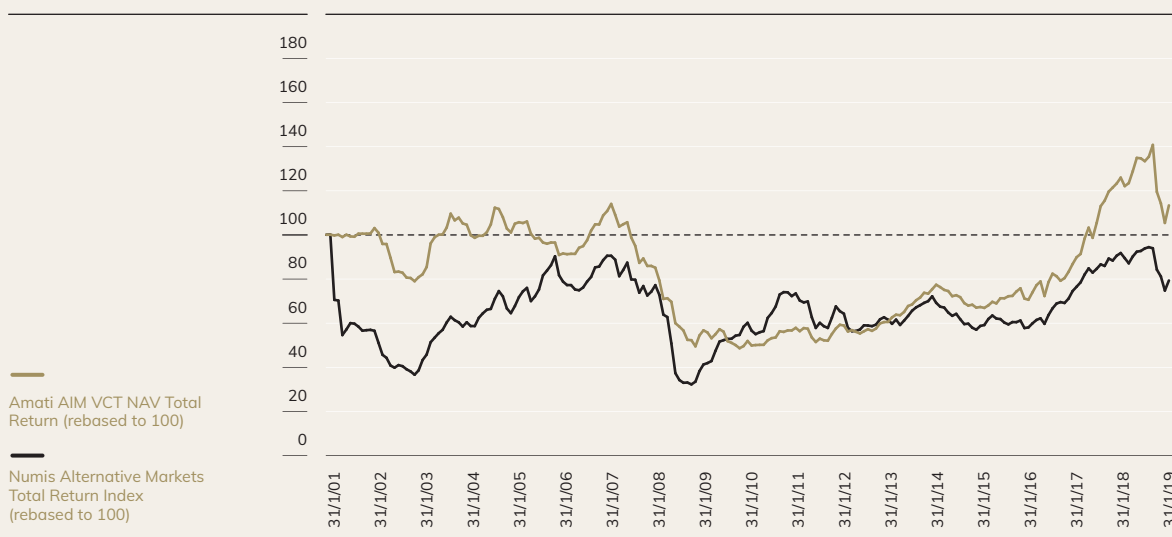
Fund performance

Amati AIM VCT NAV Total Return and Numis Alternative Markets Total Return Index from change of Manager on 25 March 2010 to 31 January 2019



Historic performance

Amati AIM VCT NAV Total Return and Numis Alternative Markets Total Return Index from inception of fund to 31 January 2019



Strategic Report

Chairman's Statement

This report has been prepared by the directors in accordance with the requirements of Section 414A of the Companies Act 2006.

Peter A. Lawrence
Chairman



Overview

The net asset value ("NAV") per share at the year end was 146.1p per share. Having made gains in the first half of the year, there were sharp market corrections during the second half which resulted in a negative total NAV return of 10.0% for the year under review. This compares to a fall in the Numis Alternative Markets Total Return Index of 13.6%. Further details about the market movements during the year and the portfolio's performance and activity are given in the Fund Manager's Review.

In May, the Company merged with Amati VCT plc and changed its name to Amati AIM VCT plc. The merger increased the net assets of the Company to £125.0m at the year end and has further lowered the expense ratio to 2.0%; this ratio has been reducing over the last few years as the Company has grown.

A Joint Prospectus Share Offer 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 plc shareholders 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 expected. The additional £10m was raised in full during September and October. A further £6.8m (the maximum allowed under the non-prospectus rules) was raised from a Top Up Share Offer subsequent to the period under review and on which I have reported more fully under **VCT Legislation** below.

The rate of making new qualifying investments slowed in the second half, reflecting the weakening market

environment. After investing £10.5m in new qualifying investments in the first half (£1.0m of which was invested by Amati VCT prior to the merger), the Company invested a further £3.2m in the second half, making a total of £13.7m.

Other Corporate Developments

As a result of the merger, the directors of the two VCTs formed a new Board and I would like to reiterate my thanks to the two retiring directors, Julian Avery and Charles Pinney, for many years of outstanding service to the Amati VCTs. It is with our regret that Mike Killingley will retire from our Board at the conclusion of the AGM on 26 June 2019. Mike has served with great diligence and contributed vastly to the benefit of our VCT and its shareholders since he joined the Board in 2006. He has been an outstanding chairman of our audit committee and will be missed by his fellow directors. Both we and the Manager wish him well in his retirement and offer our sincere thanks for his hard work and care during his term of office. There were also some changes in the fund management team at Amati Global Investors, with Anna Wilson joining in February and Douglas Lawson leaving in August to manage a data analytics company in which he was a founder investor. Anna brings with her many years of experience in managing funds focused on the Alternative Investment Market ("AIM").

Investment Performance and Dividend

For some years the dividend policy of the Company has been to pay an annual dividend of between five and six percent of year end net asset value, subject to sufficient liquidity and distributable reserves. At 31 January 2019 the net asset value was 146.1p per share. In line with this policy the Board is proposing a final dividend of 4.0p

per share, to be paid on 26 July 2019 to shareholders on the register on 21 June 2019. When added to the interim dividend of 3.5p per share paid in November 2018, this would make total dividends for the year of 7.50p per share, which is 5.1% of year end NAV.

VCT Legislation

The legislation governing VCTs has become increasingly complex as the new rules from the 2018 Budget come into force. Nevertheless, following the Patient Capital Review and significant input to HM Treasury from our Manager, the Board believes that the VCT industry is facing a more stable environment going forward albeit with more restrictive investment criteria.

One of the more important changes is a new test which came into force for the Company from 1 February 2019. From this date, 30% of funds raised during an accounting period must be invested in qualifying holdings within 12 months of the end of the financial year in which the funds are raised.

Following the end of the period under review, the Company raised £6.8m from a Top Up Share Offer. Existing shareholders were given priority for the first two weeks and the Top Up Offer was fully subscribed by the end of February 2019. Under the new rules, at least £2.0m of this money must now be invested in further qualifying investments before 31 January 2021. In addition, from 1 February 2020, the requirement for the Company to hold 70% of its tested assets in qualifying holdings will rise to 80%.

During 2018, HMRC stopped issuing pre-clearance letters for VCT investments. EIS pre-clearance letters provide a strong level of assurance in their own right, as almost without exception, if an investment qualifies for EIS relief, it will also qualify under the VCT legislation. HMRC's stated ambition was to bring down the waiting time for the issue of Enterprise Investment Scheme ("EIS") pre-clearance letters from three months to three weeks for prospective fund raisings. However this has not yet resulted in the bottle-neck easing. The result is that the Manager and the Board have to rely increasingly on specialist advisors to provide an opinion on the qualifying status of new investments and a set of working practices has been established to mitigate the risks involved as much as possible, whilst enabling the Manager to make new investments in the absence of formal clearance from HMRC.

The annual investment limit for Knowledge Intensive Companies has doubled to £10m in a 12 month period and this change allowed the Company to make the recent investment in Creo Medical Group and gain a

more substantial holding than it could otherwise have done under the previous rules.

Outlook

Whilst many uncertainties remain in the current political and economic climate, the portfolio of 65 stocks held by Amati AIM VCT plc together with the 66 stocks in the TB Amati UK Smaller Companies Fund provide diverse exposure to many industries and global markets and most of these are now more modestly priced than six months ago. The longer established and larger robust holdings are becoming relatively mature companies and this should stand the Company in good stead as the UK's pathway becomes clearer over the coming months. Nevertheless, we continue to monitor these holdings closely and, as we did last year, are prepared to take some profits when we think valuations are full or in response to other developments. We must also be prepared for higher levels of volatility resulting from Brexit but our intention to hold these larger and maturing stocks into the long term should be to the benefit of all shareholders.

Annual General Meeting ("AGM")

The AGM will again be held at the Guildhall School of Music and Drama, starting at 2.00 p.m. on Wednesday 26 June 2019 at Milton Court Theatre, Guildhall School of Music and Drama, 1 Milton Street, Barbican, London, EC2Y 9BH (the entrance is on the corner of Milton Street and Silk Street). This will be followed by further events and presentations, including the sixth Amati Guildhall Creative Entrepreneurs Award, to which shareholders are invited, details of which are being sent to you with this report. I do hope that as many shareholders as possible will be able to join us. RSVP to info@amatiglobal.com if you would like to attend.

Peter A. Lawrence
Chairman

17 April 2019

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 Limited ("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

Just as in politics, a year can be a long time in stock markets. At the start of 2018, after a prolonged period of strong gains, discussion was all about synchronised global growth, the continuation of positive momentum and low volatility in capital markets. In fact, the year ended on a sour note, with cash outperforming both equities and bonds for the first time since 1994.

Interestingly, that year was another in which the US central bank raised interest rates to cool a strong economy. In 2018 the Federal Reserve took this step four times and the Bank of England once. These moves were certainly amongst the catalysts destabilising global markets, as many years of monetary easing turned into tightening while the global political backdrop also contributed. During 2018, US/China trade disputes, UK/EU Brexit tensions and the US government shutdown, all combined to play a part in unsettling investors.

In the first quarter of the year, a jump in US bond yields sparked an initial correction in global stock markets with the UK falling 10% from its early January high point. However, the stimulatory effects of Trump's tax reliefs created a robust results season for US corporates, prompting a rebound in investor appetite. The UK market recovered all of its losses by early summer, but this marked the peak for the year. A UK interest rate rise in August, alongside deteriorating economic data in most key economies and the ongoing uncertainty surrounding Brexit negotiations, sparked a sell-off which continued through to the end of the year. In the last quarter this was particularly focused on premium growth stocks and notably those on the Alternative Investment Market ("AIM"). Reasons for this included the de-rating effect that rising interest rates have on the valuation of future earnings streams, sharp declines in US technology stocks and the significant investment gains made on AIM in recent years. Following a more than 20% decline from October to December, AIM swung from being the best performing segment of the UK market at the mid-point of 2018, to being the worst by the close of the year. Whilst January saw a noteworthy rebound across the whole of the UK market, with AIM providing strong leadership, the durability of these gains will depend largely on the Brexit outcome over the coming months.

Performance

The Company's Net Asset Value Total Return was -10.0% for the year to 31 January 2019. This outperformed the benchmark Numis Alternative Markets Total Return Index, which showed a decline of -13.6% over the same period.

The most significant contributor to performance was **AB Dynamics**, which gained 93% over the year to become the second largest holding in the portfolio. This reflected a succession of positive trading announcements by the company, culminating in final results which were significantly ahead of market expectations. This growth has primarily come from its track testing products which are used in the development and testing of semi-autonomous and fully autonomous vehicle technology. Other trading highlights included the first orders for innovative new products such as the Advanced Driving Simulator and the Advanced Driver Assistance System platform. These target the growing demand from automotive manufacturers for complex testing scenarios with multiple moving objects, as they try to keep pace with

"January saw a noteworthy rebound across the whole of the UK market with AIM providing strong leadership"

rapidly evolving vehicle safety regulations. AB Dynamics remains the only supplier of a full suite of interactive track testing products managed from a single software environment. Turnover, which is 98% overseas, grew by more than 50%, whilst pre-tax profits increased by 78%.

Water Intelligence, the US based provider of precision water leak detection and remediation solutions, also rose 93% during the period. The company announced a series of acquisitions of its regional franchisees, for conversion to corporate-run operations, and saw strong organic growth across all business lines including its business to business insurance channel, and its parts & equipment sales. The company is investing in new products, including a proprietary device to analyse blockages in sewer lines which would give it competitive advantage in bidding for municipal work.

Ideagen, the specialist supplier of Governance, Risk & Compliance ("GRC") software solutions to organisations operating in highly regulated industries, enjoyed another year of combined organic and acquisitive growth, and the shares gained 14%. Ideagen is transitioning from perpetual licence revenues to a Software as a Service ("SaaS") based subscription model. Recent interim results show that recurring revenues now represent 67% of the total, with a client retention rate of 95%. Total revenues grew 22%, with underlying organic growth of 8%. During the year Ideagen made its first two acquisitions in the US, involving healthcare and quality inspection software providers, and in the UK it also acquired an internal audit management software company.

Rosslyn Data Technologies ("Rosslyn"), the provider of RAPid, a cloud based enterprise data analytics platform, had a successful year of contract wins which drove the shares ahead by 52%. RAPid allows clients to automatically aggregate, organise and make sense of data and documents, delivering productivity savings and compliance management benefits. Although still loss-making, Rosslyn anticipates being cash flow breakeven within the current financial year. Cloud based SaaS accounting software provider, **FreeAgent**, was the subject of a recommended cash offer in March 2018 from The Royal Bank of Scotland, which crystallised a share gain of 62% for the year. The offer valued the company at £53m, equating to a turnover multiple of five times. With FreeAgent still loss-making in a highly competitive market place, this represented an attractive outcome for shareholders.

Other positive contributors to performance over the period included US-based clean water technology company **MyCelx Technologies**, which gained 90%, and identity verification software provider **GB Group** and infection prevention product manufacturer **Tristel**, both up 6%.

Around three times as many portfolio holdings fell during the year as made gains, reflecting the weak market backdrop for AIM. Technology companies suffered the worst declines, impacted by the late year sell-off amongst the large US NASDAQ stocks. Despite announcing partnerships with Google and Groupon in the last quarter of 2018, ticketing and queuing software provider **Accesso Technology Group** ("Accesso") suffered a 36% share price drop. The company had been the subject of some earnings downgrades by analysts following its interim results in September (mainly to reflect the adoption of the new revenue accounting standard IFRS 15, a slower organic growth rate for US theme park queuing and higher development capital expenditure). The correction in the shares has taken the forward earnings multiple to a substantial discount to its five year average. A February 2019 announcement, which highlighted a review of investment priorities and a slower second half in 2018, has raised further questions and pushed the shares even lower. Accesso was a holding only in the Company and not in Amati VCT, so its weighting in the portfolio halved at merger from 6% to 3%. Video game developer and publisher, **Frontier Developments** ("Frontier"), dropped 34% in the period despite producing record results driven by the success of its third franchise, Jurassic World Evolution, which was launched in June 2018. Interim results to November 2018 showed six month revenues of £65m, almost twice the level achieved for the whole of the previous year. Frontier is currently developing a fourth game franchise, with release targeted for financial year 2019/20. Regulated gaming technology platform manufacturer, **Quixant**, fell 37% over the year, driven by a shortfall against profit expectations in January 2019. This was caused by reduced revenues from its non-core monitor business as management scaled back this lower margin product. In the face of a small single digit downgrade, the shares fell almost 20% after the announcement, showing the fragile nature of the stock market environment. **Faron Pharmaceuticals**, a biopharmaceutical company developing treatments for medical conditions with unmet needs, fell 87% over the period. This was prompted by the failure of its lead drug candidate, Traumakine, in a Phase III clinical trial. The

Fund Manager's Review (continued)

company's other products were not considered sufficiently mature in their development cycle and so the position was sold. **Keywords Studios**, a technical services provider to the video games industry, was also impacted by the weakness in technology stocks, falling 20% in the period. However the company also experienced a slowing of organic growth in the second half of 2018, downgrades due to end market disruption caused by the closure of some game publisher studios and the impact of free downloadable game formats like Fortnite.

Portfolio Activity

The Company invested a total of £13.7 million in the period, in two Initial Public Offerings ("IPOs") and seven placings involving businesses already quoted on AIM but not previously held in the portfolio.

The first of the IPOs was **Block Energy** ("Block"), a UK-based oil exploration and production company whose main country of operation is the Republic of Georgia. This represented 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 operations will have their challenges, the upside could be significant. The Company also invested in the 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.

The first placing the Company participated in was 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 hydrocortisone – the lead product, Alkindi, was approved in Europe in early 2018 and is in commercial roll-out, whilst the second, Chronocort, is still under discussion with European regulators following a disappointing Phase III

trial result in October. The Company next participated in an over-subscribed placing for **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. The funds raised will allow IXICO to extend its product range into other therapeutic areas such as Multiple Sclerosis. A position was also added in **Angle**, a leading liquid biopsy company which is commercialising a pioneering platform technology in cancer research. When cancers start to form, some cancer cells enter the bloodstream and this is one of the earliest analysable indications of the specific cancer being present. Angle's technology can isolate live Circulating Tumour Cells, capturing them for analysis, and their devices are now being used by customers involved in ground breaking treatments. Another placing participation was in **Creo Medical Group** ("Creo Medical"), 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 already been approved in both Europe and the US, and since we invested has been used in successful operations, with Creo Medical now entering into distribution agreements. The Company also participated in a fundraising for **Falanx Group** ("Falanx"), a cyber security and intelligence services company. Falanx has partnered with a large NASDAQ listed company, SolarWinds, whose software they already license. Falanx will offer network monitoring products and services to SolarWinds' 2000 UK Managed Service Providers ("MSPs"). MSPs are a key route to market, since they have established client relationships which can assist with the adoption of security software. A position was also taken in media group, **Bonhill Group** ("Bonhill"), through a placing with qualifying funds providing working capital and the balance of the funds raised financing the purchase of US owned Investment News, an established and industry leading title serving wealth managers and financial advisers. The revenues from this acquisition dwarf Bonhill's existing business (previously known as Vitesse Media), and it creates a combined group with £20m of sales focused on the financial services and technology markets with scope to expand in events media. The final placing in the period was for **Polarean Imaging**, a developer of technology which enables existing MRI scanners to achieve an improved level of lung imaging by using Xenon gas as an agent. This technique displays detail down to the smallest airways of the lung and the related vasculature. The company

“It is important to remember that the portfolio is dominated by some of the most successful companies on AIM which have now become mid-sized, profitable and cash generative businesses”

did not raise all of the funding required for Phase III trials at the time of its IPO in March 2018, providing an opportunity for the Company to invest after subsequent supportive news flow involving additional patents and a licensing deal.

We exited a number of qualifying holdings during the period, including **Faron Pharmaceuticals** as explained in the Performance section above. We also sold **IDOX**, the provider of document management software to local authorities and the engineering sector, after revenue accounting errors and the enforced absence of the CEO due to sick leave; **Crawshaw Group**, the discount butchers chain, following poor trading and the departure of both the CEO and CFO; **Tasty**, the owner of the London-focused Italian restaurant chain Wildwood, due to an ongoing difficult trading environment; **Fox Marble**, the European marble quarry operator, following repayment of the Company's convertible loan; and **Venn Life Sciences**, the provider of clinical trial services to healthcare organisations, after a prolonged period of disappointing trading. In addition, three significant holdings were reduced after outperformance had increased their portfolio weighting substantially. Around 10% of the positions in **Frontier Developments**, **Keywords** and **AB Dynamics** were sold at close to the share price peaks for the year.

Outlook

One year forward from the expected synchronised global growth of early 2018, there is now evidence of economic weakness in most developed economies, with China, Germany and the US amongst the most concerning. This reflects a combination of headwinds from trade tensions plus monetary policy tightening and, in the case of the UK, political uncertainty

impeding consumer and corporate spending. Against such a backdrop, many investors may still be attracted to cash as the best performing asset class of last year, but there has in fact been a meaningful rebound across all segments of the UK stock market in January 2019, particularly for AIM. Clearly, no one knows whether this is a short term bounce or a longer term opportunity. For the UK, the next few months in the Brexit saga will be hugely important. However, these gains may provide some support for the old maxim that time in the market is more important than timing the market. UK stocks have been de-rated substantially and now look cheap by international comparison. Any resolution of the current uncertainty could spur further investor appetite, although the prospect of a general election may counteract this.

**Dr Paul Jourdan, David Stevenson
and Anna Wilson**

Amati Global Investors

17 April 2019

Fund Manager Biographies

Amati Global Investors

Amati Global Investors is a specialist fund management business based in Edinburgh. It focuses on UK small and mid-sized companies, with a universe ranging from fully listed constituents of the FTSE Mid 250 and FTSE Small Cap indices, to stocks quoted on the Alternative Investment Market. It is the manager of Amati AIM VCT, the TB Amati UK Smaller Companies Fund, and it also offers an AIM IHT portfolio service. It is incorporated in Scotland and 51% owned by its staff, and 49% owned by Mattioli Woods plc, which invested in the company in February 2017. Amati Global Investors is a Tier 1 signatory to the UK Stewardship Code and a signatory to the UN-supported Principles for Responsible Investment (PRI).



Paul Jourdan Founder and CEO



Dr Paul Jourdan is an award winning fund manager, with a strong track record in small cap investment. He co-founded Amati Global Investors following the management buyout of Noble Fund Managers from Noble Group in 2010, having joined Noble in 2007 as Head of Equities. His fund management career began in 1998 with Stewart Ivory where he gained experience in UK, emerging market and global equities. In 2000, Stewart Ivory was taken over by First State and Paul became manager of what is now TB Amati UK Smaller Companies Fund. In early 2005, he launched Amati VCT and then also became manager of Amati VCT 2 plc after the investment management contract moved to Amati Global Investors in 2010. In September 2014 Amati launched the Amati AIM IHT Portfolio Service, which Paul co-manages with David Stevenson and Anna Wilson. Prior to 1998 Paul worked as a professional violinist, including a four year period with the City of Birmingham Symphony Orchestra. He is CEO and a director of Amati and a director of Sistema Scotland, a Scottish registered charity, and also a trustee of Clean Trade, a charity registered in England and Wales.

David Stevenson Fund Manager



David Stevenson joined Amati in 2012. In 2005 he was a co-founding partner of investment boutique Cartesian Capital, which managed a range of retail and institutional UK equity funds in long only and long/short strategies. Prior to that he was Assistant Director at SVM, where he also managed equity products including the UK Opportunities small/midcap fund which was ranked top decile for the 5 year period from inception to 2005. David started his career at KPMG where he qualified as a Chartered Accountant. He latterly specialised in corporate finance, before moving into private equity with Dunedin Fund Managers. David has co-managed both the TB Amati UK Smaller Companies Fund and Amati AIM VCT since 2012 and the Amati AIM IHT Portfolio Service since 2014.

Anna Wilson Fund Manager



Anna Wilson (previously Anna Croze) is an experienced fund manager specialising in UK equities. Anna joined the Amati team in 2018 from Adam and Company, where she led research for the Private Asset Management award winning wealth manager. She brings her expertise running a successful AIM-listed portfolio service to Amati as well as a breadth of experience in managing substantial OEICs, private client and charity portfolios. She co-managed the Adam Worldwide Fund and the Stewart Ivory Investment Markets Fund which won three Lipper Awards under her stewardship.

Investment Portfolio

as at 31 January 2019

	Cost £'000	Valuation £'000	Fair value movement in year £'000*	Market Cap £m	Sector	Dividend Yield ^{NTM} %	Fund % of NAV
TB Amati UK Smaller Companies Fund	9,317	10,937	(724)	-	Financials	2.0	8.8
AB Dynamics plc ^{1,3}	3,350	9,044	4,184	305.0	Industrials	0.2	7.2
Ideagen plc ²	3,303	6,663	1,112	306.9	Technology	0.2	5.3
Keywords Studios plc ^{1,3}	5,174	6,058	(2,289)	763.4	Industrials	0.1	4.9
Craneware plc ²	3,899	5,951	2,052	739.6	Technology	0.9	4.8
Learning Technologies Group plc ^{1,3}	5,078	5,790	(1,407)	501.3	Industrials	0.5	4.6
Frontier Developments plc ¹	4,698	5,548	(2,712)	344.8	Consumer goods	-	4.5
GB Group plc ^{2,3}	3,203	5,178	(136)	704.4	Technology	0.4	4.1
Tristel plc ²	3,290	5,163	(13)	124.1	Health care	1.6	4.1
Quixant plc ^{2,3}	4,196	4,793	(2,652)	182.5	Technology	0.9	3.8
Top Ten	45,508	65,125					52.1
Accesso Technology Group plc ^{1,3}	221	3,118	(1,791)	384.3	Technology	-	2.5
Hardide plc ¹	2,361	3,075	(9)	28.9	Basic materials	-	2.5
Creo Medical Group plc ¹	1,613	2,915	1,303	272.3	Health care	-	2.3
LoopUp Group plc ^{1,3}	2,577	2,880	(787)	165.4	Technology	-	2.3
Water Intelligence plc ²	1,218	2,868	1,100	53.6	Industrials	-	2.3
Premier Technical Services Group plc ^{2,3}	2,141	2,441	(805)	178.6	Industrials	1.2	1.9
Anpario plc ²	1,829	2,219	(817)	78.7	Health care	1.9	1.8
Angle plc ¹	1,615	1,906	291	84.7	Health care	-	1.5
Science in Sport plc ²	1,956	1,589	(680)	64.9	Consumer goods	-	1.3
Brooks Macdonald Group plc ²	1,154	1,519	(442)	234.4	Financials	2.8	1.2
Top Twenty	62,193	89,655					71.7
Polarean Imaging plc ¹	1,200	1,457	257	17.1	Health care	-	1.2
Block Energy plc ¹	1,500	1,425	(75)	9.8	Oil & Gas	-	1.1
Bilby plc ²	1,681	1,401	(716)	26.4	Industrials	3.7	1.1
Amryt Pharma plc ^{1,3}	1,563	1,360	(186)	44.0	Health care	-	1.1
Ixico plc ¹	1,409	1,358	(50)	12.6	Health care	-	1.1
FairFX Group plc ¹	1,137	1,354	53	141.4	Financials	-	1.1
Falanx Group Limited ¹	1,350	1,350	-	12.0	Industrials	-	1.1
SRT Marine Systems plc ¹	1,174	1,251	134	45.4	Technology	-	1.0
i-nexus Global plc ¹	2,500	1,108	(1,392)	10.4	Technology	-	0.9
Rosslyn Data Technologies plc ¹	947	1,104	398	13.5	Technology	-	0.9
Solid State plc ²	520	869	181	35.6	Industrials	2.9	0.7
Oncimmune Holdings plc ¹	1,013	792	(282)	58.5	Health care	-	0.6
MyCelx Technologies Corporation ¹	645	768	353	35.7	Oil & Gas	-	0.6
Belvoir Lettings plc ¹	783	756	(12)	33.2	Financials	7.1	0.6
Bonhill Group plc ¹	670	745	75	30.5	Consumer services	-	0.6

	Cost £'000	Valuation £'000	Fair value movement in year £'000*	Market Cap £m	Sector	Dividend Yield ^{NTM} %	Fund % of NAV
Byotrol plc ¹	859	650	(124)	11.2	Basic materials	-	0.5
Fusion Antibodies plc ¹	1,444	604	(1,187)	9.9	Health care	-	0.5
MaxCyte, Inc. ¹	820	572	(240)	92.4	Health care	-	0.5
Universe Group plc ¹	488	526	(176)	10.2	Industrials	-	0.4
Escape Hunt plc ¹	752	488	(204)	16.2	Consumer services	-	0.4
Brady plc ²	395	395	-	50.9	Technology	-	0.3
Property Franchise Group plc (The) ²	352	348	(50)	30.5	Financials	6.4	0.3
EU Supply plc ¹	532	301	(98)	7.2	Technology	-	0.2
Synectics plc ²	342	253	(12)	32.9	Industrials	2.1	0.2
Diurnal Group plc ¹	1,440	240	(1,200)	19.7	Health care	-	0.2
Velocity Composites plc ¹	820	235	(556)	7.2	Industrials	-	0.2
Netcall plc ²	110	196	(92)	45.8	Technology	1.6	0.2
Mirriad Advertising plc ¹	834	191	(404)	15.8	Consumer services	-	0.2
Ilika plc ¹	265	182	25	26.2	Oil & Gas	-	0.2
Genedrive plc ¹	442	180	(86)	7.8	Health care	-	0.1
Brighton Pier Group plc (The) ¹	489	171	(218)	16.8	Consumer services	-	0.1
FireAngel Safety Technology Group plc ¹	690	169	(520)	12.4	Industrials	-	0.1
Dods (Group) plc ¹	596	144	(132)	24.6	Consumer services	-	0.1
Antenova Limited Ordinary shares & A Preference Shares ¹	100	128	-	4.2	Telecommunications	-	0.1
appScatter Group plc ¹	338	92	(847)	16.4	Technology	-	0.1
Allergy Therapeutics plc ¹	29	36	(40)	87.5	Health care	-	-
Sabien Technology Group plc ¹	408	13	(34)	0.6	Industrials	-	-
Investments held at nil value	2,253	-	(38)	-	-	-	-
Total investments	95,083	112,867					90.3
Net current assets		12,122					9.7
Net assets		124,989					100.0

1 Qualifying holdings.

2 Part of holding qualifying, part is non-qualifying.

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

* The fair value movement of the investments held by Amati VCT is calculated from the date of merger.

NTM Next Twelve Months Consensus Estimate (Sources: 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: Celoxica Holdings plc¹, China Food Company plc, Leisurejobs.com Limited¹ (previously Sportweb.com), Polyhedra Group plc¹, Rated People Limited¹, Sorbic International plc, TCOM Limited¹ and VITEC Global Limited¹.

As at the year 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 80.9%.

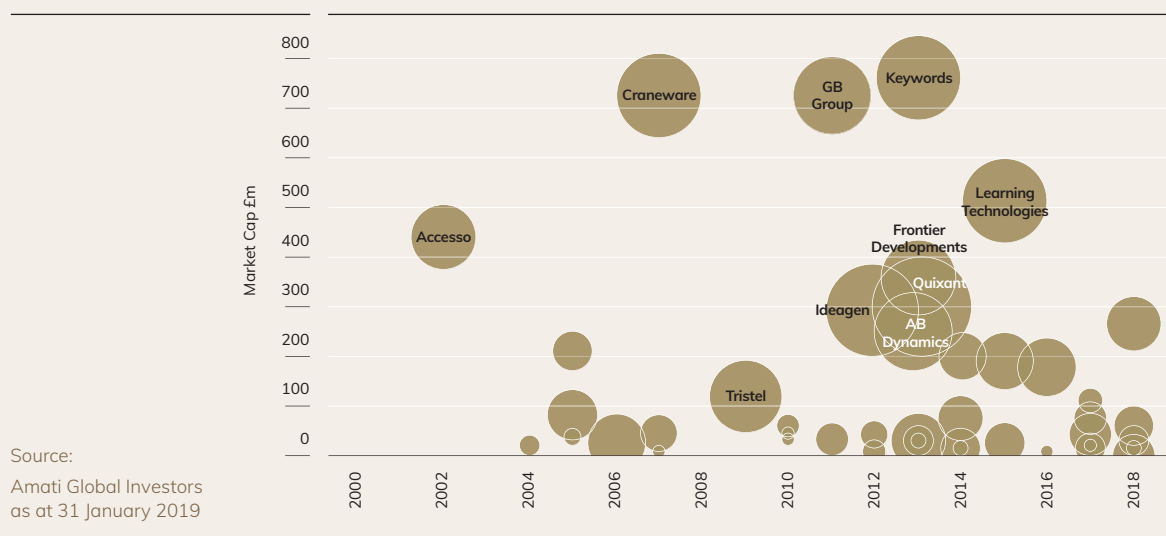
Investment Portfolio (continued)

Analysis as at 31 January 2019

Qualifying portfolio

The portfolio of qualifying investments in the Company as at 31 January 2019 is analysed in the graph below by date of initial investment and market capitalisation. The size of the circles represents the relative size of the holdings in the portfolio by value.

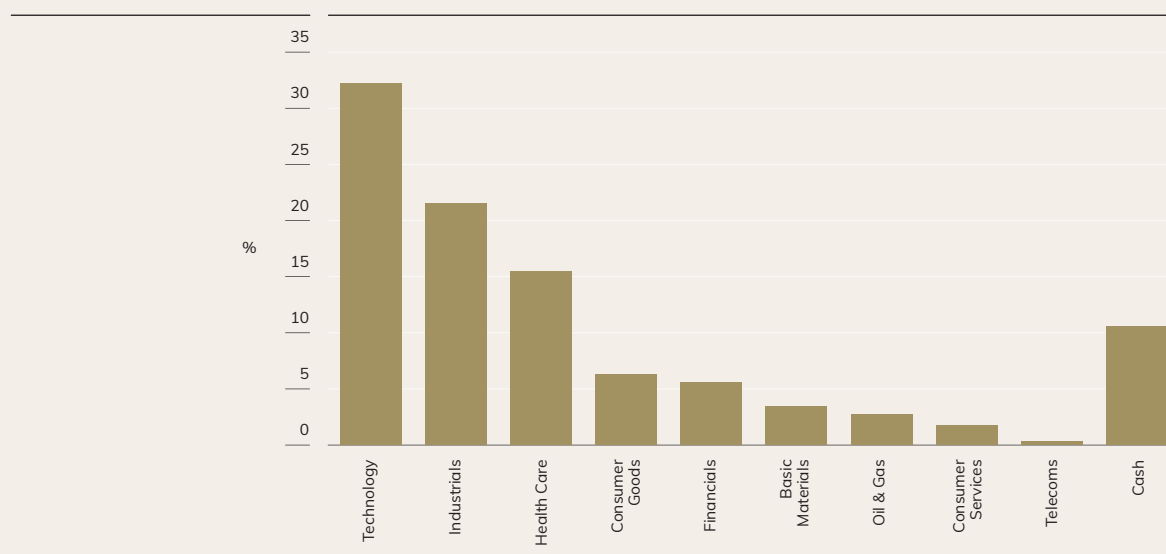
The top ten qualifying portfolio companies are labelled. The dates of investments in securities held solely by Amati VCT plc prior to the merger with Amati VCT 2 plc in May 2018, are given as the dates those securities were originally acquired by Amati VCT plc.



Sector split

The portfolio of investments in the Company as at 31 January 2019 is analysed in the graph below by sector. This includes a sector split of the investments

within the TB Amati UK Smaller Companies Fund which in the Investment Portfolio table above is classed as Financials.



Investment Objectives and Policy

Investment Objectives

The investment objectives of 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. The Company's policy is to hold a diversified portfolio across a broad range of sectors to mitigate risk.

A. INVESTMENT POLICY

Unless specified otherwise, defined terms shall have the meaning given to them in the FCA Handbook from time to time.

"ITA" means the Income Tax Act 2007 (as amended).

"Manager" means Amati Global Investors Limited.

"VCT" means a venture capital trust under section 842AA of the Income and Corporation Taxes Act 1988.

"Qualifying Investment" means an investment in shares in, or securities of a company or group carrying on a qualifying trade wholly or mainly in the UK satisfying the conditions in Chapter 4 of Part 6 of ITA, and held by a VCT which meets the requirements described in Part 6 of ITA.

Investment Parameters

Whilst the objective is to make Qualifying Investments primarily in companies traded on AIM or on NEX, the Company may also make Qualifying Investments in companies likely to seek a quotation on AIM or NEX. With regard to the non-qualifying portfolio the Company makes investments which are permitted under the VCT regulations, including shares or units in an Alternative Investment Fund (AIF) or an Undertaking for Collective Investment in Transferable Securities (UCITS) fund, and shares in other companies which are listed on a regulated market such as the Main Market of the London Stock Exchange. For continued approval as a VCT under the ITA the Company must, within three years of raising funds, maintain at least 70%* of its value (based on cost price, or last price paid per share if there is an addition to the holding) in qualifying investments. Any investments by the Company in shares or securities of another company must not

represent more than 15% of the Company's net asset value at the time of purchase.

B. STRATEGY FOR ACHIEVING OBJECTIVES

The strategy for achieving the Investment Objectives which follows is not part of the formal Investment Policy. Any material amendment to the formal Investment Policy may only be made with shareholder consent, but that consent applies only to the formal Investment Policy above and not to any part of the Strategy for Achieving Objectives or Key Performance Indicators below.

Qualifying Investments Strategy

The Company is likely to be a long term investor in most Qualifying Investments, with sales generally only being made where an investment case has deteriorated or been found to be flawed, or to realise profits, adjust portfolio weightings, fund new investments or pay dividends. Construction of the portfolio of Qualifying Investments is driven by the historic investments made by the Company and by the availability of suitable new investment opportunities. The Manager may co-invest in companies in which other funds managed by Amati Global Investors invest.

Non-Qualifying Investments Strategy

The assets of the portfolio which are not in Qualifying Investments will be invested by the Manager in investments which are allowable under the rules applicable to VCTs. Currently, cash not needed in the short term is invested in a combination of the following (though ensuring that no more than 15% of the Company's funds are invested in any one entity at the time of purchase):

- (i) the TB Amati UK Smaller Companies Fund (which is a UCITS fund), or other UCITS funds approved by the Board;
- (ii) direct equity investments in small and mid-sized companies and debt securities in each case listed on the Main Market of the London Stock Exchange; and
- (iii) cash or cash equivalents (including money market funds) which are redeemable within 7 days.

* 80% for accounting periods beginning on or after 6 April 2019.

Investment Objectives and Policy (continued)

Borrowing Policy

The Company has the flexibility to borrow money up to an amount equal to its adjusted capital and reserves but the Board's policy is not to enter into borrowings.

Environmental, Social and Governance ("ESG") Policies

The Board has considered the requirements of Section 172 of the Companies Act 2006 (regarding promoting the success of the Company for the benefit of stakeholders) and the EU Non-Financial Reporting Directive (EU/2014/95). The Company has no employees and no premises and the Board has decided that the direct impact of its activities is minimal. The Company's indirect impact occurs through the range of organisations in which it invests and for this it follows a policy of Responsible Ownership.

Responsible Ownership

Amati Global Investors, the Manager, is a signatory to the Principles for Responsible Investment. This United Nations supported initiative has sustainability as its core value and the tenet that environmental, social and governance issues can affect the performance of investment portfolios and should be considered alongside the more traditional considerations given to investment.

Amati has endorsed the UK Stewardship Code. This sets out the responsibilities of institutional investors in relation to the companies in which it invests.

Voting on portfolio investments

In 2018 the Manager voted in respect of 55 Amati AIM VCT holdings at 68 company meetings on a range of ESG issues.

Board Diversity of Investee Companies.

The Board, through the Manager, considers Board diversity to be an important consideration in its investment decision on investee companies.

Global Greenhouse Gas Emissions

The Company has no greenhouse gas emissions to report from the operations of the Company, nor does it have responsibility for any other emission producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013, including those within its underlying investment portfolio.

Key Performance Indicators

The Board expects the Manager to deliver a performance which meets the objectives of the Company. A review of the Company's performance during the financial year, the position of the Company at the year end and the outlook for the coming year is contained in the Chairman's Statement and Fund Manager's Review. The Board monitors on a regular basis a number of key performance indicators which are typical for VCTs, the main ones being:

- Compliance with HMRC VCT regulations to maintain the Company's VCT Status. See page 18.
- Net asset value and total return to shareholders (the aggregate of net asset value and cumulative dividends paid to shareholders, assuming dividends re-invested at ex-dividend date). See graphs on page 3.
- Comparison against the Numis Alternative Markets Total Return Index. See graphs on page 3.
- Dividend distributions. See table of investor returns on page 2.
- Share price. See key data on page 1.
- Ongoing charges ratio. See key data on page 1.

Fund Management and Key Contracts

Management Agreement

Amati Global Investors was appointed as Manager to the Company on 19 March 2010. Under an Investment Management and Administration Agreement ("IMA") dated 19 March 2010 the Manager agreed to manage the investments and other assets of the Company on a discretionary basis subject to the overall policy of the directors. The Company will pay to the Manager under the terms of the IMA a fee of 1.75% of the net asset value of the Company quarterly in arrears. In November 2014, with shareholder consent, the Company amended its non-qualifying investment policy to permit investment in the TB Amati UK Smaller Companies Fund, a small and mid cap fund managed by the Manager. The Company will receive a full rebate on the fees payable by the Company to the Manager within this fund either through a reduction of fees payable by the Company or a direct payment by the Manager.

Annual running costs are capped at 3.5% of the Company's net assets, any excess being met by the Manager by way of a reduction in future management fees. The annual running costs include the directors' and Manager's fees, professional fees and the costs incurred by the Company in the ordinary course of its business (but excluding any commissions paid by the Company in relation to any offers for subscription, irrecoverable VAT and exceptional costs, including winding-up costs). No performance fee is payable as the Manager has waived all performance fees from 31 July 2014 onwards.

Administration Arrangements

Under the IMA, the Manager has also agreed to provide secretarial and administration services to the Company. The Manager has engaged The City Partnership (UK) Limited to act as company secretary and Link Alternative Fund Administrators Limited to act as fund administrator. The fee in respect of these services payable to the Manager for the year ended 31 January 2019 is £81,600; this fee is paid quarterly in arrears and is subject to an annual increase in line with the retail prices index.

The appointment of the Manager as investment manager and/or administrator and company secretary may be terminated on one year's notice.

Fund Manager's Engagement

The Board regularly appraises the performance and effectiveness of the managerial and secretarial arrangements of the Company. As part of this process, the Board will consider the arrangements for the provision of investment management and other services to the Company on an ongoing basis and a formal review is conducted annually. In the opinion of the Board, the continuing appointment of the Manager, on the terms agreed, is in the interests of the shareholders. The directors are satisfied that the Manager will continue to manage the Company in a way which will enable the Company to achieve its objectives.

VCT Status Adviser

Philip Hare & Associates LLP ("Philip Hare & Associates") is engaged to advise the Company on compliance with VCT requirements. Philip Hare & Associates review new investment opportunities, as appropriate, and review regularly the investment portfolio of the Company. Philip Hare & Associates works closely with the Manager but reports directly to the Board.

Principal Risks and Other Matters

VCT REGULATION

The Company's investment policy is designed to ensure that it meets the requirements of HM Revenue & Customs to qualify and to maintain approval as a VCT.

- (i) The Company must, within three years of raising funds, maintain at least 70% of its investments by VCT value (cost, or the last price paid per share, if there is an addition to the holding) in shares or securities comprised in qualifying holdings, of which at least 70% by VCT value must be ordinary shares which carry no preferential rights (80% for accounting periods beginning on or after 6 April 2019). For funds raised prior to April 2011 at least 30% by VCT value must be in ordinary shares which carry no preferential rights. A further condition requires that 30% of new funds raised in accounting periods beginning after 5 April 2018 are to be invested in qualifying holdings within 12 months of the accounting period following the issuance of shares.
- (ii) The Company may not invest more than 15% of its investments in a single company and it must have at least 10% by VCT value of its total investments in any qualifying company in qualifying shares approved by HM Revenue & Customs.
- (iii) To be classed as a VCT qualifying holding, companies in which investments are made must have no more than £15 million of gross assets at the time of investment and £16 million after investment; they must be carrying on a qualifying trade and satisfy a number of other tests including those outlined below; the investment must also be made for the purpose of promoting growth or development.
- (iv) VCTs may not invest new capital in a company which has raised in excess of £5 million (£10 million from 6 April 2018 if the company is deemed to be a Knowledge Intensive Company) from all sources of state-aided capital within the 12 months prior to and including the date of investment.
- (v) No investment may be made by a VCT in a company that causes that company to receive more than £12 million (£20 million if the company is deemed to be a Knowledge Intensive Company) of state aid investment (including from VCTs) over

the company's lifetime. A subsequent acquisition by the investee company of another company that has previously received State Aid Risk Finance can cause the lifetime limit to be exceeded.

- (vi) No investment can be made by a VCT in a company whose first commercial sale was more than 7 years prior to date of investment, except where previous State Aid Risk Finance was received by the company within 7 years (10 years in each case for Knowledge Intensive Company) or where both a turnover test is satisfied and the money is being used to enter a new product or geographical market.
- (vii) No funds received from an investment into a company can be used to acquire another existing business or trade.
- (viii) Since 6 April 2016 a VCT must not make "non-qualifying" investments except for certain specified investments held for liquidity purposes and redeemable within seven days. These include investments in UCITS (Undertakings for Collective Investments in Transferable Securities) funds, AIF (Alternative Investment Funds) and in shares and securities purchased on a Regulated Market. In each of these cases the restrictions in (iii) – (vii) above are not applied.
- (ix) Non-qualifying investments in AIM-quoted shares are not permitted as AIM is not a Regulated Market.

During 2018, HMRC stopped issuing pre-clearance letters for VCT investments. They are encouraging VCTs not to use the advance assurance service for investments and have stated that where a VCT has taken reasonable steps to ensure an investment is qualifying, the VCT status will not be withdrawn where an investment is ultimately found to be non-qualifying. The Manager and the Board rely on advice from Philip Hare & Associates regarding the qualifying status of new investments. The Manager monitors compliance with VCT qualifying rules on a day to day basis through a combination of automated and manual compliance checks in place within the business. Philip Hare & Associates also review the portfolio bi-annually to ensure the Manager has complied with regulations and has reported to the Board that the VCT has met the necessary requirements during the year.

PRIIPs REGULATION

The Company is required to publish a Key Information Document (KID), which sets out the key features, risks, potential future performance and costs of PRIIPs (Packaged Retail and Insurance-based Investment Products). This document is available at the website of Amati Global Investors: www.amatiglobal.com.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board considers that the Company faces the following major risks and uncertainties:

1. Investment Risk

A substantial portion of the Company's investments are in small AIM traded companies as well as some unquoted companies. By their nature these investments involve a higher degree of risk than investments in larger fully listed companies. These companies tend to have limited product lines and niche markets. They can be reliant on a few key individuals. They can be dependent on securing further financing. In addition, the liquidity of these shares can be low and the share prices volatile.

To reduce the risk, the Board places reliance upon the skills and expertise of the Manager and its strong track record for investing in this segment of the market. Investments are actively and regularly monitored by the Manager and the Board receives detailed reports on the portfolio in addition to the Manager's report at regular Board meetings. The Manager also seeks to limit these risks through building a highly diversified portfolio with companies in different sectors and markets at different stages of development.

2. Venture Capital Trust Approval Risk

The current approval as a venture capital trust allows investors to take advantage of income tax reliefs on initial investment and ongoing tax-free capital gains and dividend income. Failure to meet the qualifying requirements could result in investors losing the income tax relief on initial investment and loss of tax relief on any tax-free income or capital gains received. In addition, failure to meet the qualifying requirements could result in a loss of listing of the shares.

To reduce this risk, the Board has appointed the Manager which has significant experience in venture capital trust management, and is used to operating within the requirements of the venture capital trust legislation. In addition, to provide further formal reassurance, the Board has appointed Philip Hare & Associates as taxation adviser to the Company. Philip Hare & Associates reports every six months to the Board to confirm compliance with the venture capital legislation, to highlight areas of risk and to inform on changes in legislation independently.

3. Compliance Risk

The Company has a premium listing on the London Stock Exchange and is required to comply with the rules of the UK Listing Authority, as well as with the Companies Acts, Financial Reporting Standards and other legislation. Failure to comply with these regulations could result in a delisting of the Company's shares, or other penalties under the Companies Acts or from financial reporting oversight bodies.

In July 2013 the Alternative Investment Fund Directive ("AIFMD") was implemented, a European directive affecting the regulation of VCTs. Amati AIM VCT has been entered in the register of small registered UK AIFMs on the Financial Services register at the Financial Conduct Authority ("FCA"). As a registered firm there are a number of regulatory obligations and reporting requirements which must be met in order to maintain its status as an AIFM.

Board members and the Manager have considerable experience of operating at senior levels within quoted businesses. In addition, the Board and the Manager receive regular updates on new regulations from the auditor, lawyers and other professional bodies.

4. Internal Control Risk

Failures in key controls within the Board or within the Manager's business could put assets of the Company at risk or result in reduced or inaccurate information being passed to the Board or to shareholders.

The Board seeks to mitigate the internal control risk by setting policy, regular reviews of performance, enforcement of contractual obligations and monitoring progress and compliance.

Principal Risks and Other Matters (continued)

5. Financial Risk

By its nature, as a venture capital trust, the Company is exposed to market price risk, credit risk, liquidity risk and interest rate risk. The Company's policies for managing these risks are outlined in full in notes 19 to 22 to the financial statements on pages 56 and 57.

The Company is financed through equity.

6. Liquidity Risk

The Company's investments may be difficult to realise. As a closed-end vehicle the Company does have the long-term funding appropriate for making investments in illiquid companies. However, if the underlying investee companies run into difficulties then their shares can become illiquid for protracted periods of time. In these circumstances the Manager would work with the investee company and its advisors to seek appropriate solutions.

7. Market Risk

Investment in AIM-traded and unquoted companies, by its nature, involves a higher degree of risk than investment in companies on the Main Market of the London Stock Exchange. In particular, smaller companies often have limited product lines, markets or financial resources and may be dependent for their management on a smaller number of key individuals. At times of adverse market sentiment the shares of small companies can become very difficult to sell, and values can fall rapidly. The Company's closed-end structure is important in this regard, in that it is less likely to become a forced seller at such points. The Company's investment policy also allows the Manager to invest in much larger, more liquid, companies through non-qualifying holdings. These can provide liquidity in times of market adversity.

8. Economic Risk

Events such as economic recession, not only in the UK, but also in the core markets relevant to our investee companies, together with a movement in interest rates, can affect investor sentiment towards liquidity risk, and hence have a negative impact on the valuation of smaller companies. The Manager seeks to mitigate this risk by seeking to adopt a suitable investment style for the current point in the business cycle, and to diversify the exposure to geographic end markets.

9. Reputational Risk

Inadequate or failed controls might result in breaches of regulations or loss of shareholder trust. The Manager operates a robust risk management system which is reviewed regularly to ensure the controls in place are effective in reducing or eliminating risks to the Company. Details of the Company's internal controls are on pages 27 and 28.

10. Operational Risk

Failure of the Manager's, or other contracted third parties', accounting systems or disruption to their businesses might lead to an inability to provide accurate reporting and monitoring or loss to shareholders. The Manager regularly reviews the performance of third party suppliers at monthly management meetings and quarterly board meetings of the Manager.

STATEMENT ON LONG-TERM VIABILITY

In accordance with the UK Corporate Governance Code published in April 2016 (the “Code”), the directors have carried out a robust assessment of the prospects of the Company for the period to January 2024, taking into account the Company’s current position and emerging and principal risks, and are of the opinion that, at the time of approving the financial statements there is a reasonable expectation that the Company will be able to continue in operation and meet liabilities as they fall due over that period.

To come to this conclusion, the Manager prepares and the directors consider an income statement forecast for the next five years which is considered to be an appropriate time period due to its consistency with the UK Government’s tax relief minimum holding period for an investment in a VCT. The directors consider that for the purpose of this exercise it is not practical or meaningful to look forward over a period of more than five years. This time frame allows for reasonable forecasts to be made to allow the Board to provide shareholders with reasonable assurance over the viability of the Company. In making their assessment the directors have taken 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.

OTHER DISCLOSURES

The Company had no employees during the year and has five non-executive directors, three of whom are male and two are female.

On behalf of the Board

Peter A. Lawrence

Chairman

17 April 2019

Board of Directors

Peter Lawrence

Peter Lawrence joined the Board in May 2018 and is chairman of the Company. He is also chairman of Baronsmead VentureTrust plc and of Anpario plc, which is also traded on AIM. He is a director of Algatechnologies Limited, which is backed by private equity. Peter was chairman of Amati VCT plc prior to the merger with Amati AIM VCT plc. On 7 March 2019 he retired as chairman of ECO Animal Health Group plc, an AIM-traded company which he founded in 1972.

Julia Henderson

Julia Henderson joined the Board in May 2018. She has specialised in advising quoted and unquoted companies for over thirty years. Her corporate finance career began at ANZ Merchant Bank after which she became a co-founder of Beeson Gregory Limited, a mid-market investment bank. Since 2004 she has been an independent consultant, chairman and non-executive director to companies across a broad range of sectors. Previous non-executive directorships include ECO Animal Health Group plc, GTL Resources plc, Alkane Energy plc and TP Group plc. She was a director of Amati VCT plc prior to the merger with Amati AIM VCT plc.

Mike Killingley

Mike Killingley joined the Board in February 2006. He is a former non-executive chairman of a number of AIM and listed companies, including Beale plc, Southern Vectis plc, Conder Environmental plc and Advanced Technology (UK) plc, and a former non-executive director of AIM-quoted Falkland Islands Holdings plc. He was a senior partner with KPMG, chartered accountants, from 1988 until retiring from the firm in 1998; he is the chairman of the audit committee of the Company.

Mike is retiring from the Board following the conclusion of the AGM.

Susannah Nicklin

Susannah Nicklin joined the Board in May 2016. She is an investment and financial services professional with 20 years of experience in executive roles at Goldman Sachs and Alliance Bernstein in the US, Australia and the UK. She has also worked in the social impact private equity sector with Bridges Ventures and the Global Impact Investing Network.

Susannah is a non-executive director and senior independent director at Pantheon International plc, a non-executive director and senior independent director of City of London Investment Group plc, a non-executive director of the North American Income Trust and a non-executive director of Baronsmead Venture Trust plc. She holds the Chartered Financial Analyst credential from the CFA Institute.

Brian Scouler

Brian Scouler joined the Board in May 2018. He spent 25 years in Private Equity with Charterhouse, Royal Bank of Scotland and Dunedin. He has wide experience of buying and selling private companies and investment portfolio management, sitting on numerous investee company boards. He was formerly manager of a quoted investment trust and a member of the steering committee of LPEQ, the listed private equity group. He is a Chartered Accountant with a number of non-executive and advisory appointments. He was a director of Amati VCT plc prior to the merger with Amati AIM VCT plc.

Directors' Report

The Corporate Governance report on pages 25 to 28 forms part of the directors' report.

Principal Activity and Status

The Company is registered as a public limited company under the Companies Act 2006 (Registration number 04138683). The address of the registered office is 27/28 Eastcastle Street, London, W1W 8DH. The principal activity of the Company is to invest in a portfolio of companies whose shares are primarily traded on AIM. The directors have managed and intend to continue to manage the Company's affairs in such a manner as to comply with section 274 of the Income Tax Act 2007. A review of the Company's business during the year is contained in the Chairman's Statement and Fund Manager's Review.

Directors

The directors of the Company during the year under review were Peter Lawrence, Julian Avery, Julia Henderson, Mike Killingley, Susannah Nicklin and Brian Scouler. Julian Avery retired from the Board on 4 May 2018. Peter Lawrence, Julia Henderson and Brian Scouler were appointed to the Board on 4 May 2018. Mike Killingley is retiring from the Board following the conclusion of the AGM. The Company indemnifies its directors and officers and has purchased insurance to cover its directors.

Management

The Company's investments are managed by Amati Global Investors Limited, subject to an Investment Management Agreement dated 19 March 2010 (the "Agreement"). Pursuant to the Agreement, Amati is entitled to an investment management fee of 1.75% per annum charged on the net asset value of the Company at the quarter end, payable quarterly in arrears.

The Manager waived the right granted in the Agreement to receive a performance fee.

The Agreement may be terminated by either party on twelve months' notice. There are several events that could allow immediate termination by the Company, including insolvency, material breach, loss of FCA authorisation, a change of control of the Manager, and Paul Jourdan ceasing to work on a day to day basis unless a replacement acceptable to the Company is appointed within twenty business days.

Manager Evaluation

The Board reviews the Manager's engagement, including its management processes, risk controls and the quality of support provided to the Board and believes that its continuing appointment, on its current terms, remains in the interests of shareholders at this time.

Dividend

The Company paid an interim dividend of 3.5p per share on 23 November 2018. The Board is recommending a final dividend of 4.0p per share for the year ended 31 January 2019 payable on 26 July 2019.

Share Capital

There were 85,549,682 ordinary shares in issue at the year end. During the year 10,053,218 shares in the Company were allotted at an average price of 176.7p per share raising £17.8m net of issue costs. On 4 May 2018 41,231,436 shares were issued to shareholders of Amati VCT plc in return for the transfer of the assets and liabilities of Amati VCT plc to the Company. Since the year end, 4,744,624 shares have been issued under the Offer for Subscription, please refer to Note 16 on page 53 for further details.

During the year 1,792,067 shares in the Company with a nominal value of 5p per share were bought back for an aggregate consideration of £2.8m at an average price of 154.9p per share (representing 5.0% of the shares in issue at 31 January 2018). Since the year end, 431,144 shares have been bought back for an aggregate consideration of £0.6m at an average price of 131.63p per share. All of the shares were cancelled after purchase. The purpose of the share buybacks was to satisfy demand from those shareholders who sought to sell their shares during the period, given that there is a very limited secondary market for shares in Venture Capital Trusts generally. It remains the Board's policy to buy back shares in the market, subject to the overall constraint that such purchases are in the Company's interest including the maintenance of sufficient resources for investment in new and existing investee companies and the continued payment of dividends to shareholders. At the Company's year end authority remained for the Company to buy back 10,263,192 shares.

The rights and obligations attached to the Company's ordinary shares are set out in the Company's Articles of Association, copies of which can be obtained from Companies House. The Company has one class of

Directors' Report (continued)

share, ordinary shares, which carry no right to fixed income. The holders of ordinary shares are entitled to receive dividends when declared, to receive the Company's report and accounts, to attend and speak at general meetings, to appoint proxies and to exercise voting rights. There are no restrictions on the voting rights attaching to the Company's shares or the transfer of securities in the Company.

Annual General Meeting - Authority to Allot Shares

Authority is sought at the upcoming AGM of the Company that the directors be authorised pursuant to Section 551 of the Companies Act 2006 to allot relevant securities up to a maximum aggregate nominal value of £1,500,000.

Substantial Shareholdings

31 January 2019		As at the date of this report	
No of ordinary shares held	% of shares in issue	No of ordinary shares held	% of shares in issue
Hargreaves Lansdown (Nominees) Limited			
4,300,087	5%	4,700,924	5%

Auditor

A resolution to re-appoint BDO LLP as auditor will be proposed at the forthcoming AGM.

Re-election of Directors

In accordance with corporate governance best practice, all directors, except Mike Killingley who is retiring from the Board following the conclusion of the AGM, are proposed for re-election at the AGM.

Going Concern

In accordance with FRC Guidance for directors on going concern and liquidity risk the directors have assessed the prospects of the Company having adequate resources to continue in operational existence for at least twelve months from the date of approval of these financial statements. 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. The Company's business activities, together with the factors likely to affect its future development, performance and position including

the financial risks the Company is exposed to are set out in the Strategic Report on pages 19 and 20.

As a consequence, the directors have a reasonable expectation that the Company has sufficient cash and liquid investments to continue to operate and that together with funds raised after the end of the financial year under the new offer the Company is well placed to manage its business risks successfully and meet its liabilities as they fall due. Thus the directors believe it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

Accountability and Audit

The independent auditor's report is set out on pages 34 to 38 of this report. The directors who were in office on the date of approval of these Annual Report and Financial Statements have confirmed that, as far as they were aware, there is no relevant audit information of which the auditor is unaware. Each of the directors has taken all the steps they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Financial Instruments

The Company's financial instruments comprise equity and fixed interest investments, cash balances and liquid resources including debtors and creditors. Further details, including details about risk management, are set out in the Strategic Report and in notes 18 to 22 on pages 54 to 57.

Future Developments

Significant events which have occurred after the year end are detailed in note 16 on page 53. Future developments which could affect the Company are discussed in the outlook sections of the Chairman's Statement and Fund Manager's Review.

On behalf of the Board

Peter A. Lawrence
Chairman

17 April 2019

Statement of Corporate Governance

Background

The Board of Amati AIM VCT plc recognises the importance of sound corporate governance. The Board has considered the principles and recommendations of the 2016 AIC Code of Corporate Governance ("AIC Code") by reference to the AIC Corporate Governance Guide for Investment Companies ("AIC Guide") available on the AIC website www.theaic.co.uk. The AIC Code, as explained by the AIC Guide, addresses the principles of the UK Corporate Governance Code (the "Code"), as well as setting out additional principles and recommendations on issues which are of specific relevance to the Company as a venture capital trust. The Board considers that reporting within the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the Code), will provide better information for shareholders. The Company has complied with the recommendations of the AIC Code and the relevant provisions of the Code except as set out below. For the reasons set out in the AIC Guide, and in the preamble to the Code, the Board considers that the provisions relating to the role of chief executive, executive directors' remuneration and the need for an internal audit function are not relevant to the position of the Company, due to the size and specialised nature of the company, the fact that all directors are independent and non-executive, and the costs involved.

Board of Directors

The Company has a Board of five directors, all of whom are considered independent non-executive directors under the AIC Code. As all directors have acted in the interests of the Company throughout the period of their appointment and demonstrated commitment to their roles the Board recommends they be re-elected at the AGM except Mike Killingley who is not seeking re-election at the AGM as he is retiring from the Board following the conclusion of the AGM.

The Company may by ordinary resolution appoint any person who is willing to act as a director, either to fill a vacancy or as an additional director. No director has a contract of service with the Company. All of the directors have been provided with letters of appointment which are available for inspection by shareholders immediately before and after the Company's annual general meeting.

Directors are provided with key information on the Company's activities including regulatory and statutory

requirements and internal controls by the Manager. The Manager, in the absence of explicit instructions from the Board, is empowered to exercise discretion in the use of the Company's voting rights. All shareholdings are voted, where practical, in accordance with the Manager's own corporate governance policy, which is to seek to maximise shareholder value by constructive use of votes at company meetings and by endeavouring to use its influence as an investor with a principled approach to corporate governance.

The AIC Code states that the Board should have a formal schedule of matters specifically reserved to it for decision, to ensure that it has firm direction and control of the Company. This is achieved by a management agreement between the Company and the Manager, which sets out the matters over which the Manager has authority and the limits above which Board approval must be sought. All other matters including strategy, investment and dividend policies, gearing and corporate governance proceedings are reserved for the approval of the Board of directors. All the directors are equally responsible for the proper conduct of the Company's affairs. In addition, the directors are responsible for ensuring that the policies and operations are in the best interests of all the Company's shareholders and that the best interests of creditors and suppliers to the Company are properly considered. The Chairman and the company secretary establish the agenda for each Board meeting. The necessary papers for each meeting are distributed well in advance of each meeting ensuring all directors receive accurate, timely and clear information.

Independence of Directors

The Board regularly reviews the independence of each director and of the Board as a whole in accordance with the guidelines in the AIC Code. Directors' interests are noted at the start of each Board meeting and any director would not participate in the discussion concerning any investment in which he or she had an interest. The Board does not consider that length of service will necessarily compromise the independence or effectiveness of directors and no limit has been placed on the overall length of service. The Board consider that such continuity and experience can be of significant benefit to the Company and its shareholders. The Board believes that each director has demonstrated that they are independent in character and judgment and there are no relationships or circumstances which could affect their objectivity.

Statement of Corporate Governance (continued)

Board Performance

The Board carries out a performance evaluation of the Board, committees and individual directors each year. Due to the size of the Company, the fact that all directors are independent and non-executive, and the costs involved, external facilitators are not used in evaluation of the Board. The directors consider that the balance of skills is appropriate and all directors contribute fully to discussion in an open, constructive and objective way. The composition of the Board and its committees is considered adequate for the effective governance of the Company. The biographies of the directors, set out on page 22 demonstrate the wide range of investment, commercial and professional experience that they contribute.

Board Committees

Copies of the terms of reference of the Company's committees are available from the company secretary and can be found on Amati's website:
http://amatiglobal.com/amat_the_board.php

Report of the Audit Committee

The audit committee comprises Mike Killingley (chairman), Julia Henderson, Peter Lawrence, Susannah Nicklin and Brian Scouler. Following Mike Killingley's retirement at the conclusion of the AGM, Brian Scouler will become chairman of the audit committee. The Board is satisfied that the committee as a whole has competence relevant to the venture capital trust sector.

During the year ended 31 January 2019 the audit committee met twice and:

- reviewed all financial statements released by the Company (including the annual and half-yearly report);
- reviewed the Company's accounting policies;
- monitored the effectiveness of the system of internal controls and risk management;
- approved the external auditor's plan and fees;
- received a report from the external auditors following their detailed audit work, and discussed key issues arising from that work; and
- reviewed its own terms of reference.

The directors carried out a robust assessment of the principal risks facing the Company and concluded that the key areas of risk which threaten the business model, future performance, solvency or liquidity of the Company are:

- compliance with HM Revenue & Customs to maintain the Company's VCT status; and
- valuation of unquoted investments.

These matters are monitored regularly by the Manager, and reviewed by the Board at every Board meeting. They were also discussed with the Manager and the auditor at the audit committee meeting held to discuss the annual financial statements.

The committee concluded:

VCT status – the Manager confirmed to the audit committee that the conditions for maintaining the Company's status had been complied with throughout the year. The Company's VCT status is also reviewed by the Company's tax adviser, Philip Hare & Associates, as described on page 17.

Valuation of unquoted investments – the Manager confirmed to the audit committee that the basis of valuation for unquoted companies was consistent with the prior year and in accordance with published industry guidelines, taking account of the latest available information about investee companies and current market data. A comprehensive report on the valuation of unquoted investments is presented and discussed at every Board meeting; directors are also consulted about material changes to those valuations between Board meetings.

The Manager and auditor confirmed to the audit committee that they were not aware of any material unadjusted misstatements. Having reviewed the reports received from the Manager, the audit committee is satisfied that the key areas of risk and judgement have been properly addressed in the financial statements and that the significant assumptions used in determining the value of assets and liabilities have been properly appraised and are sufficiently robust.

The audit committee has managed the relationship with the external auditor and assessed the effectiveness of the audit process. When assessing the effectiveness of the process for the year under review the Committee considered the auditor's technical knowledge and that it has a clear understanding of the business of the Company; that the audit team is appropriately resourced; that the auditor provided a

clear explanation of the scope and strategy of the audit and that the auditor maintained independence and objectivity. As part of the review of auditor effectiveness and independence, BDO LLP has confirmed that it is independent of the Company and has complied with applicable auditing standards. BDO LLP does not provide any non-audit services to the Company and the audit committee must approve the appointment of the external auditor for any non-audit services. BDO LLP and prior to their merger PKF (UK) LLP has held office as auditor for a total of 9 years; in accordance with professional guidelines the engagement partner is rotated after at most five years, and the current partner started working with the Company for the 31 January 2016 audit.

Following the review as noted above the audit committee is satisfied with the performance of BDO LLP and recommends the services of BDO LLP to the shareholders in view both of that performance and the firm's extensive experience in auditing Venture Capital Trusts.

Remuneration Committee

Following the merger, the directors established a Remuneration Committee which comprises Brian Scouler (chairman), Julia Henderson, Peter Lawrence, Mike Killingley and Susannah Nicklin. The Committee did not meet during the year but the directors agreed the terms of reference of the Remuneration Committee and resolved to meet once a year in future years to discuss in particular fees payable to advisers (other than the Company's auditors), terms of appointment and remuneration of the directors and make recommendations to the Board. The Remuneration Committee's annual report can be found on pages 30 to 33 of this report.

Nomination Committee

During the year the directors also established a Nomination Committee which comprises Julia Henderson (chairman), Peter Lawrence, Mike Killingley, Susannah Nicklin and Brian Scouler. The Committee did not meet during the year, but the directors agreed the terms of reference of the Nomination Committee whose duties include making recommendations to the Board on Board structure, size and composition (including the knowledge, experience, skills and diversity), drawing up plans for succession and identifying and nominating candidates to fill Board vacancies.

The Board has considered the recommendations of the UK Corporate Governance Code concerning gender diversity and welcomes initiatives aimed at increasing diversity generally. The Board believes, however, that all appointments should be made on merit rather than positive discrimination. The Board is clear that maintaining an appropriate balance round the board table through a diverse mix of skills, experience, knowledge and background is of paramount importance and gender diversity is a significant element of this. Any search for new board candidates is conducted, and appointments made, on merit, against objective selection criteria having due regard, among other things, to the benefits of diversity on the board, including gender.

Board and Committee Meetings

The following table sets out the directors' attendance at full Board and audit committee meetings held during the year ended 31 January 2019. There were no meetings of the Remuneration Committee or Nomination Committee during the year.

Director	Board meetings		Audit Committee meetings	
	held	attended	held	attended
Peter Lawrence*	6	6	1	1
Julian Avery*	3	3	1	1
Julia Henderson*	6	6	1	1
Mike Killingley	9	8	2	2
Susannah Nicklin	9	9	2	2
Brian Scouler*	6	6	1	1

* Peter Lawrence, Julia Henderson and Brian Scouler were appointed, and Julian Avery retired from the Board, on 4 May 2018.

The Board is in regular contact with the Manager between Board meetings.

Internal Control

The Board acknowledges that it is responsible for the Company's internal control systems and for reviewing their effectiveness. In accordance with the AIC Code and the Guidance on Risk Management published by the Financial Reporting Council in 2014, the audit committee has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Company. Internal controls are designed to manage the particular needs of the Company and the risks to which it is exposed. The

Statement of Corporate Governance (continued)

internal control systems aim to ensure the maintenance of proper accounting records, the reliability of the financial information upon which business decisions are made and which is used for publication, and that the assets of the Company are safeguarded. They can by their nature only provide reasonable and not absolute assurance against material misstatement or loss. The financial controls operated by the Board include the authorisation of the investment strategy and regular reviews of the results and investment performance.

The Board has delegated contractually to third parties, as set out on page 17, the management of the investment portfolio, the custodial services, including the safeguarding of the assets, the day-to-day accounting, company secretarial and administration requirements and registration services. Each of these contracts was entered into after full and proper consideration by the Board of the quality and cost of services offered. The Board receives and considers regular reports from the Manager. Ad hoc reports and information are supplied to the Board as required. It remains the role of the Board to keep under review the terms of the management agreement with the Manager.

A bi-annual review of the control systems is carried out which covers consideration of the key risks in three major areas: corporate strategy and compliance with laws and regulations; financial management and company reporting and relationships with service providers. Each risk is considered with regard to the controls exercised at Board level, reporting by service providers and controls relied upon by the Board. The company secretary reviews the annual statutory accounts to ensure compliance with Companies Acts and the AIC Code and the audit committee reviews financial information prior to its publication. The principal features of the internal control systems which the Company has in place in respect of financial reporting include segregation of duties between the review and approval of unquoted investment valuations and the recording of these valuations in the accounting records. Bank reconciliations, cash forecasts and investment valuations are produced on a weekly basis for review by the Manager. Quarterly management accounts are produced for review and approval by the Manager and the Board.

Relations with Shareholders

The Company welcomes the views of shareholders and places great importance on communication with its shareholders. Shareholders have the opportunity to meet the Board at the annual general meeting. All shareholders are welcome to attend the meeting and to ask questions of the directors. The Board is also happy to respond to any written queries made by shareholders during the course of the year. All communication from shareholders is recorded and reviewed by the Board to ensure that shareholder enquiries are promptly and adequately resolved.

The notice of the AGM accompanies this annual report, which is sent to shareholders. A separate resolution is proposed for each substantive issue. The Board and representatives of the Manager are available to answer any questions shareholders may have.

The Company also communicates with shareholders through annual and half-yearly reports, which appear on the Company's website (http://amatiglobal.com/amat_literature.php). The Board as a whole approves the terms of the Chairman's Statement and Fund Manager's Review which form part of these reports. The directors consider the annual report and financial statements taken as a whole are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

On behalf of the Board

Peter A. Lawrence
Chairman

17 April 2019

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss for the Company for that year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with applicable UK accounting standards, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- prepare a Strategic Report, a Directors' Report and Directors' Remuneration Report which comply with the requirements of the Companies Act 2006.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the Company financial statements, Article 4 of the International Accounting Standards Regulation. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for ensuring that the Annual Report and accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

Website Publication

The directors are responsible for ensuring the annual report and the financial statements are made available on a website, this website is maintained by the Manager on behalf of the Company. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Directors' Responsibilities pursuant to DTR4

The directors confirm to the best of their knowledge:

- The financial statements which have been prepared in accordance with UK Generally Accepted Accounting Practice give a true and fair view of the assets, liabilities, financial position and loss of the Company.
- The Annual Report includes a fair review of the development and performance of the business and the financial position of the Company, together with a description of the principal risks and uncertainties that they face.

On behalf of the Board

Peter A. Lawrence
Chairman

17 April 2019

Directors' Remuneration Report

Introduction

This report has been prepared in accordance with the requirements of the Companies Act 2006 and The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (the "Regulations"). An ordinary resolution for the approval of the Directors' Annual Report on remuneration will be put to members at the AGM on 26 June 2019.

The Company's auditor, BDO LLP, is required to give its opinion on certain information included in this report. The disclosures which have been audited are indicated as such. The auditor's opinion on these and other matters is included in the Independent Auditor's Report on pages 34 to 38.

Annual Statement from the Chairman of the Company

Directors' fees are reviewed annually and are set by the Board to attract individuals with the appropriate range of skills and experience. In determining the level of fees their duties and responsibilities are considered, together with the level of time commitment required in preparing for and attending meetings. The Company appointed a remuneration committee in the financial year under review and any decisions on remuneration to date were taken by the Board as a whole. The remit of the newly formed remuneration committee regarding remuneration is included in the Statement of Corporate Governance on page 27. The Board last agreed to increase annual fees with effect from 4 May 2018 when directors' fees were increased to £22,000 per annum and the Chairman's fee to £24,325 per annum.

Directors' Remuneration Policy

The Board's policy is that the remuneration of directors should reflect the experience of the Board as a whole, be fair and comparable with that of other companies that are similar in size and nature to the Company and

have similar objectives and structures. Directors' fees are set with a view to attracting and retaining the directors required to oversee the Company effectively and to reflect the specific circumstances of the Company, the duties and responsibilities of the directors and the value and amount of time committed to the Company's affairs. It is the intention of the Board that, unless any revision to this policy is deemed necessary, this policy will continue to apply in the forthcoming and subsequent financial years. The Board has not received any views from the Company's shareholders in respect of the levels of directors' remuneration.

The directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits. No arrangements have been entered into between the Company and the directors to entitle any of the directors to compensation for loss of office.

This policy was last approved by the members at the AGM in 2017, and will next be voted on by the members at the AGM to be held in 2020.

The Company's Articles of Association provide for a maximum level of total remuneration of £120,000 per annum in aggregate.

Directors' Annual Report on Remuneration

Terms of appointment

No director has a contract of service with the Company. All of the directors have been provided with letters of appointment which include details of fees payable. The letters of appointment provide that directors are subject to re-election by shareholders at the first annual general meeting after their appointment. In accordance with corporate governance best practice, the Board has resolved that all directors will stand for annual re-election. Their re-election is subject to shareholder approval. The letters of appointment are available for inspection on request from the company secretary. There is no period of notice to be given to terminate the letters of appointment and no provision for compensation upon early termination of appointment.

The following table shows, for each director, the original appointment date and the annual general meeting at which they may stand for re-election.

Director	Date of original appointment	Due date for re-election
Peter Lawrence	4 May 2018	2019 AGM
Julia Henderson	4 May 2018	2019 AGM
Mike Killingley	22 February 2006	n/a*
Susannah Nicklin	4 May 2016	2019 AGM
Brian Scouler	4 May 2018	2019 AGM

*Mike Killingley is retiring from the Board following the conclusion of the AGM.

Directors' fees for the year (Audited)

The fees payable to individual directors in respect of the year ended 31 January 2019 are shown in the table below.

Director	Total fee for year ended 31 January 2019 £	Total fee for year ended 31 January 2018 £
Peter Lawrence*	18,125	-
Julian Avery*	6,235	23,500
Julia Henderson*	16,395	-
Mike Killingley	21,365	19,000
Susannah Nicklin	20,710	16,500
Brian Scouler*	16,395	-
	99,225	59,000

* Peter Lawrence, Julia Henderson and Brian Scouler were appointed, and Julian Avery retired from the Board, on 4 May 2018.

Directors are remunerated exclusively by fixed fees and do not receive bonuses, share options, long term incentives, pension or other benefits.

Relative importance of spend on pay

The table below shows the remuneration paid to directors and shareholder distributions in the year to 31 January 2019 and the prior year:

	2019 £	2018 £	Percentage increase/ (decrease)
Total dividend paid to shareholders	7,218,163	2,577,461	180.05%
Total repurchase of own shares	2,789,542	1,513,633	84.29%
Total directors' fees	99,225	59,000	68.18%

Directors' Remuneration Report (continued)

Directors' shareholdings (Audited)

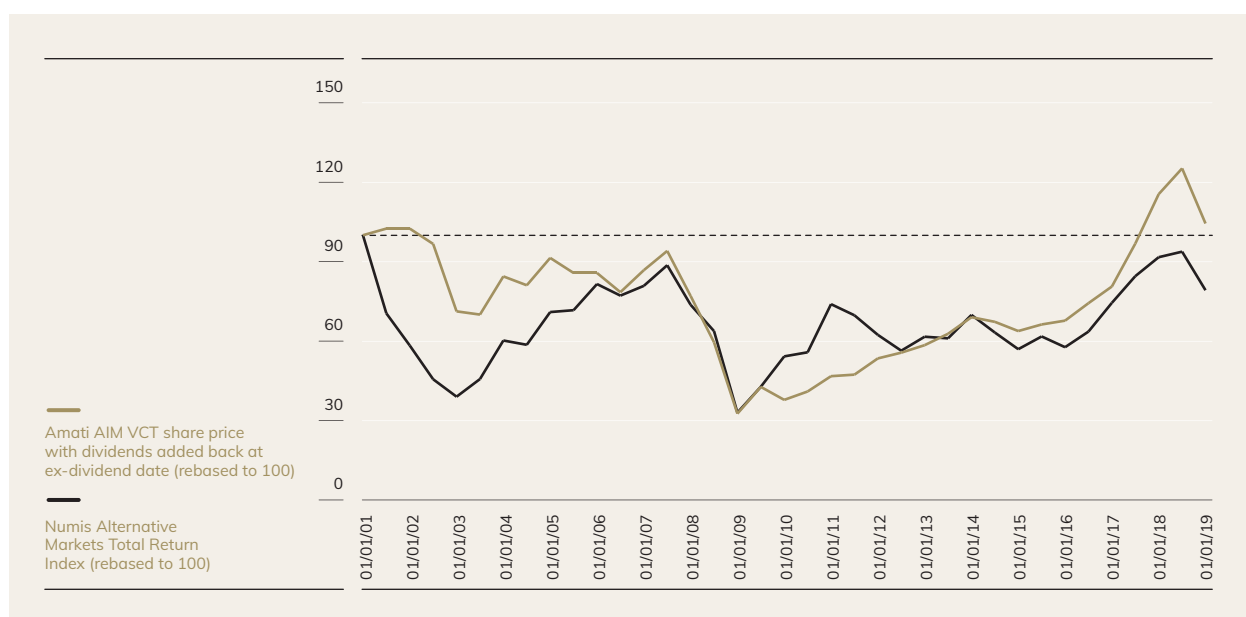
The directors who held office at 31 January 2019 and their interests in the shares of the Company (including beneficial and family interests) were:

	31 January 2019		31 January 2018	
	Shares held	% of issued share capital	Shares held	% of issued share capital
Peter Lawrence	641,420	0.75	n/a	n/a
Julia Henderson	13,295	0.02	n/a	n/a
Mike Killingley	52,697	0.06	52,697	0.15
Susannah Nicklin	8,531	0.01	2,933	0.01
Brian Scouler	40,280	0.05	n/a	n/a

The Company confirms that it has not set out any formal requirements or guidelines for a director to own shares in the Company.

Company Performance

The Board is responsible for the Company's investment strategy and performance, although the management of the Company's investment portfolio is delegated to the Manager through the management agreement. The graph below compares the Company's share price with dividends added back at the ex-dividend date to the Numis Alternative Markets Total Return Index for the period from the launch of the Company. This index was chosen for comparison purposes, as it is the benchmark used for investment performance measurement purposes.



Shareholder Voting

At the AGM held on 27 June 2018 83.9% of shareholders voted for, 16.1% voted against and 16,625 shares were withheld in respect of the resolution approving the Directors' Remuneration Report. At the AGM held on 28 June 2017, 97.7% of shareholders voted for the Remuneration Policy with 2.3% voting against and 25,689 shares withheld. An ordinary resolution for the approval of the Directors' Annual Report on Remuneration will be put to shareholders at the forthcoming AGM.

On behalf of the Board

Peter A. Lawrence

Chairman

17 April 2019

Independent Auditor's Report to the Members of Amati AIM VCT plc

Opinion

We have audited the financial statements of Amati AIM VCT plc (the "Company") for the year ended 31 January 2019 which comprise the Income Statement, the Statement of Changes in Equity, the Balance Sheet, and the Statement of Cash Flows and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 January 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation in the annual report that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity;
- the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the directors' statement relating to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the directors' explanation in the annual report as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How We Addressed the Key audit matter in the Audit
<p>Valuation and ownership of investments (Note 1 and 10 to the financial statements)</p> <p>Investments represent the most significant balance in the financial statements, there is a potential risk that the Company has not appropriate confirmation of title over investments.</p> <p>The Investment Manager is responsible for preparing the valuation of investments which are reviewed and approved by the Board. Notwithstanding this review, there is a potential risk of misstatement in the investment valuations due to errors in the calculations.</p>	<p>We responded to this matter by testing the valuation and ownership of the portfolio of investments. We performed the following procedures:</p> <p>In respect of quoted investment valuations (over 99% of the total portfolio by value) we have:</p> <ul style="list-style-type: none"> Confirmed the year-end bid price was used by agreeing all quoted investments to externally quoted prices For a sample of investments, assessed if there were contra indicators, such as liquidity considerations from reviewing trading volumes, to suggest bid price is not the most appropriate indication of fair value. Obtained direct confirmation from the custodian regarding all of investments held at the balance sheet date. <p>In respect of unquoted investment valuations (less than 1% of the total portfolio) we have:</p> <ul style="list-style-type: none"> Obtained direct confirmation from the custodian at the balance sheet date. Confirmed the assumptions and underlying evidence supporting the year end valuations are in line with UK GAAP and the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines. Considered the economic environment in which the Company operates to identify factors that could impact the investment valuation.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. In order to reduce to an appropriately low level the probability that any misstatements exceed materiality we use a lower materiality level, performance materiality, to determine

the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements. The application of these key considerations gives rise to different levels of materiality, the quantum and purpose of which are tabulated below.

Materiality measure	Purpose	Key considerations and benchmarks	Quantum (£)
Financial statement materiality. (1% of invested assets)	Assessing whether the financial statements as a whole present a true and fair view.	<ul style="list-style-type: none"> The value of gross investments The level of judgement inherent in the valuation The range of reasonable alternative valuations 	£1,130,000 (31 January 2018: £580,000)
Performance materiality. (75% of financial statement materiality)	Lower level of materiality applied in performance of the audit when determining the nature and extent of testing applied to individual balances and classes of transactions.	<ul style="list-style-type: none"> Financial statement materiality Risk and control environment History of prior errors (if any) 	£850,000 (31 January 2018: £440,000)

Independent Auditor's Report (continued)

We agreed with the audit committee that we would report to the Committee all audit differences in excess of £23,000 (2017: £6,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

Our audit approach was developed by obtaining an understanding of the Company's activities, and the overall control environment. Based on this understanding we assessed those aspects of the Company's transactions and balances which were most likely to give rise to a material misstatement.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of the valuation of investments which have a high level of estimation uncertainty involved in determining the unquoted investment valuations

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Companies Act 2006, the FCA listing and DTR rules, the principles of the UK Corporate Governance Code, industry practice represented by the SORP and FRS 102. We also considered the Company's qualification as a VCT under UK tax legislation as any breach of this would lead to the Company losing various deductions and exemptions from corporation tax.

We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion.

We focused on laws and regulations that could give rise to a material misstatement in the company financial statements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management;
- review of minutes of board meetings throughout the period; and
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable** – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit Committee reporting** – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- **Directors' statement of compliance with the UK Corporate Governance Code** – the parts of the directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters which we are required to address

Following the recommendation of the audit committee, we were appointed by the Board of Directors to audit the financial statements for the year ended 31 January 2011 and subsequent financial periods. The period of total uninterrupted engagement is 9 years, covering the years ending 31 January 2011 to 31 January 2019 and therefore the last year BDO can act as auditor before a mandatory competitive tender is required is 31 January 2020.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting our audit.

Our audit opinion is consistent with the additional report to the Audit Committee.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Vanessa-Jayne Bradley
(Senior Statutory Auditor)**

For and on behalf of BDO LLP,
Statutory Auditor
London
United Kingdom

17 April 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Income Statement

for the year ended 31 January 2019

	Note	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000	2018 Revenue £'000	2018 Capital £'000	2018 Total £'000
(Loss)/ gain on investments	10	-	(14,939)	(14,939)	-	19,511	19,511
Income	3	596	-	596	403	-	403
Investment management fees	4	(488)	(1,464)	(1,952)	(227)	(681)	(908)
Other expenses	5	(376)	-	(376)	(289)	-	(289)
(Loss)/profit on ordinary activities before taxation		(268)	(16,403)	(16,671)	(113)	18,830	18,717
Taxation on ordinary activities	6	-	-	-	-	-	-
(Loss)/profit and total comprehensive income attributable to shareholders		(268)	(16,403)	(16,671)	(113)	18,830	18,717
Basic and diluted (loss)/earnings per Ordinary share	8	(0.38)p	(22.90)p	(23.28)p	(0.33)p	54.85p	54.52p

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 year discussed above. Accordingly a Statement of Total Comprehensive Income is not required.

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

The notes on pages 44 to 58 form part of these financial statements.

Statement of Changes in Equity

for the year ended 31 January 2019

	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 2018	1,804	19,359	425	418	33,359
Loss and total comprehensive income for the year	-	-	-	-	(14,492)
Total comprehensive income for the year	1,804	19,359	425	418	18,867
Contributions by and distributions to shareholders:					
Repurchase of shares	(91)	-	-	91	-
Shares issued	503	17,278	-	-	-
Shares issued as part of the merger	2,062	70,688	-	-	-
Merger costs	-	(357)	-	-	-
Other costs charged to capital	-	-	-	-	-
Dividends paid	-	-	-	-	-
Cancellation of share premium	-	(96,397)	-	-	-
Total contributions by and distributions to shareholders	2,474	(8,788)	-	91	-
Closing balance as at 31 January 2019	4,278	10,571	425	509	18,867

Further information on the shares issued as part of the merger is included in note 9.

for the year ended 31 January 2018

	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 year	-	-	-	-	16,872
Total comprehensive income for the year	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	-	(124)	-	-	-
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

Distributable reserves				
	Special reserve £'000	Capital reserve (distributable) £'000	Revenue reserve £'000	Total reserves £'000
	10,386	(4,073)	(127)	61,551
	-	(1,911)	(268)	(16,671)
	10,386	(5,984)	(395)	44,880
	(2,790)	-	-	(2,790)
	-	-	-	17,781
	-	-	-	72,750
	(56)	-	-	(413)
	(1)	-	-	(1)
	(7,218)	-	-	(7,218)
	96,397	-	-	-
	86,332	-	-	80,109
	96,718	(5,984)	(395)	124,989
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
	-	-	-	(124)
	(2,577)	-	-	(2,577)
	(4,091)	-	-	2,449
	10,386	(4,073)	(127)	61,551

Balance Sheet

as at 31 January 2019

	Note	2019 £'000	2018 £'000
Fixed assets			
Investments held at fair value	10	112,867	58,273
Current assets			
Debtors	11	38	867
Cash at bank		12,756	2,823
Total current assets		12,794	3,690
Current liabilities			
Creditors: amounts falling due within one year	12	(672)	(412)
Net current assets		12,122	3,278
Total assets less current liabilities		124,989	61,551
Capital and reserves			
Called up share capital*	13	4,278	1,804
Share premium account*		10,571	19,359
Merger reserve*		425	425
Capital redemption reserve*		509	418
Capital reserve (non-distributable)*		18,867	33,359
Special reserve		96,718	10,386
Capital reserve (distributable)		(5,984)	(4,073)
Revenue reserve		(395)	(127)
Equity shareholders' funds		124,989	61,551
Net asset value per share	14	146.1p	170.7p

* These reserves are not distributable.

The financial statements on pages 39 to 58 were approved and authorised for issue by the Board of directors on 17 April 2019 and were signed on its behalf by

Peter A. Lawrence

Chairman

Company Number 04138683

The accompanying notes on pages 44 to 58 are an integral part of the balance sheet.

Statement of Cash Flows

for the year ended 31 January 2019

	Note	2019 £'000	2018 £'000
Cash flows from operating activities			
Investment income received		585	408
Investment management fees	4	(1,686)	(818)
Other operating costs		(398)	(287)
Net cash outflow from operating activities		(1,499)	(697)
Cash flows from investing activities			
Purchases of investments	10	(12,832)	(5,466)
Disposals of investments	10	6,692	5,679
Net cash (outflow)/inflow from investing activities		(6,140)	213
Net cash outflow before financing		(7,639)	(484)
Cash flows from financing activities			
Cash received as part of asset acquisition of Amati VCT	9	9,462	-
Net cash paid in respect of assets and liabilities of Amati VCT		(101)	-
Merger costs of the Company		(413)	-
Net proceeds of share issues		18,630	6,228
Payments for share buy-backs		(2,788)	(1,599)
Equity dividends paid	7	(7,218)	(2,577)
Net cash inflow from financing activities		17,572	2,052
Increase in cash		9,933	1,568
Reconciliation of net cash flow to movement in net cash			
Increase in cash during the year		9,933	1,568
Net cash at 1 February		2,823	1,255
Net cash at 31 January		12,756	2,823
Reconciliation of (Loss)/Profit on Ordinary Activities Before Taxation to Net Cash Outflow from Operating Activities			
(Loss)/profit on ordinary activities before taxation		(16,671)	18,717
Net loss/(gain) on investments		14,939	(19,511)
Increase in creditors, excluding corporation tax payable		257	91
(Increase)/decrease in debtors		(24)	6
Net cash outflow from operating activities		(1,499)	(697)

Further information on the asset acquisition of Amati VCT is included in note 9.

The accompanying notes on pages 44 to 58 are an integral part of the statement.

Notes to the Financial Statements

1 Accounting Policies

Basis of Accounting

The financial statements have been prepared under FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and in accordance with the SORP issued by the Association of Investment Companies ("AIC") and on the assumption that the Company maintains VCT status.

Income

Dividends on quoted shares are recognised as income to the Revenue Account (except where, in the opinion of the Directors, its nature indicates it should be recognised in the Capital Account) on the date that the related investments are marked ex dividend and, where no dividend date is quoted, when the Company's right to receive payment is established.

Fixed returns on non-equity shares and debt securities are recognised on a time apportionment basis so as to reflect the effective yield, provided there is no reasonable doubt that payment will be received in due course. Interest receivable is included in the accounts on an accruals basis. Where interest is rolled up or payable on redemption it is recognised as income unless there is reasonable doubt as to its receipt.

Expenses

All expenses are accounted for on an accruals basis. In respect of the analysis between revenue and capital items presented within the income statement, all expenses have been prescribed as revenue items except as follows:

Expenses are split and presented partly as capital items where a connection with the maintenance or enhancement of the value of the investments held can be demonstrated, and accordingly the investment management fee is currently allocated 25% to revenue and 75% to capital, which reflects the directors' expected long-term view of the nature of the investment returns of the Company.

Issue costs in respect of ordinary shares issued by the Company are deducted from the share premium account.

Taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Deferred tax assets are only recognised when they arise from timing differences where recovery in the foreseeable future is regarded as more likely than not. Timing differences are differences arising between the Company's taxable profits and its results as stated in the financial statements which are capable of reversal in one or more subsequent periods. Deferred tax is not discounted.

Current tax is expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date and any adjustment to tax payable in respect of previous years. The tax effect of different items of expenditure is allocated between revenue and capital on the same basis as a particular item to which it relates, using the Company's effective rate of tax, as applied to those items allocated to revenue, for the accounting year.

No tax liability arises on gains from sales of fixed asset investments by the Company by virtue of its VCT status.

Investments

Investments are designated on initial recognition as Fair Value through Profit or Loss and are measured at subsequent reporting dates at fair value.

In respect of investments that are traded on AIM or are fully listed, these are generally valued at bid prices at close of business on the Balance Sheet date. Investments traded on SETS (London Stock Exchange's electronic trading service) are valued at closing price as this is considered to be a more accurate indication of fair value.

Unquoted investments are shown at fair value as assessed by the directors in accordance with International Private Equity Venture Capital Valuation ("IPEV") guidelines December 2018. Valuations of unquoted investments are reviewed quarterly:

- the shares may be valued by using the most appropriate methodology recommended by the IPEV guidelines, including earnings multiples, net assets, discounted cashflows and industry valuation benchmarks.
- alternatively where a value is indicated by a material arms-length transaction by a third party in the shares of the company the valuation will normally be based on this.

Convertible loan stock instruments are valued using present value of future payments discounted at a market value of interest for a similar loan and valuing the option at fair value.

The valuation of the Company's investment in TB Amati UK Smaller Companies Fund is based on the published share price. The valuation is provided by the Authorised Corporate Director of the fund, T Bailey Fund Managers Limited.

Realised and unrealised surpluses or deficits on the disposal of investments, the revaluation of investments and permanent impairments in the value of investments are taken to the capital reserve.

Financial Instruments

The Company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. Financial instruments are recognised on trade date when the Company becomes a party to the contractual provisions of the instrument. Investments are held at fair value through profit or loss with changes in the fair value recognised in the Income Statement and allocated to capital.

Financial instruments are derecognised on the trade date when the Company is no longer a party to the contractual provisions of the instrument.

Cash and cash equivalents

For the purposes of the Balance Sheet, cash comprises cash in hand and demand deposits. Cash equivalents are short-term, highly liquid investments and money market funds that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts when applicable.

Foreign Currency

Foreign currency assets and liabilities are translated into sterling at the exchange rates ruling at the balance sheet date. Transactions during the year are converted into sterling at the rates ruling at the time the transactions are executed. All exchange differences are reflected in the income statement.

Short-term Debtors and Creditors

Debtors and creditors with no stated interest rate and receivable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

Segmental Reporting

The directors are of the opinion that the Company is engaged in a single segment of business, being investment business. The Company primarily invests in companies listed in the UK.

Judgements and Key Sources of Estimation Uncertainty

The preparation of the Financial Statements requires management to make judgments and estimates that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The nature of estimation means that the actual outcomes could differ from those estimates, possibly significantly. The most critical estimates and judgments relate to the determination of carrying value of investments at fair value through profit or loss (see notes 10 and 18 on pages 51 and 54 respectively). The Company values investments by following the IPEV guidelines.

Dividends Payable

Dividends are included in the financial statements on the date on which they are declared, or, in the case of final dividends, when they are approved by shareholders.

Share Premium

The share premium account is a non-distributable reserve which represents the accumulated premium paid on the issue of shares in previous periods over the nominal value, net of any expenses.

Merger Reserve

The merger reserve is a non-distributable reserve which originally represented the share premium on shares issued when the Company merged with Singer & Friedlander AIM VCT and Singer & Friedlander AIM 2 VCT in February 2006. The merger reserve is released to the realised capital reserve as the assets acquired as a consequence of the merger are subsequently disposed of or permanently impaired. There have been no disposals of these assets during the year.

Capital Redemption Reserve

The capital redemption reserve is a non-distributable reserve which is created when shares are repurchased for cancellation resulting in a reduction of share capital.

Special Reserve

The special reserve is a distributable reserve which is created by the authorised reduction of the share premium account and can be applied in any manner in which the Company's profits available for distribution (as determined in accordance with the Companies Act 2006) are able to be applied.

Capital Reserve

The following are taken to the capital reserve:

- gains and losses on the disposal of investments
- increase and decrease in the value of investments held at the year end
- expenses allocated to this reserve in accordance with the above policies

Revenue Reserve

The revenue reserve represents accumulated profits and losses and any surplus profit is distributable by way of dividends.

2 Merger of the 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 9 of this report. The income and costs for the period to 3 May 2018 and the comparable period to 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 Income

	Year to 31 January 2019 £'000	Year to 31 January 2018 £'000
Income:		
Dividends from UK companies	571	353
UK loan stock interest	-	44
Interest from deposits	25	6
	596	403

Notes to the Financial Statements (continued)

4 Management Fees

The Manager provides investment management and secretarial and administration services to the Company under a management agreement. Details of this agreement are given on page 17.

Under this agreement the Manager receives an investment management fee of 1.75% of the net asset value of the Company quarterly in arrears.

The investment management fee for the year was as follows:

	Year to 31 January 2019 £'000	Year to 31 January 2018 £'000
Due to the Manager by the Company at 1 February	260	170
Investment management fee charged to revenue and capital for the year	1,952	908
Fee paid to the Manager during the year	(1,686)	(818)
Due to the Manager by the Company at 31 January	526	260

In addition to the investment management fee the Manager also receives a secretarial and administration fee of £81,600 (2018: £78,000) (subject to an annual increase in line with the retail prices index), paid quarterly in arrears. See note 5.

No performance fee is payable in respect of the year ended 31 January 2019 or the year ended 31 January 2018 as the Manager has waived all performance fees from 31 July 2014 onwards.

Annual running costs are capped at 3.5% of the Company's net assets. If the annual running costs of the Company in any year are greater than 3.5% of the Company's net assets, the excess is met by the Manager by way of a reduction in future management fees. The annual running costs include the directors' and Manager's fees, professional fees and the costs incurred by the Company in the ordinary course of its business (but excluding any commissions paid by the Company in relation to any offers for subscription, any performance fee payable to the Manager, irrecoverable VAT and exceptional costs, including winding-up costs).

5 Other Expenses

	Year to 31 January 2019 £'000	Year to 31 January 2018 £'000
Directors' remuneration	99	59
Directors' national insurance	5	2
Directors' expenses	4	1
Auditor's remuneration – audit of statutory financial statements	24	21
Administration and secretarial services	82	78
Other expenses	162	128
	376	289

The Company has no employees other than directors, they are therefore the only key management personnel.

Details of directors' remuneration are provided in the audited section of the directors' remuneration report on page 31.

6 Tax on Ordinary Activities**6a Analysis of charge for the year**

	Year to 31 January 2019 £'000	Year to 31 January 2018 £'000
Charge for the year	-	-

6b Factors affecting the tax charge for the year

	Year to 31 January 2019 £'000	Year to 31 January 2018 £'000
(Loss)/ profit on ordinary activities before taxation	(16,671)	18,717
Corporation tax at standard rate of 19.00% (2018: 19.16%)	(3,167)	3,586
Effect of:		
Non-taxable dividends	(109)	(68)
Non-taxable gains on investments	2,838	(3,738)
Movement in excess management expenses	438	220
Tax charge for the year (note 6a)	-	-

Due to the Company's tax status as an approved Venture Capital Trust, deferred tax has not been provided on any net capital gains arising on the disposal of investments as such gains are not taxable.

No deferred tax asset has been recognised on surplus management expenses carried forward as it is not envisaged that any such tax will be recovered in the foreseeable future. The amount of unrecognised deferred tax asset is £2,147,000 (31 January 2018: £1,775,000).

7 Dividends

Amounts recognised as distributions to equity holders during the year:

	2019 Revenue £'000	2019 Capital £'000	2018 Revenue £'000	2018 Capital £'000
Final dividend for the year ended 31 January 2017 of 4.25p per ordinary share paid on 21 July 2017	-	-	-	1,462
Interim dividend for the year ended 31 January 2018 of 3.25p per ordinary share paid on 24 November 2017	-	-	-	1,115
Second interim dividend for the year ended 31 January 2018 of 5.25p per ordinary share paid on 27 July 2018	-	4,223	-	-
Interim dividend for the year ended 31 January 2019 of 3.50p per ordinary share paid on 23 November 2018	-	2,995	-	-
	-	7,218	-	2,577

Notes to the Financial Statements (continued)

Set out below are the interim and final dividends paid or proposed on ordinary shares in respect of the financial year.

	2019 Revenue £'000	2019 Capital £'000	2018 Revenue £'000	2018 Capital £'000
Interim dividend for the year ended 31 January 2019 of 3.50p per ordinary share (2018: 3.25p)	-	2,995	-	1,115
Second interim dividend for the year ended 31 January 2018 of 5.25p per ordinary share	-	-	-	2,037
Proposed final dividend for the year ended 31 January 2019 of 4.0p per ordinary share (2018: 5.25p)*	-	3,595	-	-
	-	6,590	-	3,152

* Based on shares in issue on [•] April 2019. The payment of a final dividend will, as always, be subject to shareholder approval and ensuring that the Company has sufficient distributable reserves at the time of payment.

8 Earnings per Share

	2019			2018		
	Net(loss) £'000	Weighted average shares	Basic and diluted Earnings per share pence	Net(loss)/ profit £'000	Weighted average shares	Basic and diluted Earnings per share pence
Revenue	(268)	71,619,496	(0.38)p	(113)	34,329,245	(0.33)p
Capital	(16,403)	71,619,496	(22.90)p	18,830	34,329,245	54.85p
Total	(16,671)	71,619,496	(23.28)p	18,717	34,329,245	54.52p

9 Asset Acquisition of Amati VCT plc ("AVCT")

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 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	9,357
Total assets less current liabilities	72,750

10 Investments

	Level 1* £'000	Level 2* £'000	Level 3* £'000	Total £'000
Cost as at 1 February 2018	23,364	-	2,816	26,180
Opening unrealised gain/(loss)	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 year:				
Reclassification in the year				
Purchases	12,832	-	-	12,832
Stocks received as part of asset acquisition**	63,393	-	-	63,393
Sales - proceeds	(6,413)	-	(279)	(6,692)
Realised loss on sales	(4,625)	-	-	(4,625)
Unrealised loss in the year	(10,276)	-	(38)	(10,314)
Valuation as at 31 January 2019	112,739	-	128	112,867
Cost at 31 January 2019	92,729	-	2,353	95,082
Unrealised gain/(loss) as at 31 January 2019	20,306	-	(1,439)	18,867
Closing unrealised loss recognised in realised reserve	(296)	-	(786)	(1,082)
Valuation as at 31 January 2019	112,739	-	128	112,867
Equity shares	112,739	-	81	112,820
Preference shares	-	-	47	47
Valuation as at 31 January 2019	112,739	-	128	112,867
*Refer to note 18 for definitions				
** 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.				
	2019 £'000	2018 £'000		
Realised (losses)/ gains on disposal	(4,625)	2,719		
Unrealised (losses)/ gains on investments during the year	(10,314)	16,792		
Net (loss)/ gain on investments	(14,939)	19,511		

Transaction Costs

During the year the Company incurred transaction costs of £nil (31 January 2018: £nil) and £7,000 (31 January 2018: £14,000) on purchases and sales of investments respectively. These amounts are included in the gain on investments as disclosed in the income statement.

Notes to the Financial Statements (continued)

11 Debtors

	2019 £'000	2018 £'000
Prepayments and accrued income	38	867
	38	867

12 Creditors: Amounts Falling due within One Year

	2019 £'000	2018 £'000
Payable for investments bought	59	57
Other creditors	613	355
	672	412

13 Called Up Share Capital

Ordinary shares (5p shares)	2019 Number	2019 £'000	2018 Number	2018 £'000
Allotted, issued and fully paid at 1 February	36,057,095	1,804	32,643,069	1,633
Issued during the year	10,053,218	503	4,500,279	225
Issued in respect of merger (see notes 2 and 9)	41,231,436	2,062	-	-
Repurchase of own shares for cancellation	(1,792,067)	(91)	(1,086,253)	(54)
At 31 January	85,549,682	4,278	36,057,095	1,804

During the year a total of 1,792,067 ordinary shares of 5p each were purchased by the Company at an average price of 155.66p per share.

Further details of the Company's share capital and associated rights are shown in the Directors' Report on page 23.

14 Net Asset Value per Ordinary Share

	2019			2018		
	Net assets £'000	Ordinary shares	NAV per share pence	Net assets £'000	Ordinary shares	NAV per share pence
Ordinary share	124,989	85,549,682	146.1	61,551	36,057,095	170.7

15 Significant Interests

The Company has the following significant interests (amounting to an investment of 3% or more of the equity capital of an undertaking):

	Nominal	% held
Block Energy plc	37,500,000	14.5%
Falanx Group Limited	45,000,000	11.2%
Ixico plc	5,031,300	10.8%
i-nexus Global plc	3,164,557	10.7%
Hardide plc	180,878,526	10.7%
Polarean Imaging plc	8,571,429	8.5%
Rosslyn Data Technologies plc	15,774,692	8.2%
Fusion Antibodies plc	1,341,463	6.1%
Byotrol plc	25,000,001	5.8%
Water Intelligence plc	814,660	5.4%
Bilby plc	2,155,010	5.3%
Universe Group plc	11,956,199	5.2%
EU Supply plc	3,011,000	4.2%
Amryt Pharma plc	8,500,000	3.1%
Escape Hunt plc	610,000	3.0%

16 Post Balance Sheet Events

The following transactions have taken place between 31 January 2019 and the date of this report:

- 4,744,624 shares were allotted raising net proceeds of £6.8m
- 431,144 shares were bought back for an aggregate consideration of £0.6m

Notes to the Financial Statements (continued)

17 Related Parties

The Company retains Amati Global Investors as its Manager. Details of the agreement with the Manager are set out on page 17. The number of ordinary shares in the Company (all of which are held beneficially) by certain members of the management team are:

	31 January 2019 shares held	31 January 2019 % shares held	31 January 2018 shares held	31 January 2018 % shares held
Paul Jourdan	495,264	0.58%	276,762	0.77%
David Stevenson	17,583	0.02%	9,120	0.03%

The remuneration of the directors, who are key management personnel of the Company, is disclosed in the Directors' Remuneration Report on page 31, and in note 5 on page 48.

18 Financial Instruments

The Company's financial instruments comprise equity and fixed interest investments, cash balances and liquid resources including debtors and creditors. The Company holds financial assets in accordance with its investment policy to invest in qualifying investments predominantly in AIM traded companies or companies to be traded on AIM.

Classification of financial instruments

The Company held the following categories of financial instruments at 31 January:

	2019 (Book value) £'000	2019 (Fair value) £'000	2018 (Book value) £'000	2018 (Fair value) £'000
Assets at fair value through profit or loss				
Investment portfolio	112,867	112,867	58,273	58,273
Assets measured at amortised cost:				
Receivable for investments sold	-	-	-	-
Accrued income and other debtors	38	38	867	867
Cash at bank	12,756	12,756	2,823	2,823
Liabilities measured at amortised cost:				
Payable for investments bought	(59)	(59)	(57)	(57)
Accrued expenses	(613)	(613)	(355)	(355)
Total for financial instruments	124,989	124,989	61,551	61,551

Fixed asset investments (see note 10) are measured at fair value. For quoted securities this is generally the bid price or, in the case of SETS securities, the closing price. As explained in note 1, unquoted investments are valued in accordance with the IPEV guidelines. Changing one or more inputs for level 3 assets would not have a significant impact on the valuation. For example, earnings multiple calculations are used to value some unquoted equity holdings. These multiples are derived from a basket of comparable quoted companies, with appropriate discounts applied. These discounts are subjective and based on the Manager's experience. In respect of unquoted investments, these are valued by the directors using rules consistent with IPEV guidelines. Investments in TB Amati UK Smaller Companies Fund are based on the published fund mid price NAV. The fair value of all other financial assets and liabilities is represented by their carrying value in the balance sheet.

The Company's investing activities expose it to various types of risk that are associated with the financial instruments and markets in which it invests. The most important types of financial risk to which the Company is exposed are market risk, credit risk and liquidity risk. The nature and extent of the financial instruments outstanding at the balance sheet date and the risk management policies employed by the Company are discussed below.

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.

Financial assets at fair value

	Year ended 31 January 2019				Year ended 31 January 2018			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity shares	112,739	-	81	112,820	57,828	-	398	58,226
Preference shares	-	-	47	47	-	-	47	47
	112,739	-	128	112,867	57,828	-	445	58,273

Level 3 financial assets at fair value

	Year ended 31 January 2019				Year ended 31 January 2018			
	Equity shares £'000	Preference shares £'000	Loan stock £'000	Total £'000	Equity shares £'000	Preference shares £'000	Loan stock £'000	Total £'000
Opening balance at 1 February	398	47	-	445	691	47	491	1,229
Transfer to level 1*	-	-	-	-	(284)	-	-	(284)
Disposal proceeds	-	-	(279)	(279)	(8)	-	(635)	(643)
Total net (losses)/gains recognised in the income statement	(317)	-	279	(38)	(1)	-	144	143
Closing balance at 31 January	81	47	-	128	398	47	-	445

* Mirriad Advertising plc was reclassified as Level 1 due to the admission of the ordinary shares to AIM.

19 Market Risk

Market risk arises from uncertainty about the future prices of financial instruments held in accordance with the Company's investment objectives. It represents the potential loss that the Company might suffer through holding positions in the face of market uncertainty.

The Company's strategy on the management of investment risk is driven by the Company's investment objective as outlined on page 15. The management of market risk is part of the investment management process. The Board seeks to mitigate the internal risks by setting policy, regular reviews of performance, enforcement of contractual obligations and monitoring progress and compliance with an awareness of the effects of adverse price movements through detailed and continuing analysis, with an objective of maximising overall returns to shareholders. Investments in unquoted stocks and AIM traded companies, by their nature, involve a higher degree of risk than investments in the Main Market. Some of that risk can be mitigated by diversifying the portfolio across business sectors and asset classes. The Company's overall market positions are monitored by the Board on a quarterly basis.

Details of the Company's investments at the balance sheet date are disclosed in the Investment Portfolio on pages 12 and 13. FRS 102 requires the directors to consider the impact of changing one or more of the inputs used as part of the valuation process to reasonable possible alternative assumptions.

As at 31 January 2019 99.89% (31 January 2018: 99.24%) of the Company's investments are traded. A 10% increase in stock prices as at 31 January 2019 would have increased the net assets attributable to the Company's shareholders and added profit for the year of £11,274,000 (31 January 2018: £5,783,000); an equal change in the opposite direction would have decreased the net assets attributable to the Company's shareholders and increased the loss for the year by an equal amount.

As at 31 January 2019 0.11% (31 January 2018: 0.76%) of the Company's investments are in unquoted companies held at fair value. A 10% increase in the valuations of unquoted investments at 31 January 2019 would have increased the net assets attributable to the Company's shareholders and added profit for the year of £13,000 (31 January 2018: £45,000); an equal change in the opposite direction would have decreased the net assets attributable to the Company's shareholders and increased the loss for the year by an equal amount.

20 Interest Rate Risk

Fixed rate

Three of the Company's financial assets are interest bearing at a fixed rate, no assets have a floating interest rate, all other assets are non-interest bearing. As a result, the Company is subject to exposure to fair value interest rate risk due to fluctuations in the prevailing levels of market interest rates, however the impact of a reasonable movement in interest rates would not be significant to the net assets and loss for the year.

The total current market value of these stocks is £nil (31 January 2018: £nil), the weighted average interest rate is nil% (31 January 2018: nil%) and the average period to maturity is 0 years (31 January 2018: 0 years).

Details of the Company's investments at the balance sheet date are provided on pages 12 and 13.

21 Credit Risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The carrying amount of financial assets best represents the maximum credit risk exposure at the balance sheet date. At 31 January 2019, the financial assets exposed to credit risk, representing convertible loan stock instruments, amounts due from brokers, accrued income and cash amounted to £12,771,000 (31 January 2018: £2,827,000). The convertible loans in China Food Company plc and Sorbic International plc are secured over the buildings and land use rights of the companies.

Credit risk arising on transactions with brokers relates to transactions awaiting settlement. Risk relating to unsettled transactions is considered to be small due to the short settlement period involved, the high credit quality of the brokers used and the fact that almost all transactions are on a 'delivery versus payment' basis. The Manager monitors the quality of service provided by the brokers used to further mitigate this risk.

All the assets of the Company which are tradeable on AIM are held by Bank of New York Nominees, the Company's custodian. Bankruptcy or insolvency of the custodian may cause the Company's rights with respect to securities held by the custodian to be delayed or limited.

At 31 January 2019, cash held by the Company was held by The Bank of New York and UBS. Bankruptcy or insolvency of the institutions may cause the Company's rights with respect to the cash held by it to be delayed or limited. Should the credit quality or the financial position of the institutions deteriorate significantly the Company has the ability to move the cash at short notice.

There were no significant concentrations of credit risk to counterparties at 31 January 2019 or 31 January 2018.

22 Liquidity Risk

The Company's financial instruments include investments in unlisted equity investments which are not traded in an organised public market and which generally may be illiquid. As a result, the Company may not be able to liquidate quickly some of its investments in these instruments at an amount close to their fair value in order to meet its liquidity requirements, or to respond to specific events such as deterioration in the creditworthiness of any particular issuer. The proportion of the portfolio invested in unlisted equity investments is not considered significant given the amount of investments in readily realisable securities.

The Company's liquidity risk is managed on an ongoing basis by the Manager in accordance with policies and procedures in place as described in the Strategic Report on page 20. The Company's overall liquidity risks are monitored on a quarterly basis by the Board.

The Company maintains sufficient investments in cash and readily realisable securities to pay accounts payable and accrued expenses. At 31 January 2019, these investments were valued at £64,540,000 (31 January 2018: £32,375,000). The directors consider that frequently traded AIM investments with a market capitalisation of greater than £200m represent readily realisable securities.

23 Capital Management Policies and Procedures

The Company's capital management objectives are:

- to ensure that it will be able to continue as a going concern;
- to satisfy the relevant HMRC requirements; and
- to maximise the income and capital return to its shareholders.

As a VCT, the Company must have, within 3 years of raising its capital, at least 70% by value of its investments in VCT qualifying holdings (80% for accounting periods beginning on or after 6 April 2019), which are relatively high risk UK smaller companies. In satisfying this requirement, the Company's capital management scope is restricted. The Company does have the option of maintaining or adjusting its capital structure by varying dividends, returning capital to shareholders, issuing new shares or selling assets to maintain a certain level of liquidity. There has been no change in the objectives, policies or processes for managing capital from the previous year.

The structure of the Company's capital is described in note 13 and details of the Company's reserves are shown in the Statement of Changes in Equity on page 40.

The Board, with the assistance of the Manager, monitors and reviews the broad structure of the Company's capital on an ongoing basis. This review includes:

- the need to buy back equity shares for cancellation, which takes account of the difference between the net asset value per share and the share price (i.e. the premium or discount);
- the need for new issues of shares; and
- the extent to which revenue in excess of that which is to be distributed should be retained.

The Company is subject to externally imposed capital requirements:

- a. as a public limited company, the Company is required to have a minimum share capital of £50,000; and
- b. in accordance with the provisions of the Income Tax Act 2007, the Company as a Venture Capital Trust:
 - i) is required to make a distribution each year such that it does not retain more than 15% of income from shares and securities; and
 - ii) is required to derive 70% of its income from shares and securities.

These requirements are unchanged since last year and the Company has complied with them at all times.

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's net asset value per share as at 31 January 2019 was 146.1p. The Company normally announces its net asset value on a weekly basis. Net asset value per share information can be found on the Amati Global Investors' website:
<http://amatiglobal.com/amat.php>.

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 January 2019 attributable to shares issued by the original 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	24.2%	9.1%	10.3%
Amati VCT plc	24 March 2005	4 May 2018	98.9%	58.3%	6.4%
Invesco Perpetual AIM VCT	30 July 2004	8 November 2011	9.9%	-14.9%	35.2%
Singer & Friedlander AIM 3 VCT*	29 January 2001	n/a	13.3%	-0.6%	-20.8%
Singer & Friedlander AIM 2 VCT	29 February 2000	22 February 2006	-13.2%	-23.7%	-59.6%
Singer & Friedlander AIM VCT	28 September 1998	22 February 2006	-40.8%	-25.6%	23.1%

* 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 plc on 4 May 2018.

Financial Calendar

26 June 2019	Annual General Meeting
September 2019	Half-yearly Report for the six months ending 31 July 2019 to be circulated to shareholders
31 January 2020	Year-end

Annual General Meeting

The Annual General Meeting of the Company will be held on Wednesday 26 June 2019 at 2.00pm at Milton Court Theatre, The Guildhall School of Music & Drama, 1 Milton Street, Barbican, London EC2Y 9BH. The notice of the meeting, together with the enclosed proxy form, is included on pages 62 to 68 of this report.

Alternative Performance Measures

The Company uses the following Alternative Performance Measures:

Net Asset Value ("NAV") per share

The NAV per share of the Company is the sum of the underlying assets less the liabilities of the Company divided by the total number of shares in issue.

Discount/Premium

The price of a share is derived from buyers and sellers agreeing a price at which to trade their shares. For Venture Capital Trusts the company sets its own share price because it is the principal buyer of the shares of sellers via buybacks (see Capital Management in note 23). The share price may not be identical to the NAV per share of the underlying assets less liabilities of the Company. If the share price is lower than the NAV per share, the shares are trading at a discount. Shares trading at a price above NAV per share are said to be at a premium.

Ongoing charges ratio

All operating costs expected to be regularly incurred, be they of a capital or revenue nature, and that are payable by the Company. These exclude the costs of acquisition or disposal of investments, financing charges, and gains or losses on investments. They are the best estimate of future costs. The ongoing charges ratio is the annualised operating costs divided by the average NAV over the period.

Total Return

The return to shareholders calculated on a per share basis by adding dividends paid in the period to the increase or decrease in the Share price or NAV per share in the period. The dividends are assumed to have been re-invested in the form of shares or net assets respectively, on the date on which the shares were quoted ex-dividend.

Corporate Information

Directors

Peter Lawrence
Julia Henderson
Mike Killingley
Susannah Nicklin
Brian Scouler

all of:

27/28 Eastcastle Street
London
W1W 8DH

Registrar

Share Registrars

The Courtyard
17 West Street
Farnham
GU9 7DR

Auditor

BDO LLP

55 Baker Street
London
W1U 7EU

Secretary

The City Partnership (UK) Limited

110 George Street
Edinburgh
EH2 4LH

Solicitors

Rooney Nimmo

8 Walker Street
Edinburgh
EH3 7LH

Fund Manager

Amati Global Investors Limited

8 Coates Crescent
Edinburgh
EH3 7AL

Custodian

The Bank of New York Mellon SA/NV

London Branch
160 Queen Victoria Street
London
EC4V 4LA

VCT Tax Adviser

Philip Hare & Associates LLP

Suite C, First Floor
4-6 Staple Inn
Holborn London
WC1V 7QH

Notice of Annual General Meeting

It is the Board's opinion that all Resolutions are in the best interests of shareholders as a whole and the Board recommends that shareholders should vote in favour of all Resolutions. Any shareholder who is in any doubt as to what action to take should consult an appropriate independent adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or transferred all your Shares in the Company, please forward this document, together with the forms of proxy, to the purchaser, transferee, stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

Notice is hereby given that the annual general meeting of Amati AIM VCT plc (the "**Company**") will be held on Wednesday 26 June 2019 at Milton Court Theatre, The Guildhall School of Music & Drama, 1 Milton Street, Barbican, London EC2Y 9BH at 2.00pm (the "**Meeting**") for the transaction of the following business:

ORDINARY BUSINESS

To consider, and if thought fit, to pass the following Resolutions 1 to 10 as Ordinary Resolutions of the Company:

Ordinary Resolutions

1. To receive and adopt the Directors' Report and Financial Statements of the Company for the financial year ended 31 January 2019 together with the Independent Auditor's Report thereon.
2. To approve the Directors' Annual Report on Remuneration for the financial year ended 31 January 2019.
3. To approve a final dividend of 4.0p per share payable on 26 July 2019 to shareholders on the register at 21 June 2019.
4. To re-appoint BDO LLP of 55 Baker Street, London, W1U 7EU as auditor of the Company from the conclusion of the Meeting until the conclusion of the next annual general meeting of the Company to be held in 2020 at which financial statements are laid before the Company.
5. To authorise the directors to fix the remuneration of the auditor.
6. To re-elect Peter Lawrence as a director of the Company.
7. To re-elect Susannah Nicklin as a director of the Company.
8. To re-elect Julia Henderson as a director of the Company.
9. To re-elect Brian Scouler as a director of the Company.
10. THAT, in substitution for all subsisting authorities to the extent unused, the directors of the Company be and are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the "**Act**"), to exercise all the powers of the Company to allot and issue Ordinary Shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company ("**Rights**") up to an aggregate nominal value of £1,500,000, provided that:

- (i) the authority hereby conferred by this Resolution shall expire (unless previously renewed or revoked) on the earlier of the date of the annual general meeting of the Company to be held in 2020 and the date which is 15 months after the date on which this Resolution is passed;
- (ii) the directors may make an offer or agreement which would or might require Ordinary Shares to be allotted, or the Rights are granted, after the authorisation had expired; and
- (iii) the directors may allot Ordinary Shares, or grant Rights, under the authority conferred by this Resolution after authorisation has expired if the Ordinary Shares are allotted, or the Rights are granted, in pursuance of an offer or agreement made by the Company before the authorisation expired.

SPECIAL BUSINESS

To consider, and if thought fit, to pass the following Resolution 11 (disapplication of pre-emption rights), Resolution 12 (share buy-backs) as Special Resolutions of the Company:

Special Resolutions

11. THAT, subject to the passing of Resolution 10 set out in the Notice of this Meeting and in substitution for any existing authorities, the directors be and hereby are empowered pursuant to sections 570 and 573 of the Act to allot or make offers or agreements to allot equity securities (which expression shall have the meaning ascribed to it in section 560 of the Act) for cash pursuant to the authority given in Resolution 10 set out in the Notice to this Meeting, or by way of sale of treasury shares, as if section 561(1) of the Act did not apply to any such allotment (that is, that the directors' authority to disapply pre-emption rights is renewed), up to an aggregate nominal amount of £1,500,000. The authority hereby conferred by this Resolution shall expire (unless previously renewed or revoked) on the earlier of the date of the annual general meeting of the Company to be held in 2020 and the date which is 15 months after the date on which this Resolution is passed.

12. THAT, in substitution for existing authorities, the Company be and is hereby empowered to make one or more market purchases within the meaning of Section 701 of the Act, of the Ordinary Shares (either for cancellation or for the retention of treasury shares for future re-issue or transfer) provided that:

- (i) the maximum aggregate number of Ordinary Shares authorised to be purchased is such number thereof being 14.99% of the issued ordinary share capital of the Company as at the date of this resolution;
- (ii) the minimum price which may be paid per Ordinary Share is 5p per share, the nominal amount thereof;
- (iii) the maximum price (exclusive of expenses) which may be paid per Ordinary Share is an amount equal to 105% of the average of the middle market quotation of such Ordinary Share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which such Ordinary Share is to be purchased;
- (iv) the authority hereby conferred shall expire on the earlier of the annual general meeting of the Company to be held in 2020 and the date which is 15 months after the date on which this Resolution is passed; and
- (v) the Company may make a contract to purchase its own Ordinary Shares under the authority conferred by this Resolution prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority, and may make a purchase of such Ordinary Shares pursuant to any such contract.

By order of the Board

The City Partnership (UK) Limited
Secretary

Registered office:

27/28 Eastcastle Street
London W1W 8DH

17 April 2019

Notes

1. A member entitled to attend and vote at the Meeting convened by the above Notice of Meeting is entitled to appoint one or more proxies to attend and, on a poll, to vote in the member's place. A proxy need not be a member of the Company.
2. To appoint a proxy you may use the Form of Proxy enclosed with this Notice of Meeting. To be valid, the Form of Proxy, together with the power of attorney or other written authority (if any) under which it is signed or a notarially certified or office copy of the same, must be deposited by 2.00pm on 24 June 2019 to Share Registrars Ltd, The Courtyard, 17 West Street, Farnham GU9 7DR (the "**Registrar**"). Completion of the Form of Proxy will not prevent you from attending and voting in person.
3. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, only shareholders registered in the register of members of the Company on 24 June 2019 (48 hours before the time appointed for the Meeting) shall be entitled to attend and vote at the Annual General Meeting in respect of the number of shares registered in their name at such time. If the Meeting is adjourned, the time by which a person must be entered on the register of members of the Company in order to have the right to attend and vote at the adjourned Meeting is 48 hours before the time appointed for the adjourned Meeting. Changes to the register of members after the relevant times shall be disregarded in determining the rights of any person to attend and vote at the Meeting.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact the Registrar on 01252 821390 for (an) additional form(s), or you may photocopy this form. Please indicate in the box next to the proxy holder's name the number of securities in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and returned together in the same envelope.

A reply paid Form of Proxy is enclosed with members' copies of this document. To be valid, it should be lodged with the Registrar at Share Registrars Ltd, The Courtyard, 17 West Street, Farnham GU9 7DR so as to be received not later than 48 hours before the time appointed for the Meeting or any adjourned meeting or, in the case of a poll taken subsequent to the date of the Meeting or adjourned meeting, so as to be received no later than 24 hours before the time appointed for taking the poll.

5. Online voting: alternatively, you may register your votes electronically by visiting the website of the Registrar. You will need to register in order to be able to use this service. To register, please visit www.shareregistrars.uk.com and click on "Register" under the title Account Log In. If you have already registered, log in and click on "My Meeting Votes".
6. As at 17 April 2019 (being the last business day prior to the publication of this Notice) the Company's issued share capital consists of 89,863,162 shares of 5p each, carrying one vote each at an annual general meeting of the Company. Therefore, the total voting rights in the Company as at 17 April 2019 are 89,863,162.
7. Appointment of a proxy will not preclude a member from subsequently attending, voting and speaking at the Meeting should the member subsequently decide to do so. You can only appoint a proxy using the procedures set out in these notes and the notes to the Form of Proxy.
8. Any person to whom this Notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "**Nominated Person**") may, under an agreement between the Nominated Person and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
9. The statement of the rights of members in relation to the appointment of proxies in paragraphs 3 to 5 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by members of the Company.

10. The Register of Directors' Interests will be available for inspection at the Meeting.
11. Except as provided above, members who have general queries about the Meeting should use the following means of communication (no other methods of communication will be accepted):
 - Calling Doreen Nic on 0131 243 7215 or emailing info@amatiglobal.com

You may not use any electronic address provided either in this Notice or any related documents (including the chairman's letter and Form of Proxy) to communicate with the Company for any purpose other than those expressly stated.

Amati AIM VCT plc

Form of Proxy for the Annual General Meeting on 26 June 2019

I/We

(block capitals please)

of

being a member of Amati AIM VCT plc, hereby appoint (see notes 1 and 2)

or failing him/her the chairman of the Meeting to be my/our proxy and exercise all or any of my/our rights to attend, speak and vote for me/us in respect of my/our voting entitlement on my/our behalf at the Annual General Meeting of the Company to be held at Milton Court Theatre, The Guildhall School of Music & Drama, 1 Milton Street, Barbican, London EC2Y 9BH on 26 June 2019 at 2.00pm, notice of which was dated 17 April 2019, and at any adjournment thereof. The proxy will vote as indicated below in respect of the resolution set out in the notice of meeting:

☐

Please indicate by placing an **X** in this box if this proxy appointment is one of multiple appointments being made (see note 2 overleaf).

Resolution		For	Against	Vote withheld
1	To receive the Directors' Report and Financial Statements together with the Independent Auditor's Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	To approve the Directors' Annual Report on Remuneration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	To approve a final dividend	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	To re-appoint BDO LLP as auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	To authorise the directors to fix the remuneration of the auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	To re-elect Peter Lawrence as a director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7	To re-elect Susannah Nicklin as a director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8	To re-elect Julia Henderson as a director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9	To re-elect Brian Scouler as a director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10	To empower the directors to allot Ordinary Shares up to a maximum aggregate nominal value of £1,500,000	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11	To renew the directors' authority to disapply pre-emption rights	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12	To authorise the directors to buy back shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please refer to the notes overleaf.

If you wish to attend the Meeting please either complete the attendance indication on the enclosed covering letter or contact Samantha Dalby at info@amatiglobal.com or by phone on 0131 503 9115 to register your interest.

Signed

Date



Amati AIM VCT plc Notes relating to Form of Proxy

- 1 Every member has the right to appoint some other person(s) of the member's choice, who need not be a member, as his/her proxy to exercise all or any of his/her rights to attend, speak or vote on his/her behalf at the Meeting. A member wishing to appoint a person other than the chairman of the Meeting as proxy should insert the name of such person in the space provided. If the proxy is being appointed in relation to less than your full voting entitlement, please enter alongside the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. If left blank your proxy will be deemed to be authorised in respect of your full voting entitlement (or if this proxy form has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account). Any alteration or deletion must be signed or initialled.
- 2 A member may appoint more than one proxy in relation to a meeting, provided that the proxy is appointed to exercise the rights attached to a different share or shares held by him/her. To appoint more than one proxy, please contact Share Registrars Limited on 01252 821390 for (an) additional form(s), or you may photocopy this form. Please indicate alongside the proxy holder's name the number of shares in relation to which the proxy holder is authorised to act as your proxy. Please also indicate by placing an X in the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and returned together in the same envelope.
- 3 Use of the Form of Proxy does not preclude a member from attending and voting in person.
- 4 Where the Form of Proxy is executed by an individual it must be signed by that individual or his or her attorney.
- 5 Where the Form of Proxy is executed by joint shareholders it may be signed by any of the members, but the vote of the member whose name stands first in the register of members of the Company will be accepted to the exclusion of the votes of the other joint holders.
- 6 Where the Form of Proxy is executed by a corporation it must be either under its seal or under the hand of an officer or attorney duly authorised.
- 7 If the Form of Proxy is signed and returned without any indication as to how the proxy shall vote, the proxy will exercise his/her discretion as to whether and how he/she votes, as he/she will on any other matters to arise at the meeting.
- 8 Online voting: alternatively, you may register your votes electronically by visiting the website of the Registrar. You will need to register in order to be able to use this service. To register, please visit www.shareregistrars.uk.com and click on "Register" under the title Account Log In. If you have already registered, log in and click on "My Meeting Votes".
- 9 To be valid, the Form of Proxy, together with, if applicable, the power of attorney or other written authority under which it is signed, or a certified copy thereof, must be sent or delivered to the Registrar at Share Registrars Limited, The Courtyard, 17 West Street, Farnham GU9 7DR or by fax to 01252 719232 or by scan and email to proxies@shareregistrars.uk.com to be received no later than 2.00pm on 24 June 2019.
- 10 The "vote withheld" option is provided to enable a member to abstain from voting on the resolution; however, it should be noted that a "vote withheld" is not a vote in law and will not be counted in the calculation of the proportion of the votes "for" and "against" the Resolution(s).





Amati Global Investors Limited

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