

The Income & Growth VCT plc

A VENTURE CAPITAL TRUST

Unaudited Half-Year Report
for the six months ended 31 March 2016

The Income & Growth VCT plc (“the Company” “the VCT” or “I&G VCT”) is a Venture Capital Trust (“VCT”) listed on the London Stock Exchange. Its investment portfolio is advised by Mobeus Equity Partners LLP (“Mobeus”).

Company Objective

The Objective of the Company is to provide investors with an attractive return, by maximising the stream of dividend distributions from the income and capital gains generated by a diverse and carefully selected portfolio of investments, while continuing at all times to qualify as a VCT.

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Financial Highlights

Results for the six months ended 31 March 2016

-  Net asset value total return per share was 3.8% for the six months.
-  Share price total return per share was 7.0% for the six months.
-  The Board has declared an interim dividend for the current year of 6.00 pence per share, to be paid to shareholders on 7 July 2016 which will bring cumulative dividends paid since the inception of the current share class* to 80.50 pence per share.
-  A total of £4.44 million was invested into two new investments, Access IS and Redline.
-  Total cash proceeds from realisations were £10.65 million which included £6.84 million from the realisations of Tessella and Westway.

* The first allotment of the former 'S' Share class, now the current share class, took place on 6 February 2008.

Performance Summary

The net asset value ("NAV") per share at 31 March 2016 was 104.42 pence

The table below shows the recent past performance of the Company's existing class of shares. Detailed performance data, including a table of dividends paid to date, for all fundraising rounds is shown in the Performance Data appendix on pages 26 - 27.

Reporting date	Net assets	NAV per Share	Cumulative dividends paid per share	Cumulative NAV total return per share to shareholders	Share price ¹	Cumulative share price total return per share to shareholders	Dividends paid and proposed in respect of each year
As at	(£m)	(p)	(p)	(p)	(p)	(p)	(p)
31 March 2016	74.31	104.42	74.50	178.92	94.00	168.50	6.00 ²
30 September 2015	75.20	106.38	68.50	174.88	93.50	162.00	12.00
30 September 2014	69.31	114.60	50.50	165.10	103.50 ³	154.00	18.00
30 September 2013	60.47	113.90	40.50	154.40	99.50	140.00	10.00
30 September 2012	50.55	109.62	28.50	138.12	97.00	125.50	26.00
30 September 2011	49.15	120.79	4.50	125.29	91.60	96.10	4.00

¹ Source: London Stock Exchange.

² As noted in the third financial highlight above.

³ The share price at 30 September 2014 has been adjusted to add back the dividend of 8.00 pence per share paid on 30 October 2014, which was excluded from the listed share price at that year-end.

Chairman's Statement

I am pleased to present the Company's Half-Year Report for the six months ended 31 March 2016.

This half-year has seen a period of solid performance for the Company. Three profitable investment disposals and a good performance across the portfolio as a whole were the main contributors to a further increase in shareholder returns for the half-year. During the period, the Company also completed new investments into two companies.

The second of these investments was the first made by the Company in compliance with the new VCT legislation introduced by the Finance (No 2) Act 2015 (the "new VCT Rules") and in accordance with the Company's new Investment Policy. By way of a reminder, the new Investment Policy was required to comply with the new VCT Rules and was approved by shareholders at the Annual General Meeting on 10 February 2016. Details of the new VCT Rules were set out in the 2015 Annual Report and a summary of current VCT regulation is provided on page 5. Further information is given on more recent developments later in this statement.

Performance

The Company's NAV total return per share was 3.8% for the six months to 31 March 2016 (2015: 3.0%) while the total share price return was 7.0% (2015: 4.3%).

Cumulative NAV total return per share (being the closing net asset value plus total dividends paid to date) has risen to 178.92 pence compared to 174.88 pence at the year-end. This represents a further increase of 2.3% over the period and an increase of 88.9% since the merger of the VCT's share classes in March 2010.

Longer term performance of the Company

Shareholders who invested in the former class of 'S' Shares in 2007 (the current share class) have seen a total NAV return to date of 178.92 pence per share. This return compares with an initial investment of 100 pence per share, or a net cost (after initial income tax relief of 30%) of 70 pence per share. As part of this return, shareholders have received 74.50 pence in dividends, representing an average annual yield upon their initial 70.00 pence net

investment of 13.0% (2015: 12.5%). The underlying net asset value, which represents the balance of their total return, is 104.42 pence per share.

Similar details are contained in the tables showing the performance for all fundraisings, including the fund of ordinary shares launched in 2000/01 ("the former 'O' Share Fund"), in the Performance Data tables on pages 26 - 27 of this Half-Year Report.

Investment portfolio

The portfolio has performed well during the period, increasing in value by 6.5% (2015: 8.0%) on a like-for-like basis. The aggregate portfolio saw a net increase of £2.47 million in realised gains and £0.73 million in unrealised gains over the six month period. The portfolio was valued at £53.95 million at the period-end (2015: £60.42 million). The movement over the six months is largely explained by disposals that are summarised below and in more detail in the Investment Review.

During the six months under review, the Company invested a total of £4.47 million, principally being £4.44 million invested into two new investments. These were Access IS, a leading provider of data capture and scanning hardware, and Redline, a market leader in the provision of security consultancy and services, particularly to airports.

The sale proceeds for the period of £10.65 million arose mainly from £7.38 million received from the full realisations of Tessella and Westway in December 2015 and the exit of Original Additions just before the period-end. The balance included proceeds from sales of investments made in previous years and receipts from partial loan stock repayments.

Details of all these transactions and the performance of the portfolio are contained in the Investment Review on pages 6 - 7.

Revenue account

The results for the period are set out in the Unaudited Income Statement on pages 12 - 13 and show a revenue gain (after tax) of 1.69 pence per share (2015: 1.29 pence). The revenue return for the period of £1.19 million has risen by £0.37 million from last year's comparable figure

of £0.82 million. This is primarily due to an increase in income of £0.46 million partly offset by an increase in the tax charge.

The rise in income of £0.46 million is due to a rise in loan interest income of £0.52 million, mainly arising from the exit of Original Additions (but also arising from a net increase in loan stock investments). Higher yields are also now being received from several loan stock investments.

Running costs charged to revenue returns fell marginally to £0.41 million. Other expenses fell by £0.02 million resulting from lower printing costs, trail commission fees and subscription costs, countered by an increase in Investment Adviser's fees. Finally, the tax charge rose by £0.09 million due to the increase in taxable loan interest income.

As the Company has achieved two substantial and profitable exits in the period together with other realisations at gains over cost, a performance fee accrual of £1.13 million (chargeable to the capital return) has been made, which is an increase of £0.46 million over the comparable period.

Dividends

The Board continues to be committed to providing an attractive dividend stream to shareholders and has set a target in respect of each financial year of at least 6.00 pence per share.

The Board has declared an interim dividend of 6.00 pence per share for the year ending 30 September 2016. I am pleased to note that this payment will meet the Board's target for the current year at the half-year stage. This dividend will be paid on 7 July 2016 to shareholders on the Register on 10 June 2016 and will bring cumulative dividends per share paid to date to 80.50 pence.

In respect of the past four financial years, and this half-year, the Company has now paid or declared dividends totalling 72.00 pence per share.

Shareholders are encouraged to ensure that Capita, as the Company's Registrar, has up-to-date details for them and to check whether they have received all dividends payable to them. This is particularly important if they have recently moved house or

changed their bank. We are aware that a number of dividends remain unclaimed by shareholders and whilst we will continue to endeavour to contact you if this is the case, we cannot guarantee that we will be able to do so if the Registrars do not have an up-to-date address and/or email address for you.

Dividend Investment Scheme

The Company's Dividend Investment Scheme ("the Scheme") is a convenient, easy and cost effective way for shareholders to build up their shareholding in the Company. Instead of receiving cash dividends they can elect to receive new shares in the Company. By opting to receive their dividend in this manner, there are three benefits to shareholders:

- The dividend remains tax free;
- Shareholders are allotted new shares in the Company which will, subject to their particular circumstances, attract VCT tax reliefs applicable for the tax year in which the shares are allotted. The tax relief currently available to investors in new VCT shares is 30% for the 2015/16 tax year for investments up to £200,000 in any one tax year; and
- The Scheme also has one particular advantage. Under its terms, a member is able to re-invest at an advantageous price, being the average market price of the shares for the five business days prior to the dividend being paid. This price is likely to be at a discount of 10% to the underlying net asset value (provided that this is greater than 70% of the latest published net asset value per share).

Shareholders wishing to join the Scheme should submit a mandate form to Capita Asset Services, the Scheme Administrator, by no later than, Wednesday, 22 June 2016, to ensure that they receive the above dividend as shares. Details of where to obtain an application form can be found in Shareholder Information on page 24.

Shareholders who already participate, or are considering whether to participate, in the Scheme should consider the following section on Industry Developments and the information given in the Annual

Report. There is an associated five year holding period required to secure income tax relief when new shares are allotted under the Scheme. Shareholders may, therefore, wish to review their participation until the implications of these changes are clearer. If you are in any doubt about whether to participate in the Scheme or not, you should consult your financial adviser.

Industry developments

As explained in more detail in the Annual Report, the Finance (No 2) Act 2015, enacted in November 2015, introduced a series of amendments to the VCT Scheme. In summary, VCT capital may now only be invested for growth and development purposes which means that any new investments made by the VCT are likely to be focused upon younger and smaller companies within defined limits. The VCT's recent investment into Redline is an example of the type of investment the Company is likely to make in the future.

Since the publication of the Annual Report, your Board, together with the Investment Adviser and the whole VCT industry, has sought greater clarity from HMRC at a more detailed, practical level of what investments will or will not be permitted by the legislation. The draft guidelines, published by HMRC earlier this month, have now clarified some of the implications of these new VCT rules, which the Investment Adviser is now reviewing.

Notwithstanding the above, the Board's view remains that the change in focus carries not only a higher risk, but also the prospect of more variable returns.

Generating the level of consistently high returns achieved over the last six years, for example, is likely to be more challenging. Shareholders should note that the nature of the more restrictive range and size of new potential investments is likely to reduce gradually the overall income yield on the portfolio as a whole, although there should be a commensurate increase in the level of capital returns, albeit with a more volatile profile. However, shareholders should also note that the existing portfolio is comprised almost exclusively of MBO investments whose full potential should be realised over the next five years or so and thus changes to the balance of the portfolio and, therefore, to the risk and reward metrics are likely to be

gradual. Based upon these discussions and developments to date, allied to the record of past returns achieved, the Board remains of the view that the Investment Adviser should be well able to apply its measured approach, taking account of the new VCT Rules, in order to continue to generate satisfactory returns in the future.

Liquidity

Annual fundraisings by the Company have provided it with a satisfactory level of liquidity sufficient to pursue its Objective and to meet the Company's running costs. The Board will consider further fundraising once it has had the opportunity to consider the implications of the new VCT Rules on the pace and scale of new investment.

Cash available for investment

The Board continues to monitor credit risk in respect of its cash balances and to prioritise the security and protection of the Company's capital. Cash and liquidity fund balances as at 31 March 2016 amounted to £21.20 million. This figure included £10.70 million held in money market funds with AAA credit ratings and £10.50 million held in deposit accounts with a number of well-known financial institutions across a range of maturities. In addition, the investment portfolio contained £11.78 million in seven companies preparing to trade that also hold cash in money market funds.

Share buy-backs

During the six months ended 31 March 2016, the Company bought back 227,619 of its own shares, representing 0.3% (2015: 0.2%) of the shares in issue at the beginning of the period, at a total cost of £0.21 million (2015: £0.12 million) inclusive of expenses.

It is the Company's policy to cancel all shares bought back by the Company. The Board regularly reviews its buyback policy and currently seeks to maintain the discount to NAV at which the Company's shares trade at around 10% below the latest published NAV.

Shareholder communications

May I remind you that the Company continues to have its own website which is available at www.incomeandgrowthvct.co.uk.

Chairman's Statement

The Investment Adviser held its sixth annual Shareholder Event in January 2016 which, from the feedback submitted, was well received by shareholders. The event included presentations on the investment activity and performance of the Mobeus VCTs. I would like to thank those shareholders who attended for helping to make it such a success. The next Event will take place on Tuesday, 24 January 2017. Shareholders will be sent further details and an invitation nearer to the time.

Outlook

The global economy is currently undergoing a period of particular uncertainty reflected in some volatility in financial markets. Despite this backdrop and the added uncertainty generated by the forthcoming EU referendum, the outlook for the UK economy continues to look relatively resilient. If the Government's predicted growth rate of 2.0% for the UK economy in 2016 transpires, the existing portfolio should continue to make further steady progress. It would seem reasonable to expect a reduction in the level of new investment as the Investment Adviser identifies and evaluates opportunities that comply with the requirements of the new legislation. The Board is, therefore, pleased to note the completion of the first investment, under the new VCT legislation, in Redline. The Board is confident that the Investment Adviser will be able to tailor its investment approach to comply with the new VCT Rules. Meanwhile, the existing portfolio continues to perform well and provide a good foundation for future performance.

Once again, I would like to take this opportunity to thank all shareholders for their continued support.

Colin Hook

Chairman

25 May 2016

Investment Policy

The Company's policy is to invest primarily in a diverse portfolio of UK unquoted companies. Investments are generally structured as part loan and part equity in order to receive regular income and to generate capital gain upon sale.

Investments are made selectively across a number of sectors, principally in established companies.

The Company's cash and liquid resources are held in a range of instruments of varying maturities, subject to the overriding criterion that the risk of loss of capital be minimised.

VCT regulation

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

overall of 30% by VCT value (70% for funds raised after 6 April 2011) must be in ordinary shares which carry no preferential rights (save as may be permitted under VCT rules). In addition, although the VCT can invest less than 30% (70% for funds raised after 6 April 2011) of an investment in a specific company in ordinary shares it must have at least 10% by VCT value of its total investments in each VCT qualifying company in ordinary shares which carry no preferential rights (save as may be permitted under VCT rules).

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

Asset Mix

The Company initially holds its funds in a portfolio of interest bearing investments and deposits. The investment portfolio of qualifying investments is built up over a three year period with the aim of investing and maintaining at least 70% of net funds raised in qualifying investments.

Risk diversification and maximum exposures

Risk is spread by investing in a number of different businesses across different industry sectors. To reduce the risk of high exposure to equities, each qualifying investment is structured to achieve the optimum balance between loan stock and equity to provide protection against downside risk alongside the best potential overall returns.

Co-investment

The Company is entitled to invest alongside other VCTs advised by Mobeus Equity Partners LLP that have a similar investment policy, normally on a pro rata to net assets basis.

Borrowing

The Company's articles of association permit borrowing of up to 10% of the adjusted capital and reserves (as defined therein). However, it has never borrowed and the Board has currently no plans to undertake any borrowing.

Summary of VCT Regulation

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

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 30% by VCT tax value* (70% for funds raised on or after 6 April 2011) must be in ordinary shares which carry no preferential rights (save as may be permitted under VCT rules);
- 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.

To be VCT qualifying holdings, 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;
- that use the funds received from VCTs for growth and development purposes.

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

The above takes into account legislation up to the Finance (No 2) Act 2015. The recent 2016 Budget proposes that non-qualifying investments can no longer be made, except for certain exceptions in managing the Company's short-term liquidity.

Investment Review

New investment in the half-year

A total of £4.44 million was invested into new companies during the six months under review. This comprised new investments into Access IS and Redline.

	Company	Business	Date of investment	Amount of new investment (£m)
	Access IS	Data capture and scanning hardware	October 2015	3.31*
Access IS is a leading provider of data capture and scanning hardware. The company has a significant share of the worldwide market for this technology in airports and strong positions in the fast growing markets of both ID & Security and Transport & Ticketing. This was an opportunity to invest in a longstanding and profitable business that is well positioned in its niche market. The company's latest audited accounts for the year ended 31 December 2014 show annual sales of £9.95 million and profit before interest, tax and amortisation of goodwill of £1.22 million. * Amounts held in existing companies preparing to trade, Knighton Management (£1.55 million) and Tovey Management (£1.50 million), along with a further £0.26 million from the Company, were used for this investment.				
	Redline	Provision of security products and services	February 2016	1.13*
Redline Assured Security ("Redline") is a market leader in the provision of security consultancy and training services to airlines, governments, institutions, airports and global distribution companies. Redline currently operates predominantly in the aviation security market and is at the forefront of counter terrorism training and services. The investment will be applied to enable the Company to grow in its core aviation market and in other sectors. The company's latest accounts for the year ended 31 March 2015 show turnover of £4.81 million and profit before interest, tax and amortisation of goodwill of £0.82 million. * £1.13 million held in Pound FM Consultants, a company preparing to trade, was used for this investment. This resulted in a net repayment of £0.37 million. Pound FM Consultants subsequently changed its name to Redline Worldwide Limited.				

Further investment into an existing portfolio company

In October 2015, the VCT made a further investment of £0.03 million into Racoon, a premier supplier of ethically sourced hair for hair extensions, to provide additional working capital to enable the business to strengthen its sales team and to broaden its product range.

Realisations in the half-year

The VCT realised three investments during the six months under review for cash proceeds totalling £7.38 million. This comprised the very successful realisations of Tessella and Westway as well as the final loan stock payment from Original Additions. Other realisations were £1.52 million, including post-sale receipts from the companies referred to opposite. With the loan repayments of £1.75 million, total net cash proceeds for the six months amounted to £10.65 million.

Company	Business	Period of investment	Total cash proceeds over the life of the investment/ Multiple over cost
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Tessella

Science powered technology and consulting services

July 2012 – December 2015

£4.91 million
2.8 times cost

The VCT sold its investment in Tessella to the French engineering consultancy, Altran Group plc for £4.04 million. Founded in 1980, Tessella is now a global business. In 2011 the company received the prestigious Queen's Award for Enterprise in Innovation for its work on preserving the integrity of digital information over long periods of time, irrespective of numerous changes in technology. As part of the sale transaction, the Company has retained a small investment in this data archiving business, Preservica, which was previously held within Tessella. The sale returned an IRR of 42% and during the three and a half years of this investment, revenue increased by 43% from £18.5 million in 2012 to £26.5 million forecast for the current financial year. The Company realised a gain, over current cost, of £2.68 million, being 3.80 pence per share.



Westway

Air conditioning Systems

June 2009 – December 2015

£3.74 million
6.7 times cost

The VCT sold its investment in Westway to ABM Industries Inc, one of the largest facility management services providers in the US for £2.80 million. During the period of the investment Westway, which is headquartered in Middlesex, and founded in 2001, expanded its range of services from heating, ventilation and air conditioning and now offers other technical services including mechanical and electrical maintenance, energy services, communications, security systems and the servicing of electronic garment picking systems. The sale returned an IRR of 48%. The Company realised a gain over current cost of £2.74 million, being 3.88 pence per share.



Original Additions

Beauty products

September 2004 – March 2016

£4.41 million
4.4 times cost

Original Additions repaid the final tranche of its loan stock on the sale of this investment to PDC Brands, a US private equity backed personal products business. Original Additions serves the retail and professional beauty markets with three leading brands. Over the lifetime of the investment, it returned an IRR of 41%.

In addition to the above, the Company received a further £1.52 million from investments realised in a previous period. This mainly comprised £1.27 million as deferred consideration primarily from App-DNA (£0.78 million), Focus Pharma (£0.29 million) and Alaric (£0.12 million). In addition £0.01 million was received from Newquay Helicopters as a second distribution resulting from the members' voluntary liquidation of that company and £0.24 million was received in consideration for the shares of Pound FM Consultants (a company preparing to trade).

Loan stock repayments

Loan stock repayments totalled £4.27 million for the year, including £2.52 million as part of the proceeds from the companies realised above. Positive cash flow at three other companies (in addition to Pound FM Consultants, a company preparing to trade) contributed to the balance of £1.75 million, summarised below:-

Company	Business	Month(s)	Amount (£000's)
Ward Thomas	Logistics, storage and removals business	December and January	1,225
Jablite	Expanded polystyrene products	October and November	241
Motorclean	Vehicle cleaning and valeting services	October and February	143
Pound FM	Former company preparing to trade	February	136
Total			1,745

Investment Portfolio Summary

as at 31 March 2016

	Total cost at 31 March 2016 (unaudited) £	Valuation at 30 September 2015 (audited) £	Additional investments in the period £	Valuation at 31 March 2016 (unaudited) £
Entanet Holdings Limited Wholesale communications provider	3,175,171	4,790,700	-	4,496,641
Virgin Wines Holding Company Limited Online wine retailer	2,745,503	3,462,349	-	4,031,969
Tovey Management Limited (trading as Access IS)¹ Provider of data capture and scanning hardware	3,313,932	3,058,000	255,932	3,313,932
ASL Technology Holdings Limited Printer and photocopier services	2,722,106	3,196,284	-	3,119,039
Media Business Insight Holdings Limited A publishing and events business focused on the creative production industries	3,666,556	3,666,556	-	3,111,959
Manufacturing Services Investment Limited Company seeking to carry on a business in the manufacturing sector	2,708,100	2,708,100	-	2,708,100
Veritek Global Holdings Limited Maintenance of imaging equipment	2,289,859	2,494,306	-	2,304,702
Idox plc Developer and supplier of knowledge management products	453,881	1,687,581	-	2,083,434
Fullfield Limited (trading as Motorclean) Vehicle cleaning and valet services	1,517,734	1,634,751	-	1,897,328
Tharstern Group Limited Software based management Information systems for the printing industry	1,454,278	2,012,448	-	1,800,189
CGI Creative Graphics International Limited Vinyl graphics to the global automotive, recreation vehicle and aerospace markets	1,943,948	1,990,351	-	1,730,151
Gro-Group Holdings Limited Baby sleep products	2,398,928	1,788,187	-	1,606,131
Hollydale Management Limited Company seeking to carry on a business in the food sector	1,554,000	1,554,000	-	1,554,000
Backhouse Management Limited Company seeking to carry on a business in the motor sector	1,504,000	1,504,000	-	1,504,000
Barham Consulting Limited Company seeking to carry on a business in the catering sector	1,504,000	1,504,000	-	1,504,000
Chatfield Services Limited Company seeking to carry on a business in the retail sector	1,504,000	1,504,000	-	1,504,000
Creasy Marketing Services Limited Company seeking to carry on a business in the textile sector	1,504,000	1,504,000	-	1,504,000
McGrigor Management Limited Company seeking to carry on a business in the pharmaceutical sector	1,504,000	1,504,000	-	1,504,000
EOTH Limited (trading as Equip Outdoor Technologies) Distributor of branded outdoor equipment and clothing including the Rab and Lowe Alpine brands	1,383,313	1,696,968	-	1,426,483
Jablite Holdings Limited Manufacturer of expanded polystyrene products	553,195	727,291	-	1,396,799
Bourn Bioscience Limited Management of In-vitro fertilisation clinics	1,610,379	1,220,035	-	1,332,624
Vian Marketing Limited (trading as Tushingham Sails) Design, manufacture and sale of stand-up paddleboards and windsurfing sails	1,207,437	1,207,437	-	1,207,437

1 - £1,504,000 invested in Tovey Management, a company preparing to trade, was used to acquire Knighton Management, a second company preparing to trade held at 31 March 2015, and Azio Limited (the holding company for Access IS) on 2 October 2015. The Company also advanced a non-qualifying loan of £255,932 to Access IS Limited.

	Total cost at 31 March 2016 (unaudited) £	Valuation at 30 September 2015 (audited) £	Additional investments in the period £	Valuation at 31 March 2016 (unaudited) £
Redline Worldwide Limited (formerly Pound FM Consultants Limited)¹ Provider of security services to the aviation industry and other sectors	1,129,121	1,504,000	-	1,129,121
Leap New Co Limited (trading as Ward Thomas Removals, Bishopsgate and Aussie Man & Van) A specialist logistics, storage and removals business	682,183	1,907,095	-	987,267
Aquasium Technology Limited Manufacturer and marketer of bespoke electron beam welding and vacuum furnace equipment	250,000	799,825	-	967,309
RDL Corporation Limited Recruitment consultants within the pharmaceutical, business intelligence and IT sectors	1,441,667	892,907	-	964,558
Turner Topco Limited (trading as ATG Media) Publisher and online auction platform operator	1,529,075	1,135,058	-	924,515
The Plastic Surgeon Holdings Limited Supplier of snagging and finishing services to the property sector	406,169	618,566	-	794,058
Blaze Signs Holdings Limited Manufacturer and installer of signs	418,281	858,687	-	689,091
Omega Diagnostics Group plc In-vitro diagnostics for food intolerance, autoimmune diseases and infectious diseases	280,026	320,843	-	332,509
Vectair Holdings Limited Designer and distributor of washroom products	53,400	235,229	-	240,153
Racoon International Holdings Limited Supplier of hair extensions, hair care products and training	655,851	74,999	30,000	104,999
BG Training Limited Technical training business	70,833	-	-	70,833
LightWorks Software Limited Provider of software for CAD and CAM vendors	20,471	51,266	-	52,193
Newquay Helicopters (2013) Limited (in members' voluntary liquidation) Helicopter service operator	33,084	42,500	-	33,084
Corero Network Security plc Provider of e-business technologies	600,000	12,033	-	23,821
Oxonica Limited International nanomaterials group	2,524,527	-	-	-
PXP Holdings Limited (no longer trading) Former designer, manufacturer and supplier of timber frames for buildings	965,371	-	-	-
NexxtDrive Limited Developer and exploiter of mechanical transmission technologies	487,014	-	-	-
CB Imports Group Limited (trading as Country Baskets) Importer and distributor of artificial flowers, floral sundries and home décor products	175,000	-	-	-
alwaysOn Group Limited Design, supply and integration of data storage solutions	165,661	-	-	-
Biomer Technology Limited Developer of biomaterials for medical devices	137,170	-	-	-
Watchgate Limited Holding company	1,000	-	-	-
Preservica Limited² Seller of proprietary digital archiving software	-	-	-	-

1 - £1,129,121 invested in Pound FM Consultants Limited, a company preparing to trade, was used for the investment into Redline. This resulted in a net repayment to the Company of £374,879.

2 - The Company realised its investment in Tessella in December 2015. As part of the consideration, in addition to cash, the Company received a small share holding in Preservica, a subsidiary of Tessella that was demerged as part of the transaction. The fair value of the holding received was deemed to be zero at the date of the transaction and therefore, the investment cost is zero.

Investment Portfolio Summary

as at 31 March 2016

	Total cost at 31 March 2016 (unaudited) £	Valuation at 30 September 2015 (audited) £	Additional investments in the period £	Valuation at 31 March 2016 (unaudited) £
Realised investments	-	3,448,417	-	-
Tessella Holdings Limited Provider of science powered technology and consulting services	-			
Westway Services Holdings (2014) Limited Installation, service and maintenance of air conditioning systems	-	1,561,033	-	-
Original Additions Topco Limited Sale of beauty products	-	537,948	-	-
Total	54,244,224	60,415,750	285,932	53,954,429

Statement of the Directors' Responsibilities

Responsibility statements

In accordance with Disclosure and Transparency Rule (DTR) 4.2.10, Colin Hook (Chairman), Jonathan Cartwright (Chairman of the Audit and Nomination & Remuneration Committees) and Helen Sinclair (Chairman of the Investment 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 important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements;
- (c) a description of the principal risks and uncertainties facing the Company for the remaining six months is set out below, in accordance with DTR 4.2.7; and
- (d) there were no related party transactions in the first six months of the current financial year that are required to be disclosed, in accordance with DTR 4.2.8.

Principal risks and uncertainties

In accordance with DTR 4.2.7, the Board confirms that the principal risks and uncertainties facing the Company have not materially changed from those identified in the Annual Report and Accounts for the year ended 30 September 2015.

The principal risks faced by the Company are:

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

A detailed explanation of the principal risks facing the Company can be found in the Annual Report and Accounts for the year ended 30 September 2015 on pages 27 - 28 and in Note 18 on pages 67 - 73. Copies can be viewed or downloaded from the Company's website: www.incomeandgrowthvct.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, share buybacks and dividends) are within the Company's control.

The Board's assessment of liquidity risk and details of the Company's policies for managing its capital and financial risks are shown in Note 18 on pages 67 - 73 of the Annual Report and Accounts for the year ended 30 September 2015. Accordingly, the Directors continue to adopt the going concern basis of accounting in preparing the half-yearly report and annual financial statements.

Cautionary Statement

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

For and on behalf of the Board:

Colin Hook
Chairman

25 May 2016

Unaudited Income Statement

for the six months ended 31 March 2016

	Notes	Six months ended 31 March 2016 (unaudited)		
		Revenue £	Capital £	Total £
Net unrealised gains on investments	9	-	726,630	726,630
Net realised gains on investments	9	-	2,471,203	2,471,203
Income	4	1,894,754	-	1,894,754
Investment adviser's fees	5	(213,564)	(640,692)	(854,256)
Investment advisers' performance fees	5	-	(1,134,982)	(1,134,982)
Other expenses		(197,949)	-	(197,949)
Profit on ordinary activities before taxation		1,483,241	1,422,159	2,905,400
Tax on profit on ordinary activities	6	(288,818)	288,818	-
Profit and total comprehensive income		1,194,423	1,710,977	2,905,400
Basic and diluted earnings per share	7	1.69p	2.41p	4.10p

The revenue column of the Income Statement includes all income and expenses. The capital column accounts for the unrealised gains 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 Financial Reporting Standards ("FRS"). In order to better reflect the activities of a VCT and in accordance with the Statement of Recommended Practice ("SORP") issued in November 2014 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 year.

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

Six months ended 31 March 2015 (unaudited)			Year ended 30 September 2015 (audited)		
Revenue £	Capital £	Total £	Revenue £	Capital £	Total £
-	885,965	885,965	-	4,574,928	4,574,928
-	1,687,489	1,687,489	-	2,053,151	2,053,151
1,432,249	-	1,432,249	2,997,718	-	2,997,718
(193,934)	(581,802)	(775,736)	(405,687)	(1,217,061)	(1,622,748)
-	(679,068)	(679,068)	-	(667,622)	(667,622)
(219,185)	-	(219,185)	(471,279)	-	(471,279)
1,019,130	1,312,584	2,331,714	2,120,752	4,743,396	6,864,148
(194,620)	194,620	-	(386,360)	386,360	-
824,510	1,507,204	2,331,714	1,734,392	5,129,756	6,864,148
1.29p	2.36p	3.65p	2.58p	7.63p	10.21p

Unaudited Balance Sheet

as at 31 March 2016

	Notes	31 March 2016 (unaudited) £	31 March 2015 (unaudited) £	30 September 2015 (audited) £
Fixed assets				
Investments at fair value	9	53,954,429	43,762,661	60,415,750
Current assets				
Debtors and prepayments		532,667	1,005,745	1,082,567
Current asset investments	10	18,395,656	15,624,649	11,158,555
Cash at bank		2,805,684	15,485,127	3,675,257
		21,734,007	32,115,521	15,916,379
Creditors: amounts falling due within one year		(1,377,009)	(1,214,402)	(1,129,833)
Net current assets		20,356,998	30,901,119	14,786,546
Net assets		74,311,427	74,663,780	75,202,296
Capital and reserves				
Called up share capital		711,648	704,429	706,930
Capital redemption reserve		11,564	4,988	9,288
Share premium reserve		17,628,344	16,369,167	16,977,902
Revaluation reserve		4,921,137	5,284,075	8,997,633
Special reserve		25,448,930	28,011,329	27,147,965
Realised capital reserve		23,393,471	22,797,227	19,653,747
Revenue reserve		2,196,333	1,492,565	1,708,831
Equity shareholders' funds		74,311,427	74,663,780	75,202,296
Basic and diluted net asset value:				
Basic and diluted net asset value per share	11	104.42p	105.99p	106.38p

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

Unaudited Statement of Changes in Equity

for the six months ended 31 March 2016

	Called up share capital £	Non-distributable reserves Capital redemption reserve £	Share premium reserve £	Revaluation reserve £	Distributable reserves Special distributable reserve (Note a) £	Realised capital reserve (Note b) £	Revenue reserve (Note b) £	Total £
At 1 October 2015	706,930	9,288	16,977,902	8,997,633	27,147,965	19,653,747	1,708,831	75,202,296
Comprehensive income for the period								
Profit for the period	-	-	-	726,630	-	984,347	1,194,423	2,905,400
Total comprehensive income for the period	-	-	-	726,630	-	984,347	1,194,423	2,905,400
Contributions by and distributions to owners								
Shares issued via Offer for Subscription	-	-	-	-	-	-	-	-
Dividends re-invested into new shares	6,994	-	650,442	-	-	-	-	657,436
Shares bought back	(2,276)	2,276	-	-	(212,179)	-	-	(212,179)
Dividends paid	-	-	-	-	-	(3,534,605)	(706,921)	(4,241,526)
Total contributions by and distributions to owners	4,718	2,276	650,442	-	(212,179)	(3,534,605)	(706,921)	(3,796,269)
Other movements								
Realised losses transferred to special reserve (note a)	-	-	-	-	(1,486,856)	1,486,856	-	-
Realisation of previously unrealised appreciation	-	-	-	(4,803,126)	-	4,803,126	-	-
Total other movements	-	-	-	(4,803,126)	(1,486,856)	6,289,982	-	-
At 31 March 2016	711,648	11,564	17,628,344	4,921,137	25,448,930	23,393,471	2,196,333	74,311,427

a) The Special distributable reserve provides the Company with a reserve to fund market purchases of the Company's own shares, to absorb any existing and future losses and for any other corporate purpose.

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 Statement of Changes in Equity

for the six months ended 31 March 2015

	Called up share capital £	Non-distributable reserves Capital redemption reserve £	Share premium reserve £	Revaluation reserve £	Distributable reserves Special distributable reserve £	Realised capital reserve £	Revenue reserve £	Total £
At 1 October 2014	604,769	3,750	5,662,818	7,662,673	29,576,755	23,917,139	1,878,501	69,306,405
Comprehensive income for the period								
Profit for the period	-	-	-	885,965	-	621,239	824,510	2,331,714
Total comprehensive income for the period	-	-	-	885,965	-	621,239	824,510	2,331,714
Contributions by and distributions to owners								
Shares issued via								
Offer for Subscription	90,435	-	9,716,707	-	(42,292)	-	-	9,764,850
Dividends re-invested into new shares	10,463	-	989,642	-	-	-	-	1,000,105
Shares bought back	(1,238)	1,238	-	-	(118,985)	-	-	(118,985)
Dividends paid	-	-	-	-	-	(6,409,863)	(1,210,446)	(7,620,309)
Total contributions by and distributions to owners	99,660	1,238	10,706,349	-	(161,277)	(6,409,863)	(1,210,446)	3,025,661
Other movements								
Realised losses transferred to special reserve	-	-	-	-	(1,404,149)	1,404,149	-	-
Realisation of previously unrealised appreciation	-	-	-	(3,264,563)	-	3,264,563	-	-
Total other movements	-	-	-	(3,264,563)	(1,404,149)	4,668,712	-	-
At 31 March 2015	704,429	4,988	16,369,167	5,284,075	28,011,329	22,797,227	1,492,565	74,663,780

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

Unaudited Statement of Cash Flows

for the six months ended 31 March 2016

	Notes	Six months ended 31 March 2016 (unaudited) £	Six months ended 31 March 2015 (unaudited) £	Year ended 30 September 2015 (audited) £
Cash flows from operating activities				
Profit for the financial period		2,905,400	2,331,714	6,864,148
Adjustments for:				
Net unrealised gains on investments		(726,630)	(885,965)	(4,574,928)
Net realised gains on investments		(2,471,203)	(1,687,489)	(2,053,151)
(Increase)/decrease in debtors		(150,101)	97,937	171,028
Increase/(decrease) in creditors and accruals		220,474	(1,022,075)	(1,020,953)
Net cash (outflow) from operating activities		(222,060)	(1,165,878)	(613,856)
Cash flows from investing activities				
Purchase of investments	9	(285,932)	(10,720,327)	(26,134,832)
Disposal of investments	9	10,645,086	9,581,318	12,247,446
Decrease/(increase) in bank deposits with a maturity over three months		1,960,755	(2,003,318)	(2,031,611)
Net cash inflow/(outflow) from investing activities		12,319,909	(3,142,327)	(15,918,997)
Cash flows from financing activities				
Shares issued as part of Offer for subscription		-	9,764,850	9,764,851
Equity dividends paid	8	(3,584,090)	(6,620,204)	(10,205,256)
Purchase of own shares		(185,476)	(32,829)	(527,387)
Net cash (outflow)/inflow from financing activities		(3,769,566)	3,111,817	(967,792)
Net increase/(decrease) in cash and cash equivalents				
Cash and cash equivalents at start of period		8,328,283	(1,196,388)	(17,500,645)
		7,693,045	25,193,690	25,193,690
Cash and cash equivalents at end of period		16,021,328	23,997,302	7,693,045
Cash and cash equivalents comprise:				
Cash at bank and in hand		2,805,684	15,485,127	3,675,257
Cash equivalents	10	13,215,644	8,512,175	4,017,788

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

Notes to the Unaudited Financial Statements

for the six months ended 31 March 2016

1. Company information

The Income and Growth VCT plc is a public limited company incorporated in England, registration number 04069483. The registered office is 30 Haymarket, London, SW1Y 4EX.

2. Basis of preparation of the financial statements

These Financial Statements have been prepared in accordance with accounting policies consistent with Financial Reporting Standard 102 ("FRS 102"), Financial Reporting Standard 104 - Interim Financial Reporting ("FRS 104"), with the Companies Act 2006 and the 2014 Statement of Recommended Practice, 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' ('the SORP') issued by the Association of Investment Companies.

This is the first period in which the Financial Statements have been prepared under FRS 102. There has been no material change in the accounting policies and so there has been no restatement of comparatives, other than in relation to Cash at bank and Current asset investments. The Company has elected to apply early the revised disclosure requirements as set out in Amendments to FRS 102 – Fair Value hierarchy disclosures, issued in March 2016.

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

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 31 March 2016 (unaudited) £	Six months ended 31 March 2015 (unaudited) £	Year ended 30 September 2015 (audited) £
Dividends	39,150	69,762	167,656
Money-market funds	17,595	26,714	29,977
Loan stock interest	1,779,137	1,254,297	2,667,443
Bank deposit interest	58,872	70,881	121,523
Other income	-	10,595	11,119
Total income	1,894,754	1,432,249	2,997,718

5. Investment Adviser's fees and performance fees

	Six months ended 31 March 2016 £	Six months ended 31 March 2015 £	Year ended 30 September 2015 £
Allocated to revenue return: Investment Adviser's fees	213,564	193,934	405,687
Allocated to capital return: Investment Adviser's fees	640,692	581,802	1,217,061
Investment Advisers' performance fees	1,134,982	679,068	667,622
Total	1,989,238	1,454,804	2,290,370
Investment Adviser's fees	854,256	775,736	1,622,748
Investment Advisers' performance fees	1,134,982	679,068	667,622
Total	1,989,238	1,454,804	2,290,370

The Directors have charged 75% of the fees payable under the Investment Adviser's Agreement, and 100% of the amounts payable under the incentive agreements, to the capital reserve. The Directors believe it is appropriate to charge the performance fees wholly against the capital return, as any fees payable depend on capital performance, as explained below.

On 30 September 2014, a new incentive fee agreement was signed between the Board and Mobeus, with effect from 1 October 2013, to amend and replace the previous agreement. The previous agreement remains in force, but only with the former adviser, Foresight Group LLP ("Foresight"). For the period ended 31 March 2016, £43,830 has been accrued under the previous agreement. Mobeus waived its right to its portion of the fee under the previous agreement. This agreement is due to expire on 10 March 2019.

Any payment under the new Performance Fees Incentive Agreement ("new Incentive Agreement") is now 15% of net realised gains for each year, payable in cash. It is payable only if the Cumulative Net Asset Value (NAV) Total Return per share (being the closing NAV at a year-end plus cumulative dividends paid to that year-end, since 1 October 2013) equals or exceeds a "Target Return". The Target Return is the greater of two targets, being either:

- compound growth of 6% per annum (but 5% per annum for the year ended 30 September 2014 only), before deducting any incentive fee payable (for the year of calculation only) under both this amended agreement and the existing incentive agreement with Foresight in cumulative NAV total return per share; or
- the cumulative percentage change in the Consumer Prices Index since 1 October 2013 to the relevant financial year-end, the resultant figure then being multiplied by $(100+A)/100$, where A is the number of full twelve month periods (or part thereof) that have passed between 1 October 2013 and the relevant financial year end.

Both measures of Target Return are applied to the same opening base, being NAV per share as at 30 September 2013 of 113.90 pence. The objective of this Target Return is to enable shareholders to benefit from a cumulative NAV return of at least 6% per annum (5% in the financial year ended 30 September 2014), before any incentive fee is payable. Once a payment has been made, cumulative NAV total return is calculated after deducting past years' incentive fees paid and payable.

The Target Return for the year ended 30 September 2015 was a 6% uplift on the opening Target Return of 119.60 pence, being 126.77 pence. As Cumulative NAV Total Return was 134.17 pence per share at 30 September 2015, the Target Return had been exceeded and a fee of £667,622 (along with £191,138, which was payable from a previous year as a result of the annual cap (as explained below)) was paid following the approval of the Annual Report for the year ended 30 September 2015 by shareholders at the AGM held on 10 February 2016.

Under this new Incentive Agreement, any fee payments to Mobeus are subject to an annual cap of an amount equal to 2% of the net assets of I&G VCT as at the immediately preceding year-end. This cap will include any fee payable to Foresight under the old agreement, although any such payment to Foresight is not capped. Any excess over the 2% remains payable to Mobeus in the following year(s), subject to the 2% annual cap in such subsequent year(s) and after any payment in respect of such subsequent year(s).

For the year ending 30 September 2016, the Target Return will be 134.38p (being a 6% uplift on the Target Return at the previous year end of 126.77 pence). As at 31 March 2016, the Cumulative NAV Total Return per share is 138.42p, so the Target Return for the 2016 financial year has currently been met and a fee of £1,091,152 has therefore been accrued. This fee will only be payable if the Cumulative NAV Total Return per share at 30 September 2016 exceeds the Target Return per share of 134.38p.

Notes to the Unaudited Financial Statements

for the six months ended 31 March 2016

6. Taxation

There is no tax charge for the period as the Company has incurred tax losses, as its tax-deductible expenses exceed its taxable income.

7. Basic and diluted earnings per share

	Six months ended 31 March 2016 £	Six months ended 31 March 2015 £	Year ended 30 September 2015 £
i) Total earnings after taxation: Basic earnings per share	2,905,400 4.10 p	2,331,714 3.65 p	6,864,148 10.21 p
ii) Net revenue from ordinary activities after taxation Basic revenue return per share	1,194,423 1.69 p	824,510 1.29 p	1,734,392 2.58 p
Net unrealised capital gains on investments	726,630	885,965	4,574,928
Net realised capital gains on investments	2,471,203	1,687,489	2,053,151
Capital Investment Adviser's fees less taxation	(351,874)	(387,182)	(830,701)
Investment Advisers' performance fees	(1,134,982)	(679,068)	(667,622)
iii) Total capital return Basic capital return per share	1,710,977 2.41 p	1,507,204 2.36 p	5,129,756 7.63 p
iv) Weighted average number of shares in issue in the period	70,863,747	63,847,421	67,212,047

Other than the performance related incentive, there are no instruments in place that will increase the number of shares in issue in future. If shares are issued, no dilution of earnings per share will occur, as the estimated incentive fee payable has been charged in these accounts.

8. Dividends

Dividend	Type	For the year ended 30 September	Pence per share	Date paid	Six months ended 31 March 2016 £	Six months ended 31 March 2015 £	Year ended 30 September 2015 £
Second interim	Income	2014	2.00p	30 October 2014	-	1,210,446	1,210,446
Second interim	Capital	2014	6.00p	30 October 2014	-	3,631,337	3,631,337
Final	Income	2014	1.25p	20 March 2015	-	868,289	868,289
Final	Capital	2014	2.75p	20 March 2015	-	1,910,237	1,910,237
Interim	Income	2015	1.00p	30 June 2015	-	-	701,394
Interim	Capital	2015	5.00p	30 June 2015	-	-	3,506,971
Final	Income	2015	1.00p	15 February 2016	706,921	-	-
Final	Capital	2015	5.00p	15 February 2016	3,534,605	-	-
Previous dividends not claimed within the statutory period							(7,778)
					4,241,526	7,620,309	11,820,896

* - £4,241,526 (31 March 2015: £7,620,309; 30 September 2015: £11,820,896) disclosed above differs to that shown in the Statement of Cash Flows of £3,584,090 (31 March 2015: £6,620,204; 30 September 2015: £10,205,256) due to £657,436 (31 March 2015: £1,000,105; 30 September 2015: £1,615,640) of new shares issued as part of the Company's Dividend Investment Scheme.

9. Summary of movement on investments during the period

All investments held by the Company are classified as "fair value through profit and loss", and valued in accordance with the International Private Equity and Venture Capital Valuation ("IPEVCV") 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 IPEVCV guidelines:

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

- (i) Where a value is indicated by a material arms-length transaction by an independent third party in the shares of a company, this value will be used.
 - (ii) In the absence of i), and depending upon both the subsequent trading performance and investment structure of an investee company, the valuation basis will usually move to either:-
 - a) an earnings multiple basis. The shares may be valued by applying a suitable price-earnings ratio to that company's historic, current or forecast post-tax earnings before interest and amortisation (the ratio used being based on a comparable sector but the resulting value being adjusted to reflect points of difference identified by the Investment Adviser compared to the sector including, inter alia, a lack of marketability).
- or:-
- b) where a company's underperformance against plan indicates a diminution in the value of the investment, provision against cost is made, as appropriate. Where the value of an investment has fallen permanently below cost, the loss is treated as a permanent impairment and as a realised loss, even though the investment is still held. The Board assesses the portfolio for such investments and, after agreement with the Investment Adviser, will agree the values that represent the extent to which an investment has become realised. This is based upon an assessment of objective evidence of that investment's future prospects, to determine whether there is potential for the investment to recover in value.
- (iii) Premiums that will be received upon repayment of loan stock investments are accrued at fair value when the Company receives the right to the premium and when considered recoverable.
 - (iv) Where an earnings multiple or cost less impairment basis is not appropriate and overriding factors apply, discounted cash flow or net asset valuation bases may be applied.

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

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

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

- Level 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 Unaudited Financial Statements

for the six months ended 31 March 2016

	Traded on AIM £	Unquoted ordinary shares £	Preference shares £	Qualifying loans £	Total £
Valuation at 1 October 2015	2,020,457	18,105,585	24,581	40,265,127	60,415,750
Purchases at cost	-	-	-	285,932	285,932
Sales - proceeds	-	(5,674,273)	-	(4,270,813)	(9,945,086)
- realised gains	-	2,404,659	-	66,544	2,471,203
Reclassification at valuation	-	(301)	301	-	-
Unrealised gains/(losses) on investments in the period	419,307	(213,505)	(565)	521,393	726,630
Valuation at 31 March 2016	2,439,764	14,622,165	24,317	36,868,183	53,954,429
Book cost at 31 March 2016	1,333,907	18,590,747	27,341	34,292,229	54,244,224
Unrealised gains/(losses) at 31 March 2016	1,105,857	1,192,350	(3,024)	2,575,954	4,871,137
Permanent impairment of valuation of investments	-	(5,160,932)	-	-	(5,160,932)
Valuation at 31 March 2016	2,439,764	14,622,165	24,317	36,868,183	53,954,429
Gains on investments					
Realised gains based on historical cost	-	5,816,645	-	1,457,684	7,274,329
Less amounts recognised as unrealised gains in previous years	-	(3,411,986)	-	(1,391,140)	(4,803,126)
Realised gains based on carrying value at 30 September 2015	-	2,404,659	-	66,544	2,471,203
Net movement in unrealised gains/ (losses) in the period	419,307	(213,505)	(565)	521,393	726,630
Gains/(losses) on investments for the period ended 31 March 2016	419,307	2,191,154	(565)	587,937	3,197,833

The cash flow from investment proceeds shown above of £9,945,086 differs from the sale proceeds shown in the Statement of Cash Flows figure of £10,645,086 by £700,000. This is due to the receipt of contingent consideration, which was previously recognised as an unrealised gain in a prior year.

Unrealised gains/(losses) at 31 March 2016 above of £4,871,137 differ to that shown in the Revaluation reserve on the Statement of Changes in Equity of £4,921,137. The difference of £50,000 is the estimated fair value of contingent consideration held at the Balance Sheet date, and is included within Debtors.

There has been no significant change in the risk analysis as disclosed in Note 18 of the financial statements in the Company's Annual Report. The increase in unrealised valuations of the loan stock investments above reflect the changes in the entitlement to loan premiums, and/or in the underlying enterprise value of the investee company. The increase does not arise from assessments of credit or market risk upon these instruments.

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

	as at 31 March 2016 £	as at 31 March 2015 £	as at 30 September 2015 £
Valuation methodology			
Estimated realisation proceeds	103,917	113,000	42,500
Cost (reviewed for impairment)	-	-	-
Recent investment price	17,537,589	13,317,376	25,431,478
Earnings multiple	33,873,159	28,360,558	32,864,282
Total	51,514,665	41,790,934	58,338,260

10. Current asset investments

	as at 31 March 2016 £	as at 31 March 2015 £	as at 30 September 2015 £
OEIC Money market funds	10,704,092	1,470,978	1,471,708
Bank deposits that mature within three months but are not immediately repayable	2,511,552	7,041,197	2,546,080
Cash equivalents per Statement of Cash Flows	13,215,644	8,512,175	4,017,788
Bank deposits that mature after three months	5,180,012	7,112,474	7,140,767
Current asset investments	18,395,656	15,624,649	11,158,555

11. Net asset value per share

	as at 31 March 2016	as at 31 March 2015	as at 30 September 2015
Net assets	£74,311,427	£74,663,780	£75,202,296
Number of shares in issue	71,164,788	70,442,856	70,693,007
Net asset value per share - basic and diluted	104.42p	105.99p	106.38p

Diluted NAV per share assumes that the Investment Adviser's performance fee is satisfied by the issue of additional shares. If shares are issued, no dilution of NAV per share will occur, as the estimated incentive fee payable is already held as a creditor in these accounts.

12. Post balance sheet events

There have been no significant post balance sheet events.

13. Statutory Information

The financial information for the six months ended 31 March 2016 and the six months ended 31 March 2015 has not been audited.

The financial information contained in this Half-Year Report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The Financial Statements for the year ended 30 September 2015 have been filed with the Registrar of Companies. BDO LLP, as auditor to the Company, has reported on these Financial Statements and that report was unqualified and did not contain a statement under either section 498(2) or 498(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.incomeandgrowthvct.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 February annual general meetings provide 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 continues to make Interim Management Statements, in respect of those quarters when it does not publish full or half-year accounts, to keep shareholders informed of the Company's progress.

The Investment Adviser holds an annual shareholder event and further information on this year's event, held in January 2016, is given in the Chairman's Statement on page 4. The next Shareholder Event will take place on Tuesday 24 January 2017. Shareholders will be sent further details and an invitation nearer to the date.

Shareholders wishing to follow the Company's progress can visit its website at www.incomeandgrowthvct.co.uk. This section of the Investment Adviser's website includes dedicated pages on the Company providing 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 which provides up to the minute details of the share price and latest RNS announcements, etc.

Shareholder enquiries:

The Registrars may be contacted at: Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU; VCT investor line: 0371 664 0324; or via its online shareholder portal: www.capitashareportal.com.

For enquiries concerning the Company, or to contact the Chairman or any member of Board, please contact the Investment Adviser, Mobeus Equity Partners LLP on 020 7024 7600 or by e-mail to vcts@mobeusequity.co.uk. Website: www.mobeusequity.co.uk.

Dividend

The Directors have declared an interim dividend in respect of the year ending 30 September 2016 of 6.00 pence per share. The dividend will be paid on 7 July 2016 to shareholders on the Register on 10 June 2016. The Company Dividend Investment Scheme will apply to this dividend (see below).

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

Shareholders are encouraged to ensure that the Registrars have up-to-date details for them and to check whether they have received all dividends payable to them. This is particularly important if they have recently moved house or changed their bank. We are aware that a number of dividends remain unclaimed by shareholders and whilst we will endeavour to contact you if this is the case we cannot guarantee that we will be able to do so if the Registrars do not have an up-to-date telephone number and/or email address.

Dividend Investment Scheme

The Scheme is a convenient, easy and cost effective way to build up your shareholding in the Company. Instead of receiving cash dividends, you can elect to receive new shares in the Company. By opting to receive your dividend in this manner, there are three benefits to shareholders:

- The dividend is tax free to you;
- Shareholders are allotted new ordinary shares which will, subject to your particular circumstances, attract VCT tax reliefs applicable for the tax year in which the shares are allotted. The tax relief currently available to investors in new VCT shares is 30% for the 2015/16 tax year for investments up to £200,000 in any one tax year; and
- The Scheme also has one other, particular advantage. Under its terms, a member is able to re-invest at an advantageous price, being the average market price of the shares for the five business days prior to the dividend being paid. This price is likely to be at a discount of 10% to the underlying net asset value (provided that this is greater than 70% of the latest published net asset value per share).

An application form for the Scheme can be obtained from the Company's Registrars, Capita Asset Services, or by downloading a copy from the Company's website. **If shareholders wish to reinvest the recently declared dividend of 6.00 pence per share in further shares, the form must be received by Capita by 22 June 2016.**

Common Reporting Standard

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 is being introduced. The legislation will require 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. 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>.

Financial calendar

Late May 2016	Announcement of the Half-Year results and circulation of the Half-Year Report for the six months ended 31 March 2016
7 July 2016	Payment of the interim dividend of 6.00 pence per share
30 September 2016	Year-end
Late December 2016	Annual Report for the year ended 30 September 2016 to be circulated to shareholders
24 January 2017	Shareholder Event
February 2017	Annual General Meeting

Selling your shares

The Company's shares are listed on the London Stock Exchange and as such they can be sold in the same way as any other quoted company through a stockbroker. **If you wish to sell your shares, 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 your stockbroker.** Shareholders are also advised to discuss their individual tax position with their financial advisor before deciding to sell their shares.

WARNING TO SHAREHOLDERS

Boiler room fraud and unsolicited communications to shareholders

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

Further information on boiler room scams and who to contact, should you believe that you have been approached in such a manner, is included in the FAQ section of the VCT Investor Area of the Investment Adviser's website. Details of any share dealing facilities that the company endorses will be included in Company mailings. Detailed information on this or similar activity can be found on the FCA website www.fca.org.uk/consumers/scams. For further information, shareholders may also contact Mobeus, the Company Secretary.

Performance Data at 31 March 2016

Share price at 31 March 2016
NAV per share as at 31 March 2016

94.00p¹
104.42p

Performance data for all fundraising rounds

The following table shows, for all shareholders, how their investments have performed since they were originally allotted shares in each fundraising.

Shareholders from the original fundraising in 2000/01 should note that the funds were managed by three investment advisers, up until 10 March 2009. At that date, Mobeus became the sole adviser, to this and all subsequent fundraisings.

Total return data, which includes cumulative dividends paid to date, is shown on both a share price and a NAV basis as at 31 March 2016. The NAV basis enables shareholders to evaluate more clearly the performance of the Fund, 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.

Allotment date(s)	Allotment price	Net allotment price ²	Cumulative dividends paid per share	Total return per share to shareholders since allotment		
				(Share price basis) ¹ (p)	(NAV basis) (p)	% increase since 30 September 2015 (NAV basis)
	(p)	(p)	(p)			
Funds raised - ‘O’ Share Fund ³ (launched 18 October 2000)						
Between 3 November 2000 and 11 May 2001	100.00	60.62	78.54	149.77	157.67	2.0%
Funds raised 2007/8 - Former ‘S’ Share Fund (launched 14 December 2007)						
Between 1 April 2008 and 6 June 2008	100.00	70.00	74.50	168.50	178.92	2.3%
Funds raised 2011 (launched 12 November 2010)						
21 January 2011	104.80	73.36	74.00	168.00	178.42	2.3%
28 February 2011	107.90	75.53	72.00	166.00	176.42	2.3%
22 March 2011	105.80	74.06	72.00	166.00	176.42	2.3%
1 April 2011	105.80	74.06	70.00	164.00	174.42	2.4%
5 April 2011	105.80	74.06	70.00	164.00	174.42	2.4%
10 May 2011	105.80	74.06	70.00	164.00	174.42	2.4%
6 July 2011	106.00	74.20	70.00	164.00	174.42	2.4%
Funds raised 2012 (launched 20 January 2012)						
8 March 2012	106.40	74.48	46.00	140.00	150.42	2.8%
4 April 2012	106.40	74.48	46.00	140.00	150.42	2.8%
5 April 2012	106.40	74.48	46.00	140.00	150.42	2.8%
10 May 2012	106.40	74.48	46.00	140.00	150.42	2.8%
10 July 2012	111.60	78.12	46.00	140.00	150.42	2.8%
Funds raised 2013 (launched 29 November 2012)						
14 January 2013	116.00	81.20	46.00	140.00	150.42	2.8%
28 March 2013	112.60	78.82	40.00	134.00	144.42	2.9%
4 April 2013	112.60	78.82	40.00	134.00	144.42	2.9%
5 April 2013	112.60	78.82	40.00	134.00	144.42	2.9%
10 April 2013 Pre RDR ⁴	115.30	80.71	40.00	134.00	144.42	2.9%
10 April 2013 Post RDR ⁴	112.60	78.82	40.00	134.00	144.42	2.9%
7 May 2013	112.60	78.82	40.00	134.00	144.42	2.9%
Funds raised 2014 (launched 28 November 2013)						
09 January 2014	117.82 ⁵	82.47	34.00	128.00	138.42	3.0%
11 February 2014	119.02 ⁵	83.31	34.00	128.00	138.42	3.0%
31 March 2014	115.64 ⁵	80.95	30.00	124.00	134.42	3.1%
03 April 2014	116.17 ⁵	81.32	30.00	124.00	134.42	3.1%
04 April 2014	115.45 ⁵	80.82	30.00	124.00	134.42	3.1%
06 June 2014	121.55 ⁵	85.09	30.00	124.00	134.42	3.1%

¹ - Source: London Stock Exchange (mid-price basis).

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

³ - Shareholders who invested in 2000/01 received 0.7578 shares in the current share class for each share previously held on 29 March 2010, when the Company's two share classes merged. The net allotment price, NAV, cumulative dividend, total return, share price and percentage return data per share have been adjusted to reflect this conversion ratio.

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

⁵ - Average effective offer price.

Allotment date(s)	Allotment price	Net allotment price ¹	Cumulative dividends paid per share	Total return per share to shareholders since allotment		
				(Share price basis) ¹	(NAV basis)	% increase since 30 September 2015 (NAV basis)
	(p)	(p)	(p)	(p)	(p)	
Funds raised 2015 (launched 10 December 2014)						
14 January 2015	108.33 ²	75.83	16.00	110.00	120.42	3.5%
17 February 2015	113.17 ²	79.22	16.00	110.00	120.42	3.5%
10 March 2015	109.88 ²	76.92	12.00	106.00	116.42	3.6%

¹ - Net allotment price is the allotment price less applicable income tax relief. Income tax relief was 20% up until 5 April 2004, 40% from 6 April 2004 to 5 April 2006, and 30% thereafter.

² - Average effective offer price

Cumulative dividends paid

	Funds raised 2000/01 'O' Share Fund (p)	Funds raised 2007/08 'S' Share Fund (p)	Funds raised 2011 (p)	Funds raised 2012 (p)	Funds raised 2013 (p)	Funds raised 2014 (p)	Funds raised 2015 (p)
15 February 2016	4.55 ¹	6.00	6.00	6.00	6.00	6.00	6.00
30 June 2015	4.55 ¹	6.00	6.00	6.00	6.00	6.00	6.00
20 March 2015	3.03 ¹	4.00	4.00	4.00	4.00	4.00	4.00
30 October 2014	6.06 ¹	8.00	8.00	8.00	8.00	8.00	
3 July 2014	4.55 ¹	6.00	6.00	6.00	6.00	6.00	
12 March 2014	3.03 ¹	4.00	4.00	4.00	4.00	4.00	
27 June 2013	4.55 ¹	6.00	6.00	6.00	6.00		
8 February 2013	4.55 ¹	6.00	6.00	6.00	6.00		
15 February 2012	3.02 ¹	4.00	4.00				
27 January 2012	15.16 ¹	20.00	20.00				
28 March 2011	1.52 ¹	2.00	2.00				
22 February 2011	1.52 ¹	2.00	2.00				
29 March 2010 Merger of the 'O' and 'S' Share Funds							
17 March 2010	2.00	0.50					
16 February 2009	4.00						
15 February 2008	2.00						
24 October 2007	2.00						
15 February 2007	3.75						
14 February 2006	3.25						
4 February 2005	1.25						
11 February 2004	1.25						
12 February 2003	1.75						
18 February 2002	1.20						
Total dividends paid²	78.54	74.50	74.00	46.00	46.00	34.00	16.00

¹ - The dividends paid after the merger, on the former 'O' Share Fund shareholdings have been restated to take account of the merger conversion ratio.

² - 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 in the table on page 26 and above.

Timeline of the Company

October 2000

The Company is launched as **TriVest VCT plc** advised by three managers, Foresight Group, GLE Development Capital and LICA Development Capital.

April 2001

The Company's first fundraising of its "O Share Fund" is completed.

October 2002

Nova Capital Management succeeds LICA Development Capital as adviser to that section of the portfolio

April 2004

The team from GLE Development Capital join Matrix Group to form Matrix Private Equity Partners and continue the management of its share of the Company's portfolio.

September 2007

The Company implements a change in its management arrangements with the funds now being jointly managed by Matrix Private Equity Partners and Foresight Group.

October 2007

The Company changes its name to **The Income & Growth VCT plc** following the change to becoming a dual-managed VCT.

December 2007

The 'S' Share Fund is launched.

March 2009

The Company becomes a VCT solely advised by Matrix Private Equity Partners. The Company changes its Investment Policy to focus on more mature businesses.

March 2010

The 'O' Share Fund (launched in 2000) merges with the 'S' Share Fund (launched in 2007) to create the current class of shares.

November 2011

The Company sells its stake in App-DNA for 32 times cost and pays a special interim capital dividend of 20p per share in the following January.

June 2012

Matrix Private Equity Partners LLP becomes a fully independent firm owned by its partners and renames itself Mobeus Equity Partners LLP.

2010-2014

The Company participates in four linked fundraisings with other Mobeus advised VCTs.

March 2015

The Company closes a successful fundraising with the other Mobeus advised VCTs in which £10 million was raised for the Company.

Corporate Information

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Colin Hook
Jonathan Cartwright
Helen Sinclair

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Investment Adviser, Company Secretary and Administrator

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