

# Mobius Income & Growth 2 VCT plc

A VENTURE CAPITAL TRUST

**Unaudited Half-Year Report**  
for the six months ended 30 September 2016

**Mobeus Income & Growth 2 VCT plc** (“MIG2”, the “Company”, “VCT” or the “Fund”) is a Venture Capital Trust (“VCT”) advised by Mobeus Equity Partners LLP (“Mobeus”), investing primarily in established, unquoted companies.

## Company Objective

The Objective of the Company is to provide investors with a regular income stream, arising both from the income generated by companies selected for the portfolio and from realising any growth in capital, while continuing at all times to qualify as a VCT.

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# Financial Highlights

Results for the six months ended 30 September 2016

There was a marginal increase in Net Asset Value (“NAV”) per share, after adjusting for dividends paid, whilst there was an increase of 2.9% on a share price basis, for the Half-Year.

Shareholders received a special interim dividend of 5.00 pence per share for the current year, which was paid on 8 August 2016.

£0.37 million was invested in the period into MPB Group and £0.40 million into BookingTek after the period-end.

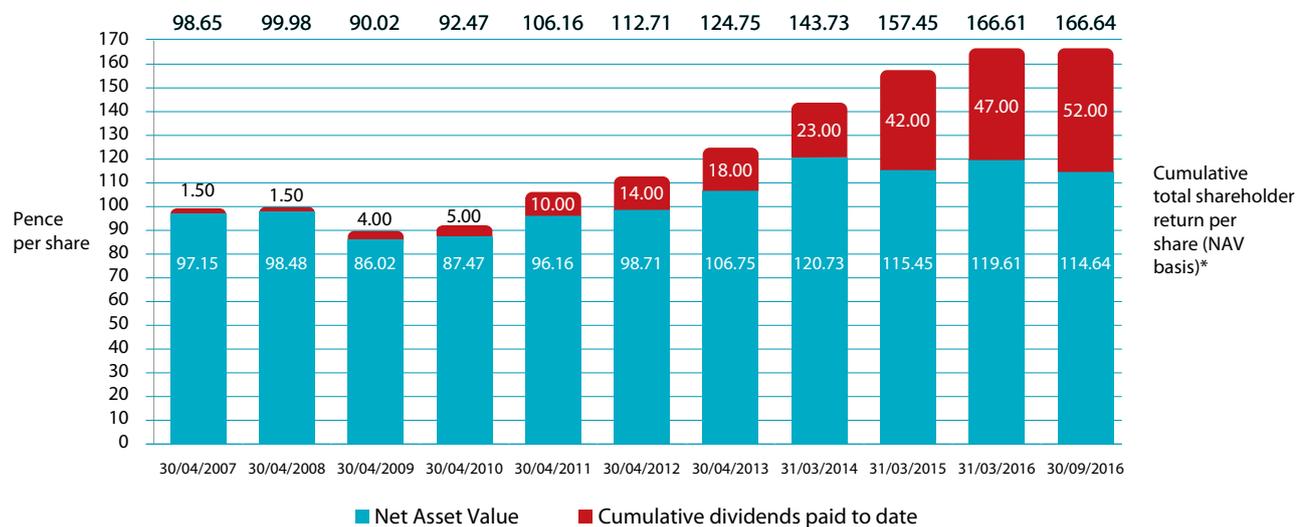
Liquidity is £18.20 million.

## Performance Summary

The net asset value per share of the Company at 30 September 2016 was 114.64 pence.

### Cumulative total shareholder return per share (NAV basis)\*:

The longer term trend of performance on this measure is shown in the chart below:-



\*Cumulative total shareholder return (NAV basis) is net asset value plus cumulative dividends paid to date on the current share class, launched in 2005.

Note: The above data does not reflect the benefit of income tax relief upon initial subscription for the Company's shares.

# Chairman's Statement

I am pleased to present the Half-Year Report for Mobeus Income & Growth 2 VCT plc for the six months ended 30 September 2016.

## Overview

The result of the EU Referendum has triggered a period of UK economic uncertainty and volatility in financial markets. We are taking a measured approach to prospective investment opportunities and to valuations within the existing portfolio. This Half-Year has been a period of consolidation as the Investment Adviser develops and evaluates a pipeline of opportunities that comply with the Company's new Investment Policy ("the Policy").

By way of reminder, shareholders approved a revised Investment Policy at the Company's AGM on 15 September 2016. This policy was required to enable the Company to continue to comply with changes to the VCT Scheme introduced by the Finance (No 2) Act 2015, enacted last November ("the New VCT Rules"). In summary, the Company may now only make new VCT investments in younger and smaller companies for growth and development purposes. Further information was given in the 2016 Annual Report and an update on this matter is also provided in the section on "VCT legalisation" on the next page.

As a consequence of the more restrictive criteria in the New VCT Rules, a lower level of investment activity has occurred, a trend experienced across the whole of the VCT generalist sector. This has slowed down the rate of completed investment. In the period, the Company's new investment amounted to £0.37 million, which compared to £1.83 million for the same period last year.

Nevertheless, the Board is pleased to report that the Company has recently completed three new investments under the Company's new Investment Policy. The Investment Adviser has enlarged its team and is reporting the development of a strong pipeline of similar investment opportunities. Descriptions of two of the investments made are set out in the Investment Review.

## Performance for the six months ended 30 September 2016

The net asset value (NAV) per share increased marginally during the period from 119.61 pence per share at 31 March 2016 to 119.64 pence per share, after adjusting for a 5.00 pence dividend paid in August 2016.

As noted in my Statement in the Annual Report, the Board has previously set a minimum average return target for the Company of 8%. Given the regulatory changes and subsequent adoption of a new Investment Policy, this target level may no longer be appropriate. As a result, the Board is considering a new return target to take account of these changed circumstances.

## Investment portfolio

The investment portfolio recorded a small loss of £0.12 million during the first half of the year (a 0.4% fall from the 31 March 2016 value) and was valued at £29.53 million (including £6.74 million of companies preparing to trade ("CPTs")) at the period-end. The portfolio as a whole, which principally comprises MBO investments made prior to the change in the VCT Rules in November of last year, has continued to perform acceptably. Redline Worldwide ("Redline") and Access IS, two recent additions to the portfolio, both made strong starts.

In June, a new investment of £0.37 million was made into MPB Group Limited ("MPB"), a leading online marketplace for used photo and video equipment. After the period-end, in October, the Company invested £0.40 million in BookingTek Limited, a provider of enterprise software to major hotel groups.

Following an exceptional period of realisations in 2014 and 2015, the Company has not exited any investments during this period, although a total of £0.06 million of capital proceeds have been received.

Further details of all these transactions can be found in the Investment Review section of this Half-Year Report.

## Interim dividend

The Board's objective is, subject to the availability of sufficient reserves and liquidity, to distribute regular and consistent dividends. The Board's target is currently 5.00 pence per annum. The Board declared a special interim dividend of 5.00 pence per share for the year ending 31 March 2017, which was paid on 8 August 2016. This dividend was paid as a special interim dividend and has helped the VCT comply with the requirements of VCT legislation. It was not regarded by the Board as fulfilling the annual 5.00 pence dividend target. The Board intends to consider whether any further dividends are to be paid before the year-end, later in the financial year.

## Liquidity

Liquidity of £18.20 million (31 March 2016: £20.44 million) (44.3% of net assets (31 March 2016: 47.4%)) includes £6.74 million (31 March 2016: £6.74 million) invested in CPTs. The percentage liquidity figure of 44.3% of net assets has reduced from the level at 31 March 2016 of 47.4% partly due to the special 5.00 pence per share dividend paid in August 2016. Whilst the current level of liquidity is higher than the Board would ideally like, the Board and the Investment Adviser believe the rate of new investment should now increase. In the meantime, the Board are continuing to seek suitable investment opportunities for these funds, without compromising the overriding requirement that credit risk to the liquid assets portfolio is minimised.

## Share buybacks

During the six months ended 30 September 2016, the Company bought back 0.24 million of its own shares, representing 0.7% of the issued share capital at the beginning of the period, at an average price, including costs, of 104.03 pence per share.

The Board continues to believe that the current policy of maintaining the share price at an average discount of 10% to the prevailing NAV is appropriate in current market conditions.

All of the shares bought back in the period were subsequently cancelled by the Company. Continuing shareholders benefit from the difference between NAV per share and the price per share at which the shares are bought back and cancelled.

## Fundraising

Having considered the liquidity above, the Board has concluded that there is no need to raise further funds in the current tax year.

## VCT legislation

Details of the New VCT Rules and their potential impact on the Company and its returns were set out in the 2016 Annual Report and a summary of current VCT regulation for the Company is set out on page 4.

Your Board, together with the Investment Adviser and the whole VCT industry, has sought greater clarity from HMRC at a more detailed, practical level of what investments will or will not be permitted by the legislation. The draft guidance, published by HMRC in May, has now clarified some (but not all) of the implications of these New VCT Rules. The Investment Adviser, together with the Company's VCT Status Adviser, is seeking further clarification of aspects of this guidance. Further practical experience in applying these New VCT Rules to particular transactions is needed.

Despite Brexit, the Board has a working assumption that any changes to the existing legislation will not occur in the near future. Industry bodies are still continuing discussions with HMRC and HM Treasury to try to secure an amendment to the VCT Rules to permit VCTs to provide some replacement capital as part of an investment. If obtained, this would enlarge the pool of possible investment opportunities for VCTs compared to the more restricted regime that now applies under the New VCT Rules.

The Board's view remains that the changes in VCT legislation restrict the universe of companies that the Company can invest in. These changes may cause new investments to carry a higher risk, but could also hold the prospect of higher but more variable returns. The VCT's recent investments into Redline, MPB and BookingTek are examples of the type of investment the Company is likely to make in the future.

## Investment in qualifying holdings

The Company is required to meet the target set by HMRC of investing 70% of the funds raised in qualifying unquoted and/or AIM quoted companies. The Company exceeded this limit (based on VCT cost as defined in tax legislation which differs from the actual cost given in the Investment Portfolio Summary on pages 6 - 8) throughout the period. The balance of the portfolio was invested in non-qualifying investments and cash.

## Succession planning

At the AGM on 15 September 2016, all Directors stood for re-election, having served for nine or more years. Succession planning was put on hold recently whilst the implications of the regulatory changes had been assessed and addressed. Following the implementation of the new Investment Policy, this matter is being addressed.

## Shareholder communications

The Investment Adviser holds an annual VCT event for shareholders in central London. Each event includes a presentation on the Mobeus VCTs' investment activity and performance. The next event will be held on Tuesday, 24 January 2017 once again at the Royal Institute of British Architects in central London. There will be a daytime and a separate evening session. Shareholders have already been sent an invitation to this event with further details. If you have not replied to the invitation, but would like to attend, please apply to Mobeus ([vcts@mobeusequity.co.uk](mailto:vcts@mobeusequity.co.uk)) by email to register. The Board looks forward to meeting all shareholders able to attend.

## Audit regulation

In compliance with EU Audit Reform and rules on audit tendering and Mandatory Firm Rotation, which came into effect on 17 June 2016, the Company conducted an audit tender process during the period. Following the completion of the audit tender process the Board has decided to re-appoint BDO LLP as Auditor to the Company.

## Outlook

The outcomes of the UK's EU Referendum and the recent US election have created a higher level of global political and economic uncertainty. This uncertainty is likely to prevail for some time, but both the Board and Investment Adviser remain positive around future prospects for the Company.

Finally, I would like to take this opportunity to thank shareholders for their continued support.

**Nigel Melville**  
*Chairman*

22 November 2016

# Investment Policy

The investment policy is designed to meet the Company's objective.

## Investments

The Company invests primarily in a diverse portfolio of UK unquoted companies. Investments are made selectively across a number of sectors, principally in established companies. Investments are usually structured as part loan stock and part equity in order to produce a regular income stream and to generate capital gains from realisations.

There are a number of conditions within the VCT legislation which need to be met by the Company and which may change from time to time. The Company will seek to make investments in accordance with the requirements of prevailing VCT legislation.

Asset allocation and risk diversification policies, including the size and type of investments the Company makes, are determined in part by the requirements of prevailing VCT legislation. No single investment may represent more than 15% (by VCT tax value) of the Company's total investments at the date of investment.

## Liquidity

The Company's cash and liquid funds are held in a portfolio of readily realisable interest bearing investments, deposit and current accounts, of varying maturities, subject to the overriding criterion that the risk of loss of capital be minimised.

## Borrowing

The Company's articles of association permit borrowings of amounts up to 10% of the adjusted capital and reserves (as defined therein). However, the Company has never borrowed and the Board would only consider doing so in exceptional circumstances.

# Summary of VCT Regulation

To assist shareholders, the following table contains a summary of the most important rules that determine VCT approval.

To achieve continued status as a VCT, the Company must meet a number of conditions, the most important of which are that:-

- The Company must hold at least 70%, by VCT tax value\*, of its total investments (shares, securities and liquidity) in VCT qualifying holdings, within approximately three years of a fundraising;
- Of these qualifying holdings, an overall minimum of 30% by VCT tax value\* (70% for funds raised on or after 6 April 2011) must be in ordinary shares which carry no preferential rights (save as may be permitted under VCT rules);
- No investment in a single company or group of companies may represent more than 15% (by VCT tax value\*) of the Company's total investments at the date of investment;
- The Company must pay sufficient levels of income dividend from its revenue available for distribution so as not to retain more than 15% of its income from shares and securities in a year;
- The Company's shares must be listed on a regulated European stock market; and
- Non-qualifying investments can no longer be made, except for certain exemptions in managing the Company's short-term liquidity.

To be a VCT qualifying holding, a new investment must be in companies:-

- which carry on a qualifying trade;
- which have no more than £15 million of gross assets at the time of investment and £16 million immediately following investment from VCTs;
- whose maximum age is generally seven years (ten years for knowledge intensive businesses);
- that receive no more than an annual limit of £5 million and a lifetime limit of £12 million (£20 million for knowledge intensive companies), from VCTs and similar sources of State Aid funding;
- that use the funds received from VCTs for growth and development purposes.

\* VCT tax value means as valued in accordance with prevailing VCT legislation.

The above takes into account legislation up to the Finance Act 2016 enacted in September 2016 but effective from 6 April 2016.

# Investment Review

## Overview

Portfolio activity over these six months has been at a lower level than in recent years. In respect of new investment, this is due to the impact of the introduction of the Finance (No 2) Act in November 2015.

These amendments to VCT legislation were a significant change for the VCT industry and required all VCTs to reconsider the type of investments that VCTs can make in future. We have responded to this by adding experienced development capital investment resource to our existing team. Advance assurance is obtained from HMRC in respect of new investment proposals.

These factors have inevitably caused a reduction in the rate and level of new investment. Despite these uncertainties, we are pleased to report that three new investments have now been completed under these new rules, one of which relates to the period under review, and the pipeline of prospective opportunities is increasing. We intend that the pace and quantum of investment will increase in the second half of the year.

After an unprecedented number of profitable realisations in 2014 and 2015, we do not anticipate this will be repeated in the near to medium term. The average age of the portfolio has reduced and the focus will generally be on the expansion opportunities our management teams are pursuing, although our recent experience

shows that our portfolio companies are often attractive targets for both mid-market private equity houses and acquisitive corporates. In the meantime, the companies held in the existing portfolio continue to generate a solid income stream for the VCT, principally from attractive yields from the loan stock investments held.

The valuation of the portfolio has fallen slightly by 0.4% on a like for like basis. The six month period experienced notable increases in the valuations of RDL and Vian Marketing (Tushingham Sails) whilst the portfolio also saw valuation declines over the period, principally in the investments in Entanet and ASL. The underlying performance of the investment portfolio continues to be driven by the investments made prior to the introduction of the new rules, and we remain confident of its potential for continued growth in value for shareholders. Redline and MPB, the first two investments made in accordance with the new rules, have made strong starts.

## Impact of Brexit

It is too early to comment on the eventual impact of the UK leaving the EU upon the Company's business. Whilst the SME sector will not be immune to any general downturn in the UK economy, the portfolio has historically proved to be resilient and we believe will continue to be so. Portfolio companies with foreign currency exposure

routinely cover this exposure and any negative effects of a longer term adjustment in exchange rate will not emerge for some months. Some portfolio companies will be beneficiaries of a weaker pound.

## New investment

A total of £0.37 million was invested during the six months under review. This was a new investment in MPB, a UK based online marketplace for used photo and video equipment. After the period end in October, £0.40 million was invested into BookingTek Limited, a provider of room booking software to major hotel groups.

## Realisations in the Half-Year

There have been no full realisations in the period, although the Company received cash proceeds of £0.06 million, £0.04 million of which was from a loan stock repayment by Jablite Holdings Limited. This company has now returned around 92% of the original investment made in April 2015 by the Company. £0.02 million was also received as an interim distribution resulting from the members' voluntary liquidation of Newquay Helicopters (2013) Limited, bringing total proceeds to date from this investment to 175% of original cost.

## Mobeus Equity Partners LLP

Investment Adviser

22 November 2016

## New investment in the Half-Year

	Company	Business	Date of investment	Amount of new investment (£m)
	MPB Group	Online marketplace for used photo and video equipment	June 2016	0.37

MPB is Europe's leading online marketplace for used photo and video equipment. Based in Brighton, its custom-designed pricing technology enables MPB to offer both buy and sell services through the same platform and offers a one-stop shop for all its customers. The investment is to fund expansion of its platform globally, with launches into both the US and German markets. The company's latest audited accounts for the year ended 31 March 2015 show turnover of £7.49 million and profit before interest, tax and amortisation of goodwill of £0.30 million.

## New investment post period-end

	Company	Business	Date of investment	Amount of new investment (£m)
	BookingTek	Online booking software for hotels	October 2016	0.40

Based in London, BookingTek has developed software that enables hotels to reduce their reliance on third-party booking systems through a real-time booking platform for meeting rooms and restaurant reservations. The investment is to support further growth. The company's latest audited accounts for the year ended 31 July 2015 show turnover of £2.19 million and loss before interest, tax and amortisation of goodwill of £0.33 million.

# Investment Portfolio Summary

## as at 30 September 2016

Qualifying investments	Date of first investment / Sector	Total Book cost at 30 September 2016 £	Valuation at 31 March 2016 £	Additions at cost £	Disposals at valuation £	Change in valuation for period £	Valuation at 30 September 2016 £	% of net assets by value
<b>Unquoted investments</b>								
<b>ASL Technology Holdings Limited</b> Printer and photocopier services	<b>December 2010</b> Support services	2,092,009	2,397,086	-	-	(190,768)	2,206,318	5.4%
<b>Tovey Management Limited (trading as Access IS)</b> Provider of data capture and scanning hardware	<b>October 2015</b> Software and Computer Services	1,733,500	1,733,500	-	-	129,048	1,862,548	4.5%
<b>Virgin Wines Holding Company Limited</b> Online wine retailer	<b>November 2013</b> General retailers	1,284,333	1,886,136	-	-	(152,241)	1,733,895	4.2%
<b>Manufacturing Services Investment Limited</b> Company seeking to carry on a business in the manufacturing sector	<b>February 2014</b> Support services	1,608,300	1,608,300	-	-	-	1,608,300	3.9%
<b>Entanet Holdings Limited</b> Wholesale voice and data communications provider	<b>February 2014</b> Fixed Line Telecommunications	1,444,090	2,045,102	-	-	(520,731)	1,524,371	3.7%
<b>Fullfield Limited (trading as Motorclean)</b> Vehicle cleaning and valet services	<b>July 2011</b> Support services	1,025,152	1,281,548	-	-	83,152	1,364,700	3.3%
<b>RDL Corporation Limited</b> Recruitment consultants for the pharmaceutical, business intelligence and IT industries	<b>October 2010</b> Support services	1,000,000	669,057	-	-	308,845	977,902	2.4%
<b>Veritek Global Holdings Limited</b> Maintenance of imaging equipment	<b>July 2013</b> Support services	967,780	974,052	-	-	(2,998)	971,054	2.4%
<b>Tharstern Group Limited</b> Software based management information systems	<b>July 2014</b> Software and Computer Services	789,815	977,681	-	-	(12,092)	965,589	2.4%
<b>Turner Topco Limited (trading as ATG Media)</b> Publisher and online auction platform operator	<b>October 2008</b> Media	1,320,963	798,686	-	-	163,972	962,658	2.3%
<b>Vian Marketing Limited (trading as Tushingham Sails)</b> Design, manufacture and sale of stand-up paddleboards and windsurfing sails	<b>July 2015</b> Leisure goods	717,038	717,038	-	-	229,028	946,066	2.3%
<b>CGI Creative Graphics International Limited</b> Vinyl graphics to global automotive, recreation vehicle and aerospace markets	<b>June 2014</b> General Industrials	999,568	889,634	-	-	19,675	909,309	2.2%
<b>Hollydale Management Limited</b> Company seeking to carry on a business in the food sector	<b>March 2015</b> Support services	885,000	885,000	-	-	-	885,000	2.2%
<b>EOTH Limited (trading as Rab and Lowe Alpine)</b> Branded outdoor equipment and clothing	<b>October 2011</b> General retailers	817,185	842,686	-	-	40,657	883,343	2.2%
<b>Media Business Insight Holdings Limited</b> A publishing and events business focused on the creative production industries	<b>January 2015</b> Media	1,447,188	910,360	-	-	(38,415)	871,945	2.1%
<b>Backhouse Management Limited</b> Company seeking to carry on a business in the motor sector	<b>April 2015</b> Support services	848,500	848,500	-	-	-	848,500	2.1%

Qualifying investments	Date of first investment / Sector	Total Book cost at 30 September 2016 £	Valuation at 31 March 2016 £	Additions at cost £	Disposals at valuation £	Change in valuation for period £	Valuation at 30 September 2016 £	% of net assets by value
<b>Barham Consulting Limited</b> Company seeking to carry on a business in the catering sector	<b>April 2015</b> Support services	848,500	848,500	-	-	-	848,500	2.1%
<b>Chatfield Services Limited</b> Company seeking to carry on a business in the retail sector	<b>April 2015</b> Support services	848,500	848,500	-	-	-	848,500	2.1%
<b>Creasy Marketing Services Limited</b> Company seeking to carry on a business in the textile sector	<b>April 2015</b> Support services	848,500	848,500	-	-	-	848,500	2.1%
<b>McGrigor Management Limited</b> Company seeking to carry on a business in the pharmaceutical sector	<b>April 2015</b> Support services	848,500	848,500	-	-	-	848,500	2.1%
<b>The Plastic Surgeon Holdings Limited</b> Snagging and finishing of domestic and commercial properties	<b>April 2008</b> Support services	392,348	767,053	-	-	40,724	807,777	2.0%
<b>Gro-Group Holdings Limited</b> Baby sleep products	<b>March 2013</b> General retailers	1,123,088	751,930	-	-	21,392	773,322	1.9%
<b>Jablite Holdings Limited (formerly Duncary 16 Limited)</b> Expanded polystyrene products	<b>April 2015</b> Construction and materials	281,398	788,021	-	42,425	(28,517)	717,079	1.7%
<b>Redline Worldwide Limited (formerly Pound FM Consultants Limited)</b> Provider of security services to the aviation industry and other sectors	<b>February 2016</b> Support services	682,222	682,222	-	-	-	682,222	1.7%
<b>Blaze Signs Holdings Limited</b> Manufacturing and installation of signs	<b>April 2006</b> Support services	437,030	738,939	-	-	(86,752)	652,187	1.6%
<b>Bourn Bioscience Limited</b> Management of In-vitro fertilisation clinics	<b>January 2014</b> Healthcare Equipment & Services	757,101	626,517	-	-	(59,274)	567,243	1.4%
<b>Leap New Co Limited (trading as Ward Thomas Removals, Bishopsgate and Aussie Man &amp; Van)</b> A specialist logistics, storage and removals business	<b>December 2014</b> Support services	369,625	534,927	-	-	(58,668)	476,259	1.2%
<b>MPB Group Limited</b> Online marketplace for used photographic equipment	<b>June 2016</b> General retailers	374,244	-	374,244	-	-	374,244	0.9%
<b>Vectair Holdings Limited</b> Designer and distributor of washroom products	<b>January 2006</b> Support services	60,293	271,156	-	-	70,214	341,370	0.8%
<b>Racoon International Holdings Limited</b> Supplier of hair extensions, hair care products and training	<b>December 2006</b> Personal goods	1,045,985	167,458	-	-	-	167,458	0.4%
<b>Lightworks Software Limited</b> Provider of software for CAD and CAM vendors	<b>April 2006</b> Software and Computer Services	25,727	65,592	-	-	11,334	76,926	0.1%
<b>Newquay Helicopters (2013) Limited (in members' voluntary liquidation)</b> Helicopter service operator	<b>June 2006</b> Support services	49,368	66,169	-	16,801	(49,368)	-	0.0%
<b>Preservica Limited</b> Proprietary digital archiving software	<b>December 2015</b> Software and Computer Services	-	-	-	-	-	-	0.0%
<b>Total unquoted investments</b>		<b>27,972,850</b>	<b>28,318,350</b>	<b>374,244</b>	<b>59,226</b>	<b>(81,783)</b>	<b>28,551,585</b>	<b>69.7%</b>

# Investment Portfolio Summary

## as at 30 September 2016

	Date of first investment / Sector	Total Book cost at 30 September 2016 £	Valuation at 31 March 2016 £	Additions at cost £	Disposals at valuation £	Change in valuation for period £	Valuation at 30 September 2016 £	% of net assets by value
<b>Qualifying investments</b>								
<b>Total unquoted investments (continued from previous page)</b>		<b>27,972,850</b>	<b>28,318,350</b>	<b>374,244</b>	<b>59,226</b>	<b>(81,783)</b>	<b>28,551,585</b>	<b>69.7%</b>
<b>AIM quoted investments</b>								
<b>365 Agile Group (formerly lafyds plc)</b> Development of energy saving devices for domestic use	<b>March 2001</b> Electronic and electrical equipment	254,586	8	-	-	(6)	2	0.0%
<b>Total AIM quoted investments</b>		<b>254,586</b>	<b>8</b>	<b>-</b>	<b>-</b>	<b>(6)</b>	<b>2</b>	<b>0.0%</b>
<b>Total qualifying investments</b>		<b>28,227,436</b>	<b>28,318,358</b>	<b>374,244</b>	<b>59,226</b>	<b>(81,789)</b>	<b>28,551,587</b>	<b>69.7%<sup>1</sup></b>
<b>Non-qualifying investments</b>								
<b>Media Business Insight Limited</b>	as above	561,884	794,824	-	-	(33,540)	761,284	1.9%
<b>Tovey Management Limited (trading as Access IS)</b>	as above	219,873	219,873	-	-	-	219,873	0.5%
<b>Total non-qualifying investments</b>		<b>781,757</b>	<b>1,014,697</b>	<b>-</b>	<b>-</b>	<b>(33,540)</b>	<b>981,157</b>	<b>2.4%</b>
<b>Total investments per note 9, page 19</b>		<b>29,009,193</b>	<b>29,333,055</b>	<b>374,244</b>	<b>59,226</b>	<b>(115,329)</b>	<b>29,532,744</b>	<b>72.1%</b>
Cash and current asset investments <sup>2</sup>		-	13,702,539	-	-	-	11,466,174	27.9%
<b>Total investments including cash and current asset investments</b>		<b>29,009,193</b>	<b>43,035,594</b>	<b>374,244</b>	<b>59,226</b>	<b>(115,329)</b>	<b>40,998,918</b>	<b>100.0%</b>
Debtors		-	266,308	-	-	-	171,789	0.3%
Creditors		-	(160,890)	-	-	-	(100,084)	(0.3)%
<b>Net assets at the period-end</b>			<b>43,141,012</b>				<b>41,070,623</b>	<b>100.0%</b>

<sup>1</sup> As at 30 September 2016, the Company held more than 70% of its total investments in qualifying holdings, and therefore complied with the VCT Qualifying Investment test. For the purposes of the VCT qualifying test, the Company is permitted to disregard disposals of investments for six months from the date of disposal. It also has up to three years, before new funds raised need to be included in the qualifying investment test.

<sup>2</sup> Disclosed as Current asset investments and Cash at bank within Current assets in the Balance Sheet.

# Statements of the Directors in respect of the Half-Year Report

## Responsibility Statement

In accordance with Disclosure and Transparency Rule (DTR) 4.2.10, the condensed set of financial statements, which has been prepared in accordance with Financial Reporting Standard 104 "Interim Financial Reporting" gives a true and fair view of the assets, liabilities, financial position and loss of the Company, as required by DTR 4.2.10. Nigel Melville (Chairman and Chairman of the Nominations Committee), Adam Kingdon (Chairman of the Audit Committee), Sally Duckworth (Chairman of the Investment Committee) and Kenneth Vere Nicoll (Chairman of the Remuneration Committee), being the Directors of the Company, confirm that to the best of their knowledge:

- (a) the half-year management report which comprises the Chairman's Statement, Investment Policy, Investment Review and the Investment Portfolio Summary includes a fair review of the information required by DTR 4.2.7, being an indication of the important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements;
- (b) a description of the principal risks and uncertainties facing the Company for the remaining six months is set out below, in accordance with DTR 4.2.7; and
- (c) there were no related party transactions in the first six months of the current financial year that are required to be disclosed, in accordance with DTR 4.2.8.

## Principal Risks and Uncertainties

The Board acknowledges that there is regulatory risk and continues to manage the Company's affairs in such a manner as to comply with section 274 of the Income Tax Act 2007. The level of regulatory uncertainty has increased following the publication of the Finance (No 2) Act 2015 in November 2015 which amended the VCT Scheme in the UK.

In accordance with DTR 4.2.7, the Board confirms that the principal risks and uncertainties facing the Company have not changed materially from those identified in the Annual Report and Accounts for the year ended 31 March 2016.

The principal risks faced by the Company are:

- economic;
- investment and strategic;
- loss of approval as a VCT;
- VCT regulatory changes;
- regulatory;
- financial and operating;
- market;
- asset liquidity;
- market liquidity; and
- counterparty.

A more detailed explanation of these risks can be found in the Strategic Report on pages 22 and 23 and in Note 15 on pages 58 – 65 of the Annual Report and Accounts for the year ended 31 March 2016, copies of which are available on the Investment Adviser's website, [www.mobeusequity.co.uk](http://www.mobeusequity.co.uk) or by going directly to the VCT's website, [www.mig2vct.co.uk](http://www.mig2vct.co.uk).

## Going Concern

The Board has assessed the Company's operation as a going concern. The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the half-year management report which comprises the Chairman's Statement, Investment Policy, Investment Review and Investment Portfolio Summary. The Directors have satisfied themselves that the Company continues to maintain a significant cash position. The majority of companies in the portfolio continue to trade profitably and the portfolio taken as a whole remains resilient and well-diversified. The major cash outflows of the Company (namely investments, buybacks and dividends) are within the Company's control.

The Board's assessment of liquidity risk and details of the Company's policies for managing its capital and financial risks are shown in Note 15 on pages 58 – 65 of the Annual Report and Accounts for the year ended 31 March 2016. Accordingly, the Directors continue to adopt the going concern basis of accounting in preparing the half-year report and annual financial statements.

## Cautionary Statement

This report may contain forward looking statements with regards to the financial condition and results of the Company, which are made in the light of current economic and business circumstances. Nothing in this report should be construed as a profit forecast.

For and on behalf of the Board

Nigel Melville  
*Chairman*

22 November 2016

# Unaudited Condensed Income Statement

## for the six months ended 30 September 2016

	Notes	Six months ended 30 September 2016 (unaudited)		
		Revenue £	Capital £	Total £
Unrealised (losses)/gains on investments held at fair value	9	-	(115,329)	(115,329)
Realised gains on investments held at fair value	9	-	-	-
Income	4	752,727	-	752,727
Investment Adviser's fees	5	(121,482)	(364,445)	(485,927)
Other expenses		(168,991)	-	(168,991)
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>462,254</b>	<b>(479,774)</b>	<b>(17,520)</b>
Tax on profit/(loss) on ordinary activities	6	(72,889)	72,889	-
<b>Profit/(loss) and total comprehensive income</b>		<b>389,365</b>	<b>(406,885)</b>	<b>(17,520)</b>
<b>Basic and diluted earnings per share</b>				
Ordinary Shares	7	<b>1.08p</b>	<b>(1.13)p</b>	<b>(0.05)p</b>

The revenue column of the Income Statement includes all income and expenses. The capital column accounts for the unrealised (losses)/gains and realised gains on investments and the proportion of the Investment Adviser's fee charged to capital.

The total column is the Statement of Total Comprehensive Income of the Company prepared in accordance with UK GAAP Financial Reporting Standard 102. In order to better reflect the activities of a VCT and in accordance with the Statement of Recommended Practice ("SORP") issued in November 2014 by the Association of Investment Companies ("AIC"), supplementary information which analyses the Income Statement between items of a revenue and capital nature has been presented alongside the Income Statement. The revenue column of profit attributable to equity shareholders is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in Section 274 Income Tax Act 2007.

All the items in the above statement derive from continuing operations of the Company. No operations were acquired or discontinued in the period/year.

The notes on pages 16 - 20 form part of these Half-Year Financial Statements.

Revenue £	Year ended 31 March 2016 (audited)		Six months ended 30 September 2015 (unaudited)		
	Capital £	Total £	Revenue £	Capital £	Total £
-	1,089,897	1,089,897	-	1,726,253	1,726,253
-	1,732,241	1,732,241	-	239,026	239,026
1,736,490	-	1,736,490	837,064	-	837,064
(246,651)	(739,953)	(986,604)	(121,374)	(364,123)	(485,497)
(302,518)	-	(302,518)	(176,032)	-	(176,032)
<b>1,187,321</b>	<b>2,082,185</b>	<b>3,269,506</b>	<b>539,658</b>	<b>1,601,156</b>	<b>2,140,814</b>
(147,991)	147,991	-	(72,825)	72,825	-
<b>1,039,330</b>	<b>2,230,176</b>	<b>3,269,506</b>	<b>466,833</b>	<b>1,673,981</b>	<b>2,140,814</b>
<b>2.86p</b>	<b>6.14p</b>	<b>9.00p</b>	<b>1.28p</b>	<b>4.60p</b>	<b>5.88p</b>

# Unaudited Condensed Balance Sheet

## as at 30 September 2016

	Notes	30 September 2016 (unaudited) £	31 March 2016 (audited) £	30 September 2015 (unaudited) £
<b>Fixed assets</b>				
Investments at fair value	9	29,532,744	29,333,055	31,875,061
<b>Current assets</b>				
Debtors and prepayments		171,789	266,308	183,820
Current asset investments	10	6,934,362	9,337,621	6,727,300
Cash at bank and in hand	10	4,531,812	4,364,918	5,367,178
		11,637,963	13,968,847	12,278,298
<b>Creditors: amounts falling due within one year</b>		(100,084)	(160,890)	(172,578)
<b>Net current assets</b>		11,537,879	13,807,957	12,105,720
<b>Net assets</b>		<b>41,070,623</b>	<b>43,141,012</b>	<b>43,980,781</b>
<b>Capital and reserves</b>				
Called up share capital		358,248	360,685	362,185
Share premium reserve		15,901,497	15,901,497	15,901,497
Capital redemption reserve		86,059	83,622	82,122
Revaluation reserve		1,656,663	1,783,724	2,842,900
Special distributable reserve		7,979,631	8,524,729	8,982,930
Realised capital reserve		13,741,824	15,529,419	14,518,846
Revenue reserve		1,346,701	957,336	1,290,301
<b>Equity shareholders' funds</b>		<b>41,070,623</b>	<b>43,141,012</b>	<b>43,980,781</b>
<b>Basic and diluted net asset value per share</b>	11	<b>114.64p</b>	<b>119.61p</b>	<b>121.43p</b>

The Notes on pages 16 - 20 form part of these Half-Year Financial Statements.

# Unaudited Condensed Statement of Changes in Equity

## for the six months ended 30 September 2016

	Non-distributable reserves				Distributable reserves			Total £
	Called up share capital £	Share premium reserve £	Capital redemption reserve £	Revaluation reserve £	Special distributable reserve (note a) £	Realised capital reserve (note b) £	Revenue reserve (note b) £	
<b>At 1 April 2016</b>	360,685	15,901,497	83,622	1,783,724	8,524,729	15,529,419	957,336	43,141,012
<b>Comprehensive income for the period</b>								
(Loss)/profit for the period	-	-	-	(115,329)	-	(291,556)	389,365	(17,520)
<b>Total comprehensive income for the period</b>	-	-	-	<b>(115,329)</b>	-	<b>(291,556)</b>	<b>389,365</b>	<b>(17,520)</b>
<b>Contributions by and distributions to owners</b>								
Shares bought back (note c)	(2,437)	-	2,437	-	(253,542)	-	-	(253,542)
Dividends paid	-	-	-	-	-	(1,799,327)	-	(1,799,327)
<b>Total contributions by and distributions to owners</b>	<b>(2,437)</b>	-	<b>2,437</b>	-	<b>(253,542)</b>	<b>(1,799,327)</b>	-	<b>(2,052,869)</b>
<b>Other movements</b>								
Realised losses transferred to special reserve (note a)	-	-	-	-	(291,556)	291,556	-	-
Realisation of previously unrealised appreciation	-	-	-	(11,732)	-	11,732	-	-
<b>Total other movements</b>	-	-	-	<b>(11,732)</b>	<b>(291,556)</b>	<b>303,288</b>	-	-
<b>At 30 September 2016</b>	<b>358,248</b>	<b>15,901,497</b>	<b>86,059</b>	<b>1,656,663</b>	<b>7,979,631</b>	<b>13,741,824</b>	<b>1,346,701</b>	<b>41,070,623</b>

### Notes

- a): The Special distributable reserve provides the Company with a reserve to fund market purchases of the Company's own shares, to absorb any existing or future losses and for any other corporate purpose.
- b): The Realised capital reserve and the Revenue reserve together comprise the Profit and Loss Account of the Company.
- c): During the Half-Year, the Company purchased 243,719 of its own shares at the prevailing market price for a total cost of £253,542, which were subsequently cancelled.

The Notes on pages 16 - 20 form part of these Half-Year Financial Statements.

# Unaudited Condensed Statement of Changes in Equity

## for the six months ended 30 September 2015

	Non-distributable reserves				Distributable reserves			Total £
	Called up share capital £	Share premium reserve £	Capital redemption reserve £	Revaluation reserve £	Special distributable reserve £	Realised capital reserve £	Revenue reserve £	
<b>At 1 April 2015</b>	364,686	15,901,497	79,621	1,116,647	9,537,078	14,279,820	823,468	42,102,817
<b>Comprehensive income for the period</b>								
Profit for the period	-	-	-	1,726,253	-	(52,272)	466,833	2,140,814
<b>Total comprehensive income for the period</b>	-	-	-	<b>1,726,253</b>	-	<b>(52,272)</b>	<b>466,833</b>	<b>2,140,814</b>
<b>Contributions by and distributions to owners</b>								
Shares bought back	(2,501)	-	2,501	-	(262,850)	-	-	(262,850)
Dividends paid	-	-	-	-	-	-	-	-
<b>Total contributions by and distributions to owners</b>	<b>(2,501)</b>	-	<b>2,501</b>	-	<b>(262,850)</b>	-	-	<b>(262,850)</b>
<b>Other movements</b>								
Realised losses transferred to special reserve	-	-	-	-	(291,298)	291,298	-	-
Realisation of previously unrealised appreciation	-	-	-	-	-	-	-	-
<b>Total other movements</b>	-	-	-	-	<b>(291,298)</b>	<b>291,298</b>	-	-
<b>At 30 September 2015</b>	<b>362,185</b>	<b>15,901,497</b>	<b>82,122</b>	<b>2,842,900</b>	<b>8,982,930</b>	<b>14,518,846</b>	<b>1,290,301</b>	<b>43,980,781</b>

The Notes on pages 16 - 20 form part of these Half-Year Financial Statements.

# Unaudited Condensed Statement of Cash Flows

## for the six months ended 30 September 2016

	Notes	Six months ended 30 September 2016 (unaudited) £	Year ended 31 March 2016 (audited) £	Six months ended 30 September 2015 (unaudited) £
<b>Cash flows from operating activities</b>				
(Loss)/profit for the financial period		(17,520)	3,269,506	2,140,814
<b>Adjustments for:</b>				
Unrealised losses/(gains) on investments		115,329	(1,089,897)	(1,726,253)
Realised gains on investments		-	(1,732,241)	(239,026)
Decrease/(increase) in debtors		94,519	(86,327)	(3,839)
(Decrease)/increase in creditors and accruals		(60,850)	(47,047)	8,097
<b>Net cash inflow from operations</b>		<b>131,478</b>	<b>313,994</b>	<b>179,793</b>
<b>Cash flows from investing activities</b>				
Purchase of investments	9	(374,244)	(9,164,569)	(8,896,851)
Disposal of investments	9	59,226	5,001,367	1,334,784
No change/(increase) in bank deposits with a maturity over three months		-	(7,061)	-
<b>Net cash outflow from investing activities</b>		<b>(315,018)</b>	<b>(4,170,263)</b>	<b>(7,562,067)</b>
<b>Cash flows from financing activities</b>				
Shares issued as part of Offer for subscription		-	-	-
Equity dividends paid	8	(1,799,327)	(1,810,924)	-
Purchase of own shares		(253,498)	(376,756)	(262,675)
<b>Net cash outflow from financing activities</b>		<b>(2,052,825)</b>	<b>(2,187,680)</b>	<b>(262,675)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(2,236,365)</b>	<b>(6,043,949)</b>	<b>(7,644,949)</b>
Cash and cash equivalents at start of period		13,195,478	19,239,427	19,239,427
<b>Cash and cash equivalents at end of period</b>		<b>10,959,113</b>	<b>13,195,478</b>	<b>11,594,478</b>
<b>Cash and cash equivalents comprise:</b>				
Cash at bank and in hand	10	4,531,812	4,364,918	5,367,178
Cash equivalents	10	6,427,301	8,830,560	6,227,300

The notes on pages 16 - 20 form part of these Half-Year Financial Statements.

# Notes to the Unaudited Condensed Financial Statements for the six months ended 30 September 2016

## 1. Company information

Mobeus Income and Growth 2 VCT plc is a public limited company incorporated in England, registration number 03946235. The registered office is 30 Haymarket, London, SW1Y 4EX.

## 2. Basis of preparation

These financial statements are prepared in accordance with accounting policies consistent with Financial Reporting Standard 102 ("FRS102"), Financial Reporting Standard 104 ("FRS104") - Interim Financial Reporting, with the Companies Act 2006 and the 2014 Statement of Recommended practice, 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' ('the SORP') issued by the Association of Investment Companies ("AIC").

The Company has elected to apply early the revised disclosure requirements as set out in Amendments to FRS102 - Fair Value hierarchy disclosures, issued in March 2016.

The Half-Year Report has not been audited, nor has it been reviewed by the auditor pursuant to the Financial Reporting Council's (FRC) guidance on Review of Interim Financial Information.

### Comparatives

The comparatives to these Unaudited Condensed Financial Statements are those disclosed in each prior period/year's financial statements other than in relation to Monies held pending investment, Current asset investments and Cash at bank. These comparative figures have been reallocated to reflect more accurately the nature of the underlying instruments. This is just a presentational change and has had no effect on net assets.

## 3. Principal accounting policies

The accounting policies have been applied consistently throughout the period. Full details of principal accounting policies will be disclosed in the Annual Report, while the policy in respect of investments is included within an outlined box at the top of note 9 on investments.

## 4. Income

	Six months ended 30 September 2016 (unaudited) £	Year ended 31 March 2016 (audited) £	Six months ended 30 September 2015 (unaudited) £
<b>Income from investments</b>			
Dividends	51,144	87,073	62,764
Money-market funds	14,127	21,406	8,490
Loan stock interest	666,444	1,578,774	741,030
Bank deposit interest	21,012	49,237	24,780
<b>Total Income</b>	<b>752,727</b>	<b>1,736,490</b>	<b>837,064</b>

## 5. Investment Adviser's fees

Under the terms of a revised investment management agreement dated 15 November 2016, Mobeus provides investment advisory, administrative and company secretarial services to the Company, for a fee of 2.0% per annum calculated on a quarterly basis by reference to the net assets at the end of the preceding quarter, plus a fee of £113,589 per annum, the latter being subject to changes in the retail prices index each year. In 2013, Mobeus agreed to waive such further increases due to indexation, until otherwise agreed by the Board. In accordance with the policy statement published under "Management and Administration" in the Company's prospectus dated 10 May 2000, the Directors have charged 75% of the investment adviser expenses to the capital account. This is in line with the Board's expectation of the long-term split of returns from the investment portfolio of the Company.

## 6. Taxation

There is no tax charge for the period as the Company has tax losses brought forward from previous years.

## 7. Basic and diluted earnings per share

	Six months ended 30 September 2016 (unaudited) £	Year ended 31 March 2016 (audited) £	Six months ended 30 September 2015 (unaudited) £
Total earnings after taxation	(17,520)	3,269,506	2,140,814
<b>Basic and diluted earnings per share (note a)</b>	<b>(0.05)p</b>	<b>9.00p</b>	<b>5.88p</b>
Net revenue from ordinary activities after taxation	389,365	1,039,330	466,833
<b>Basic and diluted revenue earnings per share (note b)</b>	<b>1.08p</b>	<b>2.86p</b>	<b>1.28p</b>
Net unrealised capital (losses)/gains	(115,329)	1,089,897	1,726,253
Net realised capital gains	-	1,732,241	239,026
Capital expenses (net of taxation)	(291,556)	(591,962)	(291,298)
Total capital return	(406,885)	2,230,176	1,673,981
<b>Basic and diluted capital earnings per share (note c)</b>	<b>(1.13)p</b>	<b>6.14p</b>	<b>4.60p</b>
Weighted average number of shares in issue in the period	36,025,948	36,312,815	36,408,806

Notes

- a) Basic and diluted earnings per share is total earnings after taxation divided by the weighted average number of shares in issue.  
b) Basic and diluted revenue earnings per share is revenue earnings after taxation divided by the weighted average number of shares in issue.  
c) Basic and diluted capital earnings per share is total capital earnings divided by the weighted average number of shares in issue.

## 8. Dividends paid

Dividend	Type	For year ended 31 March	Pence per share	Date Paid	Six months ended 30 September 2016 (unaudited) £	Year ended 31 March 2016 (audited) £	Six months ended 30 September 2015 (unaudited) £
<b>Interim</b>	Income	2016	2.50p	18/03/2016	-	905,462	-
<b>Interim</b>	Capital	2016	2.50p	18/03/2016	-	905,462	-
<b>Special Interim</b>	Capital	2017	5.00p	08/08/2016	1,799,327	-	-
					<b>1,799,327</b>	<b>1,810,924</b>	-

# Notes to the Unaudited Condensed Financial Statements for the six months ended 30 September 2016

## 9. Investments at fair value

All investments held by the Company are classified as "fair value through profit and loss", and valued in accordance with the International Private Equity and Venture Capital Valuation ("IPEVCV") guidelines, as updated in December 2015. This classification is followed as the Company's business is to invest in financial assets with a view to profiting from their total return in the form of capital growth and income.

For investments actively traded in organised financial markets, fair value is generally determined by reference to Stock Exchange market quoted bid prices at the close of business on the balance sheet date. Purchases and sales of quoted investments are recognised on the trade date where a contract of sale exists whose terms require delivery within a time frame determined by the relevant market. Purchases and sales of unlisted investments are recognised when the contract for acquisition or sale becomes unconditional.

Unquoted investments are stated at fair value by the Directors in accordance with the following rules, which are consistent with the IPEVCV guidelines:

All investments are held at the price of a recent investment for an appropriate period where there is considered to have been no change in fair value. Where such a basis is no longer considered appropriate, the following factors will be considered:

- (i) Where a value is indicated by a material arms-length transaction by an independent third party in the shares of a company, this value will be used.
- (ii) In the absence of i), and depending upon both the subsequent trading performance and investment structure of an investee company, the valuation basis will usually move to either:-
  - a) an earnings multiple basis. The shares may be valued by applying a suitable price-earnings ratio to that company's historic, current or forecast post-tax earnings before interest and amortisation (the ratio used being based on a comparable sector but the resulting value being adjusted to reflect points of difference identified by the Investment Adviser compared to the sector including, inter alia, a lack of marketability).

or:-

- b) where a company's underperformance against plan indicates a diminution in the value of the investment, provision against cost is made, as appropriate. Where the value of an investment has fallen permanently below cost, the loss is treated as a permanent impairment and as a realised loss, even though the investment is still held. The Board assesses the portfolio for such investments and, after agreement with the Investment Adviser, will agree the values that represent the extent to which an investment has become realised. This is based upon an assessment of objective evidence of that investment's future prospects, to determine whether there is potential for the investment to recover in value.
- (iii) Premiums that will be received upon repayment of loan stock investments are accrued at fair value when the Company receives the right to the premium and when considered recoverable.
- (iv) Where an earnings multiple or cost less impairment basis is not appropriate and overriding factors apply, discounted cash flow or net asset valuation bases may be applied.

Capital gains and losses on investments, whether realised or unrealised, are dealt with in the profit and loss and revaluation reserves and movements in the period are shown in the Income Statement.

All investments are initially recognised and subsequently measured at fair value. Changes in fair value are recognised in the Income Statement.

The methods of fair value measurement are classified into hierarchy based on the reliability of the information used to determine the valuation.

- Level 1 - Fair value is measured based on quoted prices in an active market.
- Level 2 - Fair value is measured based on directly observable current market prices or indirectly being derived from market prices.
- Level 3 - Fair value is measured using valuation techniques using inputs that are not based on observable market data.

## Summary of movement on investments at fair value

	Traded on AIM Level 1 £	Unquoted Ordinary shares Level 3 £	Unquoted Preference shares Level 3 £	Unquoted Loan stock Level 3 £	Total £
Cost at 31 March 2016	254,586	10,176,306	23,311	19,698,819	30,153,022
Unrealised gains/(losses) at 31 March 2016	8	(385,285)	(1,037)	2,170,038	1,783,724
Permanent impairment at 31 March 2016	(254,586)	(1,537,968)	(739)	(810,398)	(2,603,691)
<b>Valuation at 31 March 2016</b>	<b>8</b>	<b>8,253,053</b>	<b>21,535</b>	<b>21,058,459</b>	<b>29,333,055</b>
Purchases at cost	-	285,138	-	89,106	374,244
Sale proceeds	-	(16,801)	-	(42,425)	(59,226)
(Decrease)/increase in unrealised gains on investments	(6)	(1,402,372)	(760)	1,287,809	(115,329)
Realised gains on investments	-	-	-	-	-
<b>Valuation at 30 September 2016</b>	<b>2</b>	<b>7,119,018</b>	<b>20,775</b>	<b>22,392,949</b>	<b>29,532,744</b>
Book cost at 30 September 2016	254,586	8,974,064	23,311	19,757,232	29,009,193
Unrealised gains/(losses) at 30 September 2016	2	(976,520)	(2,536)	2,635,717	1,656,663
Permanent impairment at 30 September 2016	(254,586)	(878,526)	-	-	(1,133,112)
<b>Valuation at 30 September 2016</b>	<b>2</b>	<b>7,119,018</b>	<b>20,775</b>	<b>22,392,949</b>	<b>29,532,744</b>
Unrealised (losses)/gains at 1 April 2016	(254,578)	(1,923,253)	(1,776)	1,359,640	(819,967)
Net movement in unrealised (depreciation)/appreciation in the period	(6)	(1,402,372)	(760)	1,287,809	(115,329)
Permanent impairments removed in the period	-	1,470,579	-	-	1,470,579
Realisation of previously unrealised (losses)/gains	-	-	-	(11,732)	(11,732)
<b>(Losses)/gains on investments at 30 September 2016</b>	<b>(254,584)</b>	<b>(1,855,046)</b>	<b>(2,536)</b>	<b>2,635,717</b>	<b>523,551</b>

There has been no significant change in the risk analysis as disclosed in note 15 of the financial statements in the Company's Annual Report.

The increase in unrealised valuations of the loan stock investments above reflects the changes in the entitlement to loan premiums, and/or in the underlying enterprise value of the investee company. The increase does not arise from assessments of credit or market risk upon these instruments.

Level 3 unquoted equity and loan investments are valued in accordance with IPEV CV guidelines as follows:

	As at 30 September 2016 (unaudited) £	As at 31 March 2016 (audited) £	As at 30 September 2015 (unaudited) £
<b>Investment methodology</b>			
Recent investment price	10,988,211	10,255,891	13,692,148
Earnings multiple	18,544,531	19,010,987	18,182,903
Estimated realisation proceeds	-	66,169	-
	<b>29,532,742</b>	<b>29,333,047</b>	<b>31,875,051</b>

# Notes to the Unaudited Condensed Financial Statements for the six months ended 30 September 2016

## 10. Current asset investments

	As at 30 September 2016 (unaudited) £	As at 31 March 2016 (audited) £	As at 30 September 2015 (unaudited) £
OEIC Money market funds	6,427,301	6,327,301	3,727,300
Bank deposits that mature within three months but are not immediately repayable	-	2,503,259	2,500,000
Cash equivalents per Condensed Statement of Cash Flows	6,427,301	8,830,560	6,227,300
Bank deposits that mature after three months	507,061*	507,061	500,000
<b>Current asset investments</b>	<b>6,934,362</b>	<b>9,337,621</b>	<b>6,727,300</b>
<b>Cash at bank and in hand</b>	<b>4,531,812</b>	<b>4,364,918</b>	<b>5,367,178</b>

\*Amount placed on 12 month term deposit on 10 March 2016.

## 11. Net asset value per share

	As at 30 September 2016 (unaudited)	As at 31 March 2016 (audited)	As at 30 September 2015 (unaudited)
Net assets	£41,070,623	£43,141,012	£43,980,781
Number of shares in issue	35,824,744	36,068,463	36,218,463
<b>Net asset value per share (pence)</b>	<b>114.64 p</b>	<b>119.61 p</b>	<b>121.43 p</b>

## 12. Post balance sheet events

On 20 October 2016, £0.40 million was invested into BookingTek Limited.

## 13. Financial statements for the six months ended 30 September 2016

The financial information set out in this Half-Year financial report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The information for the year ended 31 March 2016 has been extracted from the latest published audited financial statements, which have been filed with the Registrar of Companies. The auditors have reported on these financial statements and that report was unqualified and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

## 14. Half-Year Report

Copies of this statement are being sent to all shareholders. Further copies are available free of charge from the Company's registered office, 30 Haymarket, London, SW1Y 4EX, or can be downloaded via the Company's website at [www.mig2vct.co.uk](http://www.mig2vct.co.uk).

# Shareholder Information

## Communication with shareholders

We aim to communicate regularly with our shareholders. In addition to the Half-Year and Annual Reports, shareholders receive a twice-yearly VCT newsletter from the Investment Adviser, approved by the Board. The September annual general meeting provides a useful platform for the Board to meet shareholders and exchange views. Your Board welcomes your attendance at general meetings to give you the opportunity to meet your Directors and representatives of the Investment Adviser.

Changes to the European Commission's Transparency Directive mean that the Company is no longer required to publish quarterly Interim Management Statements. However, the Board intends to continue doing so to keep shareholders informed of the Company's progress.

Shareholders wishing to follow the Company's development can also visit the Company website at [www.mig2vct.co.uk](http://www.mig2vct.co.uk) which contains publicly available information or links to information about the Company's largest investments, the latest NAV and the share price. The London Stock Exchange's website at: [www.londonstockexchange.com](http://www.londonstockexchange.com) provides details of the share price and latest NAV announcements, etc. A number of commentators such as Tax Efficient Review at [www.taxefficientreview.com](http://www.taxefficientreview.com) provide comparative performance figures for the VCT sector as a whole.

## Shareholder Event

The Investment Adviser held a successful shareholder event in January 2016 at the Royal Institute of British Architects in Central London. The next event will be held on Tuesday 24 January 2017, again at the Royal Institute of British Architects in Central London. The programme will again include presentations on the investment activity and performance of the Mobeus VCTs as well as an update on recent regulatory changes and talks from investee companies. Shareholders have been sent further details, and an invitation to the event, with the shareholder newsletter sent last month. If you wish to attend, email [vcts@mobeusequity.co.uk](mailto:vcts@mobeusequity.co.uk).

## Financial calendar

November 2016	Half-Year Report for the six months ended 30 September 2016 to be announced and circulated to shareholders.
24 January 2017	Shareholder Event.
31 March 2017	Year End.
September 2017	Annual General Meeting.

## Dividends

Shareholders who wish to have dividends paid directly into their bank account rather than sent by cheque to their registered address can complete a mandate for this purpose. Mandates can be obtained by contacting the Company's Registrars, Capita Asset Services at the address given on page 25.

**Shareholders are encouraged to ensure that the Registrars maintain up-to-date details for yourselves and to check whether you have received all dividends payable to you. This is particularly important if you have recently moved house or changed your bank. We are aware that a number of dividends remain unclaimed by shareholders and whilst we will endeavour to contact shareholders if this is the case we cannot guarantee that we will be able to do so if the Registrars do not have an up-to-date address and/or email address.**

## Selling your shares

The Company's shares are listed on the London Stock Exchange and as such they can be sold in the same way as any other quoted company through a stockbroker. **However, to ensure that you obtain the best price, if you wish to sell your shares, you are strongly advised to contact the Company's stockbroker, Panmure Gordon, by telephoning 020 7886 2717 before agreeing a price with their stockbroker.** Shareholders are also advised to discuss their individual tax position with their financial adviser before deciding to sell their shares.

## Managing your shareholding online

For details on your individual shareholding and to manage your account online, shareholders may log into or register with the Capita Shareholder Portal at: [www.capitashareportal.com](http://www.capitashareportal.com).

You can use the Shareholder Portal to change your address details, check your holding balance and transactions, view the dividends you have received, add and amend your bank details and manage how you receive your dividends.

# Shareholder Information

## **Common Reporting Standard (“CRS”) and Foreign Account Tax Compliance Act (“FATCA”)**

With effect from 1st January 2016 new tax legislation under The Organisation for Economic Co-operation and Development Common Reporting Standard for Automatic Exchange of Financial Account Information (“The Common Reporting Standard”) is being introduced. The legislation will require investment trust companies to provide personal information to HMRC on certain investors who purchase their shares including details of their shareholding and income from the shares. As an affected entity, the Company will have to provide information annually to HMRC relating to a number of non-UK based certificated shareholders who are deemed to be resident for tax purposes in any of the 90 plus countries who have joined CRS. All new shareholders, excluding those whose shares are held in CREST, who are entered onto the share register from 1 January 2016 will be asked to provide the relevant information. Additionally, HMRC changed its policy position on the FATCA in June of this year. We understand that this will mean that, as a result of the restricted secondary market in VCT shares, the Company’s shares will not be considered to be “regularly traded”. This will mean that the Company will also be an affected entity for the purposes of this legislation and as such will have to provide information annually to HMRC relating to shareholders who are resident for tax purposes in the United States.

All new shareholders, excluding those whose shares are held in CREST, who are entered onto the share register from 1 January 2016 will be sent a certification form for the purposes of collecting this information.

For further information, please see HMRC’s Quick Guide: Automatic Exchange of Information – information for account holders <https://www.gov.uk/government/publications/exchange-of-information-account-holders> .

## **Boiler Room Fraud**

Details on what to do to combat boiler room fraud can be found on the Company’s website.

## **Shareholder enquiries**

For enquiries concerning the Company, please contact the Investment Adviser, Mobeus Equity Partners LLP, on 020 7024 7600 or by e-mail to [vcts@mobeusequity.co.uk](mailto:vcts@mobeusequity.co.uk) .

For information on your holding, to notify the Company of a change of address or to request a dividend mandate form (should you wish to have future dividends paid directly into your bank account) please contact the Company’s Registrars:

by post: Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, or by e-mail at [www.capitashareportal.com](http://www.capitashareportal.com) .

or: The Capita VCT investor line: +44 (0)371 664 0324. Telephone lines are open 9.00am-5.30pm Monday-Friday excluding public holidays in England and Wales.

To contact the Chairman or any member of the Board, please contact the Company Secretary, Mobeus Equity Partners LLP in the first instance on 020 7024 7600 or by e-mail to [vcts@mobeusequity.co.uk](mailto:vcts@mobeusequity.co.uk) .

# Performance Data at 30 September 2016

The two former 'C' and Ordinary classes of shares were merged on 10 September 2010, and the 'C' share class redesignated as Ordinary Shares. The following tables show, for all investors in the former share classes, how their investments have performed since they were originally allotted shares in each fundraising.

Cumulative total return data, which includes cumulative dividends paid to date, is shown on both a share price and NAV basis as at 30 September 2016. The NAV basis enables shareholders to evaluate more clearly the performance of the Investment Adviser, as it reflects the underlying value of the portfolio at the reporting date. This is the most widely used measure of performance in the VCT sector.

## Ordinary Share Fund

Share price as at 30 September 2016 103.25p<sup>1</sup>

NAV per share as at 30 September 2016 114.64p

Allotment date(s)	Allotment price (p)	Net allotment price <sup>2</sup> (p)	Cumulative dividends paid per share <sup>3</sup> (p)	Total return per share to Shareholders since allotment		
				(Share price basis) (p)	(NAV basis) (p)	% change since 31 March 2016 (NAV basis)
<b>Funds raised 2005/06</b>						
Between 5 January 2006 and 5 April 2006	100.00	60.00	52.00	155.25	166.64	0.0%
<b>Funds raised 2008/09</b>						
Between 3 April 2009 and 5 May 2009	92.39	64.67	48.00	151.25	162.64	0.0%
<b>Funds raised 2013/14</b>						
09 January 2014	117.92 <sup>4</sup>	82.54	34.00	137.25	148.64	0.0%
11 February 2014	118.22 <sup>4</sup>	82.75	34.00	137.25	148.64	0.0%
31 March 2014	119.28 <sup>4</sup>	83.49	29.00	132.25	143.64	0.0%
03 April 2014	119.82 <sup>4</sup>	83.87	29.00	132.25	143.64	0.0%
04 April 2014	119.08 <sup>4</sup>	83.36	29.00	132.25	143.64	0.0%
06 June 2014	118.66 <sup>4</sup>	83.06	29.00	132.25	143.64	0.0%
<b>Funds raised 2014/15</b>						
14 January 2015	118.44 <sup>4</sup>	82.91	15.00	118.25	129.64	0.0%
17 February 2015	124.35 <sup>4</sup>	87.05	15.00	118.25	129.64	0.0%
10 March 2015	120.18 <sup>4</sup>	84.13	10.00	113.25	124.64	0.0%

## Former Ordinary Share Fund

Share price as at 30 September 2016 85.39p

NAV per share as at 30 September 2016 94.81p

Shareholders in the former Ordinary Share Fund received 0.827 shares in the Company for each former Ordinary share that they held on 10 September 2010, when the two share classes merged. Both the share price and the NAV per share shown above have been adjusted using this merger ratio.

Allotment date(s)	Allotment price (p)	Net allotment price <sup>2</sup> (p)	Cumulative dividends paid per share <sup>3</sup> (p)	Total return per share to Shareholders since allotment		
				(Share price basis) (p)	(NAV basis) (p)	% change since 31 March 2016 (NAV basis)
<b>Funds raised 2000/01<sup>5</sup></b>						
Between 30 May 2000 and 11 December 2000	100.00	80.00	64.86	150.25	159.67	0.0%

<sup>1</sup> - Source: London Stock Exchange (mid-price basis).

<sup>2</sup> - Net allotment price is the allotment price less applicable income tax relief. The tax relief was 20% up to 5 April 2004, 40% from 6 April 2004 to 5 April 2006, and 30% thereafter.

<sup>3</sup> - For derivation, see table on following page.

<sup>4</sup> - Average effective offer price. Shares were allotted pursuant to the 2013/14 and 2014/15 offers at individual prices for each investor in accordance with its pricing formula set out in each offer's respective Securities Note.

<sup>5</sup> - Investors in this fundraising may also have enhanced returns if they had also deferred capital gains tax liabilities.

# Performance Data at 30 September 2016

## Cumulative dividends paid per share

	Funds raised 2000/01 (p)	Funds raised 2005/06 (p)	Funds raised 2008/09 (p)	Funds raised 2013/14 (p)	Funds raised 2014/15 (p)
8 August 2016	4.14 <sup>1</sup>	5.00	5.00	5.00	5.00
18 March 2016	4.14 <sup>1</sup>	5.00	5.00	5.00	5.00
20 March 2015	4.14 <sup>1</sup>	5.00	5.00	5.00	5.00
20 October 2014	11.58 <sup>1</sup>	14.00	14.00	14.00	
21 March 2014	4.14 <sup>1</sup>	5.00	5.00	5.00	
19 April 2013	3.31 <sup>1</sup>	4.00	4.00		
20 April 2012	3.31 <sup>1</sup>	4.00	4.00		
20 April 2011	3.31 <sup>1</sup>	4.00	4.00		
<b>10 September 2010 - Merger of Ordinary Share Fund and C Share Fund</b>					
13 August 2010	-	1.00	1.00		
19 September 2009	-	1.00	1.00		
23 July 2008	6.00	2.50			
19 September 2007	6.00	1.50			
8 February 2006	6.00				
20 October 2005	6.00				
24 September 2003	0.51				
16 September 2002	1.35				
10 September 2001	0.93				
	<b>64.86</b>	<b>52.00</b>	<b>48.00</b>	<b>34.00</b>	<b>15.00</b>

<sup>1</sup> - The dividends paid after the merger of the share classes on 10 September 2010 to former Ordinary Share Fund shareholders have been restated to reflect the merger conversion ratio of approximately 0.827.

### Company History

The Company was launched in May 2000 as **Matrix e-Ventures Fund VCT plc**. In October 2001 the Company changed its name to **Matrix Venture Fund VCT plc**. In September 2005, the Company adopted a broader investment strategy, to invest in established, profitable and cash generative businesses across any sector. It also changed its name to **Matrix Income & Growth 2 VCT plc**. In June 2012 the Company changed its name to **Mobeus Income & Growth 2 VCT plc** to reflect the Investment Adviser's change of name.

# Corporate Information

## Directors (Non-executive)

Nigel Melville (Chairman)  
Sally Duckworth  
Adam Kingdon  
Kenneth Vere Nicoll

## Secretary

Mobeus Equity Partners LLP  
30 Haymarket  
London SW1Y 4EX

## Company's Registered Office and Head Office

30 Haymarket  
London  
SW1Y 4EX

## Company Registration Number

03946235

## Investment Adviser, Promoter and Administrator

Mobeus Equity Partners LLP  
30 Haymarket  
London SW1Y 4EX  
Telephone: 020 7024 7600  
[www.mobeusequity.co.uk](http://www.mobeusequity.co.uk)

## Website

[www.mig2vct.co.uk](http://www.mig2vct.co.uk)

## E-mail

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## Independent Auditor

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## Receiving Agent

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## Sponsor

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## Solicitors

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B4 6AA

## Registrars

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The Registry  
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Kent  
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excluding public holidays in England  
and Wales.

## Corporate Broker

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## VCT Tax Adviser

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