

# Mobeus Income & Growth VCT plc

A VENTURE CAPITAL TRUST

**Unaudited Half-Year Report**  
for the six months ended 30 June 2017

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

## Company Objective

The Objective of the Company is to provide investors with a regular income stream, by way of tax-free dividends generated from income and capital returns, while continuing at all times to qualify as a VCT.

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# Financial Highlights

## Results for the six months ended 30 June 2017

-  Net asset value ("NAV") total return per share for the Half-Year was 6.0% while the share price total return per share for the Half-Year was -0.3%\*.
-  Shareholders received a second interim capital dividend of 6.00 pence per share, in respect of the year ended 31 December 2016, on 31 March 2017, bringing total dividends paid in respect of the year ended 31 December 2016 to 14.50 pence per share.
-  The Company has declared an interim capital dividend of 9.00 pence per share, payable on 13 September 2017 to shareholders on the register on 18 August 2017, bringing total cumulative dividends paid to shareholders since inception to 104.80 pence per share.
-  Three new investments, plus one follow on investment, have been made during the period, totalling £1.99 million.
-  The Company realised its investment in Entanet Holdings Limited after the period end in August 2017 for £6.12 million, a gain of 4.52 pence per share, contributing to a 2.5 multiple on cost over the life of this investment to date.
-  The Board intends to raise up to £25 million under an Offer (£15 million plus £10 million via an over-allotment facility) alongside the other Mobeus VCTs, to be launched in September 2017.

\* The main reason for the divergence in NAV and share price performance is the uplift in value arising from the prospective sale of Entanet which was not announced before 30 June 2017 and therefore was not reflected in the share price at that date.

## Performance Summary

**The net asset value per share of the Company at 30 June 2017 was 82.58 pence.**

The table below shows the recent past performance of the original fundraising launched in 2004. Performance data for all fundraising rounds and for former Matrix Income & Growth 3 VCT plc ("MIG3 VCT") shareholders are shown in the tables on pages 26 and 27 of this Half-Year Report.

Reporting date	Net assets	NAV per Share	Share price (mid-market price) <sup>1</sup>	Cumulative dividends paid per share	Cumulative total return per share to shareholders <sup>2</sup>		Dividends per share in respect of the period
					(NAV basis)	(Share price basis)	
As at	(£m)	(p)	(p)	(p)	(p)	(p)	(p)
30 June 2017	62.43	82.58	68.50	95.80	178.38	164.30	9.00 <sup>3</sup>
31 December 2016	63.15	83.53	74.75	89.80	173.33	164.55	14.50
30 June 2016	68.67	90.80	82.75	81.30	172.10	164.05	8.50

<sup>1</sup> Source: Panmure Gordon & Co (mid-price).

<sup>2</sup> Cumulative total return per share comprises either the NAV per share (NAV basis) or the mid-market price per share (share price basis), plus cumulative dividends paid since launch in 2004.

<sup>3</sup> The Directors have declared an interim capital dividend of 9.00 pence per share in respect of the six months ended 30 June 2017. The dividend will be paid to shareholders on 13 September 2017.

# Chairman's Statement

I am pleased to present the Half-Year Report for Mobeus Income & Growth VCT plc ("MIG") covering the six month period ended 30 June 2017.

## Overview

The half-year has produced a very good return for shareholders with a positive income return as well as realised and unrealised gains from portfolio companies. The Board is pleased to note the sale of the investment in Entanet just after the half-year end, which has contributed substantially to this increase in value.

The level of new investment has been strong with four growth capital investments completed so far in 2017, including one which completed after the period end. Further details of these investments are included under 'Investment Portfolio' below.

These investments reflect the revised focus on providing growth capital to younger and smaller companies in accordance with the revised Investment Policy approved by shareholders last year. By way of reminder, this revised Policy was required to comply with the new VCT measures introduced by the Finance (No 2) Act 2015 in November of that year. Since that change £8.69 million has already been invested in nine such companies.

Although the VCT industry can no longer make investments to finance management buyouts ("MBOs"), these MBO investments made prior to the change in Investment Policy continue to represent 78% of the Company's portfolio at the date of this Half-Year Report. This portfolio has performed well in what is a time of political and economic uncertainty.

## Performance

At 30 June 2017, your Company was rated 2nd out of 43 VCTs, over the last 5 years, in the Association of Investment Companies' ("AIC") analysis of NAV Cumulative Total Return.

The Net Asset Value ("NAV") Total Return was 6.0% for the period (compared with 0.3% for the same period last year).

## Planned Fund Raising

Your Board has announced its intention to raise up to a further £25 million (£15 million plus £10 million via an over-allotment facility) alongside three other Mobeus-advised VCTs before the end of the financial year. In our view, this is a good time for the Company to increase its liquidity so as to finance intended new investments and capitalise on the opportunities offered by this sector.

We also believe that there continues to be good appetite for further investment in the Company, following a very popular fundraising in the 2014/2015 tax year.

A general meeting was convened and held on 3 August 2017 and shareholder approval was sought and obtained for authority to allot shares and dis-apply pre-emption rights in connection with the fundraising. The Offers for Subscription ("Offers") are expected to be launched in early September 2017, full details of which will be contained in the Prospectus that will be sent to all registered shareholders.

We very much hope that existing shareholders will add to their holdings and look forward to welcoming new investors in the Company.

## Dividends

On 31 March 2017, the Company paid a second interim dividend of 6.00 pence per ordinary share, in respect of the financial year ended 31 December 2016.

The Board has declared an interim capital dividend of 9.00 pence per share, payable on 13 September 2017 to shareholders on the register on 18 August 2017. This dividend will be paid out of the Company's Special Distributable Reserve. Once paid, this will bring cumulative dividends paid per share since the launch of the Company to 104.80 pence (30 June 2016: 89.80 pence) per share. Original shareholders who invested 100p per share at launch will therefore have received more than their original investment back in dividends.

## Investment Portfolio

As noted above, the Company completed the divestment of Entanet Holdings Limited after the period end in August 2017. Proceeds of £6.12 million have been

received, while a further £0.63 million is deferred consideration that is potentially payable over the next two years. This investment has achieved a return on original investment cost of 2.5 times to date, over the three and a half years that the investment was held, which is a very pleasing performance. The valuation of Entanet at the half-year reflects the full £6.12 million of cash proceeds received after the period end.

Overall the performance of the investment portfolio has been good in the current environment. Principally due to the uplift in Entanet, the portfolio achieved a gain of £3.08 million (6.0% of the opening value) during the first half of the year and was valued at £49.51 million at the period end (30 June 2016: £49.59 million). The six month period experienced notable increases in the valuations of Entanet (as explained above) and Access IS. The portfolio also saw valuation declines over the period for Fullfield (trading as Motorclean) and CGI Creative Graphics.

During the period three new and one follow on investment were made at a total cost of £1.99 million (analysed on page 5 and explained within note 10). These were:

- Ibericos Etc. Limited (trading as Tapas Revolution) – a leading Spanish restaurant chain in the casual dining sector.
- BookingTek Limited (follow on) – a business that provides direct booking software for hotels.
- Chatfield Services Limited (trading as Buster & Punch) – a London-based interiors brand.
- MyTutorweb Limited – a digital marketplace that connects school pupils who are seeking private one-to-one tutoring with university students.

Shortly after the period end, a further new investment of £2.74 million was made in Wetsuit Outlet, a leading online retailer in the water sports market. This investment utilised £2.09 million previously held in a company preparing to trade.

There was one other realisation during the period under review; £0.37 million proceeds was received from the entire disposal of the balance of the investment

in AIM quoted Omega Diagnostics plc. This investment achieved a return on original investment cost of 1.50 times over the period the investment was held.

The company also received cash proceeds of £6.20 million during the period, mostly being partial loan stock repayments from companies preparing to trade.

Further information on the portfolio can be found under the Investment Adviser's Review (pages 5-10).

### Revenue account

There was a strong net revenue return for the period, being £1.15 million compared to £0.77 million recorded this time last year. Income has increased due to a strong stream of dividends, as well as improved loan interest receipts due to new investments and some portfolio companies resuming loan interest payments as their trading improved. Running costs have fallen due to lower Investment Adviser fees arising from lower net assets.

### Industry and regulatory developments

The Patient Capital Review, announced in November 2016, is now in its consultation phase ahead of the Autumn Budget 2017. Led by HM Treasury, its objective is to assess what amendments to Government policy, if any, are needed to support the expansion in provision of long-term capital for growing innovative firms. Industry bodies such as the AIC, BVCA and EISA, supported by the VCT Industry, are reinforcing the Board and Mobeus's views that the government should renew its public commitment to the positive role that VCTs play in providing development capital to the small business sector, as well as affirming the long-term future of the scheme.

### Share buybacks

We are pleased to note that currently there is relatively little demand for share buybacks. No shares were bought back and cancelled during the period under review.

Shortly after the period end, on 7 July 2017, the Company bought back for cancellation shares amounting to 0.11% of its issued share capital at the start of the

year. These were bought back at approximately a 10% discount to the Company's latest announced NAV, in accordance with the Company's buyback policy.

### Liquidity

The present level of cash or near cash resources held by the Company as at 30 June 2017, including the liquidity held by companies preparing to trade, was £17.38 million or 27.8% of net assets. After the period end, following the investment in Wetsuit Outlet, the realisation of Entanet Holdings, and the payment of the interim dividend in September 2017, the level of liquidity will be £13.93 million or 25.1% of net assets.

The VCT continues to hold its cash in a selection of money market funds with AAA credit ratings and in a number of deposit accounts diversified among well-known financial institutions across a range of maturities.

### Shareholder event

The Investment Adviser held its seventh annual shareholder event on 27 January 2017. As in previous years, the event was well received by those shareholders who attended. The next event is to be held on Tuesday, 30 January 2018, again at the Royal Institute of British Architects in Central London. The programme will contain highlights from the performance of the Mobeus VCTs as well as presentations by representatives of portfolio companies. Shareholders have been sent further details and an invitation to the event with their copy of the Mobeus VCT Newsletter circulated last week.

### Outlook

The UK economy continues to be subject to the uncertainties arising both out of the ability of the UK government to negotiate a satisfactory exit from the European Union and from the recent UK election result. Nevertheless the demand from small UK businesses for development capital remains strong and there continues to be a healthy market to invest in quality smaller companies at attractive prices.

Both the Board and the Investment Adviser continue to have a positive outlook about the Company's future prospects. The small

and medium-sized enterprises (SME) segment is a dynamic target universe for new investment, where the Investment Adviser is reviewing many promising opportunities. The Investment Adviser continues to expand its team and capabilities and has adapted well to the requirements of the new Investment Policy.

The existing portfolio continues to comprise predominantly established, more mature and profitable companies that have been conservatively financed, but over time the growth capital investments will represent a growing proportion. The latter will tend to be less mature, and not always profitable but will have adequate finance at the point of investment by the Company. They will also typically exhibit more volatility in returns and generate less income as they tend to re-invest profits during their growth phase, but may offer the prospect of higher capital returns too.

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

**Clive Boothman**  
*Chairman*

*8 August 2017*

# Investment Policy

The Investment Policy is designed to meet the Company's objective.

## Investments

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

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

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

## Liquidity

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

## Borrowing

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

# Summary of VCT Regulation

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

- The Company must hold at least 70%, by VCT tax value\*, of its total investments (shares, securities and liquidity) in VCT qualifying holdings, within approximately three years of a fundraising;
- Of these qualifying holdings, an overall minimum of 70% by VCT tax value\* (30% for funds raised on or before 5 April 2011) must be in ordinary shares which carry no preferential rights (save as may be permitted under VCT rules);
- No investment in a single company or group of companies may represent more than 15% (by VCT tax value\*) of the Company's total investments at the date of investment.
- The Company must pay sufficient levels of income dividend from its revenue available for distribution so as not to retain more than 15% of its income from shares and securities in a year;
- The Company's shares must be listed on a regulated European stock market; and
- Non-qualifying investments can no longer be made, except for certain exemptions in managing the Company's short term liquidity.

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

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

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

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

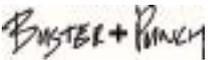
# Investment Review

## New investments in the period

A total of £1.99 million was invested into four companies during the six months under review, comprising new investments into Tapas Revolution, Buster & Punch, MyTutor and a follow on loan into BookingTek. One further new investment in Wetsuit Outlet was completed after the period end.

	Company	Business	Date of investment	Amount of new investment (£m)
	Tapas Revolution	Restaurant	January 2017	0.69

Based in London, Ibericos Etc. Limited (which trades as Tapas Revolution) is a leading Spanish restaurant chain in the casual dining sector focusing on shopping centre sites with high footfall. Having opened its first restaurant in Shepherd's Bush Westfield, the business has since opened a further six restaurants. The investment provided growth capital to a high-calibre team with significant restaurant rollout experience which has spent the past five years building and refining its offer and is now well placed to capitalise on a strong pipeline of new sites. The company's latest accounts for the year ended 25 October 2016 show a turnover of £4.25 million and loss before interest, tax and amortisation of goodwill of £0.25 million.

	Buster & Punch	Retailer	March 2017	0.67
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Chatfield Services Limited (trading as Buster & Punch) is a London-based interiors brand founded in 2012 by architect and industrial designer Massimo Buster Minale. Buster & Punch ([www.busterandpunch.com](http://www.busterandpunch.com)) started in a small garage in East London, where it built the "world's first designer LED light bulb" (the Buster Bulb) and made its name with its industrial-inspired lighting. Its products are now sold in over 50 countries, both directly to end-consumers, designers and architects, and through well-known retailers including John Lewis, Harvey Nichols and Harrods. The investment will support the business's international expansion plans and the broadening of its product range. The company's latest accounts for the year ended 31 March 2016 show a turnover of £1.98 million and profit before interest, tax and amortisation of goodwill of £0.47 million.

	MyTutor	Online tutoring	May 2017	0.55
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Mytutorweb Limited is a digital marketplace that connects school pupils who are seeking private one-to-one tutoring with university students. The business is satisfying a growing demand from both schools and parents to improve pupils' exam results to enhance their academic and career prospects. This investment represents an opportunity to consolidate the sizeable £2 bn UK tutoring market, build MyTutor's market presence and drive technological development. The company's latest accounts for the year ended 31 December 2016 show a turnover of £0.21 million and loss before interest, tax and amortisation of goodwill of £0.79 million.

A further small loan investment of £0.08 million was made into BookingTek Limited (which provides direct booking software for hotel groups), to fund an opportunity for US expansion.

# Investment Review

## New investment post period-end

Company	Business	Month	Amount of new investment (£m)
 Wetsuit Outlet	Retailer	July 2017	2.74

B2C Holdings Limited (trading as Wetsuit Outlet) has established itself as a leading online retailer in the water sports market, stocking an impressive brand portfolio including Musto, Billabong, Rip Curl, O'Neill, Red Paddle (an existing Mobeus investment) and Gul. The investment is to fund working capital and growth in the existing activity and enter two new markets. Established in 2005, the company has developed into a successful and profitable business with revenues of £11.51 million and £1.77 million NPBIT&A in the financial year ended 31 March 2017.

## Realisations

There was one realisation during the period under review (Omega Diagnostics plc) and one realisation shortly after the period-end (Entanet Holdings Limited) as set out below:

Company	Business	Period of investment	Total cash proceeds over the life of the investment / Multiple over cost
 Omega Diagnostics	In-vitro diagnostics for food intolerance, autoimmune and infectious diseases	December 2010 to February 2017	£0.46 million 1.5 times cost

The investment in Omega Diagnostics plc, an AIM quoted stock, was realised over a phased period generating proceeds of £0.46 million. The realisation generated a 1.50 multiple over cost, over the life of the investment.

 Entanet	Wholesale voice and data communications provider	February 2014 to August 2017	£6.92 million 2.5 times cost
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The Company has just sold this investment to AIM quoted CityFibre Infrastructure Holdings PLC for £6.12 million in August 2017. Between December 2014 and December 2016, Entanet's revenues increased by 39% to £35.75 million. Deferred consideration of up to £0.63 million is potentially payable over the next 24 months. Excluding this deferred consideration, the company has so far realised a gain of £3.41 million, being 4.52 pence per share, and has returned an IRR of 39% to date – an excellent outcome.

## Loan stock repayments

Loan stock repayments totalled £5.89 million for the half-year. These proceeds are summarised below:-

Company	Business	Month	Amount (£000s)
Backhouse Management	Company preparing to trade	January	1,211
Creasy Marketing	Company preparing to trade	March	1,211
McGrigor Management	Company preparing to trade	January, February	1,211
Hollydale Management	Company preparing to trade	March	879
Chatfield Services	Company subsequently used to invest in Buster & Punch	March	710
Barham Consulting	Company preparing to trade	March	605
TPSFF Holdings (formerly The Plastic Surgeon)	Building finishing services	April	67
		<b>Total</b>	<b>5,894</b>

### Mobius Equity Partners LLP

Investment Adviser

8 August 2017

# Investment Portfolio Summary

as at 30 June 2017

Qualifying investments	Market sector	Date of investment	Total book cost £'000	Valuation £'000	Like for like valuation increase/ (decrease) over period <sup>1</sup>	% value of net assets
<b>Unquoted investments</b>						
<b>Entanet Holdings Limited<sup>2</sup></b> Wholesale communications provider	Fixed Line Telecommunications	Feb-14	2,713	6,123	117.1%	9.8%
<b>Tovey Management Limited (trading as Access IS)</b> Provider of data capture and scanning hardware	Software and Computer Services	Oct-15	2,979	3,592	12.8%	5.8%
<b>Virgin Wines Holding Company Limited</b> Online wine retailer	General retailers	Nov-13	2,439	3,199	(5.7)%	5.1%
<b>ASL Technology Holdings Limited</b> Printer and photocopier services	Support services	Dec-10	2,942	3,091	(2.5)%	5.0%
<b>Turner Topco Limited (trading as ATG Media)</b> Publisher and on-line auction platform operator	Media	Oct-08	2,494	2,224	2.2%	3.6%
<b>Vian Marketing Limited (trading as Red Paddle Co)</b> Design, manufacture and sale of stand-up paddleboards and windsurfing sails	Leisure goods	Jul-15	1,189	1,760	12.0%	2.8%
<b>Fullfield Limited (trading as Motorclean)</b> Provider of vehicle cleaning and valet services	Support services	Jul-11	1,626	1,648	(21.4)%	2.6%
<b>TPSFF Holdings Limited (formerly The Plastic Surgeon Holdings Limited)</b> Supplier of snagging and finishing services to the domestic and commercial property markets	Support services	Apr-08	443	1,598	14.0%	2.6%
<b>Gro-Group Holdings Limited</b> Baby sleep products	General retailers	Mar-13	1,975	1,578	(7.4)%	2.5%
<b>Tharstern Group Limited</b> Software based management information systems	Software and Computer Services	Jul-14	1,377	1,573	2.5%	2.5%
<b>Veritek Global Holdings Limited</b> Maintenance of imaging equipment	Support services	Jul-13	2,045	1,547	(4.5)%	2.5%
<b>Manufacturing Services Investment Limited</b> Company subsequently used to invest in Wetsuit Outlet after the period end	Company preparing to trade	Feb-14	1,524	1,524	-	2.4%
<b>RDL Corporation Limited</b> Recruitment consultants for the pharmaceutical, business intelligence and IT industries	Support services	Oct-10	1,558	1,506	4.4%	2.4%
<b>Media Business Insight Holdings Limited</b> A publishing and events business focused on the creative production industries	Media	Jan-15	2,518	1,469	(10.2)%	2.4%
<b>CGI Creative Graphics International Limited</b> Vinyl graphics to global automotive, recreational vehicle and aerospace markets	General Industrials	Jun-14	1,808	1,347	(17.6)%	2.2%
<b>EOTH Limited (trading as Rab and Lowe Alpine)</b> Branded outdoor equipment and clothing	General retailers	Oct-11	1,000	1,298	(0.7)%	2.1%
<b>Redline Worldwide Limited</b> Provider of security services to the aviation industry and other sectors	Support services	Feb-16	1,088	1,261	15.9%	2.0%
<b>Master Removers Group Limited (formerly Leap New Co Limited (trading as Anthony Ward Thomas, Bishopsgate and Aussie Man &amp; Van))</b> A specialist logistics, storage and removals business	Support services	Dec-14	614	1,150	30.5%	1.8%

Qualifying investments	Market sector	Date of investment	Total book cost £'000	Valuation £'000	Like for like valuation increase/ (decrease) over period <sup>1</sup>	% value of net assets
<b>Vectair Holdings Limited</b> Designer and distributor of washroom products	Support services	Jan-06	139	901	(12.4)%	1.4%
<b>Preservica Limited</b> Seller of proprietary digital archiving software	Software and Computer Services	Dec-15	900	900	-	1.4%
<b>MPB Group Limited</b> Online marketplace for used photographic equipment	General retailers	Jun-16	604	869	44.0%	1.4%
<b>Blaze Signs Holdings Limited</b> Manufacturer and installer of signs	Support services	Apr-06	492	771	(24.3)%	1.2%
<b>Pattern Analytics Limited (trading as Biosite)</b> Workforce management and security services for the construction industry	Software and Computer Services	Nov-16	757	757	-	1.2%
<b>Ibericos Etc. Limited (trading as Tapas Revolution)</b> Spanish restaurant chain	Travel & Leisure	Jan-17	692	692	New investment	1.1%
<b>BookingTek Limited</b> Direct booking software for hotel groups	Software and Computer Services	Oct-16	688	688	-	1.1%
<b>Chatfield Services Limited (trading as Buster &amp; Punch)<sup>3</sup></b> Industrial inspired lighting and interiors retailer	General retailers	Mar-17	668	668	New investment	1.1%
<b>Jablite Holdings Limited</b> Manufacturer of expanded polystyrene products	Construction and building materials	Apr-15	502	598	(26.2)%	1.0%
<b>My Tutorweb Limited</b> Digital marketplace connecting school pupils seeking one-to-one online tutoring	Support services	May-17	547	547	New investment	0.9%
<b>Lightworks Software Limited</b> Provider of software for CAD vendors	Software and Computer Services	Apr-06	222	148	(10.3)%	0.2%
<b>Racoon International Holdings Limited</b> Supplier of hair extensions, hair care products and training	Personal goods	Dec-06	1,213	-	-	0.0%
<b>CB Imports Group Limited (trading as Country Baskets)</b> Importer and distributor of artificial flowers and floral sundries	General retailers	Dec-09	350	-	-	0.0%
<b>Newquay Helicopters (2013) Limited (in members' voluntary liquidation)</b> Helicopter service operator	Support services	Jun-06	30	-	(100.0)%	0.0%
<b>Total qualifying investments</b>			<b>40,136</b>	<b>45,027</b>	<b>6.8%</b>	<b>72.1%</b>

<sup>1</sup> - This percentage change in 'like for like' valuations is a comparison of the 30 June 2017 valuations with the 31 December 2016 valuations having adjusted for partial disposals, loan stock repayments or new investments in the period.

<sup>2</sup> - Entanet Holdings Limited was realised after the period end. The valuation at 30 June 2017 reflects the actual proceeds received.

<sup>3</sup> - £1,513,500 invested in Chatfield Services Limited, a company preparing to trade, was used for the investment into Buster & Punch. This resulted in a net repayment to the Company of £845,508.

# Investment Portfolio Summary

as at 30 June 2017

	Market sector	Date of investment	Total book cost £'000	Valuation £'000	Like for like valuation increase/ (decrease) over period <sup>1</sup>	% value of net assets
<b>Non-qualifying investments</b>						
<b>Manufacturing Services Investment Limited</b> As stated in previous table	Company preparing to trade	Feb-14	1,143	1,143	-	1.8%
<b>Media Business Insight Limited</b> As stated in previous table	Media	Jan-15	764	932	-	1.5%
<b>Hollydale Management Limited</b> Company seeking to carry on a business in the food sector	Company preparing to trade	Mar-15	938	586	-	0.9%
<b>EOTH Limited (trading as Rab and Lowe Alpine)</b> As stated in previous table	General retailers	Oct-11	298	324	-	0.5%
<b>Backhouse Management Limited</b> Company seeking to carry on a business in the motor sector	Company preparing to trade	Apr-15	787	303	-	0.5%
<b>Barham Consulting Limited</b> Company seeking to carry on a business in the catering sector	Company preparing to trade	Apr-15	787	303	-	0.5%
<b>Creasy Marketing Services Limited</b> Company seeking to carry on a business in the textile sector	Company preparing to trade	Apr-15	787	303	-	0.5%
<b>McGrigor Management Limited</b> Company seeking to carry on a business in the pharmaceutical sector	Company preparing to trade	Apr-15	787	303	-	0.5%
<b>Tovey Management Limited (trading as Access IS)</b> As stated in previous table	Software and Computer Services	Oct-15	285	285	-	0.5%
<b>Turner Topco Limited (trading as ATG Media)</b> As stated in previous table	Media	Oct-08	7	-	-	0.0%
<b>Watchgate Limited</b> Holding company	Support services	Nov-11	1	-	-	0.0%
<b>Total non-qualifying investments</b>			<b>6,584</b>	<b>4,482</b>	<b>1.8%</b>	<b>7.2%</b>
<b>Total investment portfolio</b>			<b>46,720</b>	<b>49,509</b>	<b>6.0%</b>	<b>79.3%</b>
Current asset investments and Cash at bank and in hand <sup>2</sup>				12,920		20.7%
<b>Total investments</b>			<b>46,720</b>	<b>62,429</b>		<b>100.0%</b>
Other assets				331		0.5%
Current liabilities				(331)		(0.5)%
<b>Net assets</b>				<b>62,429</b>		<b>100.0%</b>

<sup>1</sup> - This percentage change in 'like for like' valuations is a comparison of the 30 June 2017 valuations with the 31 December 2016 valuations having adjusted for partial disposals, loan stock repayments or new investments in the period.

<sup>2</sup> - Disclosed as Current Asset Investments and Cash at bank and in hand within Current assets in the Balance Sheet on page 14.

# Statement of the Directors' Responsibilities

## Responsibility statement

In accordance with Disclosure and Transparency Rule (DTR) 4.2.10, Clive Boothman (Chairman), Bridget Guérin (Chairman of the Nomination & Remuneration and Management Engagement Committees), and Catherine Wall (Chairman of the Audit 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 Financial Reporting Standard 104 "Interim Financial Reporting" gives a true and fair view of the assets, liabilities, financial position and profit of the Company, as required by DTR 4.2.10;
- (b) the Half-Year Management Report which comprises the Chairman's Statement, Investment Policy, Investment Review and Investment Portfolio Summary includes a fair review of the information required by DTR 4.2.7, being an indication of the important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements;
- (c) a description of the principal risks and uncertainties facing the Company for the remaining six months is set out below, in accordance with DTR 4.2.7; and
- (d) there were no related party transactions in the first six months of the current financial year that are required to be 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 2016. The Board acknowledges that there is regulatory risk (for example potential Budget changes arising from the outcome of the Patient Capital Review) 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:

- Investment and strategic;
- Loss of approval as a Venture Capital Trust;
- Economic;
- Regulatory;
- Financial and operating;
- Market;
- Asset liquidity;
- Market liquidity; and
- Counterparty.

A detailed explanation of these risks can be found in the Strategic Report on pages 19 - 20 and in Note 15 on pages 51 - 58 of the Annual Report and Accounts for the year ended 31 December 2016, copies of which are available on the Investment Adviser's website, [www.mobeusequity.co.uk](http://www.mobeusequity.co.uk) or by going direct to: [www.migvct.co.uk](http://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-Year Management Report. The Directors have satisfied themselves that the Company continues to maintain a significant cash position but does intend to raise funds from an Offer for subscription to be launched later this year. 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 Notes 15 and 16 on pages 51 - 58 of the Annual Report and Accounts for the year ended 31 December 2016. Accordingly, the Directors continue to adopt the going concern basis of accounting in preparing the half-year report and annual financial statements.

## Cautionary statement

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

For and on behalf of the Board:

Clive Boothman  
*Chairman*

8 August 2017

# Unaudited Condensed Income Statement

## for the six months ended 30 June 2017

	Notes	Six months ended 30 June 2017 (unaudited)		
		Revenue £	Capital £	Total £
Unrealised gains/(losses) on investments	9	-	2,891,634	2,891,634
Realised gains on investments	9	-	186,404	186,404
Income	4	1,691,814	-	1,691,814
Investment Adviser's fees	5	(169,087)	(507,259)	(676,346)
Other expenses		(171,119)	-	(171,119)
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>1,351,608</b>	<b>2,570,779</b>	<b>3,922,387</b>
Tax on profit/(loss) on ordinary activities	6	(204,510)	97,647	(106,863)
<b>Profit/(loss) and total comprehensive income</b>		<b>1,147,098</b>	<b>2,668,426</b>	<b>3,815,524</b>
<b>Basic and diluted earnings per ordinary share</b>	7	<b>1.52p</b>	<b>3.53p</b>	<b>5.05p</b>

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

The total column is the Statement of Total Comprehensive Income of the Company prepared in accordance with UK GAAP, including Financial Reporting Standard 102. In order to better reflect the activities of a VCT and in accordance with the 2014 Statement of Recommended Practice ("SORP") updated in January 2017 by the Association of Investment Companies ("AIC"), supplementary information which analyses the Income Statement between items of a revenue and capital nature has been presented alongside the Income Statement. The revenue column of profit attributable to equity shareholders is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in Section 274 Income Tax Act 2007.

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

The Notes on pages 18 - 23 form part of these Half-Year Financial Statements.

Six months ended 30 June 2016 (unaudited)			Year ended 31 December 2016 (audited)		
Revenue £	Capital £	Total £	Revenue £	Capital £	Total £
-	(742,313)	(742,313)	-	(196,760)	(196,760)
-	616,899	616,899	-	628,948	628,948
1,343,945	-	1,343,945	2,650,934	-	2,650,934
(201,589)	(604,765)	(806,354)	(383,672)	(1,151,015)	(1,534,687)
(189,557)	-	(189,557)	(349,892)	-	(349,892)
952,799	(730,179)	222,620	1,917,370	(718,827)	1,198,543
(182,620)	120,953	(61,667)	(339,532)	230,203	(109,329)
<b>770,179</b>	<b>(609,226)</b>	<b>160,953</b>	<b>1,577,838</b>	<b>(488,624)</b>	<b>1,089,214</b>
<b>1.02p</b>	<b>(0.81)p</b>	<b>0.21p</b>	<b>2.08p</b>	<b>(0.64)p</b>	<b>1.44p</b>

# Unaudited Condensed Balance Sheet

## as at 30 June 2017

Company registration number: 05153931

	Notes	As at 30 June 2017 (unaudited) £	As at 30 June 2016 (unaudited) £	As at 31 December 2016 (audited) £
<b>Fixed assets</b>				
Investments at fair value	9	49,509,076	49,586,695	51,682,768
<b>Current assets</b>				
Debtors and prepayments		331,084	297,597	1,154,144
Current asset investments	10	9,646,811	11,818,297	5,246,949
Cash at bank	10	3,273,445	7,147,951	5,314,539
		13,251,340	19,263,845	11,715,632
<b>Creditors: amounts falling due within one year</b>		(331,187)	(177,971)	(248,847)
<b>Net current assets</b>		12,920,153	19,085,874	11,466,785
<b>Net assets</b>		<b>62,429,229</b>	<b>68,672,569</b>	<b>63,149,553</b>
<b>Capital and reserves</b>				
Called up share capital		755,975	756,280	755,975
Capital redemption reserve		9,440	9,135	9,440
Share premium reserve		19,463,849	19,463,849	19,463,849
Revaluation reserve		6,290,934	3,007,708	3,523,180
Special distributable reserve		30,659,875	39,846,633	35,605,335
Realised capital reserve		3,044,076	3,826,082	2,733,792
Revenue reserve		2,205,080	1,762,882	1,057,982
<b>Equity shareholders' funds</b>		<b>62,429,229</b>	<b>68,672,569</b>	<b>63,149,553</b>
<b>Basic and diluted net asset value per share</b>	11	<b>82.58p</b>	<b>90.80p</b>	<b>83.53p</b>

The financial information for the six months ended 30 June 2017 and the six months ended 30 June 2016 has not been audited.

The Notes on pages 18 - 23 form part of these Half-Year Financial Statements.

# Unaudited Condensed Statement of Changes in Equity

## for the six months ended 30 June 2017

	Non-distributable reserves				Distributable reserves			Total
	Called up share capital	Capital redemption reserve	Share premium reserve	Revaluation reserve	Special distributable reserve (note a)	Realised capital reserve (note b)	Revenue reserve (note b)	
	£	£	£	£	£	£	£	£
<b>At 1 January 2017</b>	755,975	9,440	19,463,849	3,523,180	35,605,335	2,733,792	1,057,982	63,149,553
<b>Comprehensive income for the period</b>								
Profit/(loss) for the period	-	-	-	2,891,634	-	(223,208)	1,147,098	3,815,524
<b>Total comprehensive income for the period</b>	-	-	-	<b>2,891,634</b>	-	<b>(223,208)</b>	<b>1,147,098</b>	<b>3,815,524</b>
<b>Contributions by and distributions to owners</b>								
Shares bought back	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	(4,535,848)	-	-	(4,535,848)
<b>Total contributions by and distributions to owners</b>	-	-	-	-	<b>(4,535,848)</b>	-	-	<b>(4,535,848)</b>
<b>Other movements</b>								
Realised losses transferred to special reserve (note a)	-	-	-	-	(409,612)	409,612	-	-
Realisation of previously unrealised appreciation	-	-	-	(123,880)	-	123,880	-	-
<b>Total other movements</b>	-	-	-	<b>(123,880)</b>	<b>(409,612)</b>	<b>533,492</b>	-	-
<b>At 30 June 2017</b>	<b>755,975</b>	<b>9,440</b>	<b>19,463,849</b>	<b>6,290,934</b>	<b>30,659,875</b>	<b>3,044,076</b>	<b>2,205,080</b>	<b>62,429,229</b>

Notes:

a) The cancellation of the share premium reserve and 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, write off any existing and future losses and for any other corporate purpose, including dividend distributions. All of this reserve arose from shares issued before 5 April 2014.

b) The Realised capital reserve and the Revenue reserve together comprise the Profit and Loss Account of the Company.

The Notes on pages 18 - 23 form part of these Half-Year Financial Statements.

# Unaudited Condensed Statement of Changes in Equity

## for the six months ended 30 June 2016

	Non-distributable reserves				Distributable reserves			Total £
	Called up share capital £	Capital redemption reserve £	Share premium reserve £	Revaluation reserve £	Special distributable reserve £	Realised capital reserve £	Revenue reserve £	
<b>At 1 January 2016</b>	759,730	5,685	19,463,849	3,785,072	40,625,822	7,716,009	1,749,683	74,105,850
<b>Comprehensive income for the period</b>								
(Loss)/profit for the period	-	-	-	(742,313)	-	133,087	770,179	160,953
<b>Total comprehensive income for the period</b>	-	-	-	<b>(742,313)</b>	-	<b>133,087</b>	<b>770,179</b>	<b>160,953</b>
<b>Contributions by and distributions to owners</b>								
Shares bought back	(3,450)	3,450	-	-	(295,377)	-	-	(295,377)
Dividends paid	-	-	-	-	-	(4,541,877)	(756,980)	(5,298,857)
<b>Total contributions by and distributions to owners</b>	<b>(3,450)</b>	<b>3,450</b>	-	-	<b>(295,377)</b>	<b>(4,541,877)</b>	<b>(756,980)</b>	<b>(5,594,234)</b>
<b>Other movements</b>								
Realised losses transferred to special reserve	-	-	-	-	(483,812)	483,812	-	-
Realisation of previously unrealised appreciation	-	-	-	(35,051)	-	35,051	-	-
<b>Total other movements</b>	-	-	-	<b>(35,051)</b>	<b>(483,812)</b>	<b>518,863</b>	-	-
<b>At 30 June 2016</b>	<b>756,280</b>	<b>9,135</b>	<b>19,463,849</b>	<b>3,007,708</b>	<b>39,846,633</b>	<b>3,826,082</b>	<b>1,762,882</b>	<b>68,672,569</b>

The Notes on pages 18 - 23 form part of these Half-Year Financial Statements.

# Unaudited Condensed Statement of Cash Flows

## for the six months ended 30 June 2017

Notes	Six months ended 30 June 2017 (unaudited) £	Six months ended 30 June 2016 (unaudited) £	Year ended 31 December 2016 (audited) £
<b>Cash flows from operating activities</b>			
Profit after tax for the financial period	3,815,524	160,953	1,089,214
<b>Adjustments for:</b>			
Net unrealised (gains)/losses on investments	(2,891,634)	742,313	196,760
Net realised gains on investments	(186,404)	(616,899)	(628,948)
Tax charge for current period	106,863	61,667	109,329
Decrease/(increase) in debtors	41,613	36,547	(38,554)
Decrease in creditors and accruals	(24,522)	(106,096)	(82,593)
<b>Net cash inflow from operations</b>	<b>861,440</b>	<b>278,485</b>	<b>645,208</b>
Corporation tax paid	-	(44,108)	(44,108)
<b>Net cash inflow from operating activities</b>	<b>861,440</b>	<b>234,377</b>	<b>601,100</b>
<b>Cash flows from investing activities</b>			
Purchases of investments	9 (630,103)	(604,465)	(3,559,180)
Disposals of investments	9 6,663,279	2,762,213	3,397,012
Decrease/(increase) in bank deposits with a maturity over three months	1,942	(11,467)	2,003,484
<b>Net cash inflow from investing activities</b>	<b>6,035,118</b>	<b>2,146,281</b>	<b>1,841,316</b>
<b>Cash flows from financing activities</b>			
Equity dividends paid	8 (4,535,848)	(5,298,857)	(11,727,234)
Purchase of own shares	-	(295,087)	(318,277)
<b>Net cash outflow from financing activities</b>	<b>(4,535,848)</b>	<b>(5,593,944)</b>	<b>(12,045,511)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>2,360,710</b>	<b>(3,213,286)</b>	<b>(9,603,095)</b>
Cash and cash equivalents at start of period	9,554,221	19,157,316	19,157,316
<b>Cash and cash equivalents at end of period</b>	<b>11,914,931</b>	<b>15,944,030</b>	<b>9,554,221</b>
<b>Cash and cash equivalents comprise:</b>			
Cash at bank and in hand	10 3,273,445	7,147,951	5,314,539
Cash equivalents	10 8,641,486	8,796,079	4,239,682

The Notes on pages 18 - 23 form part of these Half-Year Financial Statements.

# Notes to the Condensed Unaudited Financial Statements for the six months ended 30 June 2017

## 1. Company information

Mobeus Income and Growth VCT plc is a public limited company incorporated in England, registration number 05153931. The registered office is 30 Haymarket, London, SW1Y 4EX.

## 2. Basis of preparation of the Financial Statements

These Financial Statements are prepared in accordance with accounting policies consistent with Financial Reporting Standard 102 ("FRS 102"), Financial Reporting Standard 104 ("FRS 104") - Interim Financial Reporting, with the Companies Act 2006 and the 2014 Statement of Recommended Practice, 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' ('the SORP') (updated in January 2017) issued by the Association of Investment Companies ("AIC"). The Financial Statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in note 9.

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

## 3. Principal accounting policies

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

## 4. Income

	Six months ended 30 June 2017 (unaudited) £	Six months ended 30 June 2016 (unaudited) £	Year ended 31 December 2016 (audited) £
Dividends	289,217	40,897	220,910
Money-market funds	7,938	21,041	31,429
Loan stock interest	1,386,114	1,241,971	2,338,480
Bank deposit interest	8,545	40,036	60,115
<b>Total Income</b>	<b>1,691,814</b>	<b>1,343,945</b>	<b>2,650,934</b>

## 5. 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 Adviser's fees to the capital reserve. This is in line with the Board's expectation of the long-term split of returns from the investment portfolio of the Company. For further details, see note 4 on page 43 of the 2016 Annual Report.

## 6. Taxation

There is a tax charge for the period as the Company has taxable income in excess of deductible expenses.

	Six months ended 30 June 2017 (unaudited)			Six months ended 30 June 2016 (unaudited)			Year ended 31 December 2016 (audited)		
	Revenue £	Capital £	Total £	Revenue £	Capital £	Total £	Revenue £	Capital £	Total £
<b>a) Analysis of tax charge:</b>									
UK Corporation tax on profit/(loss) for the period	204,510	(97,647)	106,863	182,620	(120,953)	61,667	339,532	(230,203)	109,329
<b>Total current tax charge/(credit)</b>	<b>204,510</b>	<b>(97,647)</b>	<b>106,863</b>	<b>182,620</b>	<b>(120,953)</b>	<b>61,667</b>	<b>339,532</b>	<b>(230,203)</b>	<b>109,329</b>
Corporation tax is based on a rate of 19.3% (2016: 20.0%)									
<b>b) Profit/(loss) on ordinary activities before tax</b>	1,351,608	2,570,779	3,922,387	952,799	(730,179)	222,620	1,917,370	(718,827)	1,198,543
Profit on ordinary activities multiplied by rate of corporation tax in the UK of 19.3% (2016: 20.0%)	260,185	494,876	755,061	190,560	(146,036)	44,524	383,474	(143,765)	239,709
<b>Effect of:</b>									
UK dividends	(55,675)	-	(55,675)	(8,180)	-	(8,180)	(44,182)	-	(44,182)
Unrealised (gains)/losses not taxable/allowable	-	(556,640)	(556,640)	-	148,463	148,463	-	39,352	39,352
Realised gains not taxable	-	(35,883)	(35,883)	-	(123,380)	(123,380)	-	(125,790)	(125,790)
Under provision in prior period	-	-	-	240	-	240	240	-	240
<b>Actual current tax charge</b>	<b>204,510</b>	<b>(97,647)</b>	<b>106,863</b>	<b>182,620</b>	<b>(120,953)</b>	<b>61,667</b>	<b>339,532</b>	<b>(230,203)</b>	<b>109,329</b>

## 7. 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 2017 (unaudited) £	Six months ended 30 June 2016 (unaudited) £	Year ended 31 December 2016 (audited) £
i) Total earnings after taxation	3,815,524	160,953	1,089,214
<b>Basic and diluted earnings per share</b>	<b>5.05p</b>	<b>0.21p</b>	<b>1.44p</b>
ii) Net revenue from ordinary activities after taxation	1,147,098	770,179	1,577,838
<b>Basic and diluted revenue return per share</b>	<b>1.52p</b>	<b>1.02p</b>	<b>2.08p</b>
Net unrealised capital gains/(losses) on investments	2,891,634	(742,313)	(196,760)
Net realised capital gains on investments	186,404	616,899	628,948
Capital Investment Adviser's fees less taxation	(409,612)	(483,812)	(920,812)
iii) Total capital return	2,668,426	(609,226)	(488,624)
<b>Basic and diluted capital return per share</b>	<b>3.53p</b>	<b>(0.81)p</b>	<b>(0.64)p</b>
iv) Weighted average number of shares in issue in the period	75,597,471	75,857,731	75,741,214

# Notes to the Condensed Unaudited Financial Statements for the six months ended 30 June 2017

## 8. Dividends paid

Dividend	Type	For the year ended 31 December	Pence per share	Date paid	Six months ended 30 June 2017 (unaudited) £	Six months ended 30 June 2016 (unaudited) £	Year ended 31 December 2016 (audited) £
<b>Final</b>	Income	2015	1.00p	31 May 2016	-	756,980	756,980
<b>Final</b>	Capital	2015	6.00p	31 May 2016	-	4,541,877	4,541,877
<b>Interim</b>	Income	2016	2.00p	20 September 2016	-	-	1,512,559
<b>Interim</b>	Capital	2016	1.50p	20 September 2016	-	-	1,134,420
<b>Interim</b>	Capital	2016	5.00p	20 September 2016	-	-	3,781,398*
<b>Second interim</b>	Capital	2016	6.00p	31 March 2017	4,535,848*	-	-
					<b>4,535,848</b>	<b>5,298,857</b>	<b>11,727,234</b>

\* - These dividends were paid out of the Company's special distributable reserve.

## 9. Summary of movement on investments during the period

The most critical estimates, assumptions and judgements relate to the determination of the carrying value of investments at 'fair value through profit and loss' ("FVTPL"). All investments held by the Company are classified as FVTPL, and measured in accordance with the International Private Equity and Venture Capital Valuation ("IPEV") guidelines, as updated in December 2015. This classification is followed as the Company's business is to invest in financial assets with a view to profiting from their total return in the form of capital growth and income.

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

Unquoted investments are stated at fair value by the Directors in accordance with the following rules, which are consistent with the IPEV 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, each investment is considered as a whole on a 'unit of account' basis alongside consideration of:

- (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) a multiple basis. The shares may be valued by applying a suitable price-earnings ratio or revenue multiple to that company's historic, current or forecast post-tax earnings before interest and amortisation, or revenue, (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.
- (iii) Premiums to the extent that they are considered capital in nature, and that will be received upon repayment of loan stock investments are accrued at fair value when the Company receives the right to the premium and when considered recoverable.
  - (iv) Where a multiple or cost less impairment basis is not appropriate and overriding factors apply a, discounted cash flow, net asset valuation or realisation proceeds basis may be applied.

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

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

A key judgement made in applying the above accounting policy relates to investments that are permanently impaired. Where the value of an investment has fallen permanently below cost, the loss is treated as a permanent impairment and as a realised loss, even though the investment is still held. The Board assesses the portfolio for such investments and, after agreement with the Investment Adviser, will agree the values that represent the extent to which an investment has become realised. This is based upon an assessment of objective evidence of that investment's future prospects, to determine whether there is potential for the investment to recover in value.

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

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

# Notes to the Condensed Unaudited Financial Statements for the six months ended 30 June 2017

	Traded on AIM Level 1 £	Unquoted equity shares Level 3 £	Unquoted preference shares Level 3 £	Unquoted loan stock Level 3 £	Total £
Valuation at 1 January 2017	357,306	14,330,923	28,948	36,965,591	51,682,768
Purchases at cost	-	962,581	-	359,419	1,322,000
Sales - proceeds	(367,810)	(311,441)	-	(5,894,479)	(6,573,730)
- realised gains/(losses)	10,504	(1,870,940)	-	2,046,840	186,404
Reclassification at valuation	-	(159)	159	-	-
Unrealised gains/(losses) on investments in the period	-	2,437,778	718,698	(264,842)	2,891,634
<b>Valuation at 30 June 2017</b>	<b>-</b>	<b>15,548,742</b>	<b>747,805</b>	<b>33,212,529</b>	<b>49,509,076</b>
Book cost at 30 June 2017	-	17,912,459	30,009	28,777,707	46,720,175
Permanent impairment in value of investments	-	(2,453,963)	(3,078)	(1,044,992)	(3,502,033)
Unrealised gains at 30 June 2017	-	90,246	720,874	5,479,814	6,290,934
<b>Valuation at 30 June 2017</b>	<b>-</b>	<b>15,548,742</b>	<b>747,805</b>	<b>33,212,529</b>	<b>49,509,076</b>
<b>Gains/(losses) on investments</b>					
Net realised gains/(losses) based on historical cost	122,798	(1,889,840)	-	2,077,326	310,284
Less amounts recognised as unrealised (gains)/losses in previous years	(112,294)	18,900	-	(30,486)	(123,880)
<b>Net realised gains/(losses) based on carrying value at 31 December 2016</b>	<b>10,504</b>	<b>(1,870,940)</b>	<b>-</b>	<b>2,046,840</b>	<b>186,404</b>
Net movement in unrealised gains/(losses) in the period	-	2,437,778	718,698	(264,842)	2,891,634
<b>Gains on investments for the six months ended 30 June 2017</b>	<b>10,504</b>	<b>566,838</b>	<b>718,698</b>	<b>1,781,998</b>	<b>3,078,038</b>

## Reconciliation to Condensed Statement of Cash Flows

Sales proceeds above of £6,573,730 are less than that shown in the Condensed Statement of Cash Flows of £6,663,279 by £89,549. This amount is cash proceeds received in the current period that related to an investment realised in the previous year.

Purchases at cost above of £1,322,000 are more than that shown in the Condensed Statement of Cash Flows of £630,103 by £691,897. This amount is funds remitted in December 2016 for the investment in Ibericos Etc. Limited (trading as Tapas Revolution), which completed in this Half-Year period. Purchases of investments referred to in the Chairman's Statement of £1,989,992 are higher than that shown above by £667,992. This amount represents funds previously held in Chatfield Services Limited, a company preparing to trade, utilised for the investment into Buster & Punch, as referred to in the Investment Adviser's Review on page 5.

There has been no significant change in the risk analysis as disclosed in Note 15 of the Financial Statements in the Company's Annual Report. The decrease in unrealised valuations of the loan stock investments above reflect the changes in the entitlement to loan premiums, and/or in the underlying enterprise value of the investee company. The decrease does not arise from assessments of credit or market risk upon these instruments.

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

	As at 30 June 2017 (unaudited) £	As at 30 June 2016 (unaudited) £	As at 31 December 2016 (audited) £
Estimated realisation proceeds	6,123,453	-	-
Recent investment price	8,716,511	16,655,476	15,049,213
Price-earnings or revenue multiple	34,669,112	32,524,539	36,276,249
	<b>49,509,076</b>	<b>49,180,015</b>	<b>51,325,462</b>

## 10. Current asset investments and cash at bank

	As at 30 June 2017 (unaudited) £	As at 30 June 2016 (unaudited) £	As at 31 December 2016 (audited) £
OEIC Money market funds	8,641,486	6,287,480	4,239,682
Bank deposits that mature within three months but are not immediately repayable	-	2,508,599	-
<b>Cash equivalents per Condensed Statement of Cash Flows</b>	<b>8,641,486</b>	<b>8,796,079</b>	<b>4,239,682</b>
Bank deposits that mature after three months	1,005,325	3,022,218	1,007,267
<b>Current asset investments</b>	<b>9,646,811</b>	<b>11,818,297</b>	<b>5,246,949</b>
<b>Cash at bank</b>	<b>3,273,445</b>	<b>7,147,951</b>	<b>5,314,539</b>

## 11. Basic and diluted net asset value per ordinary share

	As at 30 June 2017 (unaudited)	As at 30 June 2016 (unaudited)	As at 31 December 2016 (audited)
Net assets	£62,429,229	£68,672,569	£63,149,553
Number of shares in issue	75,597,471	75,627,951	75,597,471
<b>Basic and diluted net asset value per share (pence)</b>	<b>82.58p</b>	<b>90.80p</b>	<b>83.53p</b>

## 12. Post balance sheet events

On 5 July 2017, one of the Company's investments, Manufacturing Services Investment Limited, a company preparing to trade, alongside funds from the VCT, provided capital of £2.74 million to invest in Wetsuit Outlet Limited.

On 1 August 2017, the Company realised its entire holding in Entanet Holdings Limited for proceeds of £6.12 million, realising a gain over original cost of £3.41 million, or 4.52 pence per share to date. These proceeds have been fully reflected in the valuation of the Company at 30 June 2017, as the Board consider that the transaction was sufficiently progressed at 30 June to justify a valuation reflecting the full cash proceeds.

## 13. Financial statements for the year ended 31 December 2016

The information for the period ended 30 June 2017 does not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. The Financial Statements for the year ended 31 December 2016 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) or (3) of the Companies Act 2006.

## 14. Half-Year Report

This Half-Year Report will shortly be made available on our website: [www.migvct.co.uk](http://www.migvct.co.uk) and will be circulated by post to those shareholders who have requested copies of the Report. Further copies are available free of charge from the Company's registered office, 30 Haymarket, London, SW1Y 4EX or can be downloaded via the website.

# Shareholder Information

## Communication with shareholders

We aim to communicate regularly with our shareholders. In addition to the Half-Year and Annual Reports, shareholders receive a twice-yearly VCT newsletter from the Investment Adviser, approved by the Board. The May annual general meeting provides a useful platform for the Board to meet shareholders and exchange views. Your Board welcomes your attendance at general meetings to give you the opportunity to meet your Directors and representatives of the Investment Adviser. The Company releases Interim Management Statements in respect of those quarters where it does not publish half or full year accounts.

The Investment Adviser holds an annual shareholder event. The next event will be held on Tuesday, 30 January 2018 at the Royal Institute of British Architects in Central London. Shareholders were sent further details and an invitation to the event with their copy of the Mobeus VCT Newsletter last week.

Shareholders wishing to follow the Company's progress can visit its website at [www.migvct.co.uk](http://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](http://www.londonstockexchange.com) where shareholders can obtain up to the minute details of the share price and the latest NAV announcements, etc.

## Shareholder enquiries:

The Registrars may be contacted via their website at the address given above, or by post or phone: Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ, tel: 0370 707 1155.

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

## Financial calendar

8 August 2017	Announcement of the Company's Half-Year results and circulation of the Half-Year Report for the six months ended 30 June 2017 to shareholders.
18 August 2017	Record date for shareholders to be eligible for the interim dividend.
13 September 2017	Interim capital dividend in respect of the six months ended 30 June 2017 to be paid to shareholders.
31 December 2017	Year-end.
30 January 2018	Shareholder event.
March 2018	Announcement of the Company's annual results and circulation of Annual Report and Financial Statements for the year ended 31 December 2017 to shareholders.
May 2018	Annual General Meeting.

## Selling your shares

The Company's shares are listed on the London Stock Exchange and as such they can be sold in the same way as any other quoted company through a stockbroker. **However, to ensure that you 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.

## Dividends

Shareholders who wish to have dividends paid directly into their bank account rather than sent by cheque to their registered address can complete a mandate for this purpose. Mandates can be updated online by visiting [www.investorcentre.co.uk](http://www.investorcentre.co.uk) or, alternatively, they 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 them 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 you if this is the case, we cannot guarantee that we will be able to do so if the Registrars do not have an up-to-date postal and/or email address for you. You can update your contact details and view any unclaimed dividend payments on the Computershare Investor Centre at [www.investorcentre.co.uk](http://www.investorcentre.co.uk).**

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

With effect from 1 January 2016 new tax legislation under the Organisation for Economic Co-operation and Development Common Reporting Standard for Automatic Exchange of Financial Account Information was introduced. The legislation requires investment trust companies to provide personal information to HMRC on certain investors who purchase their shares. As an affected entity, the Company will have to provide information annually to HMRC on the tax residencies of a number of non-UK based certificated shareholders. All new shareholders, excluding those whose shares are held in CREST, who are entered onto the share register from 1 January 2016 will be asked to provide the relevant information. Additionally, HMRC changed its policy position on the FATCA in June last year. As a result of the restricted secondary market in VCT shares the Company's shares are not considered to be “regularly traded” which means that the Company is also an affected entity for the purposes of this legislation and as such has to provide information annually to HMRC on the tax residencies of shareholders who are resident for tax purposes in the United States.

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

# Performance Data at 30 June 2017

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 2017. The NAV basis enables shareholders to evaluate more clearly the performance of the 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 2017 **68.50p<sup>1</sup>**

NAV per share as at 30 June 2017 **82.58p**

Allotment date(s)	Allotment price (p)	Net allotment price <sup>2</sup> (p)	Cumulative dividends paid per share <sup>3</sup> (p)	Total return per share to Shareholders since allotment (Share price basis) (p)	(NAV basis) (p)
<b>Funds raised 2004/05</b>					
Between 5 October 2004 and 29 June 2005	100.00	<b>60.00</b>	95.80	<b>164.30</b>	<b>178.38</b>
<b>Funds raised 2011 (Linked offer)</b>					
21 January 2011	98.00	<b>68.60</b>	74.50	<b>143.00</b>	<b>157.08</b>
28 February 2011	102.30	<b>71.61</b>	74.50	<b>143.00</b>	<b>157.08</b>
22 March 2011	102.30	<b>71.61</b>	74.50	<b>143.00</b>	<b>157.08</b>
01 April 2011	102.30	<b>71.61</b>	74.50	<b>143.00</b>	<b>157.08</b>
05 April 2011	102.30	<b>71.61</b>	74.50	<b>143.00</b>	<b>157.08</b>
10 May 2011	100.60	<b>70.42</b>	74.50	<b>143.00</b>	<b>157.08</b>
06 July 2011	95.30	<b>66.71</b>	69.50	<b>138.00</b>	<b>152.08</b>
<b>Funds raised 2012 (Linked offer)</b>					
08 March 2012	101.20	<b>70.84</b>	69.00	<b>137.50</b>	<b>151.58</b>
04 April 2012	101.20	<b>70.84</b>	69.00	<b>137.50</b>	<b>151.58</b>
05 April 2012	101.20	<b>70.84</b>	69.00	<b>137.50</b>	<b>151.58</b>
10 May 2012	101.20	<b>70.84</b>	69.00	<b>137.50</b>	<b>151.58</b>
10 July 2012	95.50	<b>66.85</b>	62.75	<b>131.25</b>	<b>145.33</b>
<b>Funds raised 2013 (Linked offer)</b>					
14 January 2013	94.60	<b>66.22</b>	57.75	<b>126.25</b>	<b>140.33</b>
28 March 2013	97.40	<b>68.18</b>	57.75	<b>126.25</b>	<b>140.33</b>
04 April 2013	97.40	<b>68.18</b>	57.75	<b>126.25</b>	<b>140.33</b>
05 April 2013	97.40	<b>68.18</b>	57.75	<b>126.25</b>	<b>140.33</b>
10 April 2013 pre RDR <sup>4</sup>	99.80	<b>69.86</b>	57.75	<b>126.25</b>	<b>140.33</b>
10 April 2013 post RDR <sup>4</sup>	97.40	<b>68.18</b>	57.75	<b>126.25</b>	<b>140.33</b>
07 May 2013	95.40	<b>66.78</b>	55.75	<b>124.25</b>	<b>138.33</b>
<b>Funds raised 2014 (Linked offer)</b>					
09 January 2014	100.01 <sup>5</sup>	<b>70.01</b>	51.75	<b>120.25</b>	<b>134.33</b>
11 February 2014	100.28 <sup>5</sup>	<b>70.20</b>	51.75	<b>120.25</b>	<b>134.33</b>
31 March 2014	106.71 <sup>5</sup>	<b>74.70</b>	51.75	<b>120.25</b>	<b>134.33</b>
03 April 2014	107.19 <sup>5</sup>	<b>75.03</b>	51.75	<b>120.25</b>	<b>134.33</b>
04 April 2014	106.54 <sup>5</sup>	<b>74.58</b>	51.75	<b>120.25</b>	<b>134.33</b>
06 June 2014	108.50 <sup>5</sup>	<b>75.95</b>	48.50	<b>117.00</b>	<b>131.08</b>
<b>Funds raised 2015 (Joint offer)</b>					
14 January 2015	96.90 <sup>5</sup>	<b>67.83</b>	31.50	<b>100.00</b>	<b>114.08</b>
17 February 2015	98.37 <sup>5</sup>	<b>68.86</b>	31.50	<b>100.00</b>	<b>114.08</b>
10 March 2015	99.40 <sup>5</sup>	<b>69.58</b>	31.50	<b>100.00</b>	<b>114.08</b>

<sup>1</sup> - Source: Panmure Gordon & Co (mid-price basis), when the latest announced NAV was 79.16p.

<sup>2</sup> - 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.

<sup>3</sup> - For derivation, see table on page 27.

<sup>4</sup> - 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.

<sup>5</sup> - Average effective offer price. Shares were allotted pursuant to the 2013/14 and 2014/15 Offers at individual prices for each investor in accordance with the allotment formula as set out in each Offer's Securities Note.

## MIG 3 VCT Fundraising

Share price as at 30 June 2017 **72.99p<sup>1</sup>**

NAV per share as at 30 June 2017 **87.99p**

Shareholders in the former Matrix Income & Growth 3 VCT plc 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 <sup>2</sup> (p)	Cumulative dividends paid per share <sup>3</sup> (p)	Total return per share to Shareholders since allotment (Share price basis) (p)	(NAV basis) (p)
<b>Funds raised 2006<sup>3</sup></b>					
Between 24 January 2006 and 5 April 2006	100.00	<b>60.00</b>	88.93	<b>161.92</b>	<b>176.91</b>

<sup>1</sup> - Source: Panmure Gordon & Co (mid-price basis), as adjusted for the merger ratio.

<sup>2</sup> - 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.

<sup>3</sup> - For derivation, see table below.

## Cumulative dividends paid

Payment date	2004 (MIG VCT) (p)	2006 (MIG 3 VCT) (p)	2011 (Linked offer) (p)	2012 (Linked offer) (p)	2013 (Linked offer) (p)	2014 (Linked offer) (p)	2015 (Joint offer) (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					
<b>20 May 2010 Merger of MIG VCT and MIG 3 VCT</b>							
27 May 2011	5.00	5.33 <sup>1</sup>	5.00				
15 September 2011	0.50	0.53 <sup>1</sup>	0.50				
22 May 2012	6.25	6.66 <sup>1</sup>	6.25	6.25			
20 September 2012	5.00	5.33 <sup>1</sup>	5.00	5.00			
15 May 2013	2.00	2.13 <sup>1</sup>	2.00	2.00	2.00		
18 September 2013	4.00	4.26 <sup>1</sup>	4.00	4.00	4.00		
14 May 2014	3.25	3.46 <sup>1</sup>	3.25	3.25	3.25	3.25	
17 September 2014	17.00	18.11 <sup>1</sup>	17.00	17.00	17.00	17.00	
30 April 2015	7.00	7.46 <sup>1</sup>	7.00	7.00	7.00	7.00	7.00
17 September 2015	3.00	3.20 <sup>1</sup>	3.00	3.00	3.00	3.00	3.00
31 May 2016	7.00	7.46 <sup>1</sup>	7.00	7.00	7.00	7.00	7.00
20 September 2016	8.50	9.06 <sup>1</sup>	8.50	8.50	8.50	8.50	8.50
31 March 2017	6.00	6.39 <sup>1</sup>	6.00	6.00	6.00	6.00	6.00
<b>Total dividends paid<sup>2</sup></b>	<b>95.80</b>	<b>88.93</b>	<b>74.50</b>	<b>69.00</b>	<b>57.75</b>	<b>51.75</b>	<b>31.50</b>

<sup>1</sup> - 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.

<sup>2</sup> - The above data relates to an investor in the first allotment of each fundraising. The precise amount of dividends paid to shareholders by date of allotment is shown on page 26 and above.

# Corporate Information

## **Directors (Non-executive)**

Clive Boothman (Chairman)  
Bridget Guérin (Senior Independent Director)  
Catherine Wall

## **Company's Registered Office**

30 Haymarket London SW1Y 4EX

## **Adviser, Promoter, Company Secretary and Administrator**

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

## **Company Registration Number:**

05153931

## **Email**

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## **Website**

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## **Independent Auditor**

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## **Banker**

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## **Solicitor**

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## **Registrar**

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## **Corporate Broker**

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