

Mobius Income & Growth 2 VCT plc

A VENTURE CAPITAL TRUST

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

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

Company Objective

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

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Financial Highlights


Results for the six months ended 30 September 2017

As at 30 September 2017

Net assets: £38.83 million

Net asset value ("NAV") per share: 103.25 pence

 Net Asset Value ("NAV") Total Return¹ per share was 3.3% while Share Price Total Return² per share was 5.8% for the Half-Year.

 Shareholders received an interim dividend of 7.00 pence per share in respect of the current year ending 31 March 2018 on 27 July 2017. A further interim dividend of 9.00 pence per share has been declared, payable on 22 January 2018.

 A total of £3.26 million was received following the successful realisation of Entanet in the Half-Year.

 The Company made two new investments totalling £2.07 million and one follow-on investment of £0.09 million during the Half-Year.

 Total liquidity at the Half-Year is £13.90 million.

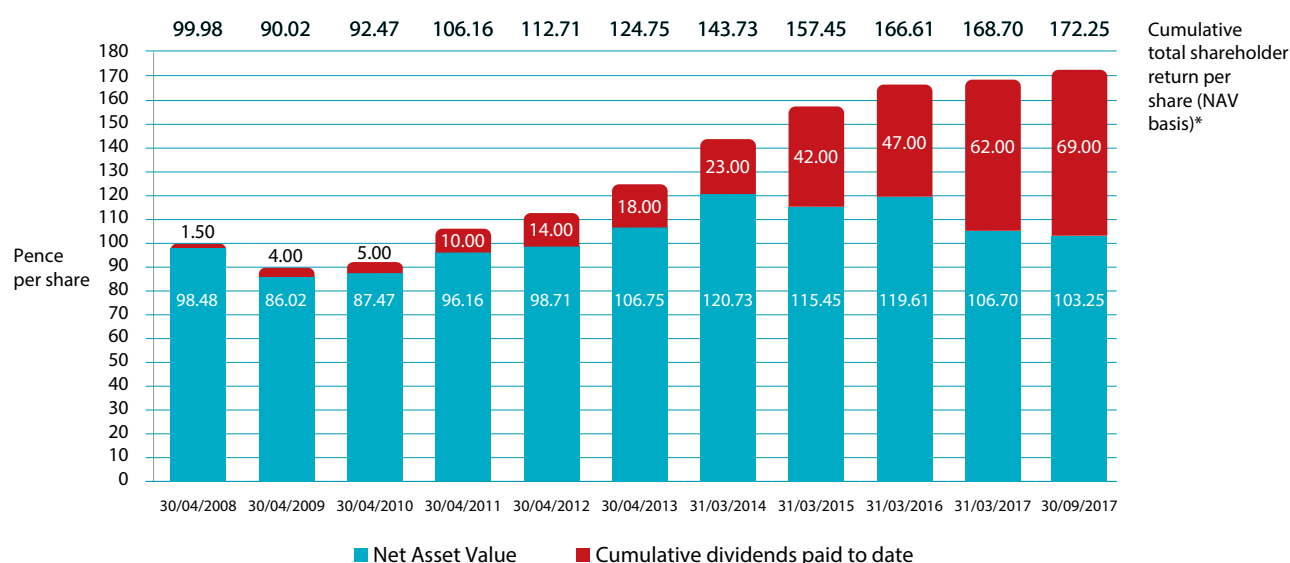
¹ Calculated as closing NAV per share (103.25p) plus dividends paid in the year (7.00p) as a percentage increase of opening NAV (106.70p).

² Calculated as closing share price (mid-price) (93.00p) plus dividends paid in the year (7.00p) as a percentage increase of opening share price (mid-price) (94.50p).

Performance Summary

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

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



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

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

Chairman's Statement

I am pleased to present the Half-Year Report for Mobeus Income & Growth 2 VCT plc for the six months ended 30 September 2017.

Overview

The six-month period has provided a satisfactory return for shareholders, arising from income and solid portfolio performance. The successful realisation of the Company's investment in Entanet Holdings Limited for proceeds of £3.26 million made a significant contribution to performance.

The level of new investment has been in line with the Investment Adviser's plans for the period with two new growth capital investments and one follow-on investment. Further details of these investments are included under "Investment Portfolio" below. These new investments reflect the change in the VCT Rules focussing on the provision of growth capital to younger and smaller companies. Since the change to the VCT Rules in November 2015 a total of £5.53 million has been invested by this VCT in nine such companies. Whilst the VCT industry can no longer support management buyout investments these continue to be important, representing 77% of the portfolio by value. Overall the portfolio continues to perform satisfactorily.

Fundraising

In order to take advantage of a growing pipeline of investment opportunities, you will be aware that the Company launched an Offer for Subscription to raise up to £10 million, with an over-allotment facility to raise up to an additional £5 million, on 6 September 2017. I am pleased to report that demand for the Offer has been strong with the Board announcing on 13 October 2017 its decision to utilise the over-allotment facility. Applications amounting to £14.23 million have been received at the date of this Half-Year Report leaving a further £0.77 million to raise before the Offer is closed.

12,937,145 shares have so far been allotted to shareholders in several allotments at effective Offer prices ranging between 103.17p and 110.99p.

Performance for the six months ended 30 September 2017

The Net Asset Value ("NAV") Total Return was 3.3% for the Half-Year compared with a marginal rise for the comparative period in 2016. The share price total return for the Half-Year was 5.8%, compared with 2.9% for the equivalent period in 2016.

Half-Year ended 30 September	2017 (pence per share)	2016 (pence per share)
Realised and net unrealised gains/(losses) on the investment portfolio	2.63	(0.32)
Income on the investment portfolio and on liquidity	2.44	2.10
Share buybacks and adjustments	0.25	0.08
Gross return	5.32	1.86
Less: Investment Adviser's fees and other expenses	(1.77)	(1.83)
Net return	3.55	0.03

After accounting for the interim dividend of 7.00 pence per share paid on 27 July 2017, and this net return of 3.55 pence, the NAV per share at 30 September 2017 was 103.25 pence per share, compared to 106.70 pence per share at 31 March 2017.

Investment Portfolio

The value of the investment portfolio reduced by £0.72 million during the first half of the year (2.6% lower than the 31 March 2017 value) and was valued at £26.17 million (including £1.03 million held in companies preparing to trade ("CPTs")) at the period-end. However, the like for like change in valuation showed an overall increase in the value of the portfolio by 3.5%.

The 3.5% increase was mainly due to the Company having completed the sale of its investment in Entanet Holdings Limited during the period, realising proceeds of £3.26 million. 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. Up to a further £0.33 million of deferred consideration may be received over the next two years, which would increase this return further.

During the period the Company made two new investments. An investment of £0.35 million was made into MyTutorweb,

a digital marketplace connecting school pupils seeking private one-to-one tutoring with university student tutors, and £1.72 million (including £1.30 million previously held in a company preparing to trade) was invested into Wetsuit Outlet, a leading online retailer in the water sports market. A further investment of £0.09 million was also made into MPB Group Limited.

The Company received cash proceeds of £3.76 million during the period, including £1.70 million of loan stock repayments. This loan stock repayment figure includes £1.51 million from the realisation of Entanet with the balance part of planned repayments.

The portfolio movements for the period are summarised below:

	£m
Portfolio value at 31 March 2017	28.08
New and further investments (excluding use of CPTs)	0.86
Disposal proceeds	(3.76)
Realised gains	1.71
Valuation movements	(0.72)
Portfolio value at 30 September 2017	26.17

Interim Dividend

The Board has declared a second interim dividend of 9.00 pence per share (2016: 5.00 pence), payable on 22 January 2018 to shareholders on the register on 22 December 2017 in line with the Company's dividend target. This will bring the total dividends paid in the current year to 16.00 pence per share. The Board does not expect to pay any further dividends during the current financial year, but regards 5.00p of this dividend as fulfilling its current annual dividend target of paying a dividend in respect of each financial year of not less than 5.00 pence per share. After paying this second interim dividend, cumulative dividends paid per share since the launch of the current share class will increase to 78.00 pence per share.

Liquidity

Liquidity of £13.90 million corresponds to 35.8% of net assets (31 March 2017: £12.58 million / 33.1%) and includes both £1.03 million (31 March 2017: £2.64 million)

invested in CPTs and £2.29 million due from the first allotment of shares under the Offer. After including cash received from allotments made after the period-end and the payment of the second interim dividend of 9.00 pence per share referred to above, liquidity will become an estimated £16.81 million (36.9%).

Share buybacks

During the period under review, the Company bought back and cancelled 279,220 of its own shares, representing 0.8% of the issued share capital at the beginning of the period. The average price was 93 pence per share and cost a total £0.26 million, including expenses.

The Board continues to believe that the policy of maintaining the share price at an average discount of 10% to the prevailing NAV is appropriate in current market conditions. Continuing shareholders benefit from the difference between NAV per share and the price per share at which the shares are bought back.

Shareholder communications

The Investment Adviser holds an annual VCT event for shareholders in central London. Each event includes a presentation on the Mobeus Advised VCTs' investment activity and performance. The next event will be held on Tuesday 30 January 2018 at the Royal Institute of British Architects in central London. There will be a daytime and a separate evening session. Shareholders have been sent an invitation to this event with further details. If you have not replied to the invitation, but would like to attend, please apply to Mobeus (vcts@mobeusequity.co.uk) by email to register. The Board looks forward to meeting all shareholders able to attend.

Board Appointment

As mentioned in my Annual Report Statement, Ian Blackburn has joined the Board and Ken Vere Nicoll has retired. In accordance with the Articles of Association, Ian was elected as a Director at the Annual General Meeting held on 14 September 2017 and has been appointed as Chairman of the Nomination and Remuneration Committee. I am pleased to welcome Ian to the Board.

VCT legislation

As you may be aware, the UK Government recently conducted a Patient Capital Review aimed at expanding the provision of long-term capital for growing, innovative firms. Launched in November 2016, the closing date for responses to the consultation phase was 22 September 2017. Strong representations were made on behalf of the industry by the Investment Adviser, the Venture Capital Trust Association and The AIC. These submissions emphasised the benefits of the VCT scheme and argued that the structure of VCTs makes them a suitable vehicle to meet the Government's ambitions to provide such capital.

The measures proposed in the Autumn Budget of 22 November 2017 outlined the key findings from the review including a number of legislative changes to the VCT scheme the earliest of which are due to come into effect from 6 April 2018. We understand that these changes are designed to exclude tax-motivated investments where capital is not at risk (that is, principally seeking to preserve an investor's capital).

Your Board noted the intentions behind these changes. While some of these changes place further restrictions on the way investments may be structured, the Board currently has no reason to believe that they will materially affect the Company's existing investment policy or strategic objectives.

A summary of the current VCT regulations and those proposed in the Autumn Budget is included on pages 4 and 5 of this Half-Year Report.

Outlook

Your Board remains of the opinion that your Company is well positioned to take advantage of the strong demand for growth capital investment despite the uncertainties faced by the UK economy. The fundraising is anticipated to be fully subscribed before the closing date and this will provide the Company with sufficient funds to continue the current investment rate in the short to medium term.

While the changes proposed in the recent Autumn Budget are likely to have an impact on the VCT industry, your Board

believes that the existing and future investment portfolio should continue to deliver attractive returns and the Company is well positioned to adapt to the changes.

Your Board will shortly be issuing further guidance (in a joint announcement with the Boards of the other Mobeus advised VCTs) on the impact of the Budget changes, in a supplementary prospectus to the Offer. This document will be available on the Mobeus website at: www.mobeusequity.co.uk/investor-area/fundraising and the National Storage Mechanism.

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

Nigel Melville
Chairman

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

To achieve continuing 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%², by VCT tax value¹, of its total investments (shares, securities and liquidity) in VCT qualifying holdings, within approximately three years of a fundraising;
- Of these qualifying holdings, an overall minimum of 30% by VCT tax value¹ (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)³;
- No investment in a single company or group of companies may represent more than 15% (by VCT tax value¹) 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 up to 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.

The conditions above takes into account legislation up to the Finance Act 2017 which was enacted with effect from 6 April 2017.

¹ VCT tax value means as valued in accordance with prevailing VCT legislation. The calculation of VCT tax value is arrived at using tax values, based on the cost of the most recent purchase of an investment instrument in a particular company, which differs from the actual cost of each investment shown in the Investment Portfolio Summary on pages 8 – 10.

² For accounting periods beginning on or after 6 April 2019, this percentage is expected to increase to 80%.

³ The requirement for VCTs to hold at least 30% of qualifying investments in "eligible shares" (broadly ordinary equity) from funds raised prior to 6 April 2011 is expected to be withdrawn. All qualifying investments made by VCTs after 5 April 2018 are expected to be included in funds which are required to comprise at least 70% of qualifying investments in "eligible shares".

Summary of proposed changes to VCT regulation announced in November 2017 Budget Statement

From 6 April 2018:

- VCTs will be required to invest 30% of funds raised in an accounting period beginning on or after 6 April 2018 in qualifying holdings within 12 months of the end of the accounting period;

From the date of Royal Assent (spring of 2018):

- VCTs may not make investments that do not appear to meet the new 'risk to capital' condition (which requires a company, at the time of investment, to be an entrepreneurial company with the objective to grow and develop, and where there is genuine risk of loss of capital).
- VCTs may no longer offer secured loans to investee companies, and any returns on loan capital above 10 per cent per annum must represent no more than a commercial return on the principal.

For accounting periods beginning on or after 6 April 2019:

- The period for reinvestment of proceeds on disposal of qualifying holdings investments will increase from 6 to 12 months;
- The proportion of VCT funds that must be held in qualifying holdings will increase from 70% to 80%.

Please note that the above changes are not exhaustive, are yet to be enacted and may change by the time Royal Assent is granted.

Investment Review

There has been an encouraging level of investment activity during the Half-Year including one significant divestment, two new investments and one follow-on investment.

The Company faces further regulatory changes following the Government's Patient Capital Review and the resulting measures introduced in the Budget announced on 22 November 2017. Together with the continuing uncertainty of the Brexit process the current levels of uncertainty are set to continue for some time yet.

New investment

A total of £2.16 million was invested during the six months under review. Two new investments were made, into MyTutorweb and Wetsuit Outlet.

MyTutorweb, a digital marketplace connecting school pupils seeking private one-to-one tutoring with university student tutors, received growth investment of £0.35 million. Wetsuit Outlet, a leading online retailer in the water sports market, received growth investment of £1.72 million. There was one follow-on investment into an existing portfolio company, with a further investment of £0.09 million made into MPB, a leading online retailer of used camera and video equipment, to further support growth.

Patient Capital Review

As the Chairman's Statement noted, the UK Government has conducted a review to identify and tackle factors considered to be adversely affecting the supply of longer term capital to small and


developing firms. The consultation period closed on 22 September 2017 and strong representations were made on behalf of the VCT industry by Mobeus as Investment Adviser, the Venture Capital Trust Association and the Association of Investment Companies.

As anticipated, the recent Chancellor's Autumn Budget outlined the key findings from the review including a number of changes to the VCT Scheme, the earliest of which are due to come into effect from 6 April 2018.


Mobeus, as Investment Adviser, believe these changes should not overall affect the ability of the Company to continue to make successful growth capital investments.

Investment Review

New investment in the Half-Year

	Company	Business	Date of investment	Amount of new investment (£m)
	MyTutorweb	Online tutoring	May 2017	0.35


MyTutorweb is a digital marketplace that connects school pupils who are seeking private one-to-one tutoring with university student tutors. The business is satisfying a growing demand from both schools and parents to improve pupils' exam results and enhance their prospects. The investment represents an opportunity to consolidate the £2 billion UK tutoring market, expand MyTutorweb's market presence and will also be used to drive technological development. The company's latest audited 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.

	Wetsuit Outlet	Retailer	July 2017	1.72*
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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 will enable management to expand existing activities 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 profit before interest, tax and amortisation of goodwill in the financial year ended 31 March 2017.

*£1.30 million previously held in Manufacturing Services Investment Limited, a company preparing to trade, along with £0.42 million from the Company was used for this investment.


Further investments in existing portfolio companies in the Half-Year

	Company	Business	Date of investment	Amount of new investment (£m)
	MPB Group	Online marketplace for used camera and video equipment	September 2017	0.09

MPB is Europe's leading online marketplace for used camera and video equipment. Based in Brighton, its custom-designed pricing technology enables MPB to offer both buy and sell services through the same platform and offers a one-stop shop for all its customers. This further investment is to provide additional working capital to fund continued expansion of its platform globally, having launched into both the US and German markets. The company's latest audited accounts for the year ended 31 March 2017 show turnover of £13.20 million and loss before interest, tax and amortisation of goodwill of £0.47 million.

Realisations in the Half-Year

The Company realised one investment during the period under review, for cash proceeds totalling £3.26 million. This was the very successful sale of the Company's investment in Entanet Holdings Limited. Including the loan stock repayments of £0.19 million from TPSFF Holdings Limited (formerly The Plastic Surgeon Holdings Limited) and other receipts of £0.31 million, total cash proceeds for the Half-Year amounted to £3.76 million.

Company	Business	Period of investment	Total cash proceeds over the life of the investment/ Multiple over cost
 Entanet	Wholesale voice and data communications provider	February 2014 to August 2017	£3.69 million 2.5 times cost

The VCT sold this investment in Entanet to AIM quoted CityFibre Infrastructure Holdings plc for £3.26 million in August 2017. Deferred contingent consideration of up to £0.33 million is potentially payable over the next 24 months. Excluding this deferred consideration, the Company has so far realised a gain of £1.82 million, being 4.83 pence per share, and has returned an IRR of 39% to date, an excellent outcome.

Loan stock repayments

The Company has received three loan stock repayments totalling £0.19 million during the period, from TPSFF Holdings Limited (formerly The Plastic Surgeon Holdings Limited).

Mobius Equity Partners LLP

Investment Adviser

12 December 2017

Investment Portfolio Summary

as at 30 September 2017

Qualifying investments	Date of first investment / Sector	Total Book cost at 30 September 2017 £	Valuation at 31 March 2017 £	Additions at cost £	Disposals at valuation £	Valuation at 30 September 2017 £	Change in valuation for period £	% of net assets by value
Unquoted investments								
ASL Technology Holdings Limited Printer and photocopier services	December 2010 Support services	2,092,009	2,258,388	-	-	2,186,975	(71,413)	5.6%
Tovey Management Limited (trading as Access IS) Provider of data capture and scanning hardware	October 2015 Software and Computer Services	1,733,500	2,119,958	-	-	2,067,254	(52,704)	5.3%
Virgin Wines Holding Company Limited Online wine retailer	November 2013 General retailers	1,284,333	1,761,822	-	-	1,629,743	(132,079)	4.2%
Manufacturing Services Investment Limited (trading as Wetsuit Outlet Limited)¹ Online retailer in the water sports market	February 2014 General retailers	1,412,992	1,000,300	412,692	-	1,412,992	-	3.6%
Gro-Group Holdings Limited Baby sleep products	March 2013 General retailers	1,123,088	973,928	-	-	1,220,331	246,403	3.1%
Vian Marketing Limited (trading as Tushingham Sails) Design, manufacture and sale of stand-up paddleboards and windsurfing sails	July 2015 Leisure goods	717,038	987,739	-	-	1,132,350	144,611	3.0%
Fullfield Limited (trading as Motorclean) Vehicle cleaning and valet services	July 2011 Support services	1,025,152	1,053,281	-	-	1,091,000	37,719	2.9%
EOTH Limited (trading as Rab and Lowe Alpine) Branded outdoor equipment and clothing	October 2011 General retailers	817,185	1,001,498	-	-	1,069,172	67,674	2.8%
Turner Topco Limited (trading as ATG Media) Publisher and online auction platform operator	October 2008 Media	1,320,963	1,151,484	-	-	1,044,591	(106,893)	2.7%
Tharstern Group Limited Software based management information systems to the print sector	July 2014 Software and Computer Services	789,815	942,138	-	-	961,550	19,412	2.5%
Master Removers Group Limited (formerly Leap New Co Limited (trading as Anthony Ward Thomas, Bishopgate and Aussie Man & Van)) A specialist logistics, storage and removals business	December 2014 Support services	369,625	526,134	-	-	747,355	221,221	2.0%
RDL Corporation Limited Recruitment consultants for the pharmaceutical, business intelligence and IT industries	October 2010 Support services	1,000,000	1,031,100	-	-	743,950	(287,150)	1.9%
Veritek Global Holdings Limited Maintenance of imaging equipment	July 2013 Support services	967,780	715,856	-	-	740,516	24,660	1.9%
TPSFF Holdings Limited (formerly The Plastic Surgeon Holdings Limited) Snagging and finishing of domestic and commercial properties	April 2008 Support services	231,532	881,275	-	192,978	739,654	51,357	1.9%
Media Business Insight Holdings Limited A publishing and events business focussed on the creative production industries	January 2015 Media	1,447,188	979,875	-	-	714,925	(264,950)	1.8%
Redline Worldwide Limited Provider of security services to the aviation industry	February 2016 Support services	682,222	837,283	-	-	692,348	(144,935)	1.8%

Qualifying investments	Date of first investment / Sector	Total Book cost at 30 September 2017 £	Valuation at 31 March 2017 £	Additions at cost £	Disposals at valuation £	Valuation at 30 September 2017 £	Change in valuation for period £	% of net assets by value
Vectair Holdings Limited Designer and distributor of washroom products	January 2006 Support services	60,293	403,701	-	-	678,593	274,892	1.7%
CGI Creative Graphics International Limited Vinyl graphics to global automotive, recreation vehicle and aerospace markets	June 2014 General Industrials	999,568	888,418	-	-	669,295	(219,123)	1.7%
MPB Group Limited Online marketplace for photographic and video equipment	June 2016 General retailers	463,350	374,244	89,106	-	589,291	125,941	1.5%
Pattern Analytics Limited (trading as Biosite) Workforce management and security services for the construction industry	November 2016 Support services	495,479	495,479	-	-	495,479	-	1.3%
Preservica Limited Seller of proprietary digital archiving software	December 2015 Software and Computer Services	485,770	485,770	-	-	485,770	-	1.3%
Blaze Signs Holdings Limited Manufacturing and installation of signs	April 2006 Support services	437,030	526,492	-	-	469,856	(56,636)	1.2%
Ibericos Etc. Limited (trading as Tapas Revolution) Spanish restaurant chain	January 2017 General retailers	451,248	451,248	-	-	451,248	-	1.2%
BookingTek Limited Software for hotel groups	October 2016 Software and Computer Services	450,442	450,442	-	-	450,442	-	1.2%
Buster and Punch Holdings Limited (formerly Chatfield Services Limited) Industrial inspired lighting and interiors retailer	March 2017 General retailers	436,391	436,391	-	-	436,391	-	1.1%
Bourn Bioscience Limited Management of In-vitro fertilisation clinics	January 2014 Healthcare Equipment & Services	757,101	504,586	-	-	435,074	(69,512)	1.1%
My Tutorweb Limited Digital marketplace connecting school pupils seeking one to one online tutoring	May 2017 Support services	349,661	-	349,661	-	349,661	-	0.9%
Jablite Holdings Limited Manufacturer of expanded polystyrene products	April 2015 Construction and materials	281,398	401,864	-	-	171,931	(229,933)	0.4%
Lightworks Software Limited Provider of software for CAD and CAM vendors	April 2006 Software and Computer Services	25,727	92,737	-	-	110,083	17,346	0.3%
Racoon International Group Limited (formerly Racoon International Holdings Limited) Supplier of hair extensions, hair care products and training	December 2006 Personal goods	1,045,985	83,729	-	-	-	(83,729)	0.0%
Entanet Holdings Limited Wholesale voice and data communications provider	February 2014 Fixed Line Telecommunications	-	1,550,227	-	1,550,227	-	-	0.0%
Newquay Helicopters (2013) Limited (in members' voluntary liquidation) Helicopter service operators	June 2006 Support services	30,469	-	-	-	-	-	0.0%
Total qualifying investments		23,784,334	25,367,387	851,459	1,743,205	23,987,820	(487,821)	61.9% ²

Investment Portfolio Summary

as at 30 September 2017

	Date of first investment / Sector	Total Book cost at 30 September 2017 £	Valuation at 31 March 2017 £	Additions at cost £	Disposals at valuation £	Valuation at 30 September 2017 £	Change in valuation for period £	% of net assets by value
Non-qualifying investments								
Media Business Insight Limited	as above	561,884	855,516	-	-	624,192	(231,324)	1.6%
Hollydale Management Limited Company seeking to carry on a business in the food sector	March 2015 Support services	566,400	354,000	-	-	354,000	-	0.9%
Manufacturing Services Investment Limited (trading as Wetsuit Outlet)¹	as above	304,000	608,000	-	304,000	304,000	-	0.8%
Tovey Management Limited (trading as Access IS)	as above	219,873	219,873	-	-	219,873	-	0.6%
Backhouse Management Limited Company seeking to carry on a business in the motor sector	April 2015 Support services	441,220	169,700	-	-	169,700	-	0.4%
Barham Consulting Limited Company seeking to carry on a business in the catering sector	April 2015 Support services	441,220	169,700	-	-	169,700	-	0.4%
Creasy Marketing Services Limited Company seeking to carry on a business in the textile sector	April 2015 Support services	441,220	169,700	-	-	169,700	-	0.4%
McGrigor Management Limited Company seeking to carry on a business in the pharmaceutical sector	April 2015 Support services	441,220	169,700	-	-	169,700	-	0.4%
365 Agile Group plc (formerly lafyds plc) Development of energy saving devices for domestic use	March 2001 Electronic and electrical equipment	254,586	-	-	-	-	-	0.0%
Total non-qualifying investments		3,671,623	2,716,189	-	304,000	2,180,865	(231,324)	5.5%
Total investment portfolio per note 9, page 22		27,455,957	28,083,576	851,459	2,047,205	26,168,685	(719,145)	67.4%
Cash and current asset investments ³			9,935,913	-	-	10,579,961		27.2%
Total investments including cash and current asset investments		27,455,957	38,019,489	851,459	2,047,205	36,748,646	(719,145)	94.6%
Other current assets			185,596			2,512,800		6.5%
Current liabilities			(144,100)			(429,540)		(1.1)%
Totals		27,455,957		851,459	2,047,205			
Net assets at the period-end			38,060,985			38,831,906		100.0%

¹ £1,608,300 previously held in Manufacturing Services Investment Limited, a company preparing to trade, was used for the investment into Wetsuit Outlet. This resulted in a net repayment of £304,000. An additional £412,692 of cash was also invested out of the VCT's cash resources.

² As at 30 September 2017, the Company held more than 70% of its total investments in qualifying holdings, and therefore complied with the VCT Qualifying Investment test. For the purposes of the VCT qualifying test, the Company is permitted to disregard disposals of investments for six months from the date of disposal. It also has up to three years to bring in new funds raised, before these need to be included in the qualifying investment test.

³ Disclosed as Current asset investments and Cash at bank 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, Nigel Melville (Chairman), Adam Kingdon (Chairman of the Audit Committee), Sally Duckworth (Chairman of the Investment Committee) and Ian Blackburn (Chairman of the Nomination & Remuneration Committee), being the Directors of the Company confirm that to the best of their knowledge:

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

Principal Risks and Uncertainties

In accordance with DTR 4.2.7, the Board confirms that the principal risks and uncertainties facing the Company have not materially changed from those identified in the Annual Report and Accounts for the year ended 31 March 2017 ("the Annual Report").

The principal risks faced by the Company are:

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

A more detailed explanation of these risks can be found in the Strategic Report on pages 20 and 21 and in Note 15 on pages 54 – 61 of the Annual Report and Accounts for the year ended 31 March 2017, copies of which are available on the Investment Adviser's website, www.mobeusequity.co.uk or by going directly to the VCT's website, www.mig2vct.co.uk.

Going Concern

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

The Board's assessment of liquidity risk and details of the Company's policies for managing its capital and financial risks are shown in Note 15 on pages 54 – 61 of the Annual Report and Accounts for the year ended 31 March 2017. Accordingly, the Directors continue to adopt the going concern basis of accounting in preparing the Half-Year report and annual financial statements.

Cautionary Statement

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

For and on behalf of the Board

Nigel Melville
Chairman

12 December 2017

Unaudited Condensed Income Statement

for the six months ended 30 September 2017

	Notes	Six months ended 30 September 2017 (unaudited)		
		Revenue £	Capital £	Total £
Unrealised (losses)/gains on investments held at fair value	9	-	(719,145)	(719,145)
Realised gains on investments held at fair value	9	-	1,709,101	1,709,101
Income	4	916,695	-	916,695
Investment Adviser's fees	5	(111,214)	(333,641)	(444,855)
Investment Adviser's performance fees		-	-	-
Other expenses		(183,118)	-	(183,118)
Profit/(loss) on ordinary activities before taxation		622,363	656,315	1,278,678
Tax on profit/(loss) on ordinary activities	6	(102,619)	63,392	(39,227)
Profit/(loss) and total comprehensive income		519,744	719,707	1,239,451
Basic and diluted earnings per share				
Ordinary Shares	7	1.43p	1.99p	3.42p

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

The total column is the Statement of Total Comprehensive Income of the Company prepared in accordance with Financial Reporting Standards ("FRS"). 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 19 - 24 form part of these Half-Year Financial Statements.

Revenue £	Year ended 31 March 2017 (audited)		Six months ended 30 September 2016 (unaudited)		
	Capital £	Total £	Revenue £	Capital £	Total £
-	229,772	229,772	-	(115,329)	(115,329)
-	76,067	76,067	-	-	-
1,679,033	-	1,679,033	752,727	-	752,727
(237,791)	(713,374)	(951,165)	(121,482)	(364,445)	(485,927)
-	(2,692)	(2,692)	-	-	-
(304,306)	-	(304,306)	(168,991)	-	(168,991)
1,136,936	(410,227)	726,709	462,254	(479,774)	(17,520)
(172,122)	143,213	(28,909)	(72,889)	72,889	-
964,814	(267,014)	697,800	389,365	(406,885)	(17,520)
2.69p	(0.75)p	1.94p	1.08p	(1.13)p	(0.05)p

Unaudited Condensed Balance Sheet

as at 30 September 2017

	Notes	30 September 2017 (unaudited) £	31 March 2017 (audited) £	30 September 2016 (unaudited) £
Fixed assets				
Investments at fair value	9	26,168,685	28,083,576	29,532,744
Current assets				
Debtors and prepayments		2,512,800	185,596	171,789
Current asset investments	10	7,947,301	5,197,301	6,934,362
Cash at bank and in hand	10	2,632,660	4,738,612	4,531,812
		13,092,761	10,121,509	11,637,963
Creditors: amounts falling due within one year		(429,540)	(144,100)	(100,084)
Net current assets		12,663,221	9,977,409	11,537,879
Net assets		38,831,906	38,060,985	41,070,623
Capital and reserves				
Called up share capital		376,099	356,724	358,248
Share premium reserve		18,167,334	15,901,497	15,901,497
Capital redemption reserve		90,375	87,583	86,059
Revaluation reserve		1,311,778	2,001,764	1,656,663
Special distributable reserve		6,843,441	7,540,615	7,979,631
Realised capital reserve		10,492,795	11,142,462	13,741,824
Revenue reserve		1,550,084	1,030,340	1,346,701
Equity shareholders' funds		38,831,906	38,060,985	41,070,623
Basic and diluted net asset value per share	11	103.25p	106.70p	114.64p

The notes on pages 19 - 24 form part of these Half-Year Financial Statements.

Unaudited Condensed Statement of Changes in Equity

for the six months ended 30 September 2017

	Non-distributable reserves				Distributable reserves			Total
	Called up share capital	Share premium reserve	Capital redemption reserve	Revaluation reserve	Special distributable reserve (Note a)	Realised capital reserve (Note b)	Revenue reserve (Note b)	
	£	£	£	£	£	£	£	£
At 1 April 2017	356,724	15,901,497	87,583	2,001,764	7,540,615	11,142,462	1,030,340	38,060,985
Comprehensive income for the period								
(Loss)/profit for the period	-	-	-	(719,145)	-	1,438,852	519,744	1,239,451
Total comprehensive income for the period	-	-	-	(719,145)	-	1,438,852	519,744	1,239,451
Contributions by and distributions to owners								
Shares issued under Offer for Subscription (note d)	22,167	2,299,457	-	-	(796)	-	-	2,320,828
Expenses of share offers (note d)	-	(33,620)	-	-	-	-	-	(33,620)
Shares bought back (note c)	(2,792)	-	2,792	-	(258,671)	-	-	(258,671)
Dividends paid	-	-	-	-	-	(2,497,067)	-	(2,497,067)
Total contributions by and distributions to owners	19,375	2,265,837	2,792	-	(259,467)	(2,497,067)	-	(468,530)
Other movements								
Realised losses transferred to special reserve (note a)	-	-	-	-	(437,707)	437,707	-	-
Realisation of previously unrealised depreciation	-	-	-	29,159	-	(29,159)	-	-
Total other movements	-	-	-	29,159	(437,707)	408,548	-	-
At 30 September 2017	376,099	18,167,334	90,375	1,311,778	6,843,441	10,492,795	1,550,084	38,831,906

Notes

a): The cancellation of the formerly named C Share Fund's share premium reserve (as approved at the Extraordinary General meeting held on 10 September 2008 and by the order of the Court dated 28 October 2009), together with the previous cancellation of the share premium reserve attributable to the former Ordinary Share Fund and C Shares, has provided the Company with a special distributable reserve. The purpose of this reserve is to fund market purchases of the Company's own shares as and when it is considered by the Board to be in the interests of the shareholders, and to write-off existing and future losses as the Company must take into account capital losses in determining distributable reserves. The total transfer of £437,707 from the realised capital reserve to the special distributable reserve above is the total of realised losses incurred by the Company in the period.

b): The realised capital reserve and the revenue reserve together comprise the Profit and Loss Account of the Company.

c): During the period, the Company purchased 279,220 of its own shares at the prevailing market price for a total cost of £258,671, which were subsequently cancelled. The difference between the total cost above of £258,671 and that per the Statement of Cash Flows of £18,002 is due to two share repurchases totalling £240,669 held in creditors at 30 September 2017.

d): Shares issued as part of Offer for Subscription (net of expenses) per the Cash Flow Statement of £nil differ to that shown above of £2,287,208 (net of expenses of £33,620). This is due to net funds receivable by the Company, arising from an allotment of shares on 28 September 2017, which was held as a debtor as at 30 September 2017.

The Notes on pages 19 - 24 form part of these Half-Year Financial Statements.

Unaudited Condensed Statement of Changes in Equity

for the six months ended 30 September 2017

The composition of each of these reserves on the previous page and on the next page is explained below:

Called up share capital

The nominal value of shares originally issued, increased for subsequent share issues either via an Offer for Subscription or reduced due to shares bought back by the Company.

Capital redemption reserve

The nominal value of shares bought back and cancelled is held in this reserve, so that the company's capital is maintained.

Share premium reserve

This reserve contains the excess of gross proceeds less issue costs over the nominal value of shares allotted under Offers for Subscription.

Revaluation reserve

Increases and decreases in the valuation of investments held at the period end are accounted for in this reserve, except to the extent that the diminution is deemed permanent. In accordance with stating all investments at fair value through profit and loss (as recorded in note 9), all such movements through both revaluation and realised capital reserves are shown within the Income Statement for the period.

Special distributable reserve

The cost of share buybacks is charged to this reserve. In addition, any realised losses on the sale or impairment of investments (excluding transaction costs), and 75% of the Investment Adviser's fee and 100% of any performance fee expense, and the related tax effect, are transferred from the realised capital reserve to this reserve.

Realised capital reserve

The following are accounted for in this reserve:

- Gains and losses on realisation of investments;
- Permanent diminution in value of investments;
- Transaction costs incurred in the acquisition of investments;
- 75% of the Investment Adviser's fee (subsequently transferred to the Special distributable reserve along with the related tax effect) and 100% of any performance fee payable, together with the related tax effect to this reserve in accordance with the policies, and
- Capital dividends paid.

Revenue reserve

Income and expenses that are revenue in nature are accounted for in this reserve together with the related tax effect, as well as income dividends paid that are classified as revenue in nature.

Unaudited Condensed Statement of Changes in Equity

for the six months ended 30 September 2016

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

The Notes on pages 19 - 24 form part of these Half-Year Financial Statements.

Unaudited Condensed Statement of Cash Flows

for the six months ended 30 September 2017

	Notes	Six months ended 30 September 2017 (unaudited) £	Year ended 31 March 2017 (audited) £	Six months ended 30 September 2016 (unaudited) £
Cash flows from operating activities				
Profit/(loss) for the financial period		1,239,451	697,800	(17,520)
Adjustments for:				
Unrealised losses/(gains) on investments		719,145	(229,772)	115,329
Realised gains on investments		(1,709,101)	(76,067)	-
Tax charge for the current period		39,227	28,909	-
(Increase)/decrease in debtors		(39,996)	80,712	94,519
Increase/(decrease) in creditors and accruals		5,544	(44,914)	(60,850)
Net cash inflow from operations		254,270	456,668	131,478
Cash flows from investing activities				
Purchase of investments	9	(851,459)	(2,257,183)	(374,244)
Disposal of investments	9	3,756,306	3,812,501	59,226
No change/decrease in bank deposits with a maturity over three months		-	507,061	-
Net cash inflow/(outflow) from investing activities		2,904,847	2,062,379	(315,018)
Cash flows from financing activities				
Equity dividends paid	8	(2,497,067)	(5,366,566)	(1,799,327)
Purchase of own shares		(18,002)	(412,046)	(253,498)
Net cash outflow from financing activities		(2,515,069)	(5,778,612)	(2,052,825)
Net increase/(decrease) in cash and cash equivalents				
		644,048	(3,259,565)	(2,236,365)
Cash and cash equivalents at start of period		9,935,913	13,195,478	13,195,478
Cash and cash equivalents at end of period		10,579,961	9,935,913	10,959,113
Cash and cash equivalents comprise:				
Cash at bank and in hand	10	2,632,660	4,738,612	4,531,812
Cash equivalents	10	7,947,301	5,197,301	6,427,301

The notes to the unaudited financial statements on pages 19 - 24 form part of these Half-Year Financial Statements.

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

1. Company information

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

2. Basis of preparation

These Financial Statements are prepared in accordance with accounting policies consistent with Financial Reporting Standard 102 ("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 September 2017 (unaudited) £	Year ended 31 March 2017 (audited) £	Six months ended 30 September 2016 (unaudited) £
Income from investments			
Dividends	82,264	181,950	51,144
Money-market funds	6,899	24,154	14,127
Loan stock interest	823,112	1,443,335	666,444
Bank deposit interest	4,420	29,594	21,012
Total Income	916,695	1,679,033	752,727

5. Investment Adviser's fees and performance fees

	Six months ended 30 September 2017 (unaudited) £	Year ended 31 March 2017 (audited) £	Six months ended 30 September 2016 (unaudited) £
Mobeus Equity Partners LLP			
Investment Adviser's fees	444,855	951,165	485,927
Investment Adviser's performance fee	-	2,692	-
Total	444,855	953,857	485,927

Investment Adviser's fees

25% of the Investment Adviser's fees are charged to the revenue column of the Income Statement, while 75% is charged against the capital column of the Income Statement. This is in line with the Board's expected long-term split of returns from the investment portfolio of the Company.

100% of any performance incentive fee payable for the year is charged against the capital column of the Income Statement. This is because although the incentive fee is linked to an annual dividend target, it is ultimately based upon the achievement of capital growth.

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

Performance fees

New Ordinary and former C share fund shares

Basis of Calculation

The performance incentive fee payable is calculated as an amount equivalent to 20 per cent of the excess of a "Target rate" comprising:-

- i) an annual dividend target (indexed each year for RPI), and
- ii) a requirement that any cumulative shortfalls below the annual dividend target must be made up in later years. Any excess is not carried forward, whether a fee is payable for that year or not.

Payment of a fee is also conditional upon the average Net Asset Value ("NAV") per share for each such year equalling or exceeding the average "Base NAV" per share for the same year. Base NAV commenced at £1 per share when C fund shares were first issued in 2005, which is adjusted for subsequent shares issued and bought back.

Any performance fee will be payable annually. It will be reduced to the proportion which the number of "Incentive Fee Shares" represent of the total number of shares in issue at any calculation date. Incentive Fees Shares are the only shares upon which an incentive fee is payable. They will be the number of C fund shares in issue just before the Merger of the two former share classes on 10 September 2010, (which subsequently became Ordinary shares) plus Ordinary shares issued under new fundraisings since the Merger. This total is then reduced by an estimated proportion of the shares bought back by the Company since the Merger, that are attributable to the Incentive Fee Shares.

There has been no performance incentive fee accrued for the current period.

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 September 2017 (unaudited)			Year ended 31 March 2017 (audited)			Six months ended 30 September 2016 (unaudited)		
	Revenue £	Capital £	Total £	Revenue £	Capital £	Total £	Revenue £	Capital £	Total £
a) Analysis of tax charge:									
UK Corporation tax on profits for the period	102,619	(63,392)	39,227	172,122	(143,213)	28,909	72,889	(72,889)	-
Total current tax charge	102,619	(63,392)	39,227	172,122	(143,213)	28,909	72,889	(72,889)	-
Corporation tax is based on a rate of 19% (2016: 20%)									
b) Profit/(loss) on ordinary activities before tax	622,363	656,315	1,278,678	1,136,936	(410,227)	726,709	462,254	(479,774)	(17,520)
Profit/(loss) on ordinary activities multiplied by small company rate of corporation tax in the UK of 19% (2016: 20%)	118,249	124,699	242,948	227,387	(82,046)	145,341	92,451	(95,955)	(3,504)
Effect of:									
UK dividends	(15,630)	-	(15,630)	(36,390)	-	(36,390)	(10,229)	-	(10,229)
Tax losses brought forward from previous years now utilised	-	-	-	-	-	-	(9,333)	-	(9,333)
Unrealised losses/(gains) not taxable/allowable	-	136,638	136,638	-	(45,954)	(45,954)	-	23,066	23,066
Realised gains not taxable	-	(324,729)	(324,729)	-	(15,213)	(15,213)	-	-	-
Utilisation of losses on which deferred tax not recognised	-	-	-	(18,875)	-	(18,875)	-	-	-
Actual tax charge	102,619	(63,392)	39,227	172,122	(143,213)	28,909	72,889	(72,889)	-

7. Basic and diluted earnings per share

	Six months ended 30 September 2017 (unaudited) £	Year ended 31 March 2017 (audited) £	Six months ended 30 September 2016 (unaudited) £
Total earnings after taxation:	1,239,451	697,800	(17,520)
Basic and diluted earnings per share (note a)	3.42p	1.94p	(0.05)p
Net revenue from ordinary activities after taxation	519,744	964,814	389,365
Basic and diluted revenue earnings per share (note b)	1.43p	2.69p	1.08p
Net unrealised capital (losses)/gains	(719,145)	229,772	(115,329)
Net realised capital gains	1,709,101	76,067	-
Capital expenses (net of taxation)	(270,249)	(570,161)	(291,556)
Investment Adviser's performance fee	-	(2,692)	-
Total capital return	719,707	(267,014)	(406,885)
Basic and diluted capital earnings per share (note c)	1.99p	(0.75)p	(1.13)p
Weighted average number of shares in issue in the period	36,279,026	35,877,280	36,025,948

Notes

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

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

c) Basic and diluted capital earnings per share is total capital earnings divided by the weighted average number of shares in issue.

8. Dividends paid

Dividend	Type	For year ended 31 March	Pence per share	Date Paid	Six months ended 30 September 2017 £	Year ended 31 March 2017 £	Six months ended 30 September 2016 £
Interim	Capital	2017	5.00p	08/08/2016	-	1,799,327	1,799,327
Second Interim	Income	2017	2.50p	31/03/2017	-	891,810	-
Second Interim	Capital	2017	7.50p	31/03/2017	-	2,675,429	-
Interim	Capital	2018	7.00p	27/07/2017	2,497,067	-	-
					2,497,067	5,366,566	1,799,327

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

9. Investments at fair value

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 on 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 the following factors:

- (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 of goodwill 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 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.

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 loss has become realised and treated as a realised loss in the Income Statement. 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.

	Traded on AIM Level 1 £	Unquoted Ordinary shares Level 3 £	Unquoted Preference shares Level 3 £	Unquoted Loan stock Level 3 £	Total £
Cost at 31 March 2017	254,586	10,571,020	23,395	17,664,403	28,513,404
Unrealised (losses)/gains at 31 March 2017	-	(2,271,287)	377,118	3,895,933	2,001,764
Permanent impairment at 31 March 2017	(254,586)	(1,365,869)	(739)	(810,398)	(2,431,592)
Valuation at 31 March 2017	-	6,933,864	399,774	20,749,938	28,083,576
Purchases at cost	-	762,353	-	89,106	851,459
Sale proceeds	-	(2,054,727)	(760)	(1,700,819)	(3,756,306)
Reclassification at value	-	445,804	-	(445,804)	-
Increase/(decrease) in unrealised gains on investments	-	427,160	(849)	(1,145,456)	(719,145)
Realised gains/(losses) on investments	-	1,750,727	760	(42,386)	1,709,101
Valuation at 30 September 2017	-	8,265,181	398,925	17,504,579	26,168,685
Book cost at 30 September 2017	254,586	11,201,560	22,635	15,977,176	27,455,957
Unrealised gains/(losses) at 30 September 2017	-	(730,965)	376,290	1,666,453	1,311,778
Permanent impairment at 30 September 2017	(254,586)	(2,205,414)	-	(139,050)	(2,599,050)
Valuation at 30 September 2017	-	8,265,181	398,925	17,504,579	26,168,685
Unrealised (losses)/gains at 1 April 2017	(254,586)	(3,637,156)	376,379	3,085,535	(429,828)
Net movement in unrealised appreciation/ (depreciation) in the period	-	427,160	(849)	(1,145,456)	(719,145)
Permanent impairments in the period	-	(83,729)	-	(83,729)	(167,458)
Realisation of previously unrealised gains/(losses)	-	357,346	760	(328,947)	29,159
(Losses)/gains on investments at 30 September 2017	(254,586)	(2,936,379)	376,290	1,527,403	(1,287,272)

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 reflects 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 September 2017 £	As at 31 March 2017 £	As at 30 September 2016 £
Investment methodology			
Cost (reviewed for impairment)	-	83,729	-
Recent investment price	5,418,783	5,334,674	10,988,211
Price earnings or revenue multiple	20,577,971	22,665,173	18,544,531
Net asset value	171,931	-	-
	26,168,685	28,083,576	29,532,742

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

10. Current asset investments

	As at 30 September 2017 (unaudited) £	As at 31 March 2017 (audited) £	As at 30 September 2016 (unaudited) £
OEIC Money market funds	7,947,301	5,197,301	6,427,301
Cash equivalents per Condensed Statement of Cash Flows	7,947,301	5,197,301	6,427,301
Bank deposits that mature after three months	-	-	507,061
Current asset investments	7,947,301	5,197,301	6,934,362
Cash at bank	2,632,660	4,738,612	4,531,812

11. Net asset value per share

	As at 30 September 2017 (unaudited)	As at 31 March 2017 (audited)	As at 30 September 2016 (unaudited)
Net assets	£38,831,906	£38,060,985	£41,070,623
Number of shares in issue	37,609,938	35,672,387	35,824,744
Net asset value per share (pence)	103.25 p	106.70 p	114.64 p

12. Post Balance Sheet Events

Between 20 October 2017 and 21 November 2017 10,720,374 new shares were allotted under the 2017 Offer at effective offer prices ranging from 103.17 pence to 110.99 pence, raising net funds of £11,061,015.

On 21 November 2017, a further equity investment of £0.05 million was made into Booking Tek Limited.

On 5 December 2017, a further loan investment of £0.09 million was made into MPB Group Limited.

13. Financial statements for the six months ended 30 September 2017

The financial information set out in this Half-Year financial report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The information for the year ended 31 March 2017 has been extracted from the latest published audited financial statements, which have been filed with the Registrar of Companies. The auditors have reported on these financial statements and that report was unqualified and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

14. Half-Year Report

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

Shareholder Information

Communication with shareholders

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

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

Shareholders wishing to follow the Company's development can also visit the Company website at www.mig2vct.co.uk. The website includes up-to-date information on fund performance, including the most recent NAV, and dividends paid 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 details of the share price and latest announcements.

Shareholder Event

The Investment Adviser held a successful shareholder event in January 2017. The next event will be held on Tuesday 30 January 2018, at the Royal Institute of British Architects in central London. The programme will include presentations on the investment activity and performance of the Mobeus VCTs as well as an update on recent regulatory changes and presentations from investee companies. Shareholders have been sent details and an invitation to the event, with the shareholder newsletter sent last month. If you wish to attend, email vcts@mobeusequity.co.uk.

Financial calendar

12 December 2017	Half-Year Report for the six months ended 30 September 2017 to be announced and circulated to shareholders
30 January 2018	Shareholder event
31 March 2018	Year End
September 2018	Annual General Meeting

Dividends

Shareholders who wish to have dividends paid directly into their bank account rather than sent by cheque to their registered address can complete a mandate for this purpose. Mandates can be obtained by contacting the Company's Registrars, Link Asset Services (formerly Capita Asset Services) at the address given on page 29.

Shareholders are encouraged to ensure that the Registrars have the correct up-to-date details for their accounts and to check that they have received all dividend payments. This is particularly important if a shareholder has 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, we cannot guarantee that we will be able to do so if the Registrars do not have an up-to-date postal or email address.

Selling your shares

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

Managing your shareholding online

For details on your individual shareholding and to manage your account online, shareholders may log into or register with the Link Asset Services Shareholder Portal at: www.signalshares.com. You can use the Portal to update your preferences including changing 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 communications from the Company.

Shareholder Information

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

Tax legislation was introduced with effect from 1st January 2016 under the Organisation for Economic Co-operation and Development Common Reporting Standard for Automatic Exchange of Financial Account Information. The legislation requires investment trust companies to provide personal information to HMRC on certain investors who purchase shares. As an affected entity, the Company has provided information annually to HMRC relating to a number of non-UK based certificated shareholders who are deemed to be resident for tax purposes in any of the 90 plus countries who have joined CRS. All new shareholders, excluding those whose shares are held in CREST, entered onto the share register from 1 January 2016 will be asked to provide the relevant information. Additionally, HMRC’s policy on FATCA now means that, as a result of the restricted secondary market in VCT shares, the Company’s shares are not considered to be “regularly traded”. The Company is therefore also an affected entity for the purposes of this legislation and so has to provide information annually to HMRC relating to 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>.

Boiler Room Fraud

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

Shareholder enquiries

For enquiries concerning the investment portfolio of the Company in general, please contact the Investment Adviser, Mobeus Equity Partners LLP. To contact the Chairman or any member of the Board, please contact the Company Secretary, also at Mobeus Equity Partners LLP, in the first instance.

The Registrars, Link Asset Services, may be contacted via their Shareholder Portal, by post or telephone for queries relating to your shareholding including dividend payments, dividend mandate forms, change of address, etc.

Full contact details for each of Mobeus and Link Asset Services are included under Corporate Information on page 29.

Performance Data at 30 September 2017

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

Total return data, which includes cumulative dividends paid to date, is shown on both a share price and NAV basis as at 30 September 2017. The NAV basis enables shareholders to evaluate more clearly the performance of the Investment Adviser, as it reflects the underlying value of the portfolio at the reporting date. This is the most widely used measure of performance in the VCT sector.

Ordinary Share Fund

Share price as at 30 September 2017 93.00p¹

NAV per share as at 30 September 2017 103.25p

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 basis) (p)	(NAV basis) (p)	% increase since 31 March 2017 (NAV basis)
Funds raised 2005/06						
Between 5 January 2006 and 5 April 2006	100.00	60.00	69.00	162.00	172.25	2.1%
Funds raised 2008/09						
Between 3 April 2009 and 5 May 2009	92.39	64.67	65.00	158.00	168.25	2.2%
Funds raised 2013/14						
09 January 2014	117.92 ⁴	82.54	51.00	144.00	154.25	2.4%
11 February 2014	118.22 ⁴	82.75	51.00	144.00	154.25	2.4%
31 March 2014	119.28 ⁴	83.49	46.00	139.00	149.25	2.4%
03 April 2014	119.82 ⁴	83.87	46.00	139.00	149.25	2.4%
04 April 2014	119.08 ⁴	83.36	46.00	139.00	149.25	2.4%
06 June 2014	118.66 ⁴	83.06	46.00	139.00	149.25	2.4%
Funds raised 2014/15						
14 January 2015	118.44 ⁴	82.91	32.00	125.00	135.25	2.7%
17 February 2015	124.35 ⁴	87.05	32.00	125.00	135.25	2.7%
10 March 2015	120.18 ⁴	84.13	27.00	120.00	130.25	2.8%
Funds raised 2017						
28 September 2017	104.73 ⁴	73.31	-	93.00	103.25	-

Former Ordinary Share Fund

Share price as at 30 September 2017 76.91p

NAV per share as at 30 September 2017 85.39p

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

Allotment date(s)	Allotment price (p)	Net allotment price ² (p)	Cumulative dividends paid per share ³ (p)	Total return per share to Shareholders since allotment		
				(Share price basis) (p)	(NAV basis) (p)	% increase since 31 March 2017 (NAV basis)
Funds raised 2000/01⁵						
Between 30 May 2000 and 11 December 2000	100.00	80.00	78.92	155.83	164.31	1.8%

¹ - Source: Panmure Gordon & Co (mid-price basis) based upon the latest NAV announced of 110.17p at 30 June 2017. Since then a dividend of 7.00 pence per share paid on 27 July 2017 has reduced this NAV.

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

³ - For derivation, see table on following page.

⁴ - Average effective offer price.

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

Performance Data at 30 September 2017

Cumulative dividends paid per share

	Funds raised 2000/01 (p)	Funds raised 2005/06 (p)	Funds raised 2008/09 (p)	Funds raised 2013/14 (p)	Funds raised 2014/15 (p)	Funds raised 2017 (p)
27 July 2017	5.79 ¹	7.00	7.00	7.00	7.00	
31 March 2017	8.27 ¹	10.00	10.00	10.00	10.00	
08 August 2016	4.14 ¹	5.00	5.00	5.00	5.00	
18 March 2016	4.14 ¹	5.00	5.00	5.00	5.00	
20 March 2015	4.14 ¹	5.00	5.00	5.00	5.00	
20 October 2014	11.58 ¹	14.00	14.00	14.00		
21 March 2014	4.14 ¹	5.00	5.00	5.00		
19 April 2013	3.31 ¹	4.00	4.00			
20 April 2012	3.31 ¹	4.00	4.00			
20 April 2011	3.31 ¹	4.00	4.00			
10 September 2010 - Merger of Ordinary Share Fund and C Share Fund						
13 August 2010	-	1.00	1.00			
19 September 2009	-	1.00	1.00			
23 July 2008	6.00	2.50				
19 September 2007	6.00	1.50				
8 February 2006	6.00					
20 October 2005	6.00					
24 September 2003	0.51					
16 September 2002	1.35					
10 September 2001	0.93					
	78.92	69.00	65.00	51.00	32.00	-

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

Company History

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

Corporate Information

Directors (Non-executive)

Nigel Melville (Chairman)
Ian Blackburn
Sally Duckworth
Adam Kingdon

Secretary

Mobeus Equity Partners LLP
30 Haymarket
London SW1Y 4EX

Company's Registered Office and Head Office

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London
SW1Y 4EX

Company Registration Number

03946235
LEI No: 213800LY62XLI1B4VX35

Investment Adviser, Promoter and Administrator

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