

Mobeus Income & Growth VCT plc

A VENTURE CAPITAL TRUST

Unaudited Half-Yearly Report
for the six months ended 30 June 2014

Mobeus Income & Growth VCT plc (“the VCT”, “the Company” or “MIG VCT”) is a Venture Capital Trust (“VCT”) listed on the London Stock Exchange. Its investment portfolio, which invests primarily in established and profitable unquoted companies, is advised by Mobeus Equity Partners LLP (“Mobeus” or “the Investment Adviser”).

Company Objective

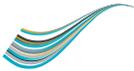
The Company’s Objective is to provide investors with a regular income stream, by way of tax-free dividends generated from income and capital returns.

Contents

Financial Highlights	1
Chairman’s Statement	3
Investment Policy	6
Investment Adviser’s Review	7
Investment Portfolio Summary	10
Responsibility Statement of the Directors	13
Unaudited Financial Statements	14
Notes to the Unaudited Financial Statements	19
Shareholder Information	24
Performance Data at 30 June 2014	26
Corporate Information	28
Timeline of the Company	29

Financial Highlights

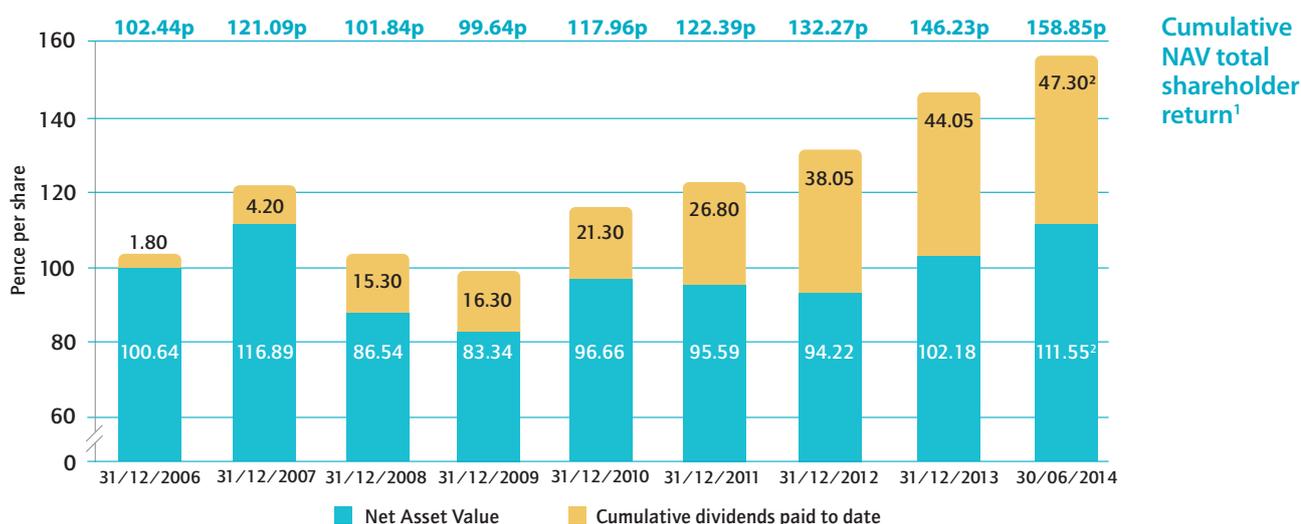
Results for the six months ended 30 June 2014

-  Net asset value (NAV) total return per share for the period was 12.4%.
-  £10.67 million of net cash proceeds were receivable during the period which included the partial sale of ATG Media and the full disposal of each of MachineWorks and Monsal, together with various loan stock repayments.
-  An interim dividend of 17.00 pence per share has been declared, the magnitude of which largely reflects the exceptional level of capital gains realised in this six month period. This dividend will bring cumulative dividends paid to shareholders since launch to 64.30 pence per share.
-  A total of £3.03 million was invested in the period into Entanet International and Creative Graphics International. After the period-end a further £1.46 million was invested into Tharstern.
-  Liquidity was enhanced by a successful fundraising, which closed in May 2014, raising net funds of £8.19 million.

Performance Summary

The net asset value per share of the Company at 30 June 2014 was 111.55 pence

Cumulative total shareholder return per share (NAV basis)



¹ Cumulative NAV total shareholder return per share is net asset value per share plus cumulative dividends paid to date per share. It therefore excludes dividends declared but not yet paid.

² An Interim dividend totalling 17.00 pence per share has been declared by the Directors and will be paid on 17 September 2014, bringing cumulative dividends paid to date to 64.30 pence per share. The NAV per share will reduce by a corresponding 17.00 pence.

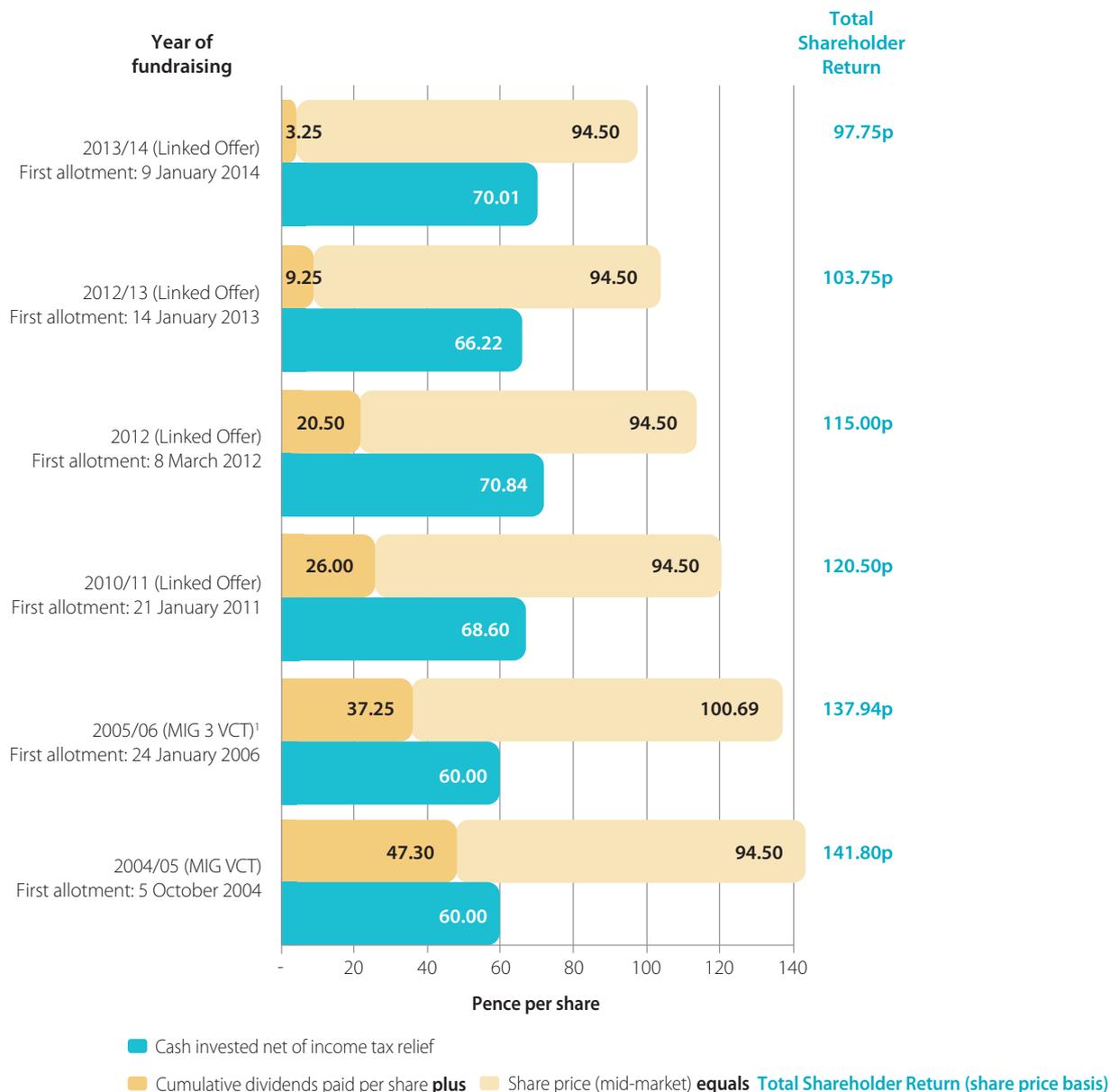
The figures quoted in the information given above are for the shares subscribed in the original offer for subscription in 2004/05.

The table above shows the recent past performance of the original funds raised in 2004/05. Performance data for all fundraising rounds and for former Matrix Income & Growth 3 VCT plc ("MIG 3 VCT") shareholders is shown in a table on pages 26 – 27 of this Half-Yearly Report.

Financial Highlights

Shareholder returns (based on share price)

The chart below shows the amounts that shareholders who invested in the first allotment of each fundraising round have received to date in dividends together with the mid-market share price at 30 June 2014, compared with the amount invested (net of income tax relief also received).



The returns for shareholders are:

- Initial income tax relief received treated as a cash return at the time of the initial investment and deducted from the cash then invested. The amount returned was 40% of the initial investment for the tax years 2004/05 and 2005/06 and 30% for the tax years 2006/07 onwards;
- Tax-free dividends received as further cash returns since that initial investment;
- The closing mid-market share price of 94.50 pence at 30 June 2014. This was based on the latest NAV per share announced at this date of 104.47 pence at 31 March 2014.

¹ Data for the second oldest fundraising above are for Matrix Income & Growth 3 VCT plc ("MIG 3 VCT"), which merged with the Company in May 2010. Dividends paid to former MIG 3 VCT shareholders, and the share price, have been adjusted to reflect that a MIG 3 VCT shareholder received 1.0655 shares in the Company for each MIG 3 VCT share they owned, at the date of the merger.

Chairman's Statement

I am pleased to present the Half-Yearly Report for Mobeus Income & Growth VCT plc covering the six month period ended 30 June 2014.

Net asset value and NAV total return to shareholders

This has been a period of very strong performance for the Company. The net asset value per share as at 30 June 2014 was 111.55 pence compared with the previously reported NAV per share of 102.18 pence as at 31 December 2013. The Company's total return for the half-year (NAV basis) was 12.4% (2013: 9.0%) after adding back the final dividend of 3.25 pence per share paid in this period in respect of the year ended 31 December 2013. Meanwhile, the cumulative NAV total return per share (being the closing net asset value plus total dividends paid to date since launch) rose during the six month period by 8.6%, from 146.23 pence to 158.85 pence.

This healthy rise in NAV return over the period was largely due to three substantial, profitable realisations of ATG Media (partial), Machineworks and Monsal, supported by unrealised gains across the portfolio, notably increases in the valuations of ASL Technology, DiGiCo Global, EMaC, Focus and Youngman. The increase in the value of the portfolio reflects the higher levels of profitability of a number of investee companies, several of which have used surplus cash to make loan repayments to the Company.

To assist shareholders who originally invested in any of the individual fundraisings (including Matrix Income & Growth 3 VCT plc ("MIG 3 VCT") to monitor the performance of their investment (including dividend payments) on a consistent basis, a table showing the returns to shareholders from each allotment has been included at the back of this Half-Yearly Report on pages 26 – 27.

Investment portfolio

Overall the investment portfolio recorded a gain of £6.69 million (17.0% of the opening value) during the first half of the year and was valued at £39.66 million at the period-end.

A total of £3.03 million was invested during the period to finance two MBO

transactions. In February, the Company invested £1.71 million to support the MBO of Entanet International Limited ("Entanet"), a wholesale communications provider, whilst in June, a new investment of £1.32 million was made to support the Buy-in/MBO of Creative Graphics International Limited ("CGI"), a leading specialist provider of self-adhesive branding solutions to the automotive, recreational vehicle and airline markets.

Shortly after the period-end, a further new investment of £1.46 million was made to support the MBO of Tharstern Limited, the UK's leading supplier of software-based management information systems to the print sector.

This has been an exceptionally strong period for portfolio realisations. Net cash proceeds receivable from portfolio realisations during the first six months of the year amounted to £10.67 million, giving rise to realised gains of £3.38 million in the period. These proceeds arose primarily from the partial sale of ATG Media (as part of which the VCT retained a loan stock and small equity investment in Turner TopCo Limited, the acquirer, valued at 30 June 2014 at £2.56 million) and the full sales of MachineWorks and Monsal. They also included loan stock repayments of £2.04 million from five companies, but mainly from CB Imports (Country Baskets) and Fullfield (Motorclean). In addition, DiGiCo Global was sold following the period-end, realising further cash proceeds of £3.37 million, which is also the gain over cost on this investment for the Company.

Details of all these transactions can be found in the Investment Adviser's Review on pages 7 – 9 of this Half-Yearly Report.

Revenue account

The net revenue return for the period also posted a healthy increase, rising by £0.25 million from £1.22 million this time last year, to £1.47 million for the period under review. This was mainly because income rose by £0.29 million primarily due to an increase in dividend income of £0.36 million to £0.52 million. Despite more cash currently being held in bank deposits, income from cash balances fell slightly by an amount of £0.03 million, as interest rates continued to fall on such deposits.

Investment Adviser's fees charged to revenue rose by £0.03 million due to

rising net assets. Other expenses rose by £0.04 million, due to a rise in directors' fees, professional fees and trail commission costs, countered by a reduction in registrar's costs.

Interim dividend

The Directors are pleased to declare an interim dividend of 17.00 pence (2013: 4.00 pence) per share comprising an income dividend of 2.00 pence (2013: 2.00 pence) per share and a capital dividend of 15.00 pence (2013: 2.00 pence) per share.

This interim dividend will be paid on 17 September 2014 to shareholders on the Register on 22 August 2014 and will bring cumulative dividends paid per share to 64.30 pence.

The magnitude of this capital dividend reflects the exceptional level of capital gains realised in the year so far. In the period under review, this included the partial realisation of ATG Media and the full disposals of each of MachineWorks and Monsal as well as a number of smaller loan stock repayments. Shareholders should not expect this level of capital distribution to be repeated unless an equally successful run of realisations occurs.

The total of all capital gains in the year to date (being net cash proceeds less original investment cost) were £10.21 million which compares with £1.71 million for the whole of 2013. The former includes the three disposals referred to above together with a net capital gain of £3.37 million realised on the sale of DiGiCo Global after the period-end.

Fundraising

The Company participated with the other three Mobeus VCTs in a successful linked fundraising that closed on 30 May 2014. A total of £33.73 million (in excess of the original target of £24 million) was subscribed for under the Offer across the four VCTs, of which £8.43 million (£8.19 million after costs) was raised by the Company. The Board would like to thank the 722 existing shareholders and extend a very warm welcome to the 946 new shareholders, who invested in the Company through this fundraising. The Company had 5,098 shareholders as at 30 June 2014.

Annual fundraisings by the Company have provided it with a comfortable level of liquidity that has enhanced its ability to

Chairman's Statement

use the money raised in earlier fundraisings to continue to pursue its MBO strategy. Monies raised will be used to fund other types of investment opportunities, as well as to meet the Company's running costs, fund dividend payments and support its share buyback policy. Buybacks by the Company of its own shares help to provide liquidity in the Company's shares in what would otherwise be an illiquid market. The new funds also mean that the Company's fixed running costs are spread over a larger asset base. The Board is minded to participate in future fundraisings for the Mobeus VCTs. If the Company does fundraise, shareholders will have the opportunity to increase their investment in the Company and will be sent details of the Offer later in the year.

General meeting and renewal of shareholder authorities

A notice of the General Meeting of the Company to be held at 10.30 am on Wednesday, 8 October 2014 at the offices of Mobeus Equity Partners LLP, 30 Haymarket, London SW1Y 4EX, together with a proxy form for the meeting are enclosed separately with shareholders' copies of this Half-Yearly Report. Shareholders who have elected to receive communications from the Company via email, have been notified of how to submit their proxy votes electronically.

The purpose of the meeting is to renew authorities for the Directors to allot shares in the Company (Resolution 1) and disapply the pre-emption rights of members (Resolution 2), with the purpose of ensuring that the Company will be in a position to participate in any future fundraising for the Mobeus VCTs, as referred to above, should the Board be minded to do so. Both resolutions are in substitution for existing authorities and will replace the equivalent authorities taken at the Annual General Meeting of the Company on 7 May 2014.

Resolution 1 is being proposed as an ordinary resolution requiring more than 50% of the votes cast at the meeting to be in favour and Resolution 2 will be proposed as a special resolution requiring at least 75% of the votes cast at the meeting to be in favour.

The following is an explanation of the resolutions to be proposed at the General Meeting:

Authorities for the directors to allot shares in the company (Resolution 1) and disapply the pre-emption rights of members (Resolution 2)

These two resolutions will grant the Directors the authority to allot shares for cash to a limited and defined extent otherwise than pro rata to existing shareholders. Resolution 1 will enable the Directors to allot new shares up to an aggregate nominal amount of £330,425 representing approximately 54.3% of the existing issued share capital of the Company as at the date of the notice convening the General Meeting.

Under section 561(1) of the Companies Act 2006, if the Directors wish to allot new shares or sell or transfer treasury shares for cash they must first offer such shares to existing shareholders in proportion to their current holdings. It is proposed by Resolution 2 to sanction the disapplication of such pre-emption rights in respect of the allotment of equity securities:

- (i) with an aggregate nominal value of up to £300,000 in connection with offer(s) for subscription; and
- (ii) with a nominal value of up to 5% of the issued share capital of the Company from time to time,

in each case where the proceeds may be used in whole or part to purchase the Company's shares in the market.

The Company does not currently hold any shares as treasury shares. Both resolutions will expire on the date falling fifteen months after the passing of the resolution or, if earlier, on the conclusion of the annual general meeting of the Company to be held in 2015. The Directors may allot securities after the expiry dates specified above in pursuance of offers or agreements made prior to the expiration of these authorities.

Liquidity

The Directors continue to seek opportunities to increase returns on the liquid assets of the Company without compromising the overriding requirement that risk to capital is minimised. The VCT continues to hold £1.63 million in a selection of money market funds with AAA credit ratings at 30 June 2014. The balance of cash and current asset investments of £23.91

million is held in deposit accounts with a number of well-known financial institutions across a range of maturities.

Appointment of a new board director

The Board appointed Catherine Wall as a Director of the Company with effect from 1 July 2014. Catherine has 30 years' experience in the private equity industry, principally gained at Barclays Private Equity (now Equistone Partners Europe) where she led and managed numerous investments in management buy-outs. Later, as the firm's UK portfolio director, she supervised the management of all the firm's UK investments and held numerous non-executive directorships as part of this role. Shareholders will have the opportunity to ratify her appointment at the next Annual General Meeting of the Company, to be held in May 2015.

Investment in qualifying holdings

The Company is required to meet the target set by HM Revenue & Customs ("HMRC") of investing at least 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 10 – 12) throughout the period. The balance of the portfolio was invested in non-qualifying investments and cash.

Share buybacks

During the six months ended 30 June 2014, the Company bought back a further 0.44 million of its own shares, representing 0.8% of the issued share capital at the beginning of the period, at an average price, including costs, of 90.34 pence per share. All of the shares bought back in the period were subsequently cancelled by the Company. Continuing shareholders benefit from the difference between the NAV per share and the price per share at which the shares are bought back and cancelled.

Industry developments

The Finance Act 2014 introduced two measures that affect VCTs. Firstly, shareholders who sell their existing shares within six months before or after the date of subscribing for shares in the same VCT will not receive income tax relief on their new investment, a measure designed to prevent "enhanced buybacks" of VCT shares.

Secondly, the Act introduced measures intended to prevent the return of capital to shareholders prior to any profits being earned from the capital invested. This restriction only applies to funds raised after 5 April 2014 and it will not affect the ability of the Company to continue to pay dividends from profits and income that have been realised from investments in the portfolio.

Finally, with effect from 22 July 2014, the Board has appointed the Company as its own Alternative Investment Fund Manager ("AIFM") in compliance with the European Commission's Alternative Investment Fund Manager's Directive. The Directive will tighten the rules on alternative investments. However, the Company is registered as a small AIFM and will therefore be exempt from its principal requirements.

Mobeus will continue to provide investment advisory and administrative services to the Company under the current agreement, subject to one change. This is that the company secretarial staff are now directly responsible to the Board, under its instruction, for accessing and dealing with the documents of title to the Company's investments. These new arrangements will enable the Company to discharge its safekeeping responsibilities for these documents.

Shareholder workshop – 27 January 2015

The Investment Adviser holds an annual VCT workshop in Central London for all its VCT shareholders. Each workshop includes a presentation on the Mobeus VCTs' investment activity and performance. The Board and the Investment Adviser welcome attendance and feedback from shareholders. The next workshop will be held on *Tuesday, 27 January 2015 at the Royal Institute of British Architects in Central London*. There will be separate day-time and evening sessions. Shareholders will be sent an invitation to this event with further details nearer to the date.

Outlook

It is particularly pleasing to have seen a number of investments being realised at substantial gains over cost during the period under review. The challenge for the Company will be to maintain this performance over the longer term and also to sustain current investment levels. At present, favourable market conditions are assisting your Company in meeting this challenge. The Investment Adviser believes that there continues to be a healthy level of quality deal flow in the market and that many of our investee companies should continue to trade profitably and grow. This should provide further opportunities for attractive new investments and for profitable realisations that will contribute towards producing further income and capital returns for shareholders.

Finally, I would like to thank all of our shareholders for their continuing support.

Keith Niven

Chairman

13 August 2014

Investment Policy

Investments are usually structured as part loan and part equity in order to receive regular income and to generate capital gains from realisations.

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

Uninvested funds are held in cash and lower risk money market funds.

VCT regulation

The Investment Policy is designed to ensure that the VCT continues to qualify and is approved as a VCT by HMRC. Amongst other conditions, the VCT may not invest more than 15% of its investments in a single company or group of companies. It must also have at least 70% by value of its investments throughout the period in shares or securities comprising VCT qualifying holdings, of which a minimum overall of

30% by value (70% for funds raised on or after 6 April 2011) must be in ordinary shares which carry no preferential rights (save as may be permitted under VCT rules). The VCT can invest less than 30% by value (70% for funds raised on or after 6 April 2011) of an investment in a specific company in ordinary shares. It must, however, 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).

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 VCT qualifying holding.

Asset mix

The VCT holds its liquid funds in a portfolio of readily realisable interest-bearing investments and deposits. The investment portfolio of qualifying investments has been built up over time with the aim of investing and maintaining around 80% of net funds raised in qualifying investments.

Risk diversification

Risk is spread by investing in a number of different businesses across different industry sectors. To reduce the risk of investing in unquoted businesses, each qualifying investment is structured to maximise the amount which may be invested in loan stock as opposed to equity.

Co-investment

The VCT aims to invest in larger, more mature, unquoted companies through investing alongside three other VCTs advised by Mobeus with similar investment policies. This enables the VCT to participate in combined investments by the Investment Adviser of up to £5 million in each business year.

Borrowing

The Company's Articles of Association ("Articles") permit borrowings of amounts up to 10% of the adjusted capital and reserves (as defined therein). The VCT 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 and are then subject to review and approval by the Directors.

Investment Adviser's Review

New investment

A total of £3.03 million was invested during the six months under review. This included substantial new investments to support the MBOs of Entanet International ("Entanet") and Creative Graphics International ("CGI").

Principal new investments in the half-year

Company	Business	Month	Amount of new investment (£m)
	Wholesale provider of internet connectivity solutions	February	£1.71

Entanet is one of the UK's leading independent wholesale voice and data communications providers. Headquartered in Telford and with over 80 staff, the company provides a diverse portfolio of business class data and voice services via a network of over 2,000 wholesale and reseller channel partners in the UK. The total amount invested included £1 million from Ackling Management Limited, one of the Company's acquisition vehicles. The Company's audited accounts for the 13 months ended 31 December 2013 show annual sales of £29.42 million and profit before interest, tax and goodwill of £2.78 million.

	Producer of adhesive decorative graphics for vehicles	June	£1.32
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CGI 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 South Africa. The Company's audited accounts for the year ended 30 November 2012 show annual sales of £12.64 million and profit before interest, tax and goodwill of £2.49 million.

The VCT has also invested a further £2.29 million into two new acquisition vehicle investments, South West Services Investment Limited and Manufacturing Services Investment Limited, companies established to acquire business services companies in the South West of England and in the manufacturing sector respectively.

Investment post period-end

Company	Business	Month	Amount of new investment (£m)
	Software-based management information systems	July	£1.46

Tharstern is the UK's leading supplier of software-based management information systems to the print sector. The Company's audited accounts for the year ended 31 January 2014 show annual sales of £3.87 million and profit before interest, tax and goodwill of £0.80 million.

Investment Adviser's Review

Realisations in the half-year

We have been particularly pleased with the quality of realisations over the first half of the year which have all generated attractive returns for the Company. The VCT completed the partial realisation of ATG Media and the full realisations of each of MachineWorks and Monsal for total net cash proceeds of £10.67 million. As part of the ATG Media transaction, the Company received an additional £2.50 million by way of issue of new loan stock and equity investments in Turner Topco Limited, the acquirer of ATG Media. Total net proceeds therefore amounted to £13.17 million.

Company	Business	Period of investment	Total cash proceeds over the life of the investment/ Multiple over cost
	Software for CAM and machine tool vendors	April 2006 – April 2014	£2.66 million 4.1 times cost

MachineWorks' core software products are used by builders of machine tool controllers to simulate real life manufacturing situations. The company was spun out of the Company's original investment in VSI in March 2011 and was sold to the German company, Dr Johannes Heidenhain GmbH to produce a very attractive return on original investment cost.

	Publisher and online auction platform operator	October 2008 – present	£6.00 million 1.8 times cost to date
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ATG Media has grown revenues and profits materially since initial investment in 2008. A partial sale of the company under a secondary MBO to a larger private equity house, ECI Partners, has realised net proceeds of £7.57 million, being cash of £5.07 million, with the balance being a new loan stock investment and a minority 6.2% equity stake, together valued at £2.56 million (cost: £2.50 million). The cash returns received to date have crystallised an annual return of 20%, making this a particularly successful investment.

	Supplier of engineering services to the water and waste sectors	December 2007 – June 2014	£2.64 million 1.9 times cost
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The sale of Monsal, a renewable energy consultancy, to the US conglomerate General Electric Company, realised £1.84 million. The return on original cost represents a good return on an investment originally made in 2007 but which required support from further funding rounds in 2009 and 2011.

Loan stock repayments

Loan stock repayments totalled £5.57 million for the period, including £3.53 million as part of the proceeds from the companies realised above. Positive cashflow at five other companies contributed to the balance of £2.04 million, as summarised below:-

Company	Business	Month	Amount (£000's)
Country Baskets	Artificial flowers, floral sundries and home décor products	June	1,250
Motorclean	Vehicle cleaning and valeting services	June	307
Newquay Helicopters	Helicopter services	April	293
Westway	Air conditioning services	January	108
Tessella	Consultancy services	Quarterly	84
Total			2,042

Also during the period, £0.09 million was received from Iglu.com Holidays Limited as tax retention monies were released.

Realisation post period-end

Company	Business	Period of investment	Total cash proceeds over the life of the investment/ Multiple over cost
	Audio mixing desks	July 2007 – July 2014	£10.67 million 5.5 times cost

The VCT realised this investment through a sale to a new professional audio group backed by Electra Partners and generated both net cash proceeds and a capital gain over cost of £3.37 million in July. The business has demonstrated strong and consistent growth since investment. Turnover has grown threefold from £8 to £24 million over the period of the VCT's investment. This final sale follows a partial realisation in December 2011 through a secondary buyout by ISIS Equity Partners.

Investment outlook

We are pursuing a number of opportunities which we hope will materialise over the coming months into new investments and further realisations for the Company. Dealflow remains healthy, reflecting our perception that the level of M&A activity in the small company sector continues to be buoyant. Our intention is to maximise the opportunities presented by these current favourable market conditions, to execute new investment deals and realisations, to meet our aims of sustaining current investment levels and to secure continued attractive returns to shareholders.

Mobius Equity Partners LLP

Investment Portfolio Summary

as at 30 June 2014

	Market sector	Date of investment	Total book cost £'000	Valuation £'000	Like for like valuation increase/ (decrease) over period ¹	% value of net assets
Qualifying investments						
Unquoted investments						
Ingleby (1879) Limited (trading as EMaC) Provider of service plans for the motor trade	Support services	Nov-11	1,395	3,049	28.5%	4.5%
Blaze Signs Holdings Limited Manufacturer and installer of signs	Support services	Apr-06	492	2,808	7.5%	4.1%
Turner Topco Limited (trading as ATG Media) Publisher and on-line auction platform operator	Media	Oct-08	2,501	2,557	New investment from sale of ATG Media	3.8%
Virgin Wines Holding Company Limited (formerly Culbone Trading Limited) Online wine retailer	General retailers	Nov-13	2,526	2,526	–	3.7%
Fullfield Limited (trading as Motorclean) Provider of vehicle cleaning and valet services	Support services	Jul-11	2,270	2,484	(5.8)%	3.7%
Tessella Holdings Limited Technology consultancy	Support services	Jul-12	1,474	2,159	7.5%	3.2%
ASL Technology Holdings Limited Printer and photocopier services	Support services	Dec-10	1,913	2,010	48.1%	3.0%
Focus Pharma Holdings Limited Licensor and distributor of generic pharmaceuticals	Pharmaceuticals	Oct-07	387	1,962	44.3%	2.9%
Veritek Global Holdings Limited (formerly Madacombe Trading Limited) Maintenance of imaging equipment	Support services	Jul-13	2,045	1,865	(8.8)%	2.7%
Gro-Group Holdings Limited Baby sleep products	General retailers	Mar-13	1,928	1,741	(9.7)%	2.6%
Ackling Management Limited (trading as Entanet International)³ Wholesale voice and data communications provider	Fixed Line Tele-communications	Feb-14	1,714	1,714	New investment	2.5%
Creative Graphics International Limited Provider of adhesive decorative graphics for the automotive, recreational vehicle and airline markets	General Industrials	Jun-14	1,322	1,322	New investment	1.9%
South West Services Investment Limited Company seeking to acquire a business service company in the South West of England	Support services	Jan-14	1,143	1,143	New investment	1.7%
Manufacturing Services Investment Limited Company seeking to acquire a business in the manufacturing sector	Support services	Feb-14	1,142	1,142	New investment	1.7%
Youngman Group Limited Manufacturer of ladders and access towers	Support services	Oct-05	1,000	1,129	61.1%	1.7%
EOTH Limited (trading as Rab and Lowe Alpine) Branded outdoor equipment and clothing	General retailers	Oct-11	1,000	1,097	8.9%	1.6%
Westway Services Holdings (2010) Limited Installation, service and maintenance for air conditioning systems	Support services	Jun-09	304	1,018	2.8%	1.5%
RDL Corporation Limited Recruitment consultant for the pharmaceutical, business intelligence and IT industries	Support services	Oct-10	1,558	992	38.0%	1.5%
CB Imports Group Limited (trading as Country Baskets) Importer and distributor of artificial flowers and floral sundries	General retailers	Dec-09	969	788	16.7%	1.2%
The Plastic Surgeon Holdings Limited Supplier of snagging and finishing services to the domestic and commercial property markets	Support services	Apr-08	478	761	18.0%	1.1%

	Market sector	Date of investment	Total book cost £'000	Valuation £'000	Like for like valuation increase/ (decrease) over period ¹	% value of net assets
Vectair Holdings Limited Designer and distributor of washroom products	Support services	Jan-06	139	635	(1.1)%	0.9%
Newquay Helicopters (2013) Limited Helicopter service operator	Support services	Jun-06	226	396	–	0.6%
PXP Holdings Limited (trading as Pinewood Structures) Designer, manufacturer and supplier of timber-frames for buildings	Construction & Materials	Dec-06	1,278	114	–	0.2%
Lightworks Software Limited Provider of software for CAD vendors	Software and computer services	Apr-06	223	71	(64.8)%	0.1%
Racoon International Holdings Limited Supplier of hair extensions, hair care products and training	Personal goods	Dec-06	1,213	1	–	0.0%
Legion Group plc (in administration) Provider of manned guarding, mobile patrolling and alarm response services	Support services	Aug-05	150	–	–	0.0%
Watchgate Limited Holding company	Support services	Nov-11	1	–	–	0.0%
Total unquoted investments			30,791	35,484	17.2%	52.4%
AIM quoted investments						
Omega Diagnostics Group plc In-vitro diagnostics for food intolerance, autoimmune diseases and infectious diseases	Health care equipment and services	Dec-10	305	483	8.5%	0.7%
Total AIM quoted investments			305	483		0.7%
Total qualifying investments			31,096	35,967	17.1%	53.1%
Non-qualifying investments						
DiGiCo Global Limited² Designer and manufacturer of digital sound mixing consoles	Technology, hardware and equipment	Dec-11	1,612	3,371	18.0%	5.0%
EOTH Limited (trading as Rab and Lowe Alpine)	General retailers	Oct-11	298	324	–	0.5%
Total non-qualifying investments			1,910	3,695	–	5.5%
Total portfolio investments			33,006	39,662	17.0%	58.6%

¹ - This percentage change in 'like for like' valuations is the result of dividing the total of the closing valuation of the investment, plus any proceeds in the period from partial disposals, by the valuation at the start of the period.

² - Original investment was in DiGiCo Europe Limited in July 2007. This was partially realised in December 2011, since when part of the loan stock issued then has also been realised. Therefore, the figures above represent the cost and valuation of the remainder of the investment, realised in July 2014.

³ - £1,000,000 of this investment into Ackling Management Limited (trading as Entanet International) had been invested in this company, which was formerly an acquisition vehicle, in a previous period.

Investment Portfolio Summary

as at 30 June 2014

	Market sector	Date of investment	Total book cost £'000	Valuation £'000	Like for like valuation increase/ (decrease) over period	% value of net assets
Current investments and cash at bank						
Cash at NatWest Bank plc ¹			12,886	12,886	–	18.9%
HSBC Bank plc ²			3,506	3,506	–	5.2%
Lloyds Bank plc ²			3,504	3,504	–	5.2%
Barclays Bank plc ²			2,010	2,010	–	3.0%
Nationwide International ²			2,000	2,000	–	2.9%
GS Funds plc (Goldman Sachs) ²			429	429	–	0.6%
GS Funds plc (Goldman Sachs) (formerly Royal Bank of Scotland plc) ²			387	387	–	0.6%
Insight Liquidity Funds plc (HBOS) ²			271	271	–	0.4%
Institutional Cash Series plc (BlackRock) ²			256	256	–	0.4%
SWIP Global Liquidity Fund plc (Scottish Widows) ²			176	176	–	0.3%
Fidelity Institutional Cash Fund plc ²			114	114	–	0.2%
Total current investments and cash at bank			25,539	25,539	–	37.7%
Total investments			58,545	65,201	–	96.3%
Other assets				3,273	–	4.7%
Current liabilities				(595)	–	(1.0)%
Net assets				67,879	–	100.0%

¹ - Disclosed as Cash at bank within Current assets in the Balance Sheet on page 16.

² - Disclosed as Current Investments within Current assets in the Balance Sheet on page 16.

Responsibility Statement of the Directors in respect of the Half-Yearly financial report

In accordance with Disclosure and Transparency Rule (DTR) 4.2.10, Keith Niven (Chairman), Bridget Guérin (Chairman of the Nominations & Remuneration Committee), Tom Sooke (Chairman of the Audit Committee) and Catherine Wall, 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 Half-Yearly Management Report which comprises the Chairman's Statement, Investment Policy, Investment Adviser's 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 are no related party transactions 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 changed materially since the publication of the Annual Report and Accounts for the year ended 31 December 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 of the Income Tax Act 2007. The principal risks faced by the Company are:

- economic risk;
- risk of 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.

A more detailed explanation of these risks can be found in the Strategic Report on pages 21 – 22 and in Note 19 on pages 55 – 61 of the Annual Report and Accounts for the year ended 31 December 2013, copies of which are available on the Investment Adviser's website, www.mobeusequity.co.uk or by going direct to: www.migvct.co.uk.

Going Concern

The Board has assessed the Company's operation as a going concern. The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Half-Yearly Management Report. 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 55 – 61 of the Annual Report and Accounts for the year ended 31 December 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.

On behalf of the Board

Keith Niven
Chairman

13 August 2014

Unaudited Income Statement

for the six months ended 30 June 2014

	Notes	Six months ended 30 June 2014 (unaudited)		
		Revenue £	Capital £	Total £
Unrealised gains on investments	8	–	3,310,223	3,310,223
Net realised gains on investments	8	–	3,380,466	3,380,466
Income	2	2,111,620	–	2,111,620
Investment adviser's fees	3	(166,887)	(500,663)	(667,550)
Other expenses		(208,051)	–	(208,051)
Profit on ordinary activities before taxation		1,736,682	6,190,026	7,926,708
Tax on profit on ordinary activities	4	(262,957)	107,643	(155,314)
Profit attributable to equity shareholders		1,473,725	6,297,669	7,771,394
Basic and diluted earnings per ordinary share	5	2.55p	10.90p	13.45p

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 as stated above and at historical cost.

The notes on pages 19 – 23 form part of these Half-Yearly financial statements.

Six months ended 30 June 2013 (unaudited)			Year ended 31 December 2013 (audited)		
Revenue £	Capital £	Total £	Revenue £	Capital £	Total £
–	2,890,482	2,890,482	–	4,832,261	4,832,261
–	605,461	605,461	–	725,905	725,905
1,816,882	–	1,816,882	3,459,318	–	3,459,318
(136,480)	(409,440)	(545,920)	(286,839)	(860,517)	(1,147,356)
(170,922)	–	(170,922)	(290,635)	–	(290,635)
1,509,480	3,086,503	4,595,983	2,881,844	4,697,649	7,579,493
(293,043)	131,406	(161,637)	(504,213)	200,070	(304,143)
1,216,437	3,217,909	4,434,346	2,377,631	4,897,719	7,275,350
2.40p	6.35p	8.75p	4.56p	9.41p	13.97p

Unaudited Balance Sheet

as at 30 June 2014

	Notes	30 June 2014 (unaudited) £	30 June 2013 (unaudited) £	31 December 2013 (audited) £
Fixed assets				
Investments at fair value	1c, 8	39,662,044	37,334,097	39,317,184
Current assets				
Debtors and prepayments	9	3,272,913	500,094	609,464
Current investments	10	12,653,372	9,632,916	9,642,587
Cash at bank		12,885,788	6,927,943	5,157,499
		28,812,073	17,060,953	15,409,550
Creditors: amounts falling due within one year		(595,449)	(389,830)	(458,366)
Net current assets		28,216,624	16,671,123	14,951,184
Net assets		67,878,668	54,005,220	54,268,368
Capital and reserves	11			
Called up share capital		608,500	536,273	531,126
Capital redemption reserve		4,367	181,372	186,520
Share premium account		4,938,202	15,361,612	15,361,612
Revaluation reserve		9,800,394	7,903,451	9,867,216
Special distributable reserve		43,181,014	27,383,210	25,580,251
Profit and loss account		9,346,191	2,639,302	2,741,643
Equity shareholders' funds		67,878,668	54,005,220	54,268,368
Net asset value per ordinary share	7	111.55p	100.70p	102.18p

The notes on pages 19 – 23 form part of these Half-Yearly financial statements.

Unaudited Reconciliation of Movements in Shareholders' Funds

for the six months ended 30 June 2014

	Notes	Six months ended 30 June 2014 (unaudited) £	Six months ended 30 June 2013 (unaudited) £	Year ended 31 December 2013 (audited) £
Opening Shareholders' funds		54,268,368	43,288,523	43,288,523
Net share capital bought back in the period – including expenses		(394,540)	(10,032,939)	(10,474,734)
Net share capital subscribed for in the period – net of expenses		8,193,915	17,393,269	17,393,270
Profit for the period		7,771,394	4,434,346	7,275,350
Dividends paid in period	6	(1,960,469)	(1,077,979)	(3,214,041)
Closing shareholders' funds		67,878,668	54,005,220	54,268,368

The notes on pages 19 – 23 form part of these Half-Yearly financial statements.

Unaudited Cash Flow Statement

for the six months ended 30 June 2014

Notes	Six months ended 30 June 2014 (unaudited) £	Six months ended 30 June 2013 (unaudited) £	Year ended 31 December 2013 (audited) £
Operating activities			
Investment income received	2,157,392	1,700,362	3,066,706
Other income	–	–	3,615
Investment adviser's fees paid	(667,550)	(545,920)	(1,147,356)
Other cash payments	(170,283)	(131,504)	(286,453)
Net cash inflow from operating activities	1,319,559	1,022,938	1,636,512
Investing activities			
Acquisitions of investments	8 (4,321,087)	(2,123,350)	(4,765,043)
Disposals of investments	8 8,741,449	3,142,871	5,863,541
Net cash inflow from investing activities	4,420,362	1,019,521	1,098,498
Dividends			
Equity dividends paid	6 (1,960,469)	(1,077,979)	(3,214,041)
Cash inflow/(outflow) before liquid resource management and financing	3,779,452	964,480	(479,031)
Management of liquid resources			
Increase in current investments	(3,010,785)	(6,000,248)	(6,009,919)
Financing			
Shares issued as part of linked fundraising offer for subscription	11 7,405,079	7,922,677	8,092,536
Shares issued as part of the enhanced buyback facility	–	9,300,734	250,000
Shares bought back as part of the enhanced buyback facility (including expenses)	–	(9,412,459)	(388,289)
Share capital bought back	(445,457)	(560,249)	(1,020,806)
Net inflow from financing activities	6,959,622	7,250,703	6,933,441
Increase in cash for the period	7,728,289	2,214,935	444,491

Reconciliation of profit on ordinary activities before taxation to net cash inflow from operating activities for the six months ended 30 June 2014

	Six months ended 30 June 2014 (unaudited) £	Six months ended 30 June 2013 (unaudited) £	Year ended 31 December 2013 (audited) £
Profit on ordinary activities before taxation	7,926,708	4,595,983	7,579,493
Net unrealised gains on investments	(3,310,223)	(2,890,482)	(4,832,261)
Net gains on realisations of investments	(3,380,466)	(605,461)	(725,905)
Decrease/(increase) in debtors	50,694	(114,710)	(393,780)
Increase in creditors	32,846	37,608	8,965
Net cash inflow from operating activities	1,319,559	1,022,938	1,636,512

The notes on pages 19 – 23 form part of these Half-Yearly financial statements.

Notes to the Unaudited Financial Statements

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 30 June 2014 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 31 December 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 measurement of certain investments at fair value.

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", in accordance with the International Private Equity and Venture Capital Valuation ("IPEVCV") guidelines, as updated in September 2009. This classification is followed as the Company's business is to invest in financial assets with a view to profiting from their total return in the form of capital growth and income.

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

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

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

- (i) Where a value is indicated by a material arms-length transaction by an independent third party in the shares of a company, this value will be used.
- (ii) In the absence of i), and depending upon both the subsequent trading performance and investment structure of an investee company, the valuation basis will usually move to either:-
 - a) an earnings multiple basis. The shares may be valued by applying a suitable price-earnings ratio to that company's historic, current or forecast post-tax earnings before interest and amortisation (the ratio used being based on a comparable sector but the resulting value being adjusted to reflect points of difference identified by the Investment Adviser compared to the sector including, inter alia, a lack of marketability).
 - or:-
 - b) where a company's underperformance against plan indicates a diminution in the value of the investment, provision against cost is made, as appropriate. Where the value of an investment has fallen permanently below cost, the loss is treated as a permanent impairment and as a realised loss, even though the investment is still held. The Board assesses the portfolio for such investments and, after agreement with the Investment Adviser, will agree the values that represent the extent to which an investment 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.

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.

Notes to the Unaudited Financial Statements

2. Income

	Six months ended 30 June 2014 (unaudited) £	Six months ended 30 June 2013 (unaudited) £	Year ended 31 December 2013 (audited) £
Dividends	515,427	156,094	577,422
Money-market funds	2,948	2,999	6,146
Loan stock interest	1,506,324	1,575,288	2,723,737
Bank deposit interest	51,901	82,501	152,013
Interest on preference dividends	30,287	–	–
Other income	4,733	–	–
Total income	2,111,620	1,816,882	3,459,318

3. Investment adviser's fees

In accordance with the policy statement published under "Management and Administration" in the Company's prospectus dated 9 July 2004, the Directors have charged 75% of the investment management expense to the capital reserve.

4. Taxation

There is a tax charge for the period as the Company has taxable income in excess of deductible expenses. Last year, it utilised all available tax losses brought forward that had previously reduced taxable profit.

	Six months ended 30 June 2014 (unaudited)			Six months ended 30 June 2013 (unaudited)			Year ended 31 December 2013 (audited)		
	Revenue £	Capital £	Total £	Revenue £	Capital £	Total £	Revenue £	Capital £	Total £
a) Analysis of tax charge:									
UK Corporation tax on profits/ (losses) for the period	262,957	(107,643)	155,314	293,043	(131,406)	161,637	504,213	(200,070)	304,143
Total current tax charge/(credit)	262,957	(107,643)	155,314	293,043	(131,406)	161,637	504,213	(200,070)	304,143
Corporation tax is based on a rate of 21.5% (2013: 20%)									
b) Profit on ordinary activities before tax	1,736,682	6,190,026	7,926,708	1,509,480	3,086,503	4,595,983	2,881,844	4,697,649	7,579,493
Profit on ordinary activities multiplied by the small company rate of corporation tax in the UK of 21.5% (2013: 20%)	373,387	1,330,855	1,704,242	301,896	617,300	919,196	670,029	1,092,204	1,762,233
Effect of:									
UK dividends	(110,817)	–	(110,817)	(31,219)	–	(31,219)	(134,251)	–	(134,251)
Unrealised gains not allowable	–	(711,698)	(711,698)	–	(578,096)	(578,096)	–	(1,123,501)	(1,123,501)
Realised gains not taxable	–	(726,800)	(726,800)	–	(121,092)	(121,092)	–	(168,773)	(168,773)
Losses brought forward	–	–	–	(27,152)	–	(27,152)	(31,565)	–	(31,565)
Marginal rate	–	–	–	49,518	(49,518)	–	–	–	–
Expenses not deductible	387	–	387	–	–	–	–	–	–
Actual current tax charge	262,957	(107,643)	155,314	293,043	(131,406)	161,637	504,213	(200,070)	304,143

5. Basic and diluted earnings and return per share

The basic and diluted earnings, revenue return and capital return per share shown below for each period are respectively based on numerators i)-iii), each divided by the weighted average number of shares in issue in the period – see iv) below.

	Six months ended 30 June 2014 (unaudited) £	Six months ended 30 June 2013 (unaudited) £	Year ended 31 December 2013 (audited) £
i) Total earnings after taxation	7,771,394	4,434,346	7,275,350
Basic and diluted earnings per ordinary share	13.45p	8.75p	13.97p
ii) Net revenue from ordinary activities after taxation	1,473,725	1,216,437	2,377,631
Basic and diluted earnings per ordinary share	2.55p	2.40p	4.56p
Unrealised gains	3,310,223	2,890,482	4,832,261
Net realised capital gains	3,380,466	605,461	725,905
Capital expenses (net of taxation)	(393,020)	(278,034)	(660,447)
iii) Total capital return	6,297,669	3,217,909	4,897,719
Basic and diluted capital earnings per ordinary share	10.90p	6.35p	9.41p
iv) Weighted average number of ordinary shares in issue in the period	57,794,080	50,681,548	52,090,673

6. Dividends paid

	Six months ended 30 June 2014 (unaudited) £	Six months ended 30 June 2013 (unaudited) £	Year ended 31 December 2013 (audited) £
Final income dividend paid for year ended 31 December 2012 of 1.50p per share paid on 15 May 2013	–	808,484	807,428
Final capital dividend paid for year ended 31 December 2012 of 0.50p per share paid on 15 May 2013	–	269,495	266,329
Interim income dividend paid for year ended 31 December 2013 of 2.00p per share paid on 18 September 2013	–	–	1,070,141
Interim capital dividend paid for year ended 31 December 2013 of 2.00p per share paid on 18 September 2013	–	–	1,070,143
Final income dividend paid for year ended 31 December 2013 of 1.75p per share paid on 14 May 2014	1,055,637	–	–
Final capital dividend paid for year ended 31 December 2013 of 1.50p per share paid on 14 May 2014	904,832	–	–
	1,960,469	1,077,979	3,214,041

7. Basic and diluted net asset value per ordinary share

	As at 30 June 2014 (unaudited) £	As at 30 June 2013 (unaudited) £	As at 31 December 2013 (audited) £
Net assets	67,878,668	54,005,220	54,268,368
Number of shares in issue	60,850,032	53,627,282	53,112,565
Basic and diluted net asset value per ordinary share	111.55p	100.70p	102.18p

Notes to the Unaudited Financial Statements

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

	Traded on AIM £	Unquoted equity shares £	Unquoted preference shares £	Loan stock £	Total £
Valuation at 1 January 2014	444,789	15,238,816	35,968	23,597,611	39,317,184
Purchases at cost	30	1,744,448	1,663	5,076,033	6,822,174
Sales - proceeds	–	(7,925,040)	(1,818)	(5,574,926)	(13,501,784)
- realised gains	–	2,781,746	–	932,501	3,714,247
Reclassification at valuation	–	–	–	–	–
Unrealised gains	38,114	2,034,935	11,972	1,225,202	3,310,223
Valuation at 30 June 2014	482,933	13,874,905	47,785	25,256,421	39,662,044
Book cost at 30 June 2014	305,030	8,611,619	47,611	24,042,468	33,006,728
Permanent impairment in value of investments	–	(701,362)	(3,078)	(832,957)	(1,537,397)
Unrealised gains at 30 June 2014	177,903	5,964,648	3,252	2,046,910	8,192,713
Valuation at 30 June 2014	482,933	13,874,905	47,785	25,256,421	39,662,044
Gains on investments					
Net realised gains based on historical cost	–	6,763,362	–	327,930	7,091,292
Less amounts recognised as unrealised gains/(losses) in previous years	–	3,981,616	–	(604,571)	3,377,045
Net realised gains based on carrying value at 31 December 2013	–	2,781,746	–	932,501	3,714,247
Net movement in unrealised gains in the period	38,114	2,034,935	11,972	1,225,202	3,310,223
Gains on investments for the six months ended 30 June 2014	38,114	4,816,681	11,972	2,157,703	7,024,470

Transaction costs of £333,781 were incurred in the period and are deducted in arriving at realised gains on investments in the Income Statement. Deducting these from realised gains above gives £3,380,466 of gains as shown in the Income Statement.

Purchases above of £6,822,174 differ to that shown in the Cash Flow Statement of £4,321,087 by £2,501,087 which is the accounting cost of ATG Media Holdings Limited sale proceeds received in the form of the acquirer's equity and loan stock of £2,501,087. Sales proceeds above of £13,501,784 differ to that shown in the Cash Flow Statement of £8,741,449 by £4,760,335. This is due to proceeds receivable from the sale of Monsal Holdings Limited of £1,844,502, new equity and loan stock instruments of £2,501,087 received as consideration for the sale of ATG Media, an ATG Media equity proceeds retention of £80,965 and transaction costs of £333,781.

Unrealised gains at 30 June 2014 of £8,192,713 differ to that shown in the Revaluation Reserve of £9,800,394. The difference of £1,607,681 is loan stock received (net of subsequent repayments made) as part of the disposal of DiGiCo Europe Limited in December 2011, which was not recognised as a realised gain in that year.

9. Debtors and prepayments

	As at 30 June 2014 (unaudited) £	As at 30 June 2013 (unaudited) £	As at 31 December 2013 (audited) £
Amounts due within one year:			
Accrued income	542,766	317,181	593,273
Prepayments	10,953	9,454	16,032
Other debtors	2,719,194	173,459	159
	3,272,913	500,094	609,464

The rise in other debtors is mainly due to the current period containing £788,836 of allotment monies arising from the issue of ordinary shares on 6 June 2014 and £1,844,502 receivable from the completion of the sale of Monsal Holdings Limited. Both were received after the period-end.

10. Current investments at fair value

These comprise investments of £1,633,268 (30 June 2013: £1,632,916; 31 December 2013: £1,633,110) in six OEIC money market funds (five Dublin based and one London based) subject to immediate access, and £11,020,104 (30 June 2013: £8,000,000; 31 December 2013: £8,009,477) in four bank deposit accounts or overnight money market accounts, repayable within one year.

11. Capital and reserves

	Called up Share capital £	Capital redemption reserve £	Share premium reserve £	Revaluation reserve £	Special distributable reserve £	Profit and loss account £	Total £
At 1 January 2014	531,126	186,520	15,361,612	9,867,216	25,580,251	2,741,643	54,268,368
Shares issued under Linked Offer for Subscription (note a)	81,741	–	8,115,663	–	(3,489)	–	8,193,915
Shares bought back	(4,367)	4,367	–	–	(394,540)	–	(394,540)
Cancellation of share premium account (note b)	–	(186,520)	(18,539,073)	–	18,725,593	–	–
Realised losses transferred to special reserve (note b)	–	–	–	–	(726,801)	726,801	–
Realisation of previously unrealised appreciation	–	–	–	(3,377,045)	–	3,377,045	–
Dividend paid	–	–	–	–	–	(1,960,469)	(1,960,469)
Profit for the period	–	–	–	3,310,223	–	4,461,171	7,771,394
At 30 June 2014	608,500	4,367	4,938,202	9,800,394	43,181,014	9,346,191	67,878,668

Note a: As part of the 2014 Linked Offer for Subscription, a total of 8,174,196 ordinary shares were allotted at average effective offer prices ranging from 100.01 pence to 108.50 pence per share, raising net funds of £8,193,915. Shares issued as part of the Joint fundraising offer for subscription per the cash flow statement of £7,405,079 differs to that shown as shares issued above of £8,193,915 by £788,836 being net funds due to the Company arising from shares allotted on 6 June 2014, which was a debtor at the period-end.

Note b: The cancellation of £18,539,073 from the share premium account and £186,520 from the capital redemption reserve (as approved at the General Meeting held on 22 February 2014 and by order of the Court dated 12 March 2014) has increased the Company's special distributable reserve. The purpose of this reserve is to fund market purchases of the Company's own shares, to write off existing and future losses and for any other corporate purpose. All of this reserve arose from shares issued before 5 April 2014.

12. Post balance sheet events

On 18 July 2014, the Company made an investment of £1,460,500 to support the management buy-out of Tharstern Limited, a leading supplier of software-based management information systems to the global commercial printing and graphic arts industries.

On 30 July 2014, the entire holding of DiGiCo Global Limited was realised for net proceeds of £3,370,752.

13. Financial statements for the year ended 31 December 2013

The information for the six months ended 30 June 2014 does not comprise full financial statements within the meaning of Section 435 of the Companies Act 2006. The financial statements for the year ended 31 December 2013 have been filed with the Registrar of Companies. The auditor has reported on these financial statements and that report was unqualified and did not contain a statement under section 498(2) of the Companies Act 2006.

14. Half-yearly report

This Half-Yearly Report is available on, and can be downloaded from, our website: www.migvct.co.uk and is circulated by post to those shareholders who have requested copies of the Report. Further copies are also available free of charge from the Company's registered office, 30 Haymarket, London, SW1Y 4EX.

Shareholder Information

Shareholders wishing to follow the Company's progress can visit its website at www.migvct.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 on the Company's portfolio of investments and copies of company reports. There is also a link to the London Stock Exchange's website at: www.londonstockexchange.com where shareholders can obtain up to the minute details of the share price and latest NAV announcements, etc. A number of commentators such as Allenbridge at www.taxshelterreport.co.uk provide comparative performance figures for the VCT sector as a whole. The share price is also quoted in the Financial Times.

Net asset value per share

The Company's NAV per share as at 30 June 2014 was 111.55 pence. The Company announces an audited NAV in respect of its year-end (31 December) in March of each year. It announces unaudited NAVs in respect of the remaining quarter ends.

Dividends

The Directors have declared an interim dividend in respect of the year ending 31 December 2014 totalling 17.00 pence per share (comprising 15.00 pence from capital and 2.00 pence from income). This dividend will be paid on 17 September 2014 to shareholders on the Register on 22 August 2014.

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, Computershare Investor Services PLC at the address given at the end of this section.

Shareholders are encouraged to ensure that the Registrars maintain up-to-date details for themselves and to check whether they have received and banked 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 them, 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 telephone number and/or email address.

Financial calendar

Late August 2014	Half-Yearly Report for the six months ended 30 June 2014 to be circulated to shareholders.
22 August 2014	Record date for shareholders to be eligible for interim dividend payable on 17 September 2014.
17 September 2014	Payment date for interim dividend of 17.00 pence per share.
31 December 2014	Year-end
27 January 2015	Mobeus VCT shareholder workshop to be held at the Royal Institute of British Architects in Central London.
Late March 2015	Annual Report for the year ended 31 December 2014 to be circulated to shareholders
May 2015	Annual General Meeting

Managing your shareholding online

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.

For details on your individual shareholding and to manage your account on online, you can log into or register with the Computershare Investor Centre by going to: www-uk.computershare.com/Investor

This provides the most efficient way of checking information on your account and making changes to your instructions. You can use the Investor Centre to change your address details, check your holding balance and transactions, view the dividends you have received, add and amend your bank details and manage how you receive your dividends. You can also use the site to manage your options for receiving communications from the Company, including submitting proxy votes for general meetings.

Selling your shares

The Company's shares are listed on the London Stock Exchange and as such they can be sold in the same way as any other quoted company through a stockbroker. **However, to ensure that they obtain the best price, shareholders wishing to sell their shares are advised to contact the Company's stockbroker, Panmure Gordon, by telephoning 020 7886 2716/7 before agreeing a price with their stockbroker.** Shareholders are also advised to discuss their individual tax position with their financial adviser before deciding to sell their shares.

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 newsletter from the Investment Adviser, approved by the Board. The newsletter includes information on the latest investments made by the Company and portfolio news as well as performance data. The Board welcomes the opportunity to meet shareholders at the Company's General Meetings. The next AGM of the Company will be held in May 2015. Representatives of the Investment Adviser will be present at the meeting to discuss the progress of the portfolio with shareholders.

Shareholder workshop

The Investment Adviser held its fourth annual shareholder workshop in January 2014. The workshop, which was attended by around 160 Mobeus VCT shareholders, included presentations from the Investment Adviser and the managing directors of two diverse portfolio companies, Gro-Group and Newquay Helicopters. The Investment Adviser is planning a further workshop to be held on Tuesday, 27 January 2015 at the Royal Institute of British Architects in Central London. Shareholders will be sent an invitation to this event and further details nearer to the date.

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 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 Financial Conduct Authority (FCA) and the Institute of Chartered Secretaries and Administrators ("ICSA"), and their warning notice to shareholders is reproduced below.

Warning issued by the FCA and the ICSA (updated to reflect changes at the FCA)

In recent years, many companies have become aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based 'brokers' who target UK shareholders, offering to sell them what often turn out to be worthless or high risk shares in US or UK investments. These operations are commonly known as 'boiler rooms'. These 'brokers' can be very persistent and extremely persuasive, and a 2006 survey by the FCA has reported that the average amount lost by investors is around £20,000.

It is not just the novice investor that has been duped in this way; many of the victims have been successfully investing for several years. Shareholders are advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports. If you receive any unsolicited investment advice:

- 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.gov.uk/register/ and contacting the firm using the details on the register.
- Report the matter to the FCA either by contacting its consumer helpline on 0800 111 6768 or consumer.queries@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 the calls persist, hang up.

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.

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 Money Advice Service website: www.moneyadvice.service.org.uk.

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

Shareholder enquires:

The Registrars may be contacted by writing to Computershare at the address shown on page 28 or by telephoning their helpline: tel: 0870 707 1155.

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 mig@mobeusequity.co.uk.

Performance Data at 30 June 2014

The following table shows, for all investors in Mobeus Income & Growth VCT plc and the former Matrix Income & Growth 3 VCT plc, how their investment has 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 a NAV basis as at 30 June 2014. 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.

MIG VCT Fundraisings

Share price as at 30 June 2014 **94.50 pence¹**

NAV per share as at 30 June 2014 **111.55 pence**

Allotment date(s)	Allotment price (p)	Net allotment price ² (p)	Cumulative dividends paid per share ³ (p)	Total return per share to Shareholders since allotment	
				(Share price) (p)	(NAV basis) (p)
Funds raised 2004/05					
Between 5 October 2004 and 29 June 2005	100.00	60.00	47.30	141.80	158.85
Funds raised 2010/11					
21 January 2011	98.00	68.60	26.00	120.50	137.55
28 February 2011	102.30	71.61	26.00	120.50	137.55
22 March 2011	102.30	71.61	26.00	120.50	137.55
1 April 2011	102.30	71.61	26.00	120.50	137.55
5 April 2011	102.30	71.61	26.00	120.50	137.55
10 May 2011	100.60	70.42	26.00	120.50	137.55
6 July 2011	95.30	66.71	21.00	115.50	132.55
Funds raised 2012					
8 March 2012	101.20	70.84	20.50	115.00	132.05
4 April 2012	101.20	70.84	20.50	115.00	132.05
5 April 2012	101.20	70.84	20.50	115.00	132.05
10 May 2012	101.20	70.84	20.50	115.00	132.05
10 July 2012	95.50	66.85	14.25	108.75	125.80
Funds raised 2012/13					
14 January 2013	94.60	66.22	9.25	103.75	120.80
28 March 2013	97.40	68.18	9.25	103.75	120.80
4 April 2013	97.40	68.18	9.25	103.75	120.80
5 April 2013	97.40	68.18	9.25	103.75	120.80
10 April 2013 pre RDR ⁴	99.80	69.86	9.25	103.75	120.80
10 April 2013 post RDR ⁴	97.40	68.18	9.25	103.75	120.80
7 May 2013	95.40	66.78	7.25	101.75	118.80
Funds raised 2013/14					
9 January 2014	100.01 ⁵	70.01	3.25	97.75	114.80
11 February 2014	100.28 ⁵	70.20	3.25	97.75	114.80
31 March 2014	106.71 ⁵	74.70	3.25	97.75	114.80
3 April 2014	107.19 ⁵	75.03	3.25	97.75	114.80
4 April 2014	106.54 ⁵	74.58	3.25	97.75	114.80
6 June 2014	108.50 ⁵	74.95	–	94.50	111.55

¹ - Source: London Stock Exchange (mid-price), when the latest announced NAV was 104.47p.

² - Net allotment price is the allotment price less applicable income tax relief. Income tax relief was 40% from 6 April 2004 to 5 April 2006, and 30% thereafter.

³ - For derivation, see table on page 27.

⁴ - RDR means the date of implementation of the Retail Distribution Review on 31 December 2012, which affected the level of charges in the allotment price for applications received before and after that date.

⁵ - Average effective offer price. Shares were allotted pursuant to the 2013/14 Offer at individual prices for each investor in accordance with the allotment formula set out in the Securities Note.

MIG 3 VCT Fundraising

Share price as at 30 June 2014	100.69 pence ¹
NAV per share as at 30 June 2014	118.86 pence

Shareholders in the former Matrix Income & Growth received approximately 1.0655 shares in the Company for each MIG 3 VCT share that they held on 20 May 2010, when the two VCTs 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 ³ (p)	Total return per share to Shareholders since allotment	
				(Share price) (p)	(NAV basis) (p)
Funds raised 2005/2006³					
Between 24 January 2006 and 5 April 2006	100.00	60.00	37.25	137.94	156.11

¹ - Source: London Stock Exchange (mid-price), as adjusted for the merger ratio.

² - Net allotment price is the allotment price less applicable income tax relief. Income tax relief was 40% from 6 April 2004 to 5 April 2006, and 30% thereafter.

³ - For derivation, see table below.

Dividends paid

Payment date	Funds raised 2004/05 (p)	Funds raised 2005/2006 (p)	Funds raised 2010/11 (p)	Funds raised 2012 (p)	Funds raised 2012/13 (p)	Funds raised 2013/14 (p)
27 September 2005	0.30					
16 May 2006	0.70					
14 September 2006	0.80					
18 May 2007	1.40	1.25				
20 September 2007	1.00	1.00				
21 May 2008	7.80	1.50				
11 September 2008	3.30	1.00				
15 May 2009	1.00	0.80				
21 April 2010	5.00	4.00				
20 May 2010 Merger of MIG VCT and MIG 3 VCT						
27 May 2011	5.00	5.33 ¹	5.00			
15 September 2011	0.50	0.53 ¹	0.50			
22 May 2012	6.25	6.66 ¹	6.25	6.25		
20 September 2012	5.00	5.33 ¹	5.00	5.00		
15 May 2013	2.00	2.13 ¹	2.00	2.00	2.00	
18 September 2013	4.00	4.26 ¹	4.00	4.00	4.00	
14 May 2014	3.25	3.46 ¹	3.25	3.25	3.25	3.25
Total cumulative dividends paid²	47.30	37.25	26.00	20.50	9.25	3.25

¹ - The dividends paid after the merger, on MIG VCT shareholdings arising from former MIG 3 VCT shareholdings, have been restated for the merger conversion ratio.

² - The above data relates to an investor in the first allotment of each fundraising. The precise amount of cumulative dividends paid to shareholders by date of allotment is shown in the tables on page 26 for MIG VCT and above for MIG 3 VCT fundraisings.

Corporate Information

Directors

Keith Niven (Chairman)
Bridget Guérin
Tom Sooke (Senior Independent Director)
Catherine Wall (from 1 July 2014)

All of whom are non-executive and of:

30 Haymarket
London
SW1Y 4EX

Investment Adviser, Promoter, Company Secretary and Administrator

Mobeus Equity Partners LLP
30 Haymarket
London
SW1Y 4EX
www.mobeusequity.co.uk

Company Registration Number

5153931

Email

mig@mobeusequity.co.uk

Website

www.migvct.co.uk

Telephone

020 7024 7600

Registrar

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ
Tel: 0870 707 1155

Solicitors

SGH Martineau LLP
No 1 Colmore Square
Birmingham
B4 6AA

Corporate Broker

Panmure Gordon & Co
One New Change
London
EC4M 9AF

Bankers

National Westminster Bank plc
City of London Office
PO Box 12258
1 Princes Street
London EC2R 8BP

VCT Tax Adviser

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Auditor

BDO LLP
55 Baker Street
London
W1U 7EU

Timeline of the Company

July 2004	The Company is launched as Matrix Income & Growth VCT plc advised by Matrix Private Equity Partners
June 2005	The Company completes its first fundraising
September 2005	Matrix Income & Growth 3 VCT plc is launched advised by Matrix Private Equity Partners
April 2006	Matrix Income & Growth 3 VCT plc completes its first fundraising
May 2010	Matrix Income & Growth 3 VCT plc merges into Matrix Income & Growth VCT plc
June 2011	The Company completes its first linked fundraising with The Income & Growth VCT plc and Matrix Income & Growth 4 VCT plc
June 2012	The Company completes its second linked fundraising with The Income & Growth VCT plc and Matrix Income & Growth 4 VCT plc
June 2012	Matrix Private Equity Partners becomes a fully independent firm owned by its partners and renames itself, Mobeus Equity Partners LLP. Matrix Income & Growth VCT plc changes its name to Mobeus Income & Growth VCT plc to be consistent with the Investment Adviser's change of name
April 2013	The Company completes its third linked fundraising with The Income & Growth VCT plc and Mobeus Income & Growth 4 VCT plc
November 2013	The Company is awarded VCT of the Year 2013 at the Investment Week Investment Company Awards
May 2014	The Company completes its fourth linked fundraising with The Income & Growth VCT plc, Mobeus Income & Growth 2 VCT plc and Mobeus Income & Growth 4 VCT plc

