

# Mobeus Income & Growth 2 VCT PLC

A VENTURE CAPITAL TRUST

**Unaudited Half-Yearly Report**  
for the six months ended 30 September 2015

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

## Company Objective

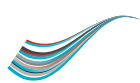
The objective of the Company is to provide investors with a regular income stream, arising both from the income generated by the companies selected for the portfolio and from realising any growth in capital.

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# Financial Highlights

## Results for the six months ended 30 September 2015



Net asset value ("NAV") and share price total return per share was 5.2% and 2.4% respectively for the half-year.



A total of £1.83 million was invested in the period into Jablite Holdings and Tushingam Sails and a follow-on investment into CGI Creative Graphics International. After the period-end, £1.95 million was invested in Access IS Limited.



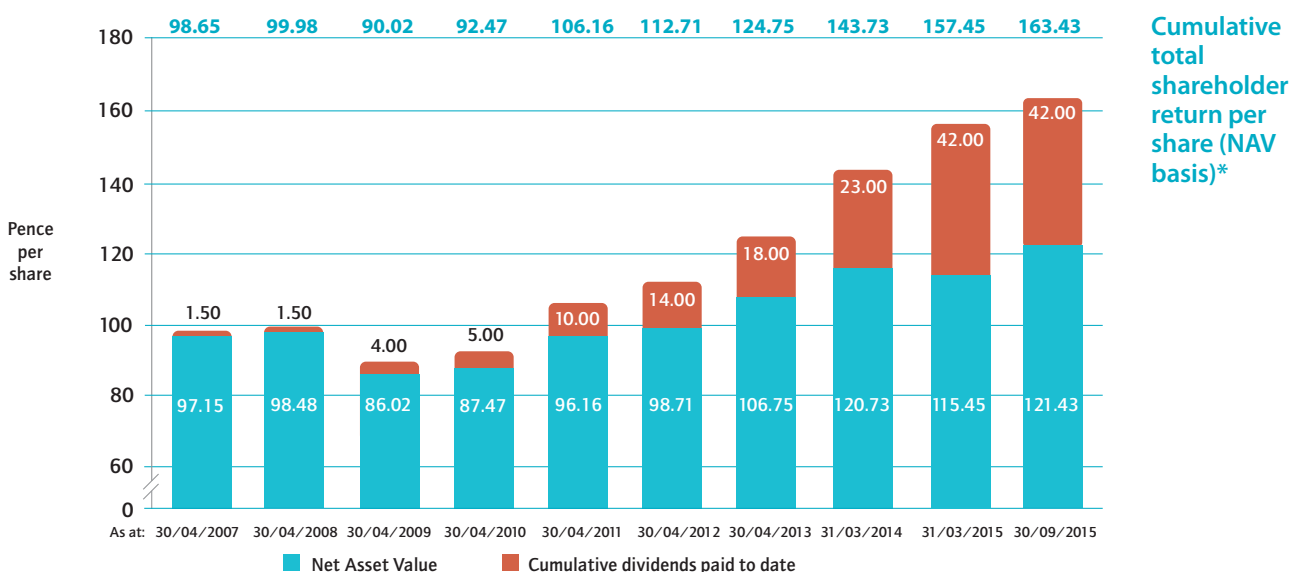
Total liquidity following investments after the half-year is £19.38 million.

## Performance Summary

The net asset value (NAV) per share of the Company as at 30 September 2015 was 121.43 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 NAV total shareholder return is net asset value plus cumulative dividends paid to date on the current share class, launched in 2005.

# Chairman's Statement

I am pleased to present the Half-Yearly Report for Mobeus Income & Growth 2 VCT plc for the six months ended 30 September 2015.

Before I report upon the Company's performance and other matters for the half-year, I wish to draw shareholders' attention to the important regulatory developments below.

## New VCT legislation

The UK Finance Act 2015, which became law on 18 November 2015, introduced terms designed to ensure that VCTs comply with European Union rules on State Aid. These rules apply to VCTs because the tax relief given to investors is deemed to be State Aid to the companies in which the VCTs invest: they prohibit governments from providing financial assistance to companies which are deemed capable of raising finance from investors, banks and other financial institutions without such assistance.

The most significant rule is that VCT investment is to be used only for growth and development purposes. As a result, VCTs will no longer be permitted to finance the purchase of either established businesses or shares in such businesses and will instead have to focus on investing in younger and less established companies. This may prevent, or at least significantly restrict, VCTs from investing in Management Buyout transactions (MBOs).

The Investment Adviser has a long and successful record of originating and arranging the exit from MBOs. Although not specifically stated, it seems that MBOs already completed will not be affected by the new rules, but it is clear that the Investment Adviser will need to originate the types of transactions which comply with these rules.

## Investment Policy

Your directors are working closely with the Investment Adviser and our other professional advisers to understand the full implications of the new rules for our Investment Policy (set out on page 4). It currently refers to the intention to invest "primarily in MBOs", which is clearly no longer permitted.

Under the rules of the UK Listing Authority, a material change to the Investment Policy requires the approval

of shareholders. We intend to draft a revised Investment Policy and invite shareholders to approve it at or before the next annual general meeting.

The current Investment Policy permits both MBOs and growth and development investments. Until a revised Investment Policy is approved, we will cease to fund investments in the former and will instead focus on the latter.

## Performance for the six months ended 30 September 2015

The net asset value (NAV) per share increased during the period from 115.45 pence at 31 March 2015 to 121.43 pence per share as at 30 September 2015, a 5.2% NAV return.

This NAV return over the period was primarily due to an increase in the value of the portfolio. A number of portfolio companies have continued to make good progress, which has been demonstrated by increasing profits and making loan stock repayments.

## Investment portfolio

In addition to the overall rise in the value of the portfolio, there was a healthy level of loan stock repayments and new investment activity continued at an encouraging pace.

The investment portfolio recorded realised and unrealised gains of £1.97 million for the six months to 30 September 2015. The portfolio was valued at £31.88 million at the period-end.

During the period under review two new investments were made. In April 2015, £0.84 million was invested into Jablite, the UK's largest domestic manufacturer of Expanded Polystyrene ("EPS") products. Jablite has had a promising start as a portfolio company, very quickly returning cash of £0.68 million to date following a particularly strong initial period of cash generation. In July 2015, an investment of £0.72 million was made in Tushingam Sails, a leading supplier of stand up paddleboards. A follow-on investment of £0.27 million was made in June into CGI, an existing portfolio company. Just after the period-end an investment of £1.95 million was made into Access IS Limited, a leading provider of data capture and scanning hardware.

Further details of the investment activity during the six months to 30 September 2015 and a summary of the performance

highlights can be found in the Investment Review on pages 5 - 7 of this Half-Yearly 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 not less than 5 pence per annum. The Board intends to review the level of dividends to be paid before the year-end.

## Revenue account

The results for the period are set out in the Unaudited Income Statement on pages 12 and 13 and show a revenue return (after tax) of 1.28 pence per share (2014: 2.70 pence).

The revenue return for the period of £0.47 million is 58% of last year's first six months' income return of £0.81 million. This was primarily because income this period has fallen. In turn, this was caused by loan stock income and dividends declining, as a result of the substantial disposals of investments last year, on which loan stock interest arrears and dividends were received as these disposals occurred.

## Liquidity

The Company continues to seek opportunities to increase returns on the liquid assets of the Company without compromising the overriding requirement that risk to the liquid assets portfolio is minimised. Total liquidity is now £19.38 million (2014: £18.64 million), of which £8.07 million is spread across deposit and term accounts at four UK banks, £7.58 million is held in companies preparing to trade and £3.73 million is held in a selection of money market funds with AAA credit ratings.

## VCT Fundraising

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

## Investment in qualifying holdings

The Company is required to meet the target set by HM Revenue & Customs ("HMRC") of investing 70% of the funds raised in qualifying unquoted and/or AIM quoted companies. The Company exceeded this level (based on VCT cost as defined in tax legislation which differs from the actual cost given in the



Investment Portfolio Summary on pages 8 - 10) throughout the period. The balance of the portfolio was invested in non-qualifying investments and cash.

### Share buybacks

During the six months ended 30 September 2015, the Company bought back 0.25 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 £1.05 per share.

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.

### Industry awards for the Investment Adviser

The Board is pleased to see the Investment Adviser, once again, winning significant industry awards. The Investment Adviser was named VCT Manager of the Year for the fourth consecutive year at the unquote“ British Private Equity Award 2015 and also received the award for Exit of the Year for Focus Pharmaceuticals. In addition, Mobeus was named VCT Manager of the Year by Investor Allstars. These three awards recognise again the continuing high level of performance achieved by the Investment Adviser in all areas of its activity including deals, exits, portfolio management and fundraising.

### Shareholder Communications

The 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, 26 January 2016 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 visit the Mobeus website to register. The Board looks forward to meeting all shareholders able to attend.

### Outlook

The economic prospects in the UK continue to look relatively favourable with economic growth predicted to be 2.4% for the coming year. This should help the existing portfolio deliver continued satisfactory performance.

As I envisaged under “Investment Policy” above, the Company's new investments will be in growth and development capital opportunities. The Investment Adviser reports that they have started the process of identifying suitable additions to the portfolio, which will satisfy the criteria of the new legislation.

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

### Nigel Melville

*Chairman*

26 November 2015

**Note: As referred to in the Chairman's Statement under the first two sections headed "New VCT legislation" and "Investment Policy", the Investment Policy below is intended to be changed and approved by the Company's shareholders.**

## Investment Policy

The Company's policy is to invest primarily in a diverse portfolio of UK unquoted companies. Investments are structured as part loan and part equity in order to receive regular income and to generate capital gains from trade sales and flotations of investee companies.

Investments are made selectively across a number of sectors, primarily in management buyout transactions (MBOs) i.e. to support incumbent management teams in acquiring the business they manage but do not yet own. Investments are primarily made in companies that are established and profitable.

The Company's cash and liquid resources may be invested to maximise income returns, subject to the overriding criterion that the risk of loss of capital be minimised.

### Size of companies

The companies in which investments are made must have no more than £15 million of gross assets at the time of investment and £16 million immediately following the investment to be classed as a Venture Capital Trust ("VCT") qualifying holding.

### VCT regulation

The investment policy is designed to ensure that the Company continues to qualify and is approved as a VCT by HM Revenue & Customs ("HMRC").

Amongst other conditions, the VCT may not invest more than 15 per cent. of its investments in a single company or group of companies and must have at least 70 per cent. by value of its investments throughout the period in shares or securities comprised in VCT qualifying holdings, of which a minimum overall of 30 per cent. by value (70 per cent. for funds raised from 6 April 2011) must be in ordinary shares which carry no preferential rights (save as may be permitted under VCT rules). The VCT can invest less than 30 per cent. by value (70 per cent. for funds raised from 6 April 2011) of an investment in a specific company in ordinary shares. It must, however, have at least 10 per cent. by value of its total investments in each VCT qualifying company in ordinary shares which carry no preferential rights (save as may be permitted under VCT rules).

### Asset mix

The Investment Adviser aims to hold approximately 80 per cent. of the Company's net asset by value in qualifying investments. The balance is held in readily realisable interest bearing investments and deposits and in some non-qualifying holdings in the same investee companies in which qualifying investments have been made.

### Risk diversification and maximum exposures

Risk is spread by investing in a number of different businesses across different industry sectors. To reduce the risk of high exposure to equities, each qualifying investment is structured using a significant proportion of loan stock (up to 70 per cent. of the total investment in

each VCT qualifying company). Initial investments in VCT qualifying companies are generally made in amounts ranging from £200,000 to £2 million at cost, or such amounts as VCT legislation permits. Normally, no holding in any one company will be greater than 10 per cent. (but in any event will not be greater than 15 per cent.) of the value of the Company's investments, based on cost, at the time of investment. Ongoing monitoring of each investment is carried out by the Investment Adviser, generally through taking a seat on the board of each VCT qualifying company.

### Co-investment

The Company aims to invest alongside the three other VCTs advised by the Investment Adviser which all have a similar investment policy. This enables the Company to participate in larger combined investments advised on by the Investment Adviser.

### Borrowing

The Company's articles of association permit borrowings of amounts up to 10 per cent. of the adjusted capital and reserves (as defined therein), although the Company has never borrowed and the Board has no current plans to undertake any borrowing.

## Management

The Board has overall responsibility for the Company's affairs, including the determination of its investment policy. Investment and divestment proposals are originated, negotiated and recommended by the Investment Adviser, Mobeus Equity Partners LLP, and are then subject to formal approval by the Board of Directors. Mobeus Equity Partners LLP also provides Company Secretarial and Accountancy services to the Company.

# Investment Review

This has been another encouraging period for new investment and portfolio performance. The market continued to provide a strong pipeline of good investment opportunities and economic conditions have been favourable for both new investment and portfolio development. The portfolio is performing well as a whole and accordingly the valuation of the portfolio as a whole has increased by 8.8% during the period on a like-for-like basis. Many companies in the portfolio are strongly cash generative and have made partial repayments of their loan stocks during the period.

Investments remain spread across a number of sectors, primarily in support services, general retailers, media and fixed line telecommunications.

The current portfolio includes a number of high quality assets which have continued to develop and grow during the period. Future new investment will target growth and development capital opportunities and we have taken steps to focus resource on building this deal pipeline.

## New investment

A total of £1.83 million was invested during the six months under review. This included substantial new investments into Jablite and Tushingam and one follow-on investment in CGI Creative Graphics International.

## Principal new investments in the half-year

	Company	Business	Date of investment	Amount of new investment (£m)
	Jablite	Expanded polystyrene products	April 2015	0.84*

Jablite is the UK's largest domestic manufacturer of Expanded Polystyrene ("EPS") products operating under two divisions, manufacturing packaging (Styropak) and construction (Jablite) products. The business was acquired from its Dutch parent and operates from five production sites in the UK. For the year ended 31 December 2014, Jablite Limited and Styropack (UK) Limited, generated annual sales of £32.83 million and £15.17 million respectively and profit before interest, tax and amortisation of goodwill of £2.01 million and £0.33 million respectively.

\* £0.84 million was invested into Duncary 16, a company preparing to trade, on 2 April 2015. This enabled Duncary 16 to acquire Jablite on 23 April 2015. Duncary 16 has subsequently changed its name to Jablite Holdings Limited.

	Tushingam Sails	Supplier of watersports equipment	July 2015	0.72*
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Tushingam Sails is a supplier of sails to the UK windsurfing market. It has recently moved into the young and rapidly expanding watersport of stand-up paddleboarding, as the manufacturer of its own fast-growing brand called Red Paddle. The company's design ethos and historic market knowledge has enabled Tushingam to penetrate this world market and we are optimistic that its strong growth will continue. The company had a turnover of £7.54 million and generated an adjusted profit before interest, tax and amortisation of goodwill of £1.08 million during the year ended 28 February 2015.

\* £0.85 million was originally invested in Vian Marketing, a company preparing to trade, was used to acquire Tushingam Sails Limited. This resulted in a net repayment to the Company of £0.13 million.

In April and July 2015, the VCT also invested a further £6.94 million into new and existing companies that are preparing to trade.


# Investment Review

## Further investments into existing portfolio companies in the half-year

	Company	Business	Date of investment	Amount of new investment (£m)
	CGI Creative Graphics International	Producer of adhesive decorative graphics for vehicles	June 2015	0.27

CGI Creative Graphics International is a leading specialist provider of adhesive decorative graphics to the automotive, recreational vehicle and airline markets. It operates from two centres, in Bedford and Cape Town, South Africa. The VCT made a further loan stock investment in June 2015, which had been negotiated at the time of the original investment in June 2014. The company's accounts for the year ended 28 February 2015 show annual sales of £12.12 million and profits before interest, tax and amortisation of goodwill of £1.68 million.

## New investment after the period-end

	Company	Business	Date of investment	Amount of new investment (£m)
	Access IS	Data capture and scanning hardware	October 2015	1.95*

Access IS is a leading provider of data capture and scanning hardware. The company has a significant share of the worldwide market for this technology in airports and strong positions in the fast growing markets of both ID & Security and Transport & Ticketing. This was an opportunity to acquire a longstanding and profitable business in several growth sectors. The company's latest audited accounts for the year ended 31 December 2014 show annual sales of £9.95 million and profit before interest, tax and amortisation of goodwill of £1.25 million.

\* Amounts previously invested into Knighton Management Limited (£0.88 million) and Tovey Management Limited (£0.85 million), both of which were companies preparing to trade, along with a further £0.22 million from the Company, were used to acquire Access IS Limited.

## Further investment into existing portfolio companies post period-end

A further loan of £0.05 million was made into Racoon International in October 2015 to provide additional working capital to enable the business to strengthen its sales team and broaden its product range.



## Realisations

The VCT made no investment realisations during the period under review.

Further consideration from investments realised in earlier periods was received from Youngman, Machineworks and EMaC totalling £0.07 million. The Company received £0.14 million from Newquay Helicopters (2013) Limited in August 2015, as an interim distribution resulting from the members' voluntary liquidation of the company. Finally, £0.004 million was received as consideration for shares in Aussie Man & Van Limited.

## Loan stock repayments

In addition to the realisations above, loan stock repayments and any associated loan premiums totalled £1.12 million for the half-year. These proceeds are summarised below:-

Company	Business	Month	Amount £000's
Jablite	Expanded polystyrene products	May-August	594
Motorclean	Vehicle cleaning and valeting services	April-August	155
Leap New Co (Ward Thomas)	Logistics, storage and removals business	May-September	148
Vian Marketing	Company preparing to trade	July	131
Tessella	Provider of science powered technology and consulting services	June-September	50
Aussie Man & Van	Domestic removals and storage	May and June	37
		<b>Total</b>	<b>1,115</b>

## Loan repayments post period-end

The VCT has also received further loan repayments and any associated loan premiums of £0.12 million from Jablite and Motorclean.

## Mobeus Equity Partners LLP

26 November 2015

# Investment Portfolio Summary

## at 30 September 2015

Qualifying investments	Date of first investment/ Sector	Total Book cost at 30 September 2015 £	Valuation at 31 March 2015 £	Additions at cost £	Disposals at valuation £	Change in valuation for period £	Valuation at 30 September 2015 £	% of net assets by value
<b>Unquoted investments</b>								
<b>ASL Technology Holdings Limited</b> Printer and photocopier services	December 2010 Support services	2,092,009	2,394,873	–	–	61,572	2,456,445	5.6%
<b>Entanet Holdings Limited</b> Wholesale voice and data communications provider	January 2012 Fixed Line Telecommunications	1,444,090	2,180,042	–	–	(1,201)	2,178,841	5.0%
<b>Tessella Holdings Limited</b> Provider of science powered technology and consulting services	July 2012 Support services	706,818	1,179,963	–	(50,325)	661,936	1,791,574	4.1%
<b>Virgin Wines Holding Company Limited</b> Online wine retailer	March 2012 General retailers	1,284,333	1,374,970	–	–	244,700	1,619,670	3.7%
<b>Manufacturing Services Investment Limited</b> Company seeking to carry on a business in the manufacturing sector	February 2014 Support services	1,608,300	608,000	1,000,300	–	–	1,608,300	3.7%
<b>Media Business Insight Holdings Limited (formerly South West Services Investment Limited)</b> A publishing and events business focused on the creative production industries	January 2014 Media	1,447,188	1,447,188	–	–	–	1,447,188	3.3%
<b>Fullfield Limited (trading as Motorclean Limited)</b> Vehicle cleaning and valet services	July 2011 Support services	1,121,864	930,735	–	(154,740)	328,196	1,104,191	2.5%
<b>Tharstern Group Limited</b> Software based management information systems	July 2014 Software and Computer Services	789,815	789,815	–	–	303,144	1,092,959	2.5%
<b>Veritek Global Holdings Limited</b> Maintenance of imaging equipment	March 2012 Support services	967,780	1,089,947	–	–	(35,765)	1,054,182	2.4%
<b>Leap New Co Limited (trading as Ward Thomas Removals, Bishopsgate and Aussie Man &amp; Van)<sup>1</sup></b> A specialist logistics, storage and removals business	December 2014 Support services	1,033,315	1,221,841	–	(188,526)	–	1,033,315	2.3%
<b>CGI Creative Graphics International Limited</b> Vinyl graphics to global automotive, recreation vehicle and aerospace markets	June 2014 General Industrials	999,568	731,032	268,536	–	23,859	1,023,427	2.3%
<b>EOTH Limited (trading as Rab and Lowe Alpine)</b> Branded outdoor equipment and clothing	October 2011 General retailers	817,185	915,779	–	–	86,692	1,002,471	2.3%
<b>Turner Topco Limited (trading as ATG Media)</b> Publisher and online auction platform operator	October 2008 Media	1,320,963	1,317,247	–	–	(336,674)	980,573	2.2%
<b>Blaze Signs Holdings Limited</b> Manufacturing and installation of signs	April 2006 Support services	437,030	816,333	–	–	104,587	920,920	2.1%
<b>Hollydale Management Limited</b> Company seeking to carry on a business in the food sector	March 2015 Support services	885,000	885,000	–	–	–	885,000	2.0%

<sup>1</sup> Leap New Co Limited (trading as Ward Thomas Removals and Bishopsgate) acquired the VCT's investment in Aussie Man & Van Limited during the period. As a result, these figures contain the combined holding of both investments.

Qualifying investments	Date of first investment/ Sector	Total Book cost at 30 September 2015 £	Valuation at 31 March 2015 £	Additions at cost £	Disposals at valuation £	Change in valuation for period £	Valuation at 30 September 2015 £	% of net assets by value
<b>Knighton Management Limited</b> Company seeking to carry on a business in the engineering sector	March 2015 Support services	885,000	885,000	–	–	–	885,000	2.0%
<b>Backhouse Management Limited</b> Company seeking to carry on a business in the motor sector	April 2015 Support services	848,500	–	848,500	–	–	848,500	1.9%
<b>Barham Consulting Limited</b> Company seeking to carry on a business in the catering sector	April 2015 Support services	848,500	–	848,500	–	–	848,500	1.9%
<b>Chatfield Services Limited</b> Company seeking to carry on a business in the retail sector	April 2015 Support services	848,500	–	848,500	–	–	848,500	1.9%
<b>Creasy Marketing Services Limited</b> Company seeking to carry on a business in the textile sector	April 2015 Support services	848,500	–	848,500	–	–	848,500	1.9%
<b>McGrigor Management Limited</b> Company seeking to carry on a business in the pharmaceutical sector	April 2015 Support services	848,500	–	848,500	–	–	848,500	1.9%
<b>Pound FM Consultants Limited</b> Company seeking to carry on a business in the construction sector	April 2015 Support services	848,500	–	848,500	–	–	848,500	1.9%
<b>Tovey Management Limited</b> Company seeking to carry on a business in the support services sector	April 2015 Support services	848,500	–	848,500	–	–	848,500	1.9%
<b>Gro-Group Holdings Limited</b> Baby sleep products	January 2012 General retailers	1,123,088	695,892	–	–	141,269	837,161	1.9%
<b>Vian Marketing Limited (trading as Tushingham Sails)<sup>2</sup></b> Design, manufacture and sale of stand-up paddleboards and windsurfing sails	April 2015 Leisure goods	717,038	–	848,500	(131,462)	–	717,038	1.6%
<b>RDL Corporation Limited</b> Recruitment consultants for the pharmaceutical, business intelligence and IT industries	October 2010 Support services	1,000,000	607,325	–	–	12,032	619,357	1.4%
<b>The Plastic Surgeon Holdings Limited</b> Snagging and finishing of domestic and commercial properties	April 2008 Support services	392,348	511,002	84	–	86,439	597,525	1.4%
<b>Bourn Bioscience Limited</b> Management of in-vitro fertilisation clinics	January 2014 Healthcare Equipment & Services	757,101	607,329	–	–	(33,745)	573,584	1.3%
<b>Jablite Holdings Limited (formerly Duncary 16 Limited)<sup>3</sup></b> Manufacturer of expanded polystyrene products	April 2015 Construction and materials	410,310	–	840,015	(429,705)	–	410,310	0.9%
<b>Vectair Holdings Limited</b> Designer and distributor of washroom products	January 2006 Support services	60,293	190,542	–	–	75,054	265,596	0.7%
<b>Racoon International Holdings Limited</b> Supplier of hair extensions, hair care products and training	December 2006 Personal goods	998,140	119,613	–	–	–	119,613	0.3%

<sup>2</sup> £848,500 originally invested in Vian Marketing, a company preparing to trade, was used to acquire Tushingham Sails Limited. This resulted in a net repayment to the Company of £131,462.

<sup>3</sup> £840,015 was invested into Duncary 16 Limited, a company preparing to trade on 2 April 2015. This enabled Duncary 16 to acquire Jablite on 23 April 2015. Duncary 16 has subsequently changed its name to Jablite Holdings Limited.

# Investment Portfolio Summary

## at 30 September 2015

Qualifying investments	Date of first investment/ Sector	Total Book cost at 30 September 2015 £	Valuation at 31 March 2015 £	Additions at cost £	Disposals at valuation £	Change in valuation for period £	Valuation at 30 September 2015 £	% of net assets by value
<b>Newquay Helicopters (2013) Limited (in liquidation)</b> Helicopter service operator	June 2006 Support services	85,000	226,000	–	(141,000)	–	85,000	0.2%
<b>Lightworks Software Limited</b> Provider of software for CAD and CAM vendors	April 2006 Software and Computer Services	25,727	60,279	–	–	4,148	64,427	0.2%
<b>PXP Holdings Limited (Pinewood Structures)</b> Design, manufacture and supply of timber frames for buildings	December 2006 Construction and materials	1,220,579	–	–	–	–	–	0.0%
<b>Legion Group plc (in liquidation)</b> Provision of manned guarding, mobile patrolling, and alarm response services	August 2005 Support services	150,106	–	–	–	–	–	0.0%
<b>Total unquoted investments</b>		<b>30,719,488</b>	<b>21,785,747</b>	<b>8,896,935</b>	<b>(1,095,758)</b>	<b>1,726,243</b>	<b>31,313,167</b>	<b>71.2%</b>
<b>AIM quoted investments</b>								
<b>365 Agile Group (formerly lafyds plc)</b> Development of energy saving devices for domestic use	March 2001 Electronic and electrical equipment	254,586	–	–	–	10	10	0.0%
<b>Total AIM quoted investments</b>		<b>254,586</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>10</b>	<b>10</b>	<b>0.0%</b>
<b>Total qualifying investments</b>		<b>30,974,074</b>	<b>21,785,747</b>	<b>8,896,935</b>	<b>(1,095,758)</b>	<b>1,726,253</b>	<b>31,313,177</b>	<b>71.2%<sup>4</sup></b>
<b>Non-qualifying investments</b>								
<b>Media Business Insight Limited</b>	as above	561,884	561,884	–	–	–	561,884	1.3%
<b>Century 3370 plc (formerly Fuse 8 plc)</b> Promotional goods and services agency	March 2004 Support services	250,000	–	–	–	–	–	0.0%
<b>Legion Group plc (in liquidation)</b>	as above	–	–	–	–	–	–	0.0%
<b>Total non-qualifying investments</b>		<b>811,884</b>	<b>561,884</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>561,884</b>	<b>1.3%</b>
<b>Total investments per note 10, page 21</b>		<b>31,785,958</b>	<b>22,347,631</b>	<b>8,896,935</b>	<b>(1,095,758)</b>	<b>1,726,253</b>	<b>31,875,061</b>	<b>72.5%</b>
Cash		–	8,503,568	–	–	–	1,356,860	3.1%
Monies held pending investment <sup>5</sup>		–	4,500,000	–	–	–	3,000,000	6.8%
Current investments <sup>6</sup>		–	6,735,859	–	–	–	7,737,618	17.5%
<b>Total investments including current investments and cash</b>		<b>31,785,958</b>	<b>42,087,058</b>	<b>8,896,935</b>	<b>(1,095,758)</b>	<b>1,726,253</b>	<b>43,969,539</b>	<b>99.9%</b>
Debtors		–	180,065	–	–	–	183,820	0.5%
Creditors		–	(164,306)	–	–	–	(172,578)	(0.4)%
<b>Totals</b>		<b>31,785,958</b>		<b>8,896,935</b>	<b>(1,095,758)</b>	<b>1,726,253</b>		
<b>Net assets at the period-end</b>			<b>42,102,817</b>				<b>43,980,781</b>	<b>100.0%</b>

<sup>4</sup> As at 30 September 2015, 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>5</sup> Disclosed within fixed assets as monies held pending investment in the Balance Sheet.

<sup>6</sup> Disclosed within current assets as current investments in the Balance Sheet.

# Statement of the Directors' Responsibilities

## Responsibility Statement

In accordance with Disclosure and Transparency Rule (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 condensed set of financial statements, which has been prepared in accordance with the statement "Half-Yearly Reports", issued by the Accounting Standards Board, gives a true and fair view of the assets, liabilities, financial position and profit of the Company, as required by DTR 4.2.4;
- (b) the interim management report, included within the Chairman's Statement, Investment Policy, Investment Review and 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;
- (c) 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
- (d) there were no related party transactions in the first six months of the current financial year that are required to be reported, 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 measures contained in the Finance Act 2015 are likely to require changes to the Company's Investment Policy, once the implications of the new rules are fully understood. There remains a risk that the EU State Aid authorities may challenge the status of MBO investments already completed. Please see the Chairman's Statement on page 2.

With these exceptions, the Board confirms in accordance with DTR 4.2.7, that the principal risks and uncertainties facing the Company have not changed materially since the publication of the Annual Report and Accounts for the year ended 31 March 2015, which principal risks faced by the Company were:

- loss of approval as a Venture Capital Trust;
- investment and strategic;
- economic;
- regulatory;
- financial and operating;
- market;
- asset liquidity;
- market liquidity;
- credit/counterparty; and
- fraud and dishonesty.

A detailed explanation of the principal risks facing the Company can be found on pages 20 and 21 and in Note 18 on pages 56 to 63 of the Annual Report and Accounts for the year ended 31 March 2015. Copies 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 interim management report which is included within 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 18 on pages 56 to 63 of the Annual Report and Accounts for the year ended 31 March 2015. Accordingly, the Directors continue to adopt the going concern basis of accounting in preparing the half-yearly report and annual financial statements.

## Related Party Transactions

There were no related party transactions in the first six months of the current financial year that are required to be reported.

## 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*

26 November 2015



# Unaudited Income Statement

## for the six months ended 30 September 2015

	Notes	Six months ended 30 September 2015 (unaudited)		
		Revenue £	Capital £	Total £
Unrealised gains/(losses) on investments held at fair value	10	–	1,726,253	1,726,253
Realised gains on investments held at fair value	10	–	239,026	239,026
Income	4	837,064	–	837,064
Investment Adviser's fees	5	(121,374)	(364,123)	(485,497)
Other expenses		(176,032)	–	(176,032)
<b>Profit on ordinary activities before taxation</b>		<b>539,658</b>	<b>1,601,156</b>	<b>2,140,814</b>
Tax on profit on ordinary activities	6	(72,825)	72,825	–
<b>Profit on ordinary activities after taxation</b>		<b>466,833</b>	<b>1,673,981</b>	<b>2,140,814</b>
<b>Basic and diluted earnings per share</b>				
Ordinary Shares	7	<b>1.28p</b>	<b>4.60p</b>	<b>5.88p</b>

The total column of this statement is the Income Statement of the Company.

The Notes on pages 18 to 22 form part of these Half-Yearly financial statements.

Six months ended 30 September 2014 (unaudited)			Year ended 31 March 2015 (audited)		
Revenue £	Capital £	Total £	Revenue £	Capital £	Total £
–	797,772	797,772	–	(1,032,124)	(1,032,124)
–	1,667,567	1,667,567	–	4,618,332	4,618,332
1,129,116	–	1,129,116	1,901,055	–	1,901,055
(108,609)	(325,828)	(434,437)	(222,228)	(666,684)	(888,912)
(144,485)	–	(144,485)	(293,602)	–	(293,602)
876,022	2,139,511	3,015,533	1,385,225	2,919,524	4,304,749
(70,525)	70,525	–	(140,960)	140,960	–
<b>805,497</b>	<b>2,210,036</b>	<b>3,015,533</b>	<b>1,244,265</b>	<b>3,060,484</b>	<b>4,304,749</b>
<b>2.70p</b>	<b>7.40p</b>	<b>10.10p</b>	<b>4.02p</b>	<b>9.88p</b>	<b>13.90p</b>

# Unaudited Balance Sheet

## as at 30 September 2015

	Notes	30 September 2015 (unaudited) £	31 March 2015 (audited) £	30 September 2014 (unaudited) £
<b>Fixed assets</b>				
Investments at fair value	10	31,875,061	22,347,631	21,531,097
Monies held pending investment	11	3,000,000	4,500,000	–
		34,875,061	26,847,631	21,531,097
<b>Current assets</b>				
Debtors and prepayments		183,820	180,065	372,812
Current investments	11	7,737,618	6,735,859	5,730,145
Cash at bank and in hand		1,356,860	8,503,568	11,701,014
		9,278,298	15,419,492	17,803,971
<b>Creditors: amounts falling due within one year</b>		(172,578)	(164,306)	(185,377)
<b>Net current assets</b>		9,105,720	15,255,186	17,618,594
<b>Net assets</b>		<b>43,980,781</b>	<b>42,102,817</b>	<b>39,149,691</b>
<b>Capital and reserves</b>				
Called up share capital		362,185	364,686	299,963
Share premium reserve		15,901,497	15,901,497	8,122,178
Capital redemption reserve		82,122	79,621	78,421
Revaluation reserve		2,842,900	1,116,647	2,972,764
Special distributable reserve		8,982,930	9,537,078	10,782,998
Profit and loss account		15,809,147	15,103,288	16,893,367
<b>Equity shareholders' funds</b>		<b>43,980,781</b>	<b>42,102,817</b>	<b>39,149,691</b>
<b>Net asset value per share</b>	8	<b>121.43p</b>	<b>115.45p</b>	<b>130.51p</b>

The Notes on pages 18 to 22 form part of these Half-Yearly financial statements.

# Unaudited Statement of Changes in Equity

## for the six months ended 30 September 2015

	Called up share capital £	Share premium reserve £	Capital redemption reserve £	Revaluation reserve £	Special distributable reserve £	Profit and loss reserve £	Total £
At 1 April 2015	364,686	15,901,497	79,621	1,116,647	9,537,078	15,103,288	42,102,817
<b>Comprehensive income for the period</b>							
Profit for the period	–	–	–	1,726,253	–	414,561	2,140,814
Other comprehensive income for the period	–	–	–	–	–	–	–
<b>Total comprehensive income for the period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,726,253</b>	<b>–</b>	<b>414,561</b>	<b>2,140,814</b>
<b>Contributions by and distributions to owners</b>							
Shares issued via Offer for Subscription	–	–	–	–	–	–	–
Shares bought back (note a)	(2,501)	–	2,501	–	(262,850)	–	(262,850)
Dividends paid	–	–	–	–	–	–	–
<b>Total contributions by and distributions to owners</b>	<b>(2,501)</b>	<b>–</b>	<b>2,501</b>	<b>–</b>	<b>(262,850)</b>	<b>–</b>	<b>(262,850)</b>
<b>Other movements</b>							
Realised losses transferred to special reserve (note a)	–	–	–	–	(291,298)	291,298	–
Realisation of previously unrealised appreciation	–	–	–	–	–	–	–
<b>Total other movements</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(291,298)</b>	<b>291,298</b>	<b>–</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>15,809,147</b>	<b>43,980,781</b>

Note 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 and future losses and for any other corporate purpose.

# Unaudited Statement of Changes in Equity

## for the six months ended 30 September 2014

	Called up share capital £	Share premium reserve £	Capital redemption reserve £	Revaluation reserve £	Special distributable reserve £	Profit and loss reserve £	Total £
At 1 April 2014	280,621	5,363,551	73,413	5,930,144	11,565,499	10,665,151	33,878,379
<b>Comprehensive income</b>							
<b>for the period</b>							
Profit for the period	–	–	–	797,772	–	2,217,761	3,015,533
Other comprehensive income for the period	–	–	–	–	–	–	–
<b>Total comprehensive income for the period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>797,772</b>	<b>–</b>	<b>2,217,761</b>	<b>3,015,533</b>
<b>Contributions by and distributions to owners</b>							
Shares issued via Offer for Subscription	24,350	2,758,627	–	–	–	–	2,782,977
Shares bought back	(5,008)	–	5,008	–	(527,198)	–	(527,198)
Dividends paid	–	–	–	–	–	–	–
<b>Total contributions by and distributions to owners</b>	<b>19,342</b>	<b>2,758,627</b>	<b>5,008</b>	<b>–</b>	<b>(527,198)</b>	<b>–</b>	<b>2,255,779</b>
<b>Other movements</b>							
Realised losses transferred to special reserve	–	–	–	–	(255,303)	255,303	–
Realisation of previously unrealised appreciation	–	–	–	(3,755,152)	–	3,755,152	–
<b>Total other movements</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(3,755,152)</b>	<b>(255,303)</b>	<b>4,010,455</b>	<b>–</b>
<b>At 30 September 2014</b>	<b>299,963</b>	<b>8,122,178</b>	<b>78,421</b>	<b>2,972,764</b>	<b>10,782,998</b>	<b>16,893,367</b>	<b>39,149,691</b>

The Notes on pages 18 to 22 form part of these Half-Yearly financial statements.



# Unaudited Statement of Cash Flows

## for the six months ended 30 September 2015

Notes	Six months ended 30 September 2015 (unaudited) £	Six months ended 30 September 2014 (unaudited) £	Year ended 31 March 2015 (audited) £
<b>Cash flows from operating activities</b>			
<b>Profit for the financial period</b>	2,140,814	3,015,533	4,304,749
<b>Adjustments for:</b>			
Net unrealised (gains)/losses on investments	(1,726,253)	(797,772)	1,032,124
Net gains on realisations on investments	(239,026)	(1,667,567)	(4,618,332)
(Increase)/decrease in debtors	(3,839)	66,594	216,588
Increase in creditors and accruals	8,097	22,880	54,945
<b>Net cash inflow from operating activities</b>	179,793	639,668	990,074
<b>Cash flows from investing activities</b>			
Purchase of investments	10 (8,896,851)	(1,569,032)	(7,374,456)
Disposal of investments	10 1,334,784	6,993,445	13,145,958
Decrease/(increase) in monies held pending investment	1,500,000	–	(4,500,000)
<b>Net cash (outflow)/inflow from investing activities</b>	(6,062,067)	5,424,413	1,271,502
<b>Cash flows from financing activities</b>			
Shares issued as part of Offer for Subscription	–	4,983,297	12,782,668
Equity dividends paid	9 –	–	(6,010,031)
Purchase of own shares	(262,675)	(501,735)	(680,302)
<b>Net cash (outflow)/inflow from financing activities</b>	(262,675)	4,481,562	6,092,335
<b>Net (decrease)/increase in cash and cash equivalents</b>			
Cash and cash equivalents at start of period	(6,144,949)	10,545,643	8,353,911
Cash and cash equivalents at end of period	15,239,427	6,885,516	6,885,516
<b>Cash and cash equivalents at end of period</b>	9,094,478	17,431,159	15,239,427
<b>Cash and cash equivalents comprise:</b>			
Cash at bank and in hand	1,356,860	11,701,014	8,503,568
Cash equivalents	7,737,618	5,730,145	6,735,859

The Notes on pages 18 to 22 form part of these Half-Yearly financial statements.

# Notes to the Unaudited Financial Statements

## 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 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. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

This is the first period in which the financial statements have been prepared under FRS102. There has been no material change in the accounting policies and so there has been no restatement of comparatives.

## 3. Principal accounting policies

The following accounting policies have been applied consistently throughout the period. Full details of principal accounting policies will be disclosed in the Annual Report.

The Half-Yearly Report has not been audited, nor has it been reviewed by the auditor pursuant to the Auditing Practices Board (APB)'s guidance on Review of Interim Financial Information.

### a) Presentation of the Income Statement

In order to better reflect the activities of a VCT and in accordance with the SORP, 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.

### b) Investments

All investments held by the Company are classified as "fair value through profit and loss", and measured in accordance with the International Private Equity and Venture Capital Valuation ("IPEVVCV") guidelines, as updated in December 2012. 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. Purchase 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 IPEVVCV 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 an earnings multiple is not appropriate and overriding factors apply, discounted cash flow or net asset valuation bases may be applied.

or:-

- c) where a company's underperformance against plan indicates fair value is lower than cost, and such fall is considered permanent, 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 loss 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.

#### 4. Income

	Six months ended 30 September 2015 (unaudited) £	Six months ended 30 September 2014 (unaudited) £	Year ended 31 March 2015 (audited) £
Dividends	62,764	228,712	286,492
Money-market funds	8,490	7,527	15,684
Loan stock interest	741,030	882,080	1,566,646
Bank deposit interest	24,780	7,473	29,815
Interest on preference dividends	–	906	2,418
Other income	–	2,418	–
<b>Total income</b>	<b>837,064</b>	<b>1,129,116</b>	<b>1,901,055</b>

#### 5. Investment Adviser's fees

Under the terms of a revised investment management agreement dated 10 September 2010, 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.

# Notes to the Unaudited Financial Statements

## 7. Basic and diluted earnings per share

	Six months ended 30 September 2015 (unaudited) £	Six months ended 30 September 2014 (unaudited) £	Year ended 31 March 2015 (audited) £
Total earnings after taxation	2,140,814	3,015,533	4,304,749
<b>Basic and diluted earnings per share (note a)</b>	<b>5.88p</b>	<b>10.10p</b>	<b>13.90p</b>
Net revenue from ordinary activities after taxation	466,833	805,497	1,244,265
<b>Basic and diluted revenue earnings per share (note b)</b>	<b>1.28p</b>	<b>2.70p</b>	<b>4.02p</b>
Net unrealised capital gains/(losses)	1,726,253	797,772	(1,032,124)
Net realised capital gains	239,026	1,667,567	4,618,332
Capital expenses (net of taxation)	(291,298)	(255,303)	(525,724)
Total capital return	1,673,981	2,210,036	3,060,484
<b>Basic and diluted capital earnings per share (note c)</b>	<b>4.60p</b>	<b>7.40p</b>	<b>9.88p</b>
Weighted average number of shares in issue in the period	36,408,806	29,847,901	30,966,734

### 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. Net asset value per share

	As at 30 September 2015 (unaudited)	As at 31 March 2015 (audited)	As at 30 September 2014 (unaudited)
Net assets	£43,980,781	£42,102,817	£39,149,691
Number of shares in issue	36,218,463	36,468,632	29,996,317
<b>Net asset value per share (pence)</b>	<b>121.43p</b>	<b>115.45p</b>	<b>130.51p</b>

## 9. Dividends

	Six months ended 30 September 2015 (unaudited) £	Six months ended 30 September 2014 (unaudited) £	Year ended 31 March 2015 (audited) £
Ordinary shares			
Interim capital dividend paid for the year ended 31 March 2015 of 14.00p (eleven months ended 31 March 2014: nil p) per share	–	–	4,215,829
Interim income dividend paid for the year ended 31 March 2015 of 2.75p (eleven months ended 31 March 2014: 4.70p) per share	–	–	986,811
Interim capital dividend paid for the year ended 31 March 2015 of 2.25p (eleven months ended 31 March 2014: 0.20p) per share	–	–	807,391
<b>Total</b>	<b>–</b>	<b>–</b>	<b>6,010,031</b>

## 10. Summary of fixed asset investments at fair value during the period

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 a hierarchy based on the reliability of the information used to determine the valuation.

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

The valuation techniques used by the Company are explained in the accounting policies in Note 1.

	Traded on AIM £ Level a	Unquoted Ordinary shares £ Level c	Preference shares £ Level c	Qualifying loans £ Level c	Total £
Cost at 31 March 2015	254,586	7,914,104	23,963	15,792,128	23,984,781
Unrealised (losses)/gains at 31 March 2015	–	(280,955)	19,974	1,377,628	1,116,647
Permanent impairment at 31 March 2015	(254,586)	(1,688,074)	(739)	(810,398)	(2,753,797)
Valuation at 31 March 2015	–	5,945,075	43,198	16,359,358	22,347,631
Purchases at cost	–	2,969,664	170	5,927,101	8,896,935
Sale proceeds	–	(218,497)	(1,000)	(1,115,287)	(1,334,784)
Increase/(decrease) in unrealised gains on investments	10	1,043,245	(17,689)	700,687	1,726,253
Reclassification at cost/valuation	–	(122,725)	–	122,725	–
Realised gains on investments	–	74,781	–	164,245	239,026
<b>Valuation at 30 September 2015</b>	<b>10</b>	<b>9,691,543</b>	<b>24,679</b>	<b>22,158,829</b>	<b>31,875,061</b>
Book cost at 30 September 2015	254,586	10,617,327	23,133	20,890,912	31,785,958
Unrealised gains at 30 September 2015	10	762,290	2,285	2,078,315	2,842,900
Permanent impairment at 30 September 2015	(254,586)	(1,688,074)	(739)	(810,398)	(2,753,797)
<b>Valuation at 30 September 2015</b>	<b>10</b>	<b>9,691,543</b>	<b>24,679</b>	<b>22,158,829</b>	<b>31,875,061</b>
Unrealised (losses)/gains at 1 April 2015	(254,586)	(1,969,029)	19,235	567,230	(1,637,150)
Net movement in unrealised appreciation/(depreciation) in the period	10	1,043,245	(17,689)	700,687	1,726,253
<b>(Losses)/gains on investments at 30 September 2015</b>	<b>(254,576)</b>	<b>(925,784)</b>	<b>1,546</b>	<b>1,267,917</b>	<b>89,103</b>

There has been no significant change in the risk analysis as disclosed in Note 18 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.

Purchases above of £8,896,935 are higher than that shown in the Statement of Cash Flows of £8,896,851 by £84, which relates to the purchase of shares from exercising options in an investee company which completed in the period.

Level c unquoted equity and loan investments are valued in accordance with IPEVVCV guidelines as follows:

	30 September 2015 £	31 March 2015 £	30 September 2014 £
<b>Investment methodology</b>			
Cost (reviewed for impairment)	9,402,800	2,604,000	1,441,000
Recent investment price	4,289,348	4,871,373	5,929,591
Earnings multiple	18,182,903	14,872,258	12,848,711
Realisation proceeds	–	–	1,307,993
	<b>31,875,051</b>	<b>22,347,631</b>	<b>21,527,295</b>



# Notes to the Unaudited Financial Statements

## 11. Monies held pending investment and current investments at fair value

Monies held pending investment total £3,000,000 (31 March 2015: £4,500,000; 30 September 2014: £nil) held in bank deposit accounts repayable within one year.

Current investments comprise investments of £3,727,300 (31 March 2015: £3,727,300; 30 September 2014: £3,727,300) held in four OEIC money market funds and £4,010,318 (31 March 2015: £3,008,559; 30 September 2014: £2,002,845) held in bank deposits, both subject to immediate access. These sums are treated as cash equivalents in the Statement of Cash Flows.

## 12. Post balance sheet events

On 2 October 2015, amounts previously invested into Tovey Management Limited (£0.85 million) and Knighton Management Limited (£0.88 million), both of which are companies preparing to trade, along with additional funds from the Company of £0.22 million, were used to make an investment in Access IS Limited.

On 7 October 2015, a further loan of £0.05 million was advanced to Racoon International Holdings Limited.

On 12 October 2015, Fullfield Limited (trading as Motorclean) repaid loan stock of £0.04 million.

On 23 October 2015, Jablite Holdings Limited repaid loan stock of £0.08 million, including £0.02 million of premium.

## 13. Financial statements for the six months ended 30 September 2015

The financial information set out in this half-yearly 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 2015 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-Yearly 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).

# Investor Performance Appendix

## Performance data at 30 September 2015

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 2015. 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 2015 **107.00 pence<sup>1</sup>**

NAV per share as at 30 September 2015 **121.43 pence**

Allotment date(s)	Allotment price (p)	Net allotment price <sup>2</sup> (p)	Cumulative dividends paid per share <sup>3</sup> (p)	Cumulative total return per share to shareholders since allotment		
				(Share price basis) (p)	(NAV basis) (p)	% increase since 31 March 2015 (NAV basis)
<b>Funds raised 2005/06</b>						
Between 5 January 2006 and 5 April 2006	100.00	<b>60.00</b>	42.00	<b>149.00</b>	<b>163.43</b>	<b>3.8%</b>
<b>Funds raised 2008/09</b>						
Between 3 April 2009 and 5 May 2009	92.39	<b>64.67</b>	38.00	<b>145.00</b>	<b>159.43</b>	<b>3.9%</b>
<b>Funds raised 2013/14</b>						
09 January 2014	117.92 <sup>4</sup>	<b>82.54</b>	24.00	<b>131.00</b>	<b>145.43</b>	<b>4.3%</b>
11 February 2014	118.22 <sup>4</sup>	<b>82.75</b>	24.00	<b>131.00</b>	<b>145.43</b>	<b>4.3%</b>
31 March 2014	119.28 <sup>4</sup>	<b>83.49</b>	19.00	<b>126.00</b>	<b>140.43</b>	<b>4.4%</b>
03 April 2014	119.82 <sup>4</sup>	<b>83.87</b>	19.00	<b>126.00</b>	<b>140.43</b>	<b>4.4%</b>
04 April 2014	119.08 <sup>4</sup>	<b>83.36</b>	19.00	<b>126.00</b>	<b>140.43</b>	<b>4.4%</b>
06 June 2014	118.66 <sup>4</sup>	<b>83.06</b>	19.00	<b>126.00</b>	<b>140.43</b>	<b>4.4%</b>
<b>Funds raised 2014/15</b>						
14 January 2015	118.44 <sup>4</sup>	<b>82.91</b>	5.00	<b>112.00</b>	<b>126.43</b>	<b>5.0%</b>
17 February 2015	124.35 <sup>4</sup>	<b>87.05</b>	5.00	<b>112.00</b>	<b>126.43</b>	<b>5.0%</b>
10 March 2015	120.18 <sup>4</sup>	<b>84.13</b>	–	<b>107.00</b>	<b>121.43</b>	<b>5.2%</b>

### Former Ordinary Share Fund

Share price as at 30 September 2015 **88.49 pence**

NAV per share as at 30 September 2015 **100.42 pence**

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)	Cumulative total return per share to shareholders since allotment		
				(Share price basis) (p)	(NAV basis) (p)	% increase since 31 March 2015 (NAV basis)
<b>Funds raised 2000/01<sup>5</sup></b>						
Between 30 May 2000 and 11 December 2000	100.00	<b>80.00</b>	56.58	<b>145.07</b>	<b>157.00</b>	<b>3.3%</b>

<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 overleaf.

<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 the 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.

# Investor Performance Appendix

## Cumulative dividends paid per share

	Funds Raised 2000/01 (p)	Funds Raised 2005/6 (p)	Funds Raised 2008/09 (p)	Funds Raised 2013/14 (p)	Funds Raised 2014/15 (p)
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>56.58</b>	<b>42.00</b>	<b>38.00</b>	<b>24.00</b>	<b>5.00</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**. In October 2001 the Company changed its name to **Matrix Venture Fund VCT**. In September 2005, the Company adopted a broader investment strategy, to invest in established, profitable and cash generative business 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.

# Shareholder Information

## Communication with shareholders

We aim to communicate regularly with our shareholders. In addition to the Half-Yearly and Annual Reports, shareholders receive a twice-yearly VCT newsletter from the Investment Adviser, approved by the Board in July and January. 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.

Recent changes to the European Commission's Transparency Directive mean that the Company is no longer required to publish Interim Management Statements. However, the Board intends to continue to publish Interim Management Statements in order to provide shareholders with updated information about the Company.

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

## Electronic Communication

The Company has adopted electronic communications, which enables shareholders to choose between electing to receive communications by email or as hard copies through the post. Many shareholders who have not specifically chosen either of these options receive a letter notifying them where to access the reports on the website.

## Shareholder event

The Investment Adviser held a further successful shareholder event on 27 January 2015 at the Royal Institute of British Architects in central London. The event provided a forum for about 270 Mobeus VCT shareholders to hear presentations from the Investment Adviser and to learn more about its investment activity in greater depth from the Managing Director of Virgin Wines and the Chairman of Tessella and Tharstern. The Investment Adviser is holding a similar event on 26 January 2016, again at the Royal Institute of British Architects.

## Mobeus website

The Investment Adviser's website can be accessed by going to [www.mobeusequity.co.uk](http://www.mobeusequity.co.uk). This is regularly updated with information on your investment including case studies of portfolio companies. The Company continues to have its own dedicated section of the website which shareholders may prefer to access directly by going to [www.mig2vct.co.uk](http://www.mig2vct.co.uk). This includes performance tables and details of dividends paid as well as copies of past reports to shareholders.

Videos of the presentations and Q&A sessions from the recent shareholder event can be viewed here.

## Net asset value per share

The Company's NAV per share as at 30 September 2015 was 121.43 pence. The Company announces its unaudited NAV on a quarterly basis.

## Dividends

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 not less than 5 pence per annum. The Board intends to review the level of dividends to be paid before the year-end.

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 at the end of this section.

**Shareholders are encouraged to ensure that the Registrars maintain up-to-date details for them and to check whether they have received all dividends payable to them. This is particularly important if they have recently moved house or changed their bank. We are aware that a number of dividends remain unclaimed by shareholders and whilst we will endeavour to contact you 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 or email address for you. You can update your contact details and view any unclaimed dividend payments via the [capitashareportal.com](http://capitashareportal.com).**

# Shareholder Information

## Financial calendar

November 2015	Half-Yearly Report for the six months ended 30 September 2015 to be circulated to shareholders.
26 January 2016	Shareholder event.
31 March 2016	Year-end.
June 2016	Annual Report for the year ended 31 March 2016 to be circulated to shareholders.
September 2016	Annual General Meeting.

## 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. **If you are considering selling your shares, you are strongly advised to contact the Company's stockbroker, Panmure Gordon, by telephoning 020 7886 2716/7 before agreeing a price with your stockbroker.** Shareholders are also advised to discuss their individual tax position with their financial adviser before deciding to sell their shares.

## Shareholder enquiries and investment monitoring

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

For information on your holding, to notify the Company of a change in address or to request a mandate form (should you wish to have future dividends paid directly into your bank account) please contact the Company's Registrar, Capita Asset Services, on +44 (0) 371 664 0324 (calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the appropriate international rate). Telephone lines are open between 9.00am and 5.30pm, Monday to Friday excluding public holidays in England and Wales. Alternatively you can contact them via their website at [www.capitashareportal.com](http://www.capitashareportal.com).

To contact the Chairman or any member of 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).

## Boiler room fraud and unsolicited communications to shareholders

We are aware that from time to time our shareholders have received unsolicited telephone calls and/or mail which purport to come from the Company or to be authorised by the VCT.

MIG 2 VCT is obliged by law to make its share register publicly available on request and, as a result, it is possible that shareholder address information could be used by third parties to obtain telephone numbers and/or send unsolicited mail. However, the Company has the right to challenge such a request when the reason given for the request is not acceptable to us and we will be taking advantage of these provisions as appropriate.

The practice of Boiler Room fraud has been highlighted by the FCA and the Institute of Chartered Secretaries and Administrators ("ICSA"), and their advice includes:

- Make sure you get the correct name of the person and organisation
- Check that they are properly authorised by the FCA before getting involved by visiting [www.fca.org.uk/register](http://www.fca.org.uk/register) and contacting the firm using the details on the register.
- Report the matter to the FCA either by calling its consumer helpline on 0800 111 6768 or [consumer.enquiries@fca.org.uk](mailto:consumer.enquiries@fca.org.uk) or visiting the consumer pages at their website which includes comprehensive information in the section on investment scams including a reporting form.

If you deal with an unauthorised firm, you will not be eligible to receive payment under the Financial Services Compensation Scheme ("FSCS"). The FSCS can be contacted via their website at [www.fscs.org.uk](http://www.fscs.org.uk).

Details of any share dealing facilities that the Company endorses will be included in Company mailings.

More detailed information on this or similar activity can be found on the FCA website: [www.fca.org.uk/consumers/scams](http://www.fca.org.uk/consumers/scams).

For further information, shareholders may also contact Mobeus, the Company Secretary, Tel: 020 7024 7600.



# 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

3946235

## Investment Adviser, Promoter and Administrator

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

## Website

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

## E-mail

[vcts@mobeusequity.co.uk](mailto:vcts@mobeusequity.co.uk)

## Independent Auditor

BDO LLP  
55 Baker Street  
London  
W1U 7EU

## Receiving Agent

The City Partnership (UK) Limited  
Thistle House  
21 Thistle Street  
Edinburgh  
EH2 1DF

## Sponsor

Howard Kennedy Corporate Services LLP  
1 London Bridge  
London  
SE1 9BG

## Solicitors

Shakespeare Martineau LLP  
No 1 Colmore Square  
Birmingham  
B4 6AA

## Registrars

Capita Asset Services  
The Registry  
34 Beckenham Road  
Beckenham  
Kent  
BR3 4TU

Tel: +44 (0) 371 664 0324 (calls are charged at the standard geographic rate and will vary by provider. Calls outside the UK will be charged at the appropriate international rate). Telephone lines are open 9.00am-5.30pm Mon-Fri excluding public holidays in England and Wales.

## Corporate Broker

Panmure Gordon (UK) Limited  
One New Change  
London  
EC4M 9AF

## VCT Status Adviser

Robertson Hare LLP  
4-6 Staple Inn  
High Holborn  
London  
WC1V 7QH

## Bankers

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PO Box 544  
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London  
EC3V 9EX

# Notes



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London SW1Y 4EX

020 7024 7600  
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