Mobeus Income & Growth 2 VCT PLC

A VENTURE CAPITAL TRUST

Unaudited Half-Yearly Report
for the six months ended 31 October 2013

mobeus
EQUITY PARTNERS

Investment Objective

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

The Company's objective 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.

Venture Capital Trust Status

Mobeus Income & Growth 2 VCT plc has satisfied the requirements as a Venture Capital Trust under section 274 of the Income Tax Act 2007 ("ITA") and the Directors intend to conduct the business of the Company so as to continue to comply with that section.

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Financial highlights

Half-yearly results for the six months ended 31 October 2013

- Increase of 6.8% in total shareholder return (NAV basis) over the half-year.
- The net asset value (NAV) cumulative total shareholder return per share since launch* was 132.0 pence per share at 31 October 2013, up 7.2 pence in six months.
- Total dividend of 5.0 pence per share to be paid on 21 March 2014.
- New investment activity of £1 million in period, plus a further £1.33 million invested after the period-end.
- Loan stock repayments from investee companies totalled £2.5 million for the half-year.

* 16 December 2005, being the date shares were first allotted in the Ordinary share (formerly C share) fund, at 100 pence per share.

Performance Summary

The net asset value (NAV) per share as at 31 October 2013 was 114.0 pence

The table below shows the recent past performance of the original 'O' funds raised in 2000/2001 and the Ordinary share (formerly 'C' share) funds raised in 2005/06.

Performance data for all fundraising rounds are also shown in a table on page 23.

Ordinary shares of 1 penny (formerly C shares until 10 September 2010)

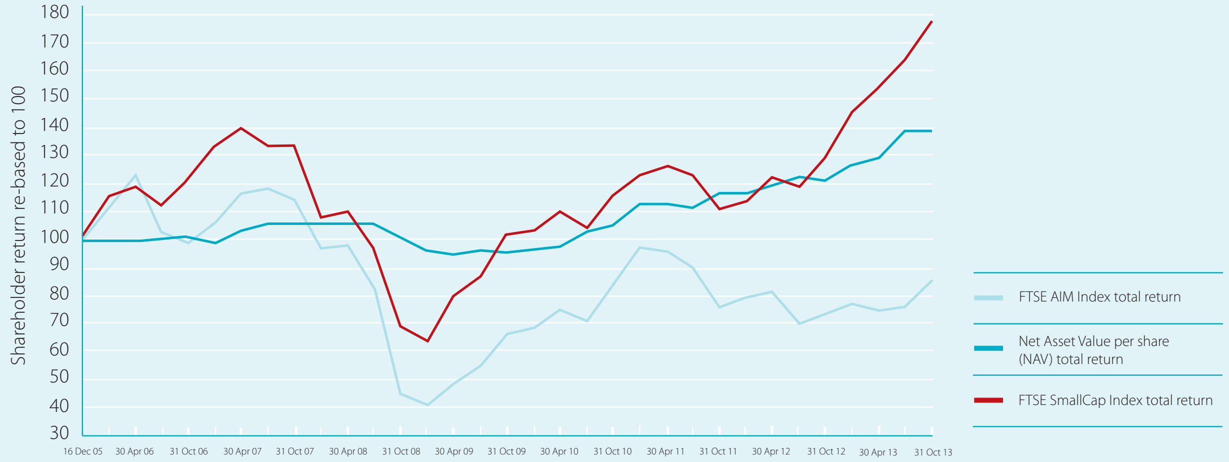
	Net assets (£m)	Net asset value per share (NAV) (p)	Cumulative dividends paid per share (p)	Share price (p)[1]	Cumulative total return per share to shareholders since launch[2 & 3] (NAV basis)[4] (p)	(Share price basis)[5] (p)
Ordinary share fund (formerly C share fund until 10 September 2010)[2]						
As at 31 October 2013	**27.3**	**114.0**	**18.0**	**93.5**	**132.0**	**111.5**
As at 30 April 2013	25.7	106.8	18.0	70.3	124.8	88.3
As at 31 October 2012	24.6	99.2	14.0	67.4	113.2	81.4
At close of Offer for subscription in 2005	8.7	94.5	–	–	–	–
Former Ordinary share fund (raised in 2000/2001)[3]						
As at 31 October 2013	**–**	**94.3**	**36.7**	**–**	**131.0**	**–**
As at 30 April 2013	–	88.3	36.7	–	125.0	–
As at 31 October 2012	–	82.1	33.4	–	115.5	–
At close of Offer for subscription in 2001	12.4	94.0	–	–	–	–

[1] Source: London Stock Exchange.
[2] Launch date 16 December 2005, as explained above.
[3] Launch date 10 May 2000.
[4] NAV as at 31 October 2013 plus cumulative dividends paid since fund launch.
[5] Mid share price as at 31 October 2013 plus cumulative dividends paid since fund launch.

Financial highlights

In the graph below, the NAV and share price total returns to shareholders comprise the NAV and share price respectively, assuming the dividends paid were re-invested on the date on which the shares were quoted ex-dividend in respect of each dividend. The total return figures have been rebased to 100 at 16 December 2005.

Total shareholder return (net asset value)



Chairman's Statement

I am pleased to present the Half-Yearly Report of Mobeus Income & Growth 2 VCT plc (the "Company") for the period from 1 May 2013 to 31 October 2013.

Performance for the six months ended 31 October 2013

Net asset value (NAV) per share has increased by 6.8% during the period from 106.75 pence per share at 30 April 2013 to 114.00 pence per share at 31 October 2013.

The cumulative NAV total return per share (being the closing net asset value plus total dividends paid to date) since launch rose by 5.8% during the six month period from 124.75 pence to 132.00 pence. This increase is predominantly due to increases in investment valuations and some significant loan interest receipts, boosting revenue returns.

Shareholders should note that the performance data in my statement relates to the one Ordinary share class now in existence. Fundraising for this class (which was formerly called the C share class) was launched on 20 September 2005. This single share class was created after a share class merger of the former Ordinary and C share classes on 10 September 2010. To assist shareholders to monitor the performance of their original Ordinary or C share investment in a particular fundraising on a consistent basis, we have included separate performance data on pages 1 and 23.

The Investment Portfolio

Portfolio valuations continued to increase, new deal activity remained at busy levels and there was a healthy level of loan stock repayments.

Overall, the portfolio recorded realised and unrealised gains of £1.04 million over the six month period. The portfolio under management was valued at £20.37 million at the period-end representing 103.8% of cost and an increase of 4.8% in valuation over the period.

During the six month period to 31 October 2013, the Company invested £967,780 in Veritek Global Limited via the acquisition vehicle Madacombe Trading, resulting in a £32,220 refund of the VCT's existing investment of £1 million in Madacombe. A further £39,685 was also invested in Gro-Group Limited loan stock, to finance the move to direct sales in Australia.

Following the period-end in November 2013, the Company completed a further investment of £330,202 into the acquisition vehicle Culbone Trading to support the MBO of Virgin Wine Online, one of the UK's leading online retailers of wine. The Company's investment in Culbone Trading is now £1,330,202.

There have been a number of realisations, all from loan stock repayments during the period, totalling £2.48 million.

Most significantly, in May 2013, Newquay Helicopters (2013) (formerly British International) repaid in full its 2006 and 2009 loan stock, plus premium and all outstanding interest arrears and penalties to date. This amounted to capital proceeds totalling £1,248,800 and loan interest of £423,026.

Full details of the investment activity during the six months to 31 October 2013 and a summary of the performance highlights can be found in the Investment Manager's Review on pages 7 and 8 of this Half-Yearly Report.

Revenue Account

The results for this period are set out in the Unaudited Income Statement on page 12 and show an improved revenue gain (after tax) of 3.47 pence per share (31 October 2012: gain of 0.77 pence).

The revenue return for the period of £834,749 is an increase of £643,461 (336.4%) from last year's comparable period. This is due to an exceptional rise in income of £687,751, from last year's £453,084 to £1,140,835 now.

Income benefited from an increase in loan stock interest of £683,669 (being an increase of 175.8%, compared to the comparable period last year). The main contributor is the large arrears receipt from Newquay Helicopters (2013) Limited of £423,026 following the repayment of its two original loans as referred to above. New loan stock investments in Gro-Group, Fullfield (Motorclean) and ATG Media have also contributed to the increase and, as a result, annualised loan stock income now stands at £953,688 (31 October 2012: £764,486).

Expenses charged to the Revenue Account have risen by £6,958. Fund management fees rose by £5,262, as the amount charged to the Income Statement in total increased by 6.93%, in line with the higher net assets than the equivalent period last year. Other expenses have risen slightly by £1,696 in the period to £151,793 (2012: £150,097). This increase was due to higher trail commission costs arising from higher net assets and higher professional fees offset by lower printing costs.

Strategy and Fundraising

Earlier this month, shareholders will have received a Securities Note containing an Offer for shares in the Company, as part of a Linked Offer for subscription launched on 28 November 2013, to raise an aggregate of up to £24 million in conjunction with Mobeus Income & Growth VCT plc, Mobeus Income & Growth 4 VCT plc and The Income & Growth VCT plc.

I wish to take this opportunity to explain the background to this development. In my Chairman's Statement in the 2013 Annual Report, I reported that the Board, aware of the level of new investment opportunities, was considering whether the Company should raise further funds. Subsequently, the Board decided they did wish to raise additional funds, and agreed to become one of the Companies participating in the current Mobeus VCTs' Linked Offer.

At the Company's AGM held on Friday 20 September 2013, shareholders approved changes to the Company's strategy as outlined below.

1. Extension of the life of the Company until the fifth anniversary of the latest allotment of shares, in order to maintain the tax reliefs on new shares to be issued.
2. Adoption of a buyback policy with the objective of maintaining the discount to the latest published NAV at 10% or less.

At the AGM, shareholders approved the above changes, and your Board has since participated in the recent launch of the Linked Offer. This fundraising anticipates a higher rate of new investment in the years ahead and the increased assets will spread the Company's fixed running costs over a larger asset base.

Chairman's Statement

Change of financial year-end

In order to facilitate the process of allotting shares arising from the Linked Offer and any future fundraisings, the Board has decided to change the Company's financial year-end from 30 April to 31 March. Therefore the next set of accounts will be for the 11 month period from 1 May 2013 to 31 March 2014, and future reports will be for years ending 31 March.

Dividends

The Board has declared an interim dividend of 4.9 pence per share for the eleven months ending 31 March 2014. Following the change to the Company's year-end, the dividend will be paid on 21 March 2014 to shareholders on the Register on 28 February 2014. This is in addition to the interim dividend of 0.1 pence per share for the year ended 30 April 2013, as reported in the 2013 Annual Report, which the Company is required to pay in order to comply with VCT rules. Therefore the total dividend to be paid on 21 March 2014 will be 5.0 pence per share.

The Board's objective is, subject to the availability of sufficient reserves and liquidity, to distribute regular and consistent dividends of at least 4 pence per share per annum.

Share buybacks

During the period, the Company repurchased 150,000 shares for cancellation at a price of 91.0 pence share, representing 0.62% (30 April 2013 : 3.1%) of the issued share capital. This buyback represented a discount to NAV of approximately 20%. The current discount of the share price to NAV is approximately 10%.

Possible VCT Legislation

Shareholders may wish to be aware of the following two developments. Firstly, the Chancellor's Autumn Statement contained measures restricting tax relief on subscriptions for shares in VCTs after 5 April 2014 where, within six months before or after subscription, the investor disposes of shares in that VCT. If introduced, as seems likely, such proposals may lead to a restriction on income tax relief available to an investor for the issue of shares if, within six months before or after subscription, the investor disposes of shares in the Company. Secondly, HMRC is also considering proposals relating to the availability of tax relief on dividends which are regarded by HMRC as returns of capital. HMRC intends to hold a series of technical consultations on this subject shortly.

Liquidity

The Board continues to consider and monitor credit risk in respect of its cash balances extremely carefully.
In response to a change in VCT regulations, the Company can no longer add to its investment in money market funds. It continues to hold £3.7 million in a selection of money market funds with AAA credit ratings, and now also holds £3.2 million at Barclays Bank, both as at 31 October 2013. In addition, the £2 million invested in acquisition vehicles is also held in money market funds (reduced to £1 million following the use of Culbone to support the MBO of Virgin Wine after the period end). The Company remains well positioned in the short-term to make new investments and support suitable investment opportunities within the portfolio if required, but has decided to raise further funds so as to participate in a higher level of new investment opportunities anticipated over the medium term.

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 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 9 to 11) throughout the period.

Industry awards for the Investment Manager

It is pleasing to report that the Investment Manager was named VCT Manager of the Year 2013 for the second consecutive year at the unquote" British Private Equity Awards 2013. The award recognised the high level of consistency achieved by the Investment Manager during the year under consideration in maintaining high standards in all areas of its activity including deals, exits, portfolio management and fundraising. The Board is pleased that the work of the Investment Manager has been acknowledged in this way.

Outlook

The outlook for the UK economy appears to have improved over the past few months. Many forecasters now anticipate that economic growth will occur over the next few years.

The Investment Manager is seeing an improved flow of opportunities to invest more capital in smaller private companies with proven business models, good management and sound financing. This rise in activity partly reflects the improvement in the UK economic outlook and the continued perception that the UK banking industry is reluctant to lend to smaller businesses.

The Board is mindful that the Company should have adequate liquidity to take advantage of the increased number and quality of businesses currently being evaluated by the Investment Manager. In view of the uncertain environment described above, it is imperative that only the highest quality businesses are selected with the terms of the deal structured so as to minimise the downside risk to shareholders. The cautious approach of selecting well-run profitable companies operating in niche markets is the primary reason for the quality of the investment portfolio currently held within the Company.

If growth in the UK economy is sustained, prospects should improve further for our existing and future portfolio companies. The Company's existing portfolio contains a number of investments in companies which are progressing well, and are capable of producing further growth in profits. Realisation of such potential should provide exit opportunities and returns over the medium term for shareholders.

I would like to take this opportunity to thank shareholders for their continued support. The Securities Note recently sent to shareholders also contained an invitation to a shareholder Workshop on 21 January 2014, and the Board looks forward to meeting any shareholders able to attend.

Nigel Melville
Chairman
18 December 2013

Responsibility Statement

Responsibility Statement

In accordance with Disclosure and Transparency Rule (DTR) 4.2.10, Nigel Melville (Chairman), Adam Kingdon (Chairman of the Audit Committee), Sally Duckworth (Chairman of the Investment Committee) and Kenneth Vere Nicoll (Chairman of the Nomination and 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 Manager's Review and Investment Portfolio Summary includes a fair review of the information required by DTR 4.2.7, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements;

(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 disclosed, in accordance with DTR 4.2.8.

Principal risks and uncertainties

In accordance with DTR 4.2.7, the Board confirms that the principal risks and uncertainties facing the Company have not materially changed from those identified in the Annual Report and Accounts for the year ended 30 April 2013. 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 Income Tax Act 2007.

The principal risks faced by the Company are:

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

A detailed explanation of the principal risks facing the Company can be found on pages 18 and 19 and in Note 19 on pages 44 to 51 of the Annual Report and Accounts for the year ended 30 April 2013. Copies are available from the Company's website www.mig2vct.co.uk.

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.

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 Manager's 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, buy-backs 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 19 on pages 44 to 51 of the Annual Report and Accounts for the year ended 30 April 2013. Accordingly, the Directors continue to adopt the going concern basis of accounting in preparing the Half-Yearly 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
18 December 2013

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 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 in a range of instruments of varying maturities, subject to the overriding criterion that the risk of loss of capital be minimised.

UK 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 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 Company may not invest more than 15% of its investments in a single company and must achieve at least 70% by value of its investments throughout the period in shares or securities in VCT qualifying holdings, of which a minimum overall of 30% by value must be ordinary shares which carry no preferential rights. In addition, although the Company can invest less than 30% of an investment in a specific company in ordinary shares, it must have at least 10% 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).

The VCT regulations in respect of funds raised after 6 April 2011 have changed, such that 70% of qualifying holdings invested with such funds must be held in equity.

Asset mix

The Investment Manager aims to hold approximately 80% of net assets by value in the Company's 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% 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% (but in any event will not be greater than 15%) 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 Manager, 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 Manager with a similar investment policy. This enables the Company to participate in larger combined investments advised on by the Investment Manager.

Borrowing

The Company's articles of association permit borrowings of amounts up to 10% 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 Manager, Mobeus Equity Partners LLP, and are then subject to formal approval by the Directors. Mobeus Equity Partners LLP provides Company Secretarial and Accountancy services to the Company.

Investment Manager's Review

Overview

The portfolio has made a satisfactory start to the year with encouraging trading and cash generation from a number of companies in the portfolio, causing a like for like rise in the portfolio's value of 4.8%. The rising trend in terms of new deal activity towards the 2013 year end has continued with one new investment completed in the period and one more completing after the period end. Realisations have also continued at a healthy level with a number of investee companies using their improved cash position to make partial or full repayments of their loan stock.

New Investment

In July 2013, the VCT completed a new investment of £967,780 using the VCT's existing investment of £1 million in the seed company, Madacombe Trading, resulting in a net repayment to the Company of £32,220. This investment supported the MBO of Veritek Global Limited, a Europe-wide provider of installation, maintenance and support services for blue-chip owners of a wide range of complex imaging and printing equipment. The company has revenues in excess of £25 million and around 300 staff across ten countries.

Following the period end in November 2013, the Company completed a further investment of £330,202 into the acquisition vehicle Culbone Trading to support the MBO of Virgin Wine Online Limited, one of the UK's leading online retailers of wine. The Company's investment in this company now totals £1,330,202.

Follow-on investments

A small follow-on loan of £39,685 was advanced to Gro-Group Holdings Limited, to finance the move to direct sales distribution in Australia, rather than use a sales agent.

Realisations

The first six months of the year has seen further realisations that reflect the way our portfolio investments are initially structured and that many of them are generating positive cash flow. During the period, cash of £2,475,380 (excluding Madacombe's partial refund of £32,220) has been generated from partial or full loan stock repayments.

In May 2013, following the disposal of the company's major trading subsidiary, Newquay Helicopters (2013) Limited (formerly British International Holdings Limited) repaid the principal and premium of the first two loan stocks, together with all interest arrears for total cash proceeds of £1,671,825. The capital proceeds of £1,248,800 compare with an investment cost of £934,000, and contributed to an overall return including interest of two times investment cost, to date. This is a pleasing outcome and there is the prospect of further returns of capital as the company realises its remaining assets.

In September 2013, Focus Pharma Holdings Limited repaid a further £1,000,000 across all Mobeus VCTs, of which £206,325 (including £63,914 premium) related to the Company. After the period end, Focus made a full repayment of the remaining loan stock realising £207,616 (including £64,314 premium). These repayments arose from a substantial improvement in Focus's profitability.

Strong cash flow at DiGiCo Global Limited enabled it to repay further loan tranches totalling £420,437 in July and October.

In October 2013, Blaze Signs Holdings Limited fully repaid its remaining loan stock realising £270,268 (including premium of £62,368).

Also in October 2013, Faversham House made a partial repayment of loan realising £49,604 (including £6,283 premium), the cash for which was received just after the period end. After the period end, Faversham has now fully repaid the remaining loan, realising net proceeds of £77,552 (including £9,862 premium), which represents our exit from what has been a disappointing investment. On a total return basis (including interest received) we have recovered £350,297 of our original investment cost of £374,870, or 93% of that original investment.

A number of other capital loan repayments have been made during the period, totalling £279,946, being from EMaC (£228,276), Monsal Holdings Limited (£25,632), and Tessella Holdings Limited (£26,038).

Portfolio review

The portfolio at 31 October 2013 comprised twenty-eight investments (2012: thirty) with a cost of £19.6 million (2012: £22.8 million) and valued at £20.4 million (2012: £20.5 million). On a like for like basis, the portfolio has increased by 4.81% compared with the valuations prevailing at 30 April 2013. Over the same period the FTSE All-Share and FTSE SmallCap indices have risen by 5.76% and 13.88% respectively.

The portfolio's performance as a whole continues to be robust. The three main uplifts in valuation have occurred at ASL, Blaze and Tessella. ASL is showing signs of improvement with profits ahead of the prior year. Blaze Signs is having an exceptional year, building on their involvement with Olympic projects, and now benefiting from a large contract with a bank. This has enabled it to repay all of its remaining VCT loans as noted above. Tessella has made an encouraging start, and its valuation has now moved above its valuation at the point of investment.

DiGiCo continues to remain highly profitable and is developing more new products for its markets. Fullfield has traded well, and the extra resource acquired as part of their acquisition has integrated well in to the existing business.

ATG also continues to trade well, and is investing in new auction software that should benefit the UK business and its recent US acquisition. EMaC is performing ahead of budget with plans to offer more flexible service plans which will meet market demands.

PXP and Plastic Surgeon continue to benefit from improvements in the construction and house building sectors. PXP has a healthier order book. Plastic Surgeon has maintained profits over the previous year, and plans to recruit in order to meet increasing demand for its services. Uncertainty remains in Youngman's markets, with orders from key customers down on the previous year.

Investment Manager's Review

Outlook

The outlook for the UK economy is still uncertain although recent forecasts have become more optimistic. Improved business confidence and the perception that the UK banking industry is still reluctant to lend to smaller businesses are resulting in a sustained and positive deal flow of opportunities. We are hopeful that we will continue with a busy period of new investment during the latter part of the year. The number and quality of deals being considered in recent months has increased and we are confident that this will result in a number of transactions being completed in the near future. However, we are maintaining a prudent approach to making new investments.

We continue to be conscious of the need to ensure that investee companies take appropriate actions to respond to the challenging environment ahead. We are ensuring that the existing portfolio remains well capitalised, and that the stronger companies build on their strengths. Based upon the potential in the current portfolio, and the prospects for new investment, we are confident that good returns can continue to be earned for investors.

Mobeus Equity Partners LLP

18 December 2013

Investment Portfolio Summary
as at 31 October 2013

	Date of first investment/ Sector	Total book cost at 31 October 2013 £	Valuation at 30 April 2013 £	Additions in period £	Disposals at valuation £	Change in valuation for the period £	Valuation at 31 October 2013 £	% of net assets by value
Qualifying investments								
Unquoted investments								
ATG Media Holdings Limited Publisher and online auction platform operator	October 2008 Media	1,631,830	3,334,643	–	–	(55,561)	3,279,082	12.0%
Fullfield Limited, trading as Motorclean Limited Vehicle cleaning and valet services	July 2011 Support services	1,624,769	1,920,275	–	–	(19,805)	1,900,470	7.0%
Ingleby (1879) Limited trading as EMaC Service plans for the motor trade	October 2008 Support services	867,447	1,424,024	–	228,276	269,449	1,465,197	5.4%
Blaze Signs Holdings Limited Manufacturing and installation of signs	April 2006 Support services	437,030	1,143,484	–	270,268	437,778	1,310,994	4.8%
Tessella Holdings Limited Provision of specialist scientific and computer programming consultancy	July 2012 Support services	854,687	880,725	–	26,038	304,490	1,159,177	4.3%
Gro-Group Holdings Limited Baby sleep products	March 2013 Retail	1,096,102	1,056,417	39,685	–	–	1,096,102	4.0%
ASL Technology Holdings Limited Printer and photocopier services	December 2010 Support services	1,360,130	611,725	–	–	444,967	1,056,692	3.9%
Ackling Management Limited Food manufacturing, distribution and brand management	January 2012 Food production & distribution	1,000,000	1,000,000	–	–	–	1,000,000	3.7%
Culbone Trading Limited Outsourced services	April 2012 Support services	1,000,000	1,000,000	–	–	–	1,000,000	3.7%
Madacombe Trading Limited trading as Veritek Global Limited[2] Engineering services	July 2013 Support services	967,780	–	967,780	–	–	967,780	3.5%
EOTH Limited trading as Equip Outdoor Technologies Limited Branded outdoor equipment and clothing	October 2011 General retailers	817,185	842,294	–	–	5,643	847,937	3.1%
Focus Pharma Holdings Limited Licensor and distributer of generic pharmaceuticals	October 2007 Support services	375,416	914,513	–	206,325	36,900	745,088	2.7%
Youngman Group Limited Manufacturer of ladders and access towers	October 2005 Support services	1,000,052	699,966	–	–	–	699,966	2.6%
Machineworks Software Limited Software for CAM and machine tool vendors	April 2006 Software and Computer Services	25,727	674,691	–	–	(162,965)	511,726	1.9%
RDL Corporation Limited Recruitment consultants for the pharmaceutical, business intelligence and IT industries	October 2010 Support services	1,000,000	663,859	–	–	(221,125)	442,734	1.6%
The Plastic Surgeon Holdings Limited Snagging and finishing of domestic and commercial properties	April 2008 Support services	392,264	353,544	–	–	15,851	369,395	1.4%
Vectair Holdings Limited Design and sale of washroom products	January 2006 Support services	60,293	222,027	–	–	49,821	271,848	1.0%

Investment Portfolio Summary
as at 31 October 2013

	Date of first investment/ Sector	Total book cost at 31 October 2013 £	Valuation at 30 April 2013 £	Additions in period £	Disposals at valuation £	Change in valuation for the period £	Valuation at 31 October 2013 £	% of net assets by value
Newquay Helicopters (2013) Limited (previously British International Holdings Limited) Helicopter service operators	June 2006 Support services	226,000	997,500	–	928,800	157,300	226,000	0.8%
Lightworks Software Limited Software for CAD vendors	April 2006 Software and Computer Services	25,727	146,059	–	–	(36,188)	109,871	0.4%
Faversham House Holdings Limited Publisher, exhibition organiser and operator of websites for the environmental, visual communications and building services sectors	December 2010 Media	68,014	111,335	–	43,321	–	68,014	0.2%
PXP Holdings Limited (Pinewood Structures) Design, manufacture and supply of timber frames for buildings	December 2006 Construction	1,220,579	57,143	–	–	–	57,143	0.2%
Monsal Holdings Limited Supplier of engineering services to the water and waste sectors	December 2007 Engineering	821,982	76,897	–	25,632	–	51,265	0.2%
Racoon International Holdings Limited Supplier of hair extensions, hair care products and training	December 2006 Personal goods	878,527	250,551	–	–	(223,282)	27,269	0.1%
Legion Group plc Provision of manned guarding, mobile patrolling, and alarm response services	August 2005 Support Services	150,000	–	–	–	–	–	0.0%
Madacombe Trading Limited[2] Engineering services	April 2012 Support services	–	1,000,000	–	32,220	–	–	0.0%
Total unquoted investments		**17,901,541**	**19,381,672**	**1,007,465**	**1,760,880**	**1,003,273**	**18,663,750**	**68.5%**
AiM quoted investments								
Omega Diagnostics Group plc In vitro diagnostics for food intolerance, auto-immune diseases and infectious diseases	December 2010 Pharmaceuticals	214,998	331,455	–	–	(89,582)	241,873	0.9%
Vphase plc Development of energy saving devices for domestic use	March 2001 Electronic and electrical equipment	254,586	507	–	–	(507)	–	0.0%
Total AIM quoted investments		**469,584**	**331,962**	**–**	**–**	**(90,089)**	**241,873**	**0.9%**
Total qualifying investments		**18,371,125**	**19,713,634**	**1,007,465**	**1,760,880**	**913,184**	**18,905,623**	**69.4%**[1]

	Date of first investment/ Sector	Total book cost at 31 October 2013 £	Valuation at 30 April 2013 £	Additions in period £	Disposals at valuation £	Change in valuation for the period £	Valuation at 31 October 2013 £	% of net assets by value
Non-qualifying investments								
DiGiCo Global Limited (formerly Newincco 1124 Limited) Design and manufacture of audio mixing desks	July 2007 Technology, hardware and equipment	829,767	1,587,065	–	420,437	128,063	1,294,691	4.7%
Newquay Helicopters (2013) Limited (previously British International Holdings Limited)		167,647	487,647	–	320,000	–	167,647	0.6%
ATG Media Holdings Limited		104	647	–	–	(20)	627	0.0%
Fuse 8 plc		250,000	–	–	–	–	–	0.0%
Legion Group plc		106	–	–	–	–	–	0.0%
Total non-qualifying investments		**1,247,624**	**2,075,359**	**–**	**740,437**	**128,043**	**1,462,965**	**5.3%**
Total portfolio investments		**19,618,749**	**21,788,993**	**1,007,465**	**2,501,317**	**1,041,227**	**20,368,588**	**74.7%**
Money market funds[3]							3,727,300	13.7%
Debtors							275,459	1.0%
Cash							3,212,949	11.8%
Creditors							(314,421)	(1.2%)
Net assets							**27,269,875**	**100.0%**

[1] As at 31 October 2013 the Company held more than 70% of its total investments in qualifying holdings, and therefore complied with the VCT Investment test. For the purposes of the VCT Investment tests, the Company is permitted to disregard disposals of investments for six months from the date of disposal.

[2] The Company's existing investment in Madacombe Trading Limited of £1m was used to make an investment in Veritek Global Limited of £967,780 resulting in a net repayment of £32,220 to the Company. This £967,780 explains the difference between investment additions above of £1,007,465 and additions per Note 9 of £39,685.

[3] Disclosed within Current assets as Investments at fair value in the Balance Sheet.

Unaudited Income Statement
for the six months ended 31 October 2013

	Notes	Six months ended 31 October 2013 (unaudited) Revenue £	Capital £	Total £
Unrealised gains on investments held at fair value	9	–	1,041,227	1,041,227
Realised gains on investments held at fair value	9	–	6,283	6,283
Income	3	1,140,835	–	1,140,835
Investment management expense	4	(81,217)	(243,650)	(324,867)
Other expenses		(151,793)	–	(151,793)
Profit/(loss) on ordinary activities before taxation		907,825	803,860	1,711,685
Tax on profit/(loss) on ordinary activities	5	(73,076)	73,076	–
Profit/(loss) on ordinary activities after taxation		**834,749**	**876,936**	**1,711,685**
Basic and diluted earnings per share				
Ordinary shares	6	**3.47p**	**3.64p**	**7.11p**

The total column of this statement is the profit and loss account of the Company.

All revenue and capital items in the above statement derive from continuing operations.

There were no other recognised gains or losses in the period.

Other than revaluation movements arising on investments held at fair value through profit and loss, there were no differences between the profit/(loss) as stated above and at historical cost.

The Notes to the unaudited financial statements on pages 17 – 21 form part of these Half-Yearly financial statements.

		Year ended 30 April 2013 (audited)			Six months ended 31 October 2012 (unaudited)
Revenue £	Capital £	Total £	Revenue £	Capital £	Total £
–	2,556,199	2,556,199	–	99,858	99,858
–	34,319	34,319	–	–	–
1,025,133	–	1,025,133	453,084	–	453,084
(151,992)	(455,974)	(607,966)	(75,955)	(227,865)	(303,820)
(322,286)	–	(322,286)	(150,097)	–	(150,097)
550,855	2,134,544	2,685,399	227,032	(128,007)	99,025
(88,954)	88,954	–	(35,744)	35,744	–
461,901	**2,223,498**	**2,685,399**	**191,288**	**(92,263)**	**99,025**
1.87p	**9.00p**	**10.87p**	**0.77p**	**(0.37)p**	**0.40p**

Unaudited Balance Sheet
as at 31 October 2013

	Notes	31 October 2013 (unaudited) £	30 April 2013 (audited) £	31 October 2012 (unaudited) £
Fixed assets				
Investments at fair value	9	20,368,588	21,788,993	20,472,274
Current assets				
Debtors		275,459	157,722	170,381
Current investments	10	3,727,300	3,727,300	3,800,720
Cash at bank		3,212,949	211,420	316,362
		7,215,708	4,096,442	4,287,463
Creditors: amounts falling due within one year		(314,421)	(190,059)	(181,548)
Net current assets		6,901,287	3,906,383	4,105,915
Net assets		**27,269,875**	**25,695,376**	**24,578,189**
Capital and reserves	11			
Called up share capital		239,207	240,707	247,673
Capital redemption reserve		67,440	65,940	58,974
Revaluation reserve		3,526,815	2,827,063	193,533
Special distributable reserve		12,349,142	13,176,946	14,202,309
Profit and loss account		11,087,271	9,384,720	9,875,700
		27,269,875	**25,695,376**	**24,578,189**
Net asset value per share				
Ordinary shares	7	**114.00p**	**106.75p**	**99.24p**

The Notes to the unaudited financial statements on pages 17 – 21 form part of these Half-Yearly financial statements.

Unaudited Reconciliation of Movements in Shareholders' Funds

for the six months ended 31 October 2013

	Notes	Six months ended 31 October 2013 (unaudited) £	Year ended 30 April 2013 (audited) £	Six months ended 31 October 2012 (unaudited) £
Opening shareholders' funds		25,695,376	24,526,639	24,526,639
Net share capital bought back	11	(137,186)	(541,894)	(55,116)
Profit for the period		1,711,685	2,685,399	99,025
Dividends (paid)/refunded in period	8	–	(974,768)	7,641
Closing shareholders' funds		**27,269,875**	**25,695,376**	**24,578,189**

The Notes to the unaudited financial statements on pages 17 – 21 form part of these Half-Yearly financial statements.

Unaudited Cash Flow Statement
for the six months ended 31 October 2013

	Notes	Six months ended 31 October 2013 (unaudited) £	Year ended 30 April 2013 (audited) £	Six months ended 31 October 2012 (unaudited) £
Operating activities				
Investment income received		1,085,470	884,548	494,262
Dividend income		537	157,147	6,209
Other income		–	6,678	–
Investment management fees paid		(324,867)	(607,966)	(303,820)
Other cash payments for other expenses		(129,078)	(287,611)	(111,895)
Net cash inflow from operating activities		632,062	152,796	84,756
Investing activities				
Acquisition of investments	9	(39,685)	(281,207)	(57,143)
Disposal of investments	9	2,457,996	3,380,036	1,982,031
Net cash inflow from investing activities		2,418,311	3,098,829	1,924,888
Dividends				
Equity dividends paid		–	(974,768)	7,641
Net cash inflow before liquid resource management and financing		3,050,373	2,276,857	2,017,285
Financing				
Purchase of own shares	11	(48,844)	(517,829)	(79,895)
Net cash outflow from financing		(48,844)	(517,829)	(79,895)
Management of liquid resources				
Decrease in monies held in current investments		–	(1,627,394)	(1,700,814)
Increase in cash for the period		**3,001,529**	**131,634**	**236,576**

Reconciliation of profit on ordinary activities before taxation to net cash inflow from operating activities

	Six months ended 31 October 2013 (unaudited) £	Year ended 30 April 2013 (audited) £	Six months ended 31 October 2012 (unaudited) £
Profit on ordinary activities before taxation	1,711,685	2,685,399	99,025
Net unrealised gains on investments	(1,041,227)	(34,319)	(99,858)
Net gains on realisation on investments	(6,283)	(2,556,199)	–
(Increase)/decrease in debtors	(68,133)	55,888	43,229
Increase in creditors and accruals	36,020	2,027	42,360
Net cash inflow from operating activities	**632,062**	**152,796**	**84,756**

The Notes to the unaudited financial statements on pages 17 – 21 form part of these Half-Yearly financial statements.

Notes to the Unaudited Financial Statemtents

1. 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.

a) Basis of accounting

The unaudited results cover the six months to 31 October 2013 and have been prepared under UK Generally Accepted Accounting Practice (UK GAAP), consistent with the accounting policies set out in the statutory accounts for the year ended 30 April 2013 and the 2009 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 are prepared under the historical cost convention except for the revalutaion of certain investments.

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.

b) 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.

c) Investments

Investments are accounted for on a trade date basis.

All investments held by the Company are classified as "fair value through profit and loss" 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, recognition and fair value is determined by reference to Stock Exchange market trading rules and quoted bid prices at the close of business on the balance sheet date.

Unquoted investments are valued by the Directors at 'fair value through profit and loss'. Accordingly, in the absence of a market price, the Directors have valued unquoted investments in accordance with International Private Equity Venture Capital Valuation (IPEVCV) guidelines as updated in September 2009.

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 Manager 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 Manager, 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 on 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.

Notes to the Unaudited Financial Statemtents

d) Capital gains and losses

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.

2. The Company revoked its status as an investment company on 7 September 2005, so that it can regard realised capital profits as part of the profits available for distribution.

3. Income

	Six months ended 31 October 2013 (unaudited) £	Year ended 30 April 2013 (audited) £	Six months ended 31 October 2012 (unaudited) £
Dividends	59,416	135,481	48,314
Money-market funds	7,319	16,684	8,994
Loan stock interest	1,072,501	865,768	388,832
Bank deposits and other interest	1,599	991	735
Other income	–	6,209	6,209
Total Income	**1,140,835**	**1,025,133**	**453,084**

4. Investment management expense

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 £104,432 per annum, the latter being subject to changes in the retail prices index each year. In the current period, the Board and the Investment Manager have agreed that further RPI increases will not occur until both parties agree. This agreement replaced the previous agreements with Mobeus dated 10 May 2000 and 20 September 2005, both novated to Mobeus on 20 October 2006, and the accounting services agreement and the secretarial services agreement with Matrix-Securities Limited both dated 20 September 2005, all of which were terminated on 10 September 2010. 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 management 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.

5. Taxation

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

6. Basic and diluted earnings and return per share

	Six months ended 31 October 2013 (unaudited) Ordinary shares £	Year ended 30 April 2013 (audited) Ordinary shares £	Six months ended 31 October 2012 (unaudited) Ordinary shares £
Total earnings after taxation	1,711,685	2,685,399	99,025
Basic and diluted earnings per share (note a)	**7.11p**	**10.87p**	**0.40p**
Net revenue from ordinary activities after taxation	834,749	461,901	191,288
Basic and diluted revenue earnings per share (note b)	**3.47p**	**1.87p**	**0.77p**
Net unrealised capital gains	1,041,227	2,556,199	99,858
Net realised capital gains	6,283	34,319	–
Capital expenses (net of taxation)	(170,574)	(367,020)	(192,121)
Total capital return	876,936	2,223,498	(92,263)
Basic and diluted capital earnings per share (note c)	**3.64p**	**9.00p**	**(0.37)p**
Weighted average number of shares in issue in the period	24,069,103	24,697,137	24,824,253

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.

7. Net asset value per share

	As at 31 October 2013 (unaudited) £	As at 30 April 2013 (audited) £	As at 31 October 2012 (unaudited) £
Net assets	27,269,875	25,695,376	24,578,189
Number of shares in issue	23,920,716	24,070,716	24,767,305
Net asset value per share (pence)	**114.00p**	**106.75p**	**99.24p**

Notes to the Unaudited Financial Statemtents

8. Dividends

	Six months ended 31 October 2013 (unaudited) £	Year ended 30 April 2013 (audited) £	Six months ended 31 October 2012 (unaudited) £
Ordinary shares			
Interim capital dividend paid for the year ended 30 April 2013 of 1.25p per share	–	303,182	–
Interim income dividend paid for the year ended 30 April 2013 of 2.75p per share	–	671,586	–
Dividends refunded*	–	–	(7,641)
Total	**–**	**974,768**	**(7,641)**

* - This amount represents dividends that were paid on shares subsequently bought back by the Company. As a result, the dividends have been refunded to the Company.

An interim dividend of 0.1 pence per share for the year ended 30 April 2013 was declared in the previous year. An interim dividend of 4.9 pence per share has been declared in the current period. The aggregate of 5.0 pence per share will be paid on 21 March 2014 to shareholders on the Register on 28 February 2014.

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

	Traded on AiM or OFEX £	Unquoted Ordinary shares £	Preference shares £	Qualifying loans £	Total £
Cost at 1 May 2013	469,584	6,365,282	39,734	14,764,699	21,639,299
Unrealised gains/(losses) at 30 April 2013	116,964	934,828	(16,736)	544,194	1,579,250
Permanent impairment at 30 April 2013	(254,586)	(400,106)	–	(774,864)	(1,429,556)
Value at 30 April 2013	**331,962**	**6,900,004**	**22,998**	**14,534,029**	**21,788,993**
Purchases at cost	–	–	–	39,685	39,685
Sale proceeds	–	–	–	(2,507,600)	(2,507,600)
(Decrease)/increase in unrealised gains	(90,089)	991,200	–	140,116	1,041,227
Reclassification at cost/valuation	–	(373,999)	699	373,300	–
Realised gains	–	–	–	6,283	6,283
Valuation at 31 October 2013	**241,873**	**7,517,205**	**23,697**	**12,585,813**	**20,368,588**
Book cost at 31 October 2013	469,584	5,991,283	40,433	13,117,449	19,618,749
Unrealised gains/(losses) at 31 October 2013	26,875	2,409,798	(15,997)	278,762	2,699,438
Permanent impairment at 31 October 2013	(254,586)	(883,876)	(739)	(810,398)	(1,949,599)
Valuation at 31 October 2013	**241,873**	**7,517,205**	**23,697**	**12,585,813**	**20,368,588**
Unrealised (losses)/gains at 1 May 2013	(137,622)	534,722	(16,736)	(230,670)	149,694
Net movement in unrealised (depreciation)/appreciation in the period	(90,089)	991,200	–	140,116	1,041,227
Permanent impairments in the period	–	(483,770)	(739)	(35,534)	(520,043)
Realisation of previously unrealised gains/(losses)	-	483,770	739	(405,548)	78,961
(Losses)/gains on investments at 31 October 2013	**(227,711)**	**1,525,922**	**(16,736)**	**(531,636)**	**749,839**

Investment sale proceeds shown in the Cash Flow Statement of £2,457,996 differ to that shown above by £49,604. This is due to a loan repayment from Faversham House Holdings Limited which settled after the period end.

10. Current Investments at fair value

Current asset investments comprise investments in four OEIC money market funds (three Dublin based and one London based), managed by Blackrock Investment Management (UK) Ltd, Royal Bank of Scotland, Federated Prime Rate Capital Management and Scottish Widows Investment Partnership. All of this sum, £3,727,300 (30 April 2013: £3,727,300; 31 October 2012: £3,800,720), is subject to same day access.

11. Movement in share capital and reserves

	Called up share capital £	Capital redemption reserve £	Revaluation reserve £	Special distributable reserve £	Profit and loss account £	Total £
At 30 April 2013	240,707	65,940	2,827,063	13,176,946	9,384,720	25,695,376
Shares bought back	(1,500)	1,500	-	(137,186)	-	(137,186)
Transfer of realised capital losses to Special distributable reserve (note)	-	-	-	(690,618)	690,618	-
Realised gain on investments	-	-	-	-	6,283	6,283
Realisation of previously unrealised gain	-	-	(341,475)	-	341,475	-
Profit for the period	-	-	1,041,227	-	664,175	1,705,402
At 31 October 2013	**239,207**	**67,440**	**3,526,815**	**12,349,142**	**11,087,271**	**27,269,875**

The cost of shares bought back shown in the Cash Flow Statement of £48,844 differs to that disclosed above by £88,342. This is due to an opening share buyback creditor of £48,844 settled during the period and a closing share buyback creditor of £137,186.

The Special distributable reserve provides the Company with a reserve out of which it can fund buy-backs of the Company's shares as and when it is considered by the Board to be in the interests of the shareholders, and to absorb any existing and future realised losses. Under Resolution 11 of the Annual General Meeting held on 20 September 2013, shareholders authorised the Company to purchase its own shares pursuant to section 693(4) of the Companies Act 2006. The authority is limited to a maximum of 14.99% of the issued Ordinary share capital of the Company, and will, unless previously revoked or renewed, expire on the conclusion of the Annual General Meeting of the Company to be held in 2014.

The maximum price that may be paid for Ordinary shares will be an amount equal to 105% of the average of the middle market quotation as taken from the London Stock Exchange daily official list for the five business days immediately preceding the day on which that Ordinary share is purchased. The minimum price that may be paid for Ordinary shares is 1 penny per share. The authority provides that the Company may make a contract to purchase Ordinary shares under the authority conferred by this resolution prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Ordinary shares pursuant to such contract.

12. Statutory Information

The financial information set out in this Half-Yearly Report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The information for the year ended 30 April 2013 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.

13. 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.

Shareholder Information

Shareholders wishing to follow the Company's progress can visit the Company's website at www.mig2vct.co.uk. The website includes dedicated pages on the Company providing up-to-date details on fund performance and dividends as well as publicly available information or links to information about our largest investments, the latest NAV and the share price. There is also a link to the London Stock Exchange's website which provides up to the minute details of the share price and latest NAV announcements, etc. A number of commentators such as Tax Efficient Review at www.taxefficientreview.com provide comparative performance figures for the VCT sector as a whole. The share price is also quoted in the Financial Times.

Shareholder enquires

For enquiries concerning the investment portfolio, please contact the Investment Manager, Mobeus Equity Partners LLP, on 020 7024 7600 or by e-mail to info@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, Capita Asset Services, on 0871 664 0324 (calls cost 10p per minute plus network extras. If calling from overseas please ring +44 203 170 0871) or write to them at The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU. Alternatively you can contact them via their website at www.capitashareportal.com.

Change of financial year-end

As previously reported the Board has decided to change the Company's financial year-end from 30 April to 31 March. Therefore the next set of accounts will be for the 11 month period from 1 May 2013 to 31 March 2014, and future reports will be for years ending 31 March.

Dividends

The Board is recommending the payment of an interim dividend of 4.9 pence per share in respect of the eleven months ended 31 March 2013. Following the change in year-end, the current intention is that the dividend will be paid on 21 March 2014 to shareholders on the Register on 28 February 2014. This is in addition to the dividend of 0.1p for the year ended 30 April 2013 which will be paid to comply with the VCT rules.

Shareholders who wish to have future 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 provided opposite.

Net asset value per share

The Company's NAV as at 31 October 2013 was 114.0 pence per Ordinary share. The Company announces its unaudited NAV on a quarterly basis.

Shareholder communications

Shareholders receive a regular newsletter published by the Investment Manager for all of its VCT shareholders. The newsletter includes information on the latest investments made by the Company and portfolio news as well as performance data.

The Investment Manager holds an annual shareholder workshop and the next event will be held on Tuesday, 21 January 2014 at the Royal College of Surgeons in Lincoln's Inn Fields (nearest tube station: Holborn) in central London. This will include a presentation on the Mobeus VCTs' investment activity and performance.

The next AGM of the Company will be held in September 2014. The AGM will include a presentation by the Investment Manager and there will be the opportunity for shareholders to discuss the progress of the portfolio with the Board and the Investment Manager.

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. **Shareholders wishing to sell their shares are advised to contact the Company's stockbroker, Panmure Gordon (UK) Limited, by telephoning 020 7886 2716 or 2717 before agreeing a price with their stockbroker.** Shareholders are also advised to discuss their individual tax position with their financial advisor before deciding to sell their shares.

Investor Performance Appendix

Performance data at 31 October 2013

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.

Total return data, which includes cumulative dividends paid to date, is shown on both a share price and NAV basis as at 31 October 2013. The NAV basis enables shareholders to evaluate more clearly the performance of the Investment Manager, 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 31 October 2013 **93.50 pence[1]**
NAV per share as at 31 October 2013 **114.00 pence**

Allotment date(s)	Allotment price (p)	Net allotment price[2] (p)	Cumulative dividends paid per share[4] (p)	Cumulative total return per share to shareholders since allotment (Share price basis) (p)	(NAV basis) (p)	% increase since 30 April 2013 (NAV basis) %
Funds raised 2005/06						
Between 16 December 2005 and 5 April 2006	100.00	**60.00**	18.00	111.50	132.00	5.81%
Funds raised 2008/09						
Between 3 April 2009 and 18 June 2009	92.39	**64.67**	14.00	107.50	128.00	6.00%

Former Ordinary share fund

Share price as at 31 October 2013 **77.32 pence**
NAV per share as at 31 October 2013 **94.28 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[2] (p)	Cumulative dividends paid per share[4] (p)	Cumulative total return per share to shareholders since allotment (Share price basis) (p)	(NAV basis) (p)	% increase since 30 April 2013 (NAV basis) %
Funds raised 2000/01[3]						
Between 30 May 2000 and 11 December 2000	100.00	**80.00**	36.72	114.04	131.00	4.80%

[1] Source: London Stock Exchange (mid-price basis).
[2] 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.
[3] Investors in this fundraising may also have enhanced returns if they had also deferred capital gains tax liabilities.
[4] For derivation, see table overleaf.

Cumulative dividends paid

	Funds raised 2000/01 (p)	Funds raised 2005/06 (p)	Funds raised 2008/09 (p)
19 April 2013	3.31[1]	4.00	4.00
20 April 2012	3.31[1]	4.00	4.00
20 April 2011	3.31[1]	4.00	4.00
10 September 2010 – Merger of Ordinary share fund and C share fund			
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		
	36.72	**18.00**	**14.00**

[1] - 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.

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