

Summary Annual Report and Accounts

for the year ended 30 September 2011

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THE INCOME & GROWTH VCT PLC

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# Investment Objective

The objective of The Income & Growth VCT plc (“I&G” or “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.

The Company invests in companies at various stages of development. In some instances this may include investments in new and secondary issues of companies which may already be quoted on the Alternative Investment Market (“AiM”) or PLUS.

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### Summary Annual Report

This Summary Annual Report has been prepared voluntarily by the Directors in accordance with the relevant requirements of section 426 of the Companies Act 2006 (“the 2006 Act”). It does not contain sufficient information to allow a full understanding of the results and state of affairs of the Company and of the policies and arrangements in respect of Directors’ remuneration. For further information, the full Annual Financial Statements, the Auditor’s Report on those financial statements and the Directors’ Report should be consulted. A copy of the Annual Report, which may be obtained free of charge from the Company Secretary will be delivered to the Registrar of Companies after the Annual General Meeting. Shareholders wishing to receive the full Annual Report in future years may elect to do so by sending signed, written notice to the Company Secretary. This Summary Annual Report contains additional information derived from the Directors’ Report. It does not however contain the full text of that Report. PKF (UK) LLP have reported on the Company’s statutory accounts for the year ended 30 September 2011. This report was unqualified and contained no statement under section 498 (2) and (3) of the 2006 Act.

# Financial Highlights

The net assets of the 'O' and 'S' Share Funds were merged to form one share class of Ordinary Shares on 29 March 2010. At that date, the net assets of the merged VCT were £35.7 million, which have increased to £49.2 million at 30 September 2011.

## The highlights during the year have been:-

-  Increase of 25.9% in net asset value (NAV) total return to Shareholders
-  Dividends totalling 4 pence per share were paid during the year and a special capital dividend of 20 pence per share has been declared since the year-end subsequent to the realisation of App-DNA. Further, a final dividend of 4 pence per share will be recommended to Shareholders at the AGM. These payments will bring cumulative dividends paid to date to 28.5 pence per share (43.7 pence per original Share invested for Shareholders who originally invested in the former 'O' Share Fund).
-  Increase of 9.8% in share price total return to Shareholders
-  Strong liquidity has been maintained in the context of continuing market volatility

## Merger of the 'O' and 'S' share classes of the Company

The merger was effected by converting the relevant 'O' Shares into 'S' Shares using a conversion ratio of 0.7578. All the issued and unissued 'S' Shares were subsequently redesignated as Ordinary Shares on a 1 for 1 basis.

## Performance Summary

### The net asset value (NAV) per share at 30 September 2011 was 120.8 pence

To help Shareholders in each former share class understand the recent trend in performance of their investment, comparative data for each former share class is shown below:-

	Net assets (£m)	NAV per Share (p)	Cumulative dividends paid per Share (p)	NAV total return to Shareholders since launch per Share (p)	Share price (p) <sup>2</sup>	Share price total return to Shareholders (p)
<b>Ordinary Shares ('S' Shares until 29 March 2010)</b>						
As at 30 September 2011 <sup>1</sup>	49.2	120.8	4.5	125.3	91.6	96.1
As at 30 September 2010	36.6	99.0	0.5	99.5	87.0	87.5
As at 30 September 2009	11.0	93.2	0.0	93.2	94.5	94.5
As at 30 September 2008	11.2	94.6	0.0	94.6	100.0	100.0
At close of Offer for subscription	11.2	94.5	0.0	94.5	100.0	100.0

<sup>1</sup> The data for all periods shows the return on an initial subscription price of 100p at the date of inception of each Fund. Data as at 30 September 2011 is supported by the table overleaf divided by £10,000.

<sup>2</sup> Source: London Stock Exchange

**Former 'S' Shares** – S ordinary shares of 1p raised during the 2007/08 tax year and admitted to trading on 8 February 2008.

	Net assets (£m)	NAV per Share (p)	Cumulative dividends paid per share (p)	NAV total return to Shareholders since launch per Share (p)	Share price (p) <sup>2</sup>	Share price total return to Shareholders (p)
<b>Former 'O' Shares (until 29 March 2010)</b>						
As at 30 September 2011 <sup>1</sup>	–	91.5	25.5	117.0	–	–
As at 30 September 2010	–	75.0	22.5	97.5	–	–
As at 30 September 2009	24.9	71.5	20.5	92.0	54.8	75.3
As at 30 September 2008	29.6	83.6	16.5	100.1	79.5	96.0

<sup>1</sup> The data for all periods shows the return on an initial subscription price of 100p at the date of inception of each Fund. Data as at 30 September 2011 is supported by the table below divided by £10,000.

<sup>2</sup> Source: London Stock Exchange

### Return before and after tax relief

The tables below show the NAV total returns at 30 September 2011 for a shareholder in each original class that invested **£10,000** at £1 a share at each Fund's inception.

		Ordinary Shares 2007/08 <sup>1</sup>	Former 'O' Shares 2000/2001
Original investment (10,000 shares at £1 each)	(£)	10,000	10,000
Number of shares held post merger		10,000	7,578
Rate of income tax relief	%	30%	20% <sup>2</sup>
Cost net of income tax relief	(£)	7,000	8,000
NAV at 30 September 2011	(£)	12,079	9,154
Dividends paid to Shareholders since subscription	(£)	450	2,548
Total return (NAV basis) to Shareholders since subscription	(£)	12,529	11,702
Profit before income tax relief <sup>3</sup>	(£)	2,529	1,702
Profit after income tax relief <sup>4</sup>	(£)	5,529	3,702

<sup>1</sup> Formerly 'S' Shares

<sup>2</sup> Additional capital gains tax deferral relief of up to £4,000 available to qualifying shareholders

<sup>3</sup> NAV total return minus initial investment cost (before applicable income tax relief)

<sup>4</sup> NAV total return minus cost net of income tax relief

### Discount

The Board's current intention is to continue with its existing buy-back policy with the objective of maintaining the discount to NAV at which the shares trade at 10% or less. The discount for the Company's Ordinary Shares at 30 September 2011 was 10.9% (2010: 9.6%) based on the NAV at 30 June 2011 of 102.8 pence. The Share price has however risen considerably since the year-end to 109 pence, subsequent to the announcement of the realisation of App-DNA, in anticipation of the increase in the net asset value shown in these accounts.

**Former 'O' Shares** – ordinary shares of 1p raised during the 2000/01 tax year and admitted to trading on 15 November 2000.

# Financial Highlights

## Dividends paid in each year since launch

Dividends paid include distributions from both income and capital

In respect of year ended	Payment date	Ordinary Shares (former 'S' Shares) (p) per share	Former 'O' Shares (dividends paid on original holding) (p) per share
30 September 2001	18 February 2002	–	1.20 pence
30 September 2002	12 February 2003	–	1.75 pence
30 September 2003	11 February 2004	–	1.25 pence
30 September 2004	04 February 2005	–	1.25 pence
30 September 2005	14 February 2006	–	0.75 pence
30 September 2006 (interim)	14 February 2006	–	2.50 pence
30 September 2006	15 February 2007	–	0.75 pence
30 September 2007 (interim)	15 February 2007	–	3.00 pence
30 September 2007 (interim)	24 October 2007	–	2.00 pence
30 September 2007	15 February 2008	–	2.00 pence
30 September 2008	16 February 2009	–	4.00 pence
30 September 2009	17 March 2010	0.50 pence	2.00 pence
30 September 2010	22 February 2011	2.00 pence	1.52 pence <sup>1</sup>
30 September 2010	28 March 2011	2.00 pence	1.52 pence <sup>1</sup>
<b>Cumulative dividends paid</b>		<b>4.50 pence</b>	<b>25.49 pence</b>

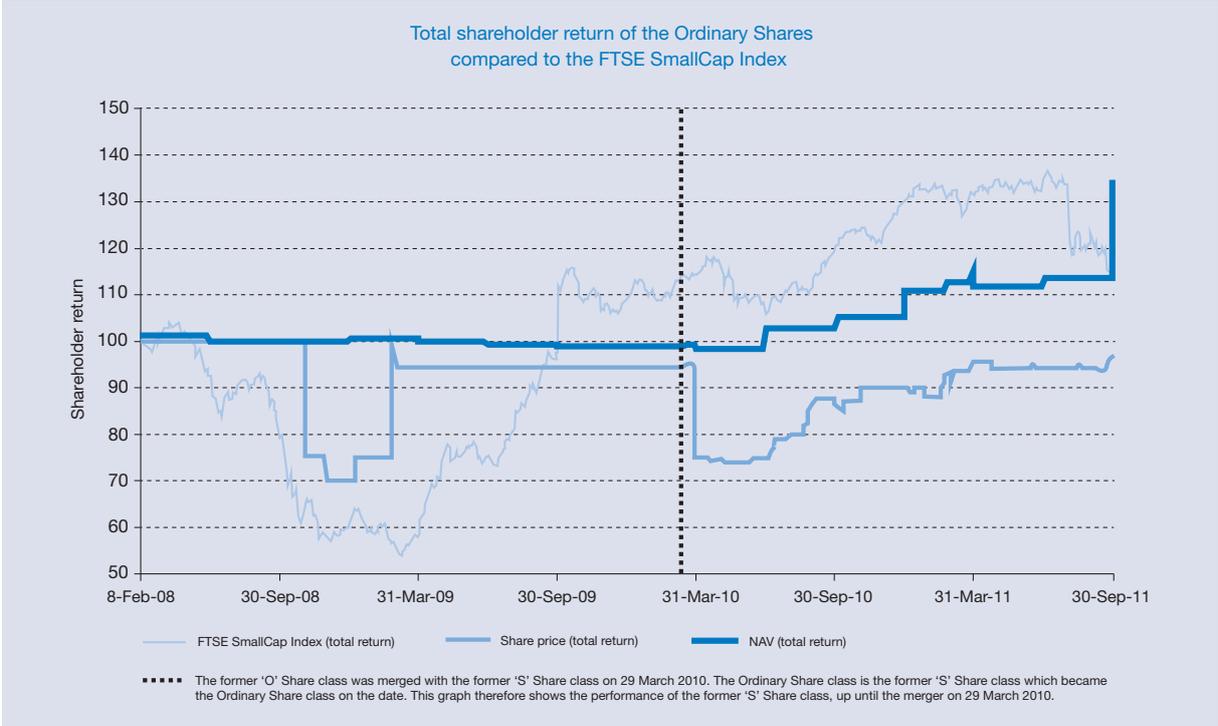
<sup>1</sup> The dividends paid after the Merger on the Ordinary Shares have also been shown in the data for the former 'O' Shares. Such dividends have been converted at the merger ratio, so that a former 'O' Fund Shareholder can see the total dividends received on their original holding.

## Dividends proposed

In addition to the special capital dividend of 20 pence per share declared since the year-end, a final dividend of 4 pence per share comprising 2 pence from income and 2 pence from capital will be recommended to Shareholders at the Annual General Meeting of the Company to be held on 9 February 2012. The dividend will be paid on 15 February 2012 to Shareholders on the Register on 20 January 2012.

Performance graphs

In the graph below, the total return figures have been rebased to 100 at 8 February 2008, the date on which the Company’s Ordinary Shares were first admitted to trading.



Source: Matrix Corporate Capital LLP

Note: The share price and net asset value (NAV) total return comprise the share price and NAV respectively per share assuming the dividends paid were re-invested on the date on which the shares were quoted ex-dividend in respect of each dividend.

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# Chairman's Statement

I am pleased to present to Shareholders the Summary Annual Report of the Company for the year ended 30 September 2011.

The persisting uncertainty in the UK and global economies has continued to impact on the Company during the year under review. The signs in the first half of the year of a possible return to comparative stability failed to materialise and we are now experiencing a resurgence of the earlier volatility, particularly as a result of debt problems in several of the Eurozone countries.

However, since the year-end, in early November I am delighted that the Company was able to announce that it had sold its investment in App-DNA to Citrix Systems Inc. App-DNA is a leading specialist in Application Migration and Compatibility Software including App-DNA™ and AppTitude™ which it distributes to blue chip companies around the world. Citrix Systems has acquired all of the equity in App-DNA for a headline consideration of some US\$92 million. This delivered to the Company an initial consideration of £14.6 million and has resulted, therefore, in a material uplift in the NAV per share of the Company, a substantial portion of which was included in the fair value of this investment at 30 September 2011. In addition, approximately £1.8 million of further deferred consideration could be receivable over the next four years. The total consideration equates to a return of approximately 32 times the original investment. This outcome, of course, completely overshadows the performance of the remainder of the portfolio and has resulted in a special interim dividend being paid to all Shareholders – please see more information below. Shareholders should note that the Board anticipates that a performance incentive fee of up to an estimated £2.8 million could be payable for the current financial year ending 30 September 2012 in respect of this realisation.

## Performance

As at 30 September 2011 the Company's NAV per Ordinary Share was 120.8 pence (30 September 2010: 99.0 pence). Adjusted for dividends paid to Shareholders during the year, this represents an increase of 26.0% over the twelve month period. This compares with an increase of 6.6% in the FTSE SmallCap Index and a rise of 10.5% in the FTSE AiM All-Share Index, both on a capital return basis.

Cumulative dividends paid, declared and proposed to date amount to 43.7 pence per original share invested for shareholders who originally invested in the former 'O' Share Fund (the 28 pence per share paid following the Merger has therefore been adjusted using the merger ratio of 0.7578) and 28.5 pence per Ordinary Share for shareholders who originally invested in the former 'S' Share Fund.

## The portfolio

This has been a particularly active year for the portfolio as a whole. Overall, over the year the portfolio showed a net increase of £10.9 million in unrealised and £0.3 million in

realised gains and it was valued at 125.5% of cost at the year-end. The valuation of the portfolio at the year-end was £37.1 million with the MPEP portfolio being valued at £23.9 million and the ex-Foresight portfolio at £13.2 million.

During the year a total of some £2.7 million was placed into new investments (excluding the £3 million already invested in each of the acquisition vehicles, Aust, Apricot and Fullfield). In October 2010 I&G made a further investment into the acquisition vehicle, Aust, of £441,667 to support the MBO of RDL Recruitment Corporation, a European recruitment provider within the pharmaceutical, business intelligence and IT sector. The VCT's investment in this company now stands at £1.4 million. In December 2010, a new investment of £487,744 was made into Faversham House, a broadly based publishing business. In the same month £279,996 was invested into Omega Diagnostics, an AiM listed company specialising in in-vitro diagnostics for food intolerance, autoimmune diseases and infectious diseases.

A further investment into the acquisition vehicle Apricot of £193,906 was made to support the MBO of Automated Systems Group plc, a provider of printer and copier services. This brought the VCT's investment in this company to £1.2 million. The company has since changed its name to ASL Technology Holdings Limited. A further investment was then made in March 2011 of £575,884 to support the acquisition of Transcribe Copier Systems Limited. In July 2011 a further investment of £718,189 was put into the acquisition vehicle Fullfield Limited to support the MBO of Motorclean Group Limited, a provider of vehicle cleaning and valet services to the car dealership market. This brought I&G's investment in this company to £1.7 million.

It is a measure of the success of the Manager's efforts that the portfolio has required only £42,560 of additional funding despite the challenges that investee companies have faced. An additional loan stock investment of £42,446 was made into Monsal in July and August 2011 as part of a facility of £1.75 million to support the turnaround of Monsal.

Following the year-end, a new investment of £1,383,314 was provided as mezzanine finance as part of a £7.8m transaction to support the acquisition of the international intellectual property and assets of Lowe Alpine Srl (from administration in Italy) by Equip Outdoor Technologies Limited, a company specialising in owning and distributing clothing brands focused on the outdoor sector. A further new investment of £1,878,124 (including £1 million from Vanir) has been made to support the MBO of EMaC Limited, the UK's leading provider of outsourced service plans to franchised dealers in the automotive sector.

Finally, a further investment in the form of a loan of up to £1.5 million was committed in December 2011 into Image Source to help support the resolution of a legal dispute with a former employee and shareholder in that company.

I am pleased to be able to advise you that there were numerous loan stock repayments, totalling some £2.5 million, during the year.

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During the year there were four disposals which realised a total of £3.0 million. In January 2011, Campden Media was fully realised for a cash consideration of £287,239, compared to the year-end valuation at 30 September 2010 of £125,921. Together with interest paid over the life of the investment the total cash return was marginally above cost. In February 2011, HWA was disposed of, resulting in a total cash return over the life of this investment of £5,070,682, compared to the £1,422,320 originally invested. In July 2011, Amaldis was sold to LDC for net proceeds of £2,304,000, including accrued interest of £426,714 and £537,948 of loan stock issued by the acquirer. This realisation contributed to total proceeds of £4,170,000 to the Company over the life of the investment, representing a 4.2 times return on the Company's original investment of £1 million. Finally, the Company sold a total of 270,000 shares in Tikit plc at prices ranging from £1.97 to £2.75, realising a net total of £625,485 and representing a 2 times return on the original investment of £310,500. The VCT continues to retain a residual holding in this company.

Following the year-end, as I have detailed above, the Company sold its interest in AppDNA to Citrix Systems resulting in a substantial return on investment and in a material uplift to I&G's NAV which is largely reflected in the balance sheet as at 30 September 2011.

Also following the year-end in December 2011, the VCT made a partial disposal of its investment in DiGiCo to ISIS Equity Partners. The VCT received cash proceeds of £1,405,642 which, including previous repayments of £581,373, generates a return of 3 times cash return on this investment to date. In addition, the VCT continues to hold a residual loan stock and equity (1.57%) investment with an assumed valuation of £874,497.

Finally, the portfolio has seen two of its investments demerge during the year. In November 2010 Camwood completed the demerger of its App-DNA business. Following the demerger, I&G had an investment in each of Camwood Enterprises Limited and App-DNA Group Limited, the latter since sold as above. This comprised a 31.5% equity stake and a secured loan of £333,334 in both companies. Both companies are leading specialists in Application Migration Software™. Then in March 2011, VSI also completed the demerger of its two operating subsidiary companies creating two separate companies, namely MachineWorks Software Limited and LightWorks Software Limited. Following the repayment of the VSI secured loan (which was transferred to MachineWorks Software on the demerger) in April 2011, I&G now has a 9.2% equity stake in both companies.

A number of the investee companies have continued to trade strongly, in particular, DiGiCo, Iglu.com Holidays, ATG Media and Original Additions.

## Cash available for investment

During the economic turmoil, both the Board and the Manager have continued to work to ensure that our cash deposits continue to remain as secure as possible. We have for some time been spreading our significant cash deposits with a number of the leading global cash funds

rather than depositing all liquidity directly with individual banks, thereby reducing our exposure to any one particular bank. However, the current low level of interest rates on cash deposits means that it will continue to be difficult for the Company to pay dividends out of interest income from cash held. The Board and Manager both strongly believe that at this time the security and protection of the Company's capital is more important than striving for a small increase in deposit rates at the cost of much higher risk.

Cash and liquidity fund balances as at 30 September 2011 amounted to £13.3 million.

## Revenue account

The revenue account has achieved a strong return this year, achieving a positive return of £864,072, compared to last year's loss of £50,860, an improvement of £914,932.

The strong increase in income over the year of £924,216 has been a significant factor in this turnaround. The main cause of this increase was a rise in loan stock interest of £770,663, £426,714 of which was due to interest recognised upon the disposal of Amaldis. The balance of the increase of £343,949 reflects the impact of a number of new investments made in the year, such as RDL Corporation, Faversham House, ASL Technology and Fullfield (Motorclean). In addition, Blaze Signs and Youngman re-commenced loan interest payments, with Youngman also reducing its interest arrears.

Dividend income also rose by £164,726, due to increased dividends from Brookerpaks, DiGiCo, ATG Media and VSI, as well as a maiden dividend from CB Imports.

Other expenses have fallen in the year to £375,837 (2010: £513,840). Last year's revenue account was depressed by £75,516 of costs relating to the merger, while the higher levels of loan stock income this year have increased the tax charge borne by the revenue account by £176,808. Due to the Company's ability to offset some capital costs against revenue profits, the Company has no charge to tax.

## Dividends

Arising from the realisation of AppDNA, your Board declared a special interim capital dividend of 20 pence per share, for the year ending 30 September 2012, and this will be paid on 27 January 2012 to Shareholders on the Register on 30 December 2011.

A final dividend of 4 pence per new Ordinary Share, comprising 2 pence from income and 2 pence from capital, will be recommended to Shareholders at the Annual General Meeting of the Company to be held on 9 February 2012 for payment to shareholders on the register on 20 January 2012 on 15 February 2012.

## Dividend Investment Scheme

The Company's Dividend Investment Scheme ("the Scheme") will apply to both of these dividends. 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 you:

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# Chairman's Statement

- 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 2011/12 tax year for investments up to £200,000 in any one tax year; and
- The Scheme also has one unique 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.

Elections under the Scheme should be received by the Scheme Administrator, Capita Registrars, by no later than 12 January 2012 in the case of the special dividend and 31 January 2012 in the case of the final dividend to ensure that you receive these dividends as shares.

Last year, 288 Shareholders, who between them held a total of 2,276,359 Ordinary Shares representing 5.9% of the Company were issued 52,473 Ordinary Shares on 22 February 2011 in respect of the Interim Dividend of 2 pence per share paid to Shareholders on 22 February 2011 at an issue price of 86.70 pence per share.

In addition, 419 Shareholders, who between them held a total of 3,590,904 Ordinary Shares representing 9.36% of the Company were issued 78,840 Ordinary Shares on 29 March 2011 in respect of the Final Dividend of 2.0 pence per share paid to Shareholders on 28 March 2011 at an issue price of 91.0 pence per share.

The issue price used for both dividends was equal to the average of the middle market price for the Shares taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the payment date.

## Share buy-backs

During the year ended 30 September 2011, the Company bought back 1,649,765 Ordinary Shares (year to 30 September 2010: 1,407,758, of which 1,037,821 were bought-back following the Merger) representing 4.46% of the Shares in issue at the beginning of the year at a total cost of £1,475,019 (year to 30 September 2010: £966,118) net of expenses. These shares were subsequently cancelled by the Company.

The Board regularly reviews its buyback policy and, given the less volatile outlook for the valuation of the portfolio, has significantly reduced the discount to NAV at which the Company's shares trade over the last year. At 22 December 2011, the mid-market price for the Company's shares was 109 pence, representing a premium of 6% to the last published NAV which was at 30 June 2011 but a discount of 9.7% to the NAV shown by these results. The share price has appreciated since the year-end, after the initial announcement of the sale of App-DNA.

## Fundraising

A Joint Offer was launched on 12 November 2010 to raise £21 million in aggregate for the Company together with Matrix Income & Growth VCT plc and Matrix Income & Growth 4 VCT plc. The Offer closed on 30 June 2011 having raised £16.2 million across the three VCTs. This resulted in £5.4 million being raised for I&G.

The Company is intending to participate in a similar linked fundraising with these VCTs in 2012. The funds raised will bolster the Company's strong cash position to capitalise on new investment opportunities and spread our fixed running costs over a larger asset base.

## Outlook

Uncertainty, interspersed with rushes of optimism, has characterised global financial markets in recent months. With EU leaders having met recently to finally come up with a realistic solution to the Eurozone crisis, the markets ratcheted up the pressure. If these financial measures prove to be successful, markets could yet be heralding the end of the 'double-bottom'.

Unfortunately, inflation in the UK is much higher than forecast and proving to be very stubborn despite the Bank of England's assertions that it will fall back sharply in the coming months. The inflation figures will have caused little surprise to householders who have had to cope with rising fuel and food bills and also having seen the value of their savings and pensions shrink. So the immediate outlook for investors may not be one of recession but of quite high inflation against a back drop of historically low interest rates.

Although this Fund seeks to invest in profitable companies, and is no longer investing in technology high risk start ups, companies which are in most cases at a relatively early stage in their growth will be challenged by the economic environment over the coming winter. On the other hand, it is highly encouraging to be able to report that the majority of companies within the portfolio continue to trade profitably.

The Company continues to retain a significant cash position, having correctly limited investment during the downturn. Moreover, the forthcoming Fundraising Offer, which I have referred to above, will strengthen this position further. The unquoted sector has seen a return to more active levels, and the Board and Manager expect that a number of attractive investment opportunities will continue to be identified in the near term.

In summary, your Board is encouraged greatly by the portfolio which shows resilience and promise in spite of these difficult economic conditions and, of course, is delighted to be able to distribute much of the proceeds from the disposal of AppDNA.

## I&G website

May I remind you that the Company has its own website which is available at

[www.incomeandgrowthvct.co.uk](http://www.incomeandgrowthvct.co.uk).

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

## Colin Hook

Chairman

22 December 2011

## Ten Largest Investments\*

### App-DNA Group Limited

**Cost:** £180,757  
**Valuation:** £11,633,974  
**Basis of valuation:** Discounted realisation proceeds  
**Equity % held:** 31.5%  
**Business:** Provider of software packaging services  
**Location:** London  
**History:** Development capital  
**Income in year to I&G:** £19,154  
**Audited financial information:**



Year ended	Turnover	Operating profit	Net assets
31 March 2011	£7,584,000	£635,000	£629,000

### IDOX plc

**Cost:** £872,625  
**Valuation:** £1,796,667  
**Basis of valuation:** Bid price (AiM-quoted)  
**Equity % held:** 2.4%  
**Business:** Development and supply of knowledge management products  
**Location:** London  
**History:** AiM flotation  
**Income in year to I&G:** £48,183  
**Audited financial information:**



Year ended	Turnover	Operating profit	Net assets	Earnings per share
31 October 2010	£31,268,000	£7,504,000	£31,012	1.07p

### Fullfield Limited (Motorclean)

**Cost:** £1,718,189  
**Valuation:** £1,718,189  
**Basis of valuation:** Cost  
**Equity % held:** 11.7%  
**Business:** Vehicle cleaning and valet services  
**Location:** Laindon, Essex  
**History:** Management buy-out  
**Income in year to I&G:** £35,324  
**Audited financial information:** First audited accounts since investment will be for the year ended 30 November 2011



### ATG Media Holdings Limited

**Cost:** £888,993  
**Valuation:** £1,675,368  
**Basis of valuation:** Earnings multiple  
**Equity % held:** 8.5%  
**Business:** Publisher and on-line auction platform operator  
**Location:** London  
**History:** Management buy-out  
**Income in year to I&G:** £92,298  
**Audited financial information:**



Year ended	Turnover	Operating profit	Net assets
30 September 2010	£7,215,000	£1,261,000	£2,506,000

Operating profit is stated before charging amortisation of goodwill where appropriate for all investee companies.

\* Excluding the four acquisition vehicles in the portfolio at 30 September 2011.

# Ten Largest Investments

## ASL Technology Holdings Limited (formerly Apricot Trading Limited)

Cost:	£1,769,790
Valuation:	£1,674,630
Basis of valuation:	Earnings multiple
Equity % held:	9.6% (fully diluted)
Business:	Provider of printer and photocopier services
Location:	Cambridge
History:	Management buy-out
Income in year to I&G:	£91,216
Audited financial information:	First audited accounts since investment will be for the year ended 30 September 2011



www.asl-group.co.uk

## RDL Corporation Limited (formerly Aust Recruitment Group Limited and Aust Construction Investors Limited)

Cost:	£1,441,667
Valuation:	£1,383,792
Basis of valuation:	Earnings multiple
Equity % held:	13.0% (fully diluted)
Business:	Recruitment consultants for the pharmaceutical, business intelligence and IT industries
Location:	Woking, Surrey
History:	Management buy-out
Income in year to I&G:	£110,148
Audited financial information:	



www.rdlcorp.com

Year ended	Turnover	Operating profit	Net assets
31 December 2010*	£19,999,000	£1,111,000	£2,130,000

\* Accounts are for the operating subsidiary RDL Recruitment Limited (formerly RDL Corporation Limited)

## Blaze Signs Holdings Limited

Cost:	£1,338,500
Valuation:	£1,354,238
Basis of valuation:	Earnings multiple
Equity % held:	12.5%
Business:	Manufacturer and installer of signs
Location:	Broadstairs, Kent
History:	Management buy-out
Income in year to I&G:	£97,291
Unaudited financial information:	



www.blaze-signs.com

Year ended	Turnover	Operating profit	Net assets
31 March 2011	£20,127,000	£1,889,000	£2,937,000

Operating profit is stated before charging amortisation of goodwill where appropriate for all investee companies.

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#### DiGiCo Europe Limited

Cost:	£325,594
Valuation:	£1,258,330
Basis of valuation:	Earnings multiple
Equity % held:	4.3%
Business:	Designer and manufacturer of digital audio mixing desks
Location:	Chessington, Surrey
History:	Management buy-out
Income in year to I&G:	£94,308
Audited financial information:	



Year ended	Turnover	Operating profit	Net assets
31 December 2010	£18,757,000	£5,501,000	£8,909,000

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#### CB Imports Group Limited

Cost:	£1,000,000
Valuation:	£1,025,448
Basis of valuation:	Earnings multiple
Equity % held:	6.0%
Business:	Importer and distributor of artificial flowers, floral sundries and home décor products
Location:	East Ardsley, West Yorkshire
History:	Management buy-out
Income in year to I&G:	£81,535
Unaudited financial information:	



Year ended	Turnover	Operating profit	Net assets
31 December 2010	£21,197,000	£2,139,000	£4,259,000

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#### Westway Services Holdings (2010) Limited

Cost:	£353,589
Valuation:	£928,577
Basis of valuation:	Earnings multiple
Equity % held:	4.7%
Business:	Installation, service and maintenance of air conditioning systems
Location:	Greenford, Middlesex
History:	Management buy-out
Income in year to I&G:	£34,995
Audited financial information:	



Year ended	Turnover	Operating profit	Net assets
28 February 2011	£27,521,000	£3,942,000	£3,769,000

The remaining 35 investments in the portfolio (including the four acquisition vehicles in the portfolio at 30 September 2011) had a current cost of £19.7 million and were valued at 30 September 2011 at £12.7 million.

Further details of the investments in the portfolio may be found on MPEP's website: [www.matrixpep.co.uk](http://www.matrixpep.co.uk)

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Operating profit is stated before charging amortisation of goodwill where appropriate for all investee companies.

# Investment Portfolio Summary

as at 30 September 2011

	Total Cost at 30-Sep-11 £	Total Valuation at 30-Sep-10 £	Additional investments £	Total Valuation at 30-Sep-11 £	% of equity held <sup>1</sup>	% of portfolio by value
<b>App-DNA Group Limited<sup>2 4</sup></b> Provider of software repackaging services	180,757	1,091,346	–	11,633,974	31.5%	31.31%
<b>I-Dox plc<sup>3</sup></b> Developer and supplier of knowledge management products	872,625	939,167	–	1,796,667	2.4%	4.83%
<b>Fullfield Limited (trading as Motorclean Limited)</b> Vehicle cleaning and valet services	1,718,189	1,000,000	718,189	1,718,189	11.7%	4.61%
<b>ATG Media Holdings Limited</b> Publisher and online auction platform operator	888,993	1,377,208	104	1,675,368	8.5%	4.51%
<b>ASL Technology Holdings Limited (formerly Apricot Trading Limited)</b> Printer and photocopier services	1,769,790	1,000,000	769,790	1,674,630	9.6%	4.51%
<b>RDL Corporation Limited (formerly Aust Recruitment Group Limited)</b> Recruitment provider within the pharmaceutical, business intelligence and IT sectors	1,441,667	1,000,000	441,667	1,383,792	13.0%	3.72%
<b>Blaze Signs Holdings Limited</b> Manufacturer and installer of signs	1,338,500	242,090	–	1,354,238	12.5%	3.64%
<b>DiGiCo Europe Limited</b> Designer and manufacturer of digital audio mixing desks	325,594	1,201,553	–	1,258,330	4.3%	3.39%
<b>CB Imports Group Limited (trading as Country Baskets)</b> Importer and distributor of artificial flowers, floral sundries and home décor products	1,000,000	1,199,310	–	1,025,448	6.0%	2.76%
<b>Backbarrow Limited</b> Company seeking to acquire businesses in the food manufacturing, distribution and brand management sectors	1,000,000	1,000,000	–	1,000,000	16.7%	2.70%
<b>Bladon Castle Management Limited</b> Company seeking to acquire businesses in the brand management, consumer products and retail sectors	1,000,000	1,000,000	–	1,000,000	16.7%	2.70%
<b>Rusland Management Limited</b> Company seeking to acquire businesses in the brand management, consumer products and retail sectors	1,000,000	1,000,000	–	1,000,000	16.3%	2.70%
<b>Torvar Limited</b> Company seeking to acquire businesses in the database management, mapping, data mapping and management services sectors	1,000,000	1,000,000	–	1,000,000	16.3%	2.70%
<b>Westway Services Holdings (2010) Limited</b> Installation, service and maintenance of air conditioning systems	353,589	884,557	–	928,577	4.7%	2.50%
<b>Iglu.com Holidays Limited</b> Online ski and cruise travel agency	152,326	1,616,116	–	888,657	8.1%	2.39%
<b>Youngman Group Limited</b> Manufacturer of ladders and access towers	1,000,052	700,992	–	682,203	8.5%	1.84%
<b>British International Holdings Limited</b> Helicopter service operator	590,909	796,381	–	646,718	5.0%	1.74%
<b>Focus Pharma Holdings Limited</b> Licensor and distributor of generic pharmaceuticals	516,900	707,569	–	628,706	2.1%	1.69%
<b>Brookerpaks Limited</b> Importer and distributor of garlic and vacuum-packed vegetables	55,000	498,095	–	576,042	18.2%	1.55%
<b>Original Additions Topco Limited<sup>6</sup></b> Sale of false nails, nail accessories, false eyelashes, depilatory products, hair lightening and perming products	25,696	–	–	537,948	0.0%	1.45%

	Total Cost at 30-Sep-11 £	Total Valuation at 30-Sep-10 £	Additional investments £	Total Valuation at 30-Sep-11 £	% of equity held <sup>1</sup>	% of portfolio by value
<b>Duncary 8 Limited</b> Technical training business	634,923	683,746	–	535,699	25.5%	1.44%
<b>Camwood Enterprises Limited<sup>4</sup></b> Provider of software repackaging services	180,757	1,091,346	–	499,182	31.5%	1.34%
<b>Faversham House Holdings Limited</b> Publisher, exhibition organiser and operator of websites for the environmental, visual communications and building services	487,744	–	487,744	487,744	8.8%	1.31%
<b>Aquasium Technology Limited<sup>4</sup></b> Manufacturing and marketing of bespoke electron beam welding and vacuum furnace equipment	700,000	396,581	–	486,319	16.7%	1.31%
<b>Tikit Group plc<sup>3</sup></b> Supplier of IT solutions and support services to legal and accounting businesses	189,500	839,129	–	458,094	1.1%	1.23%
<b>Machineworks Software Limited<sup>5</sup></b> Provider of software for CAD and CAM vendors	20,471	583,453	–	407,310	9.2%	1.10%
<b>Omega Diagnostics Group plc</b> In-vitro diagnostics for food intolerance, autoimmune diseases and infectious diseases	279,996	–	279,996	291,663	2.7%	0.78%
<b>Image Source Group Limited</b> Royalty free picture library	305,000	1,399,114	–	238,977	44.0%	0.64%
<b>Letraset Limited</b> Manufacturer and worldwide distributor of graphic art products	650,010	213,859	10	234,385	5.3%	0.63%
<b>Alaric Systems Limited<sup>4</sup></b> Software developer and provider of support services for retail credit card payment systems	595,802	30,647	–	167,114	6.9%	0.44%
<b>NexxtDrive Limited<sup>5</sup></b> Developer and exploiter of mechanical transmission technologies	812,014	162,500	–	162,500	6.2%	0.43%
<b>Racoon International Holdings Limited</b> Supplier of hair extensions, hair care products and training	550,852	243,664	–	157,755	7.7%	0.42%
<b>ANT plc<sup>4</sup></b> Provider of embedded browser/email software for consumer electronics and internet appliances	462,816	160,866	–	144,451	2.7%	0.39%
<b>Vectair Holdings Limited</b> Designer and distributor of washroom products	53,400	366,575	–	139,125	4.6%	0.37%
<b>The Plastic Surgeon Holdings Limited</b> Supplier of snagging and finishing services to the property sector	406,082	101,521	–	101,521	6.1%	0.27%
<b>Oxonica plc<sup>4</sup></b> International nanomaterials group	2,524,527	–	–	69,624	10.6%	0.19%
<b>Lightworks Software Limited<sup>5</sup></b> Provider of software for CAD and CAM vendors	20,471	194,484	–	54,138	9.2%	0.15%
<b>Monsal Holdings Limited</b> Supplier of engineering services to the water and waste sectors	468,610	768,505	42,446	42,446	5.6%	0.11%
<b>Sarantel Group plc<sup>4</sup></b> Developer and manufacturer of antennae for mobile phones and other wireless devices	1,881,252	102,117	–	39,485	0.8%	0.11%
<b>Corero Network Security plc<sup>4</sup></b> (formerly Corero plc) Provider of e-business technologies	600,000	24,558	–	35,363	0.2%	0.10%
<b>PXP Holdings Limited</b> (trading as Pinewood Structures) Designer, manufacturer and supplier of timber frames for buildings	920,176	–	–	–	6.8%	–

# Investment Portfolio Summary

as at 30 September 2011

	Total Cost at 30-Sep-11 £	Total Valuation at 30-Sep-10 £	Additional investments £	Total Valuation at 30-Sep-11 £	% of equity held <sup>1</sup>	% of portfolio by value
<b>Aigis Blast Protection Limited<sup>4</sup></b> Specialist blast containment materials company	272,120	–	–	–	0.4%	–
<b>Legion Group plc (in administration)</b> Provider of manned guarding, mobile patrols and alarm response services	150,000	–	–	–	0.7%	–
<b>Biomer Technology Limited<sup>6</sup></b> Developer of biomaterials for medical devices	137,170	226,152	–	–	4.4%	–
<b>DCG Group Limited<sup>4</sup></b> Design, supply and integration of data storage solutions	83,324	181,771	–	–	10.7%	–
<b>Other investments in the portfolio<sup>7</sup></b>	–	–	–	–	–	–
<b>Disposed in year</b>						
<b>Amaldis (2008) Limited (Original Additions)<sup>8</sup></b> Manufacturer and distributor of beauty products	–	1,965,586	–	–	0.0%	–
<b>Campten Media Limited</b> Magazine publisher and conference organiser	–	125,921	–	–	0.0%	–
<b>HWA Group Limited (Holloway White Allom) (in administration)</b> High value property restoration and refurbishment	–	–	–	–	0.0%	–
<b>Total</b>	<b>29,617,604</b>	<b>28,116,479</b>	<b>2,739,946</b>	<b>37,162,382</b>	<b>–</b>	<b>100.00%</b>

## Notes

<sup>1</sup> The percentage of equity held for these companies may be subject to further dilution of an additional 1% or more if, for example, management of the investee company exercises share options.

<sup>2</sup> On 28 March 2011, Camwood Limited was demerged resulting in a 50:50 split holding in App-DNA Group Limited and Camwood Enterprises Limited.

<sup>3</sup> Investment formerly managed by Nova Capital Management Limited until 31 August 2007.

<sup>4</sup> Investment formerly managed by Foresight Group up to various dates ending on or before 10 March 2009.

<sup>5</sup> On 31 March 2011, VSI Limited (VSI) undertook a demerger, such that the Company now holds separate investments in Machineworks Software Limited (Machineworks) and Lightworks Software Limited (Lightworks). On the demerger date, the cost of the ordinary shares and the cost and valuation of the preference share investments were split equally between Machineworks and Lightworks. However the valuation of the ordinary share investments at the merger date were split 75:25 between Machineworks and Lightworks respectively. The former loan investment in VSI of £255,818 was wholly transferred to Machineworks at the date of the Merger. It was repaid in full on 4 April 2011.

<sup>6</sup> Investment formerly managed by Nova Capital Management Limited until 31 August 2007 and by Foresight Group until various dates ending on or before 10 March 2009.

<sup>7</sup> 'Other investments in the portfolio' comprises Stortext-FM Limited/Stortext (DO) Limited which was sold during the year and a subsidiary of FH Ingredients Limited which has been dissolved.

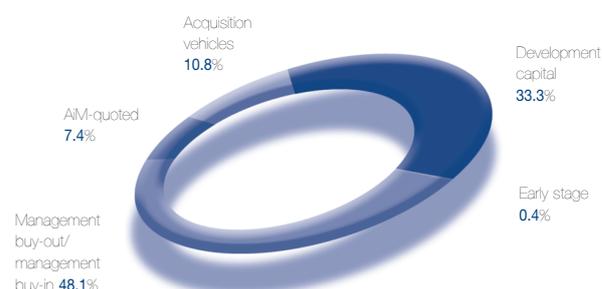
<sup>8</sup> As part of the consideration on the disposal of Amaldis (2008) Limited, £537,948 of Original Additions Topco Limited loan stock was issued to the Company.

## Investments at valuation at 30 September 2011

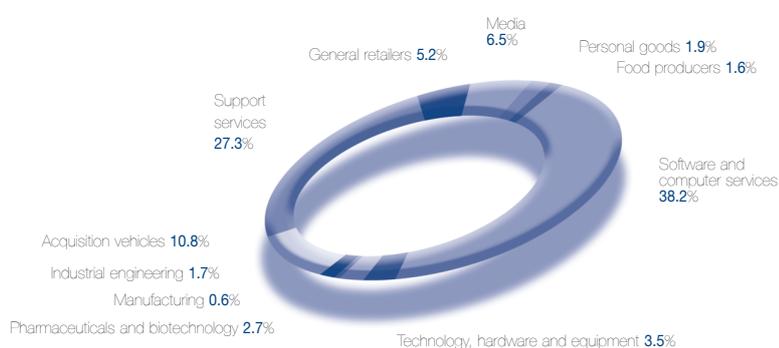
### By investment manager



### By stage of development



### By market sector



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# Board of Directors

## **Colin Hook**

*Status:* Independent Non-Executive Chairman

*Age:* 69

*Date of appointment:* 13 October 2000

*Qualifications:* MA

*Experience:* Colin has wide financial and commercial experience. He has worked in the City for more than thirty years. During this time he directed fund management operations for more than ten years. His City involvement includes mergers and acquisitions and flotations. From 1994 to 1997 he was Chief Executive of Ivory and Sime plc. He is currently Chief Executive of Pole Star Space Applications Limited, a leading provider of real-time tracking information for maritime applications via a global web-based satellite enabled solution. Until September 2010, he was the non-executive chairman and a director of Matrix Income and Growth 4 VCT plc.

*Last re-elected to the Board:* February 2011. Standing for re-election at the AGM in 2012.

*Committee memberships:* Nominations and Remuneration Committee (Chairman to 5 December 2011), Audit Committee, Investment Committee

*Number of Board and Committee meetings attended 2010/11:* 13/13

*Remuneration 2010/11:* £41,000

*Relevant relationships with the Investment Manager or other service providers:* None.

*Shared directorships with other I&G Directors:* None.

*Shareholding in the Company:* 38,997 Ordinary Shares.

## **Jonathan Cartwright**

*Status:* Independent Non-Executive Director

*Age:* 58

*Date of appointment:* 1 August 2010

*Qualifications:* Fellow of the Institute of Chartered Accountants in England and Wales, BSc (Engineering Sciences)

*Experience:* Jonathan qualified as a Chartered Accountant. He has significant experience of the investment trust sector and of serving on the boards of both public and private companies in executive and non-executive roles. Jonathan joined Caledonia Investments plc in 1989, serving as Finance Director from 1991 to December 2009. Prior to this he was Group Financial Controller at Hanson plc 1984 - 1989. He was a non-executive Director of Bristow Group Inc. (1996 – 2009) and has been a non-executive director of Serica Energy plc (from 2008 to date), British Portfolio Trust plc (from September 2010) and Aberforth Geared Income Trust plc (from March 2010). Jonathan has served on the Self-Managed Investment Trust Committee of the Association of Investment Companies (to December 2009).

*Elected to the Board:* February 2011

*Committee memberships:* Audit Committee (Chairman), Investment Committee, Nominations and Remuneration

Committee

*Number of Board and Committee meetings attended 2010/11:* 12/12

*Remuneration 2010/11:* £31,000

*Relevant relationships with the Investment Manager or other service providers:* None.

*Relevant relationships with investee companies:* None.

*Shared directorships with other I&G Directors:* None.

*Shareholding in the Company:* 7,016 Ordinary Shares.

## **Helen Sinclair**

*Status:* Non-Executive Director

*Age:* 45

*Date of appointment:* 29 January 2003

*Qualifications:* MA, MBA

*Experience:* Helen has extensive experience of investing in a wide range of small and medium sized businesses. She graduated in economics from Cambridge University and began her career in banking. After an MBA at INSEAD business school, Helen worked from 1991 to 1998 at 3i plc based in their London office. She was a founding director of Matrix Private Equity Limited when it was established in early 2000 and has since raised two funds, Matrix Income & Growth 2 VCT plc and Matrix Enterprise Fund. After leaving Matrix in 2005, she was a non-executive director of Hotbed Fund Managers Limited from 2006-08. She is Chairman of British Smaller Companies VCT plc, a non-executive director of Matrix Income & Growth 4 VCT plc, Framlington AIM VCT plc, Octopus Eclipse VCT 3 PLC and Spark Ventures plc.

*Last re-elected to the Board:* February 2011. Standing for re-election at the AGM in 2012

*Committee memberships:* Investment Committee (Chairman), Audit Committee, Nominations and Remuneration Committee (Chairman from 5 December 2011)

*Number of Board and Committee meetings attended 2010/11:* 12/12

*Remuneration 2010/11:* £31,000

*Relevant relationships with the Investment Manager or other service providers:* Matrix Income & Growth 4 VCT plc is also managed by MPEP

*Shared directorships with other I&G Directors:* None

*Shareholding in the Company:* 15,883 Ordinary Shares

# Summary Directors' Report

## **Principal activity and status as a Venture Capital Trust ("VCT")**

The principal activity of the Company during the year under review was investment in unquoted or AiM-quoted companies in the United Kingdom. Details of the principal investments made by the Company are given in the information on the Company's Ten Largest Investments and the Investment Portfolio Summary on pages 8 - 13 of this Summary Annual Report. A review of the Company's business during the year and future prospects is contained in the Chairman's Statement on pages 5 - 7.

The ordinary shares ("formerly 'S' Shares") were first admitted to the Official List of the UK Listing Authority ("UKLA") and to trading 8 February 2008. Following the merger of the former classes of 'O' (first admitted to the Official List of the UKLA and to trading on 15 November 2000) and 'S' Shares, detailed below, the listing of the 'S' Shares was amended on the Official List to ordinary shares of 1p in the capital of the Company ("Ordinary Shares") on 30 March 2010 and the 'O' Share listing was cancelled.

The Company has satisfied the requirements for full approval as a Venture Capital Trust under section 274 of the Income Tax Act 2007 ("the ITA"). It is the Directors' intention to continue to manage the Company's affairs in such a manner as to comply with section 274 of the ITA.

The Company revoked its status as an investment company on 30 November 2005 as defined by section 266 of the Companies Act 1985 ("the 1985 Act") subsequently superseded by section 833 of the Companies Act 2006 ("the 2006 Act") and does not intend to re-apply for such status.

## **Business review**

For a summarised review of the Company's development and performance during the year and future prospects, please see the Chairman's Statement on pages 5 - 7 and the Information on the Ten Largest Investments in the portfolio on pages 8-10 and the Investment Portfolio Summary on pages 11 - 13 of this Summary Annual Report. The Financial Highlights on pages 1 - 4 provides data on the Company's key performance indicators.

The Board reviews performance by reference to various measures, taking account of the long term nature of the assets in which the Company invests.

### **• Total return**

The total return per share is the key measure of performance for the Company which comprises NAV plus cumulative dividends paid per share. NAV is calculated quarterly in accordance with the International Private Equity Venture Capital Valuation (IPEVCV) guidelines. The VCT's net assets increased during the year under review resulting in a 25.9% rise in total return per share.

For further information on the relative performances of the two former Share Funds please see the Financial Highlights on pages 1 - 4.

### **• Total expense ratio (TER)**

The TER of the Company for the year under review was 2.7%. Under the terms of the Investment Advisers' Agreement, annual expenses, excluding any

exceptional items, Investment Manager's performance fee and trail commission, are capped at 3.25% of closing net assets. Any expenses in excess of the 3.25% cap are borne by the Investment Manager and the Promoter. Removing these exceptional items and trail commission from the TER reduces the figure to 2.5% and therefore £nil was repayable this year (2010: £nil). The above figures exclude litigation costs that are explained further in the full accounts.

## **Issue and buy-back of shares**

During the year under review, the Company issued a total of 5,370,922 ordinary shares. Of this total 5,239,609 (2010: nil) ordinary shares were issued under the Matrix VCT Linked Offer for Subscription launched on 12 November 2010 and 131,313 ordinary shares (2010: 112,768 former 'O' Shares; 6,674 former 'S' Shares) were issued under the Company's Dividend Investment Scheme.

The Board believes that it is in the best interests of the Company and its Shareholders for the Company to make market purchases of its shares to seek both to enhance net asset value and to discourage excessive discounts to market prices quoted. An Authority for the Company to purchase its own shares pursuant to section 701 of the Companies Act was in place throughout the year under review. A resolution to renew this authority will be proposed at the Annual General Meeting to be held on 9 February 2012.

During the year the Company bought back 1,649,765 of its own Ordinary Shares (2010: 1,037,821 Ordinary Shares plus 369,937 former 'O' Shares bought-back prior to the Merger on 29 March 2010) representing 4.5% of the Ordinary Shares in issue at the beginning of the year (2010: Ordinary shares in the six months following the merger: 2.7% of the shares in issue on the date of Merger; former 'O' Shares in the six months up until the date of the Merger: 1.1% of the 'O' Shares in issue at 1 October 2010) at a cost of £1,475,019 (2010: £966,118).

The shares bought back were subsequently cancelled by the Company.

The issued Ordinary Share capital of the Company as at 30 September 2011 was £406,920 (2010: £369,709) and the number of Ordinary Shares in issue as at this date was 40,692,048 (2010: 36,970,891).

## **Results and dividend**

The basic revenue return after taxation attributable to Shareholders for the period was £864,072 (2010: loss of £50,860).

An interim capital dividend of 20 pence per Ordinary Share will be paid in respect of the year ending 30 September 2012 on 27 January 2012 to Shareholders on the Register on 30 December 2011.

The Directors are recommending a final dividend of 4 pence per Ordinary Share comprising 2 pence from capital and 2 pence from income in respect of the year ended 30 September 2011. The dividend will be proposed to Shareholders at the Annual General Meeting of the Company to be held on 9 February 2012 and paid to Shareholders on the Register on 20 January 2012, on 15 February 2012.

An interim capital dividend of 2 pence per share and a final dividend of 2 pence per shares were paid to shareholders during the year in respect of the year ended 30 September 2010.

### Directors and their interests

The names of the Directors appear below and on page 14 of this Summary Annual Report.

The Directors' interests in the issued Ordinary Shares of the Company as at 30 September 2011 were:

Director	Ordinary Shares held on 30 September 2011	Ordinary Shares held on 30 September 2010
Colin Hook	38,997	30,587
Jonathan Cartwright	7,016	–
Helen Sinclair	15,883	10,605

During the year under review, each of the Directors were allotted the following shares under the Matrix VCTs Linked Offer and the Company's Dividend Investment Scheme:

Director	Shares allotted under the Matrix VCTs Linked Offer	Shares allotted under the Company's Dividend Investment Scheme	Total Shares allotted to each Director during the year
Colin Hook	6,711	1,699	8,410
Jonathan Cartwright	6,711	305	7,016
Helen Sinclair	5,033	245	5,278

There have been no further changes to the Directors' share interests between the year-end and the date of this Summary Annual Report.

In accordance with the AIC Code, Colin Hook, who has served on the Board for 11 years, has agreed to retire annually from the Board and, being eligible, offers himself for re-election at the forthcoming Annual General Meeting. The Board confirms that, following a review of his performance, Colin Hook continues to make a substantial contribution to the Board as its Chairman and that his length of service is an asset to the Company. The remaining directors have no hesitation in recommending his re-election to Shareholders.

With the exception of Helen Sinclair, all the Directors are considered to be independent of the Investment Manager. Helen Sinclair also sits on the Board of Matrix Income & Growth 4 VCT plc, which is also managed by Matrix Private Equity Partners, and as such she is not considered to be independent of the Manager and has agreed to retire annually from the Board. In accordance with the AIC Code, and being eligible, she will offer herself for re-election at the forthcoming Annual General Meeting. The Board confirms that, following a review of her performance, Helen Sinclair has considerable experience both of making investments in the types of companies in which the VCT invests and of being a VCT director. She has shown herself to be a committed and independent director who continues to make a substantial contribution to the Board as Chairman of the Investment Committee. The remaining directors have no hesitation in recommending her re-election to Shareholders.

Biographical notes on these Directors are given on page 14 of this Report.

### Anti-bribery policy

The VCT has adopted a zero tolerance approach to bribery. The following is a summary of its policy:

- I&G VCT will not tolerate bribery under any circumstances in any transaction in which it is involved.
- I&G VCT values its reputation for ethical behaviour and for financial probity and reliability. The Directors are committed to working to the highest ethical standards throughout the business.
- I&G VCT expects and requires each of its service providers to work to the same standard.

### Annual general meeting

Notice of the Annual General Meeting to be held on 9 February 2012 is set out on pages 24 - 26 of this Summary Annual Report.

The following is an explanation of resolutions 8 to 10, which together with resolutions 1 to 7 form the business to be proposed at the meeting. Resolutions 1 to 8 will be proposed as ordinary resolutions requiring more than 50% of the votes cast at the meeting to be in favour and resolutions 9 and 10 will be proposed as special resolutions requiring the approval of 75% of the votes cast at the meeting.

The Directors believe that the proposed resolutions are in the interests of Shareholders and accordingly recommend Shareholders to vote in favour of each resolution.

### Authorities for the Directors to allot shares (Resolution 8) and disapply pre-emption rights of members (Resolution 9)

These two resolutions grant the Directors the authority to allot Ordinary Shares for cash to a limited and defined extent otherwise than pro rata to existing Shareholders.

Resolution 8 will enable the Directors to allot new shares up to an aggregate nominal amount not exceeding £380,000 representing approximately 98.3% of the issued share capital of the Company as at the date of the notice of the meeting. The authority granted by this resolution will expire on the fifth anniversary of the date of the passing of this resolution.

Under section 561(1) of the 2006 Act, if the Directors wish to allot new shares or sell treasury shares for cash they must first offer such shares to existing Shareholders in proportion to their current holdings. It is proposed by Resolution 9 to sanction the disapplication of such pre-emption rights in respect of the allotment of equity securities (i) with an aggregate nominal value of £300,000 in connection with offer(s) for subscription; (ii) with a nominal value of up to 10% of the issued share capital of the Company from time to time pursuant to any dividend investment scheme operated by the Company; and (iii) with a nominal value of up to 10% of the issued share capital of the Company from time to time, where the proceeds of these allotments may be used in whole or part to purchase the Company's Shares.

Resolution 9 will expire on the conclusion of the Annual General Meeting of the Company to be held in 2013.

# Summary Directors' Report

In accordance with an authority approved by Shareholders at the Annual General Meeting of the Company held on 16 February 2011, the Directors are authorised to allot shares pursuant to the Company's Dividend Investment Scheme at their mid market price, even if this is less than net asset value per share.

The Directors may allot securities after the expiry dates given above in pursuance of offers or agreements made prior to the expiration of these authorities. Both resolutions generally renew previous authorities approved at the annual general meeting of the Company held on 16 February 2011.

The Directors intend to launch a joint Offer for Subscription with Matrix Income & Growth VCT plc and Matrix Income & Growth 4 VCT plc in January 2012 to raise up to £7 million for each VCT and it is the Directors' intention that new shares may be issued pursuant to the Offer under this authority (to the extent that existing authorities do not apply). It is further intended to allot shares under the Dividend Investment Scheme in respect of the declared special capital interim dividend and the proposed final dividends to be paid to Shareholders on 27 January 2012 and 15 February 2012 respectively. The Directors have no further immediate intention of exercising the above powers.

## Authority to make market purchases of the Company's own shares (Resolution 10)

This resolution authorises the Company to purchase its own shares pursuant to section 701 of the 2006 Act. The authority is limited to an aggregate of 6,100,000 shares representing approximately 14.99% of the issued share capital of the Company as at the date of the notice of the meeting.

Venture Capital Trusts experience restricted market liquidity in their shares. The Board believes that it is in the best interests of the Company and Shareholders for the Company to be in a position to make occasional market purchases of its shares. This resolution will enable the Directors to carry out this policy.

Shareholders should note that the Directors will not exercise this authority unless they believe to do so would result in an increase in net assets per share and would be in the interests of Shareholders generally. The Directors currently intend to cancel all shares purchased under this authority. This resolution, will expire on the conclusion of the Company's Annual General Meeting to be held in 2013.

By order of the Board

Matrix Private Equity Partners LLP

Secretary

22 December 2011

# Summary Directors' Remuneration Report

## Remuneration policy

The remuneration policy is set by the Board. The Directors' fees are reviewed annually by the Nominations and Remuneration Committee, comprising the full Board, which determines the amount of fees to be paid to the Directors. No director is involved in determining his or her own remuneration. When considering the level of Directors' fees, the Committee takes account of remuneration levels elsewhere in the Venture Capital Trust industry and other relevant information. The Committee has access to independent advice where and when it considers it appropriate. However, it was not considered necessary to take any such advice during the year under review. The Directors fees have remained at £35,000 (Chairman) and £25,000 (Director) per since 1 January 2006. The supplement paid to members of the Investment Committee was increased from £5,000 to £6,000 per annum with effect from 1 October 2008. After the year-end in December 2011, each of the Directors received a one-off payment of £10,000 in respect of additional work carried out on specific projects for the Company.

Since all the Directors are non-executive, the Company is not required to comply with the provisions of the UK Corporate Governance Code in respect of Directors' remuneration, except in so far as they relate specifically to non-executive directors.

## Details of individual emoluments and compensation (audited information)

The emoluments in respect of qualifying services of each person who served as a Director during the year were as set out in the table below. The Company does not have any schemes in place to pay to any of the Directors bonuses, benefits, share options or compensation for loss of office in addition to their Directors' fees.

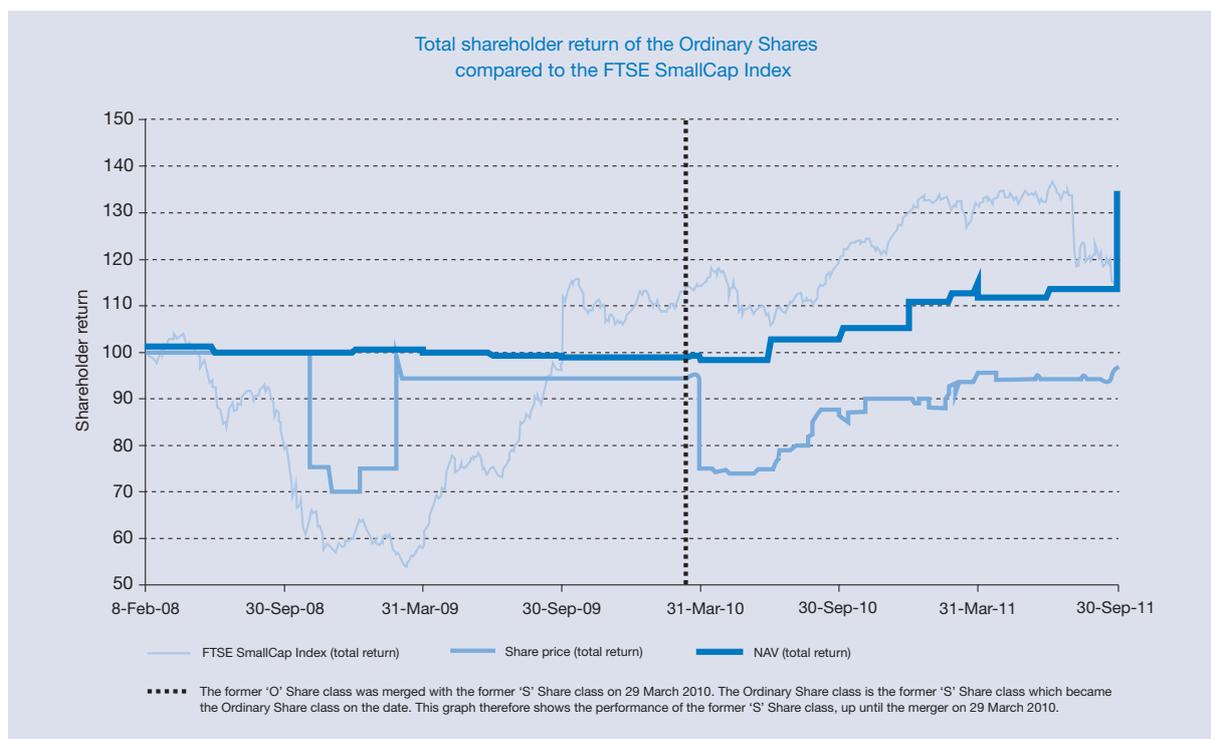
	Total emoluments year to:	
	30 September 2011	30 September 2010
	£	£
Colin Hook	41,000	41,000
Jonathan Cartwright	31,000	5,167
Helen Sinclair	31,000	31,000
Christopher Moore	–	30,647

Aggregate emoluments in respect of qualifying services amounted to £103,000 (2010: £107,814). No sums were paid to third parties in respect of any of the Directors' services during the year under review.

### Total shareholder return

The graph below charts the total cumulative shareholder return of the Ordinary Shares (assuming all dividends have been re-invested and excluding the tax reliefs available to Shareholders) since the Shares were first admitted to trading on 8 February 2008 compared to the FTSE SmallCap Index. The FTSE SmallCap is an industry recognised index of listed companies. Some consider it to be an appropriate index against which to measure the Company's performance. The total shareholder return has been re-based to 100 as at the beginning of the period shown. The Net Asset Value (NAV) total return has been shown separately on the graphs because the Directors believe it is a more accurate reflection of the Company's performance.

An explanation of the performance of the Company is given in the Chairman's Statement on pages 5 – 7 and in the Information on the Ten Largest Investments and Investment Portfolio Summary on pages 8 – 13.



Source: Matrix Corporate Capital LLP

Note: The share price and net asset value (NAV) total return comprise the share price and NAV respectively per share assuming the dividends paid were re-invested on the date on which the shares were quoted ex-dividend in respect of each dividend.

By order of the Board

Matrix Private Equity Partners LLP

Secretary

22 December 2011

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# Summary Corporate Governance Statement

The Directors have adopted the Association of Investment Companies (AIC) Code of Corporate Governance 2010 ("the AIC Code") for the financial year ended 30 September 2011. The Board has considered the principles and recommendations of the AIC Code by reference to the AIC Corporate Governance Guide for investment companies ("AIC Guide"). The AIC Code as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code ("the UK Code"), as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company. The AIC Code is available online at: [www.theaic.co.uk/Documents/Technical/AICCodeofCorporateGovernance2010.pdf](http://www.theaic.co.uk/Documents/Technical/AICCodeofCorporateGovernance2010.pdf).

## Compliance with the UK Code

The UK Code includes provisions relating to:

- The role of the chief executive
- Executive directors' remuneration
- The need for an internal audit function.

For the reasons set out in the AIC Guide, and as explained in the UK Code, the Board considers these provisions are not relevant to the Company, being an externally managed VCT. The Company has therefore not reported further in respect of these provisions.

The Board has further considered the principles detailed in the UK Code and believes that, insofar as they are relevant to the Company's business, the Company has complied with the provisions of the Combined Code throughout the financial year ended 30 September 2011 with the following exceptions:

The Board has not appointed a Senior Independent Director, as it does not believe that such an appointment is necessary when the Board is comprised solely of non-executive directors. As recommended in the AIC Code, this role is fulfilled, as appropriate, by the Chairman of the Audit Committee.

As is common practice among Venture Capital Trusts, the Directors are not appointed for specific terms. A Director's appointment may be terminated on three months' notice being given by the Company.

## The Board

The Board has considered whether each Director is independent in character and judgement and whether there are any relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgement. It has concluded that all three Directors are independent except in respect of the contracts or investee companies in which they have declared an interest. It is the policy of the Directors not to participate in decisions concerning investee companies in which they hold an interest.

The Board meets at least quarterly and is in regular contact with the Investment Managers between those meetings. The Directors were subject to election by Shareholders at the first Annual General Meeting after their appointment, and retire by rotation thereafter.

## Shareholder communications

The Company communicates with Shareholders and solicits their views where it is appropriate to do so. The Manager publishes a twice-yearly VCT shareholder

newsletter which contains information on the portfolio and recent investment and corporate activity. Shareholders are welcome at the Annual General Meeting which provides a forum for Shareholders to ask questions of the Directors and the Manager and to discuss issues affecting the Company with them. Shareholders may contact the Chairman of the Audit Committee if they have concerns which contact through the Chairman or Manager has failed to resolve or for which such contact is inappropriate.

The Board as a whole approves the Annual Report to Shareholders. The Directors aim to ensure that the Chairman's Statement, Financial Highlights and the Investment Manager's Review and Investment Portfolio Summary (which comprises a full list of all the VCT investments in the Company's portfolio) present a balanced and understandable assessment of the Company's position and future prospects and that Shareholders are provided with sufficient information to enable them to understand the risk:reward balance to which they exposed by investing in the Company.

The Board normally has a direct involvement in the content of communications regarding major corporate events even if the Manager is asked to act as spokesman.

The notice of the Annual General Meeting accompanies this Summary Annual Report, which is normally sent to shareholders allowing a minimum of 20 working days before each meeting. Separate resolutions are proposed for each substantive issue. The number of proxy votes received for each resolution is announced after each resolution has been dealt with on a show of hands and is published on the Company's website: [www.incomeandgrowthvct.co.uk](http://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 Management Report which is included within the Chairman's Statement, the Investment Portfolio Summary, the Investment Manager's Review and the Directors' Report in the full Annual Report and has been summarised in the relevant sections of this Summary Annual Report. The Directors have satisfied themselves that the Company continues to maintain a significant cash position and is currently raising additional funds. The majority of companies in the portfolio continue to trade profitably and the portfolio taken as a whole remains resilient and well diversified. The major cash outflows of the Company (namely investments, buy-backs and dividends) are within the Company's control. The Board's assessment of liquidity risk and details of the Company's policies for managing its capital and financial risks are shown in Note 20 of the full Annual Report. Accordingly, the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

By order of the Board

Matrix Private Equity Partners LLP

Secretary

22 December 2011

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# Independent Auditor's Statement

## **To the Members of The Income & Growth VCT plc**

We have examined the Summary Financial Statement for the year ended 30 September 2011 set out on pages 21 - 23.

This statement is made solely to the Company's members, as a body, in accordance with Section 428 of the Companies Act 2006. Our work has been undertaken so that we might state to the company's members those matters we are required to state to them in such a statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our work, for this statement, or for the opinions we have formed.

## **Respective responsibilities of the directors and the auditor**

The Directors are responsible for preparing the Summary Annual Report in accordance with applicable United Kingdom law.

Our responsibility is to report to you our opinion on the consistency of the Summary Financial Statement within the Summary Annual Report with the full Annual Financial Statements, the Directors' Remuneration Report and the Directors' Report, and its compliance with the relevant requirements of section 428 of the Companies Act 2006 and the regulations made thereunder.

We also read the other information contained in the Summary Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Summary Financial Statement. The other information comprises only the Financial Highlights, the Chairman's Statement, the Ten Largest Investments, the Investment Portfolio Summary, the Board of Directors and the Summary Corporate Governance Statement.

We conducted our work in accordance with Bulletin 2008/3 issued by the Auditing Practices Board. Our report on the Company's full Annual Financial Statements describes the basis of our opinion on those financial statements, the Directors' Remuneration Report and the Directors' Report.

## **Opinion**

In our opinion the Summary Financial Statement is consistent with the full Annual Financial Statements, the Directors' Report and the Directors' Remuneration Report of The Income and Growth VCT plc for the year ended 30 September 2011 and complies with the applicable requirements of section 428 of the Companies Act 2006, and the regulations made thereunder.

## **PKF (UK) LLP Statutory auditor**

Registered Auditor  
London, UK

22 December 2011

# Income Statement

for the year ended 30 September 2011

	Revenue £	30 September 2011 Capital £	Total £	Revenue £	30 September 2010 Capital £	Total £
Net unrealised gains on investments	–	10,870,219	10,870,219	–	2,986,059	2,986,059
Net gains on realisation of investments	–	343,231	343,231	–	15,412	15,412
Income	1,654,663	–	1,654,663	730,447	–	730,447
Recoverable VAT	–	–	–	12,295	36,886	49,181
Investment management fees	(237,946)	(713,837)	(951,783)	(204,246)	(612,738)	(816,984)
Other expenses	(375,837)	–	(375,837)	(513,840)	–	(513,840)
Litigation costs	–	(1,337,456)	(1,337,456)	–	–	–
Merger costs	–	–	–	(75,516)	–	(75,516)
<b>Profit/(loss) on ordinary activities before taxation</b>	<b>1,040,880</b>	<b>9,162,157</b>	<b>10,203,037</b>	<b>(50,860)</b>	<b>2,425,619</b>	<b>2,374,759</b>
Tax on profit/(loss) on ordinary activities	(176,808)	176,808	–	–	–	–
<b>Profit/(loss) on ordinary activities after taxation for the financial year</b>	<b>864,072</b>	<b>9,338,965</b>	<b>10,203,037</b>	<b>(50,860)</b>	<b>2,425,619</b>	<b>2,374,759</b>
Basic and diluted earnings per Ordinary Share:	2.21p	23.83p	26.04p	(0.20)p	9.75p	9.55p

All the items in the above statement derive from continuing operations. No operations were acquired or discontinued in the period. The total column is the Profit and Loss Account of the Company. There were no other recognised gains and losses in the year.

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

# Balance Sheet

as at 30 September 2011

	£	as at 30 September 2011 £	£	as at 30 September 2010 £
<b>Fixed assets</b>				
Investments at fair value		<b>37,162,382</b>		28,116,479
<b>Current assets</b>				
Debtors and prepayments	<b>280,709</b>		162,076	
Current investments	<b>11,682,461</b>		8,708,573	
Cash at bank	<b>1,577,420</b>		106,536	
		<b>13,540,590</b>		8,977,185
<b>Creditors: amounts falling due within one year</b>		<b>(212,717)</b>		(488,968)
<b>Net current assets</b>		<b>13,327,873</b>		8,488,217
<b>Provision for liabilities and charges</b>		<b>(1,337,456)</b>		–
<b>Net assets</b>		<b>49,152,799</b>		36,604,696
<b>Capital and reserves</b>				
Called up share capital		<b>406,920</b>		369,709
Share premium account		<b>5,669,141</b>		369,141
Capital redemption reserve		<b>187,309</b>		170,811
Capital reserve – unrealised		<b>12,350,858</b>		422,183
Special reserve		<b>17,139,273</b>		23,105,248
Profit and loss account		<b>13,399,298</b>		12,167,604
<b>Equity Shareholders' funds</b>		<b>49,152,799</b>		36,604,696
<b>Basic and diluted net asset value per Share</b>				
Ordinary Shares		<b>120.79p</b>		99.01p

The financial statements were approved and authorised for issue by the Board of Directors on 22 December 2011 and were signed on its behalf by:

**Colin Hook**

Director

# Reconciliation of Movements in Shareholders' Funds

for the year ended 30 September 2011

	Year ended 30 September 2011 £	Year ended 30 September 2010 £
Opening shareholders' funds	36,604,696	35,883,097
Net share capital bought back in the year	(1,475,019)	(966,118)
Net share capital subscribed for in the year	5,353,709	61,721
Profit for the year	10,203,037	2,374,759
Dividends paid in the year	(1,533,624)	(748,763)
<b>Closing Shareholders' funds</b>	<b>49,152,799</b>	<b>36,604,696</b>

# Cash Flow Statement

for the year ended 30 September 2011

	Year ended 30 September 2011 £	Year ended 30 September 2010 £
<b>Operating activities</b>		
Investment income received	1,571,454	687,327
VAT received and interest thereon	34,370	144,206
Other income	3,647	4,053
Investment management fees paid	(1,160,893)	(595,053)
Other cash payments	(480,615)	(508,610)
Merger costs paid by the company	-	(75,516)
<b>Net cash outflow from operating activities</b>	<b>(32,037)</b>	<b>(343,593)</b>
<b>Investing activities</b>		
Acquisition of investments	(2,739,946)	(6,514,315)
Disposal of investments	4,907,493	1,289,635
<b>Net cash inflow/(outflow) from investing activities</b>	<b>2,167,547</b>	<b>(5,224,680)</b>
<b>Equity dividends</b>		
Payment of equity dividends	(1,533,624)	(748,763)
<b>Net cash inflow/(outflow) before liquid resource management and financing</b>	<b>601,886</b>	<b>(6,317,036)</b>
<b>Management of liquid resources</b>		
(Increase)/decrease in monies held pending investment	(2,973,888)	7,253,497
<b>Financing</b>		
Issue of Ordinary Shares	5,353,709	61,721
Purchase of own shares	(1,510,823)	(947,284)
	<b>3,842,886</b>	<b>(885,563)</b>
<b>Increase in cash for the year</b>	<b>1,470,884</b>	<b>50,898</b>

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# NOTICE of the ANNUAL GENERAL MEETING of The Income & Growth VCT plc

(Registered in England and Wales No. 4069483)

**NOTICE IS HEREBY GIVEN that the eleventh annual general meeting of The Income & Growth VCT plc (“the Company”) will be held at 11.00 am on Thursday, 9 February 2012 at the offices of Matrix Group Limited, One Vine Street, London, W1J 0AH for the purposes of considering and, if thought fit, passing the following resolutions of which resolutions 1 to 8 will be proposed as ordinary resolutions and resolutions 9 and 10 will be proposed as special resolutions:-**

1. To receive and adopt the annual report and accounts of the Company for the year ended 30 September 2011 (“Annual Report”), including the auditors’ report thereon.
2. To approve the directors’ remuneration report for the year ended 30 September 2011 which is set out in the Annual Report.
3. To appoint PKF (UK) LLP of Farringdon Place, 20 Farringdon Road, London EC1M 3AP as auditors to the Company until the conclusion of the next annual general meeting of the Company.
4. To authorise the directors to determine the remuneration of PKF (UK) LLP as auditors to the Company.
5. To re-elect Colin Hook as a director of the Company.
6. To re-elect Helen Sinclair as a director of the Company.
7. To approve the payment of a final dividend in respect of the year ended 30 September 2011 of 4 pence per ordinary share of 1 penny each.
8. That, in substitution for any existing authorities, the directors of the Company be and hereby are generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (“the Act”) to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of £380,000, provided that this authority shall expire on the fifth anniversary of the date of the passing of this resolution unless renewed, revoked or varied by the Company in general meeting (except that the Company may, before such expiry, make offers or agreements which would or might require shares in the Company to be allotted or rights to be granted after such expiry and notwithstanding such expiry the directors of the Company may allot shares in the Company or grant rights in pursuance of such offers or agreements).
9. That, in substitution for any existing authorities, the directors of the Company be and hereby are empowered in accordance with section 570(1) and section 573 of the Act to allot or make offers or agreements to allot equity securities (as defined in section 560(1) of the Act) for cash, pursuant to the authority given in accordance with section 551 of the Act by Resolution 8 set out in this notice of annual general meeting, or by way of sale of treasury shares, as if section 561(1) of the Act did not apply to the allotment or sale provided that this power shall expire (unless renewed, varied or revoked by the Company in a general meeting) on the conclusion of the annual general meeting to be held in 2013, and provided further that this power shall be limited to:-
  - (i) the allotment of equity securities with an aggregate nominal value of up to, but not exceeding, £300,000 in connection with offer(s) for subscription;
  - (ii) the allotment of equity securities with an aggregate nominal value of up to, but not exceeding, 10% of the issued share capital of the Company from time to time pursuant to any dividend investment scheme operated by the Company; and
  - (iii) the allotment, otherwise than pursuant to sub-paragraphs (i) and (ii) above, of equity securities with an aggregate nominal value of up to, but not exceeding, 10% of the issued share capital of the Company from time to time;where the proceeds of the allotment may be used in whole or in part to purchase the Company’s shares in the market.
10. That, in substitution for any existing authorities, the Company be and hereby is generally authorised pursuant to section 701 of the Act to make market purchases (as defined in section 693(4) of the Act) of its own shares provided that:-
  - (i) the aggregate number of shares hereby authorised to be purchased shall not exceed 6,100,000;
  - (ii) the minimum price which may be paid for such shares is 1 penny per share, the nominal amount thereof;
  - (iii) the maximum price which may be paid for a share shall be the higher of (i) 5% above the average of the middle market quotation for a share in the Company taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the purchase is made; and (ii) the amount stipulated by Article 5(1) of the Buy Back and Stabilisation Regulation (EC2273/2003).

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- (iv) the authority hereby conferred shall (unless previously renewed or revoked) expire on the conclusion of the annual general meeting of the Company to be held in 2013; and
  - (vi) the Company may make a contract or contracts to purchase its own shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of its own shares in pursuance of any such contract.

## BY ORDER OF THE BOARD

### Matrix Private Equity Partners LLP

#### Secretary

Registered Office  
One Vine Street  
London W1J 0AH

22 December 2011

#### Notes:

1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a proxy form and believe that you should have one, or if you require additional forms, please contact Matrix Private Equity Partners LLP, the Company Secretary at One Vine Street, London W1J 0AH or by email to: iandg@matrixgroup.co.uk or telephone on 020 3206 7000.
2. To be valid any proxy form or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand at the Company's registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, so as to be received not later than 11.00 am on Tuesday, 7 February 2012 or 48 hours before the time appointed for any adjourned meeting or, in the case of a poll taken subsequent to the date of the meeting or adjourned meeting, so as to be received no later than 24 hours before the time appointed for taking the poll.
3. The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described in paragraph 8 below) will not prevent a shareholder attending the Annual General Meeting and voting in person if he/she wishes to do so.
4. Any person to whom this notice is sent who is a person nominated under section 146 of the Act to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
5. If you have been nominated to receive general shareholder communications directly from the Company, it is important to remember that your main contact in terms of your investment remains as it was (ie the registered shareholder, or perhaps custodian or broker, who administers the investment on your behalf). Therefore any changes or queries relating to your personal details and holding (including any administration thereof) must continue to be directed to your existing contact at your investment manager or custodian. The Company cannot guarantee dealing with matters that are directed to it in error. The only exception to this is where the Company, in exercising one of its powers under the Act, writes to you directly for a response.
6. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 1 and 2 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
7. To be entitled to attend and vote at the Annual General Meeting (and for the purpose of the determination by the Company of the votes they may cast), Shareholders must be registered in the Register of Members of the Company at 11.00 am on Tuesday, 7 February 2012 (or, in the event of any adjournment, on the date which is two days before the time of the adjourned meeting). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
8. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
9. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via [www.euroclear.com/CREST](http://www.euroclear.com/CREST)). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by 11.00 am on Tuesday, 7 February 2012. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
10. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

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11. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
  12. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
  13. Any member attending the meeting has the right to ask questions relating to the business being dealt with at the meeting and the Company is obliged to answer such questions under section 319A of the Act. However, no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on the Company's website [www.incomeandgrowthvct.co.uk](http://www.incomeandgrowthvct.co.uk) in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
  14. Under section 527 of the Act (i) Members representing at least 5% of the total voting rights of all the Members or (ii) at least 100 members who have a relevant right to vote and hold shares in the company on which there has been paid up an average sum, per member, of at least £100 (in accordance with section 525 of the Act) can require the Company to publish a statement on its website setting out any matter relating to (a) the audit of the Company's accounts (including the Auditor's Report and the conduct of the audit) that are to be laid before the meeting; or (b) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Act, that the Members propose to raise at the meeting. The Company cannot require the Members requesting the publication to pay its expenses. Any statement required to be placed on the Company's website must also be sent to the Company's auditors no later than the time it makes its statement available on the website. The business which may be dealt with at the Meeting includes any statement that the Company has been required to publish on its website under section 527.
  15. By attending the meeting, Members and their proxies and representatives are understood by the Company to have agreed to receive any communications relating to the shares of the Company made at the Meeting.
  16. As at 22 December 2011 (being the last business day prior to the publication of this Notice) the Company's issued share capital consisted of 40,692,048 Ordinary Shares, each carrying one vote. Therefore, the total voting rights in the Company as at 22 December 2011 were 40,692,048.
  17. The Register of Directors' Interests and Directors' appointment letters shall be available for inspection at the Company's registered office during normal business hours on any weekday (excluding Saturdays, Sundays and public holidays) and at the place of the meeting for at least fifteen minutes prior to and during the meeting. The Directors do not have any service contracts with the Company.
  18. A copy of this notice, and other information required by s311A of the Companies Act 2006, can be found at [www.incomeandgrowthvct.co.uk](http://www.incomeandgrowthvct.co.uk).

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# Corporate Information

## **Directors**

Colin Hook  
Jonathan Cartwright  
Helen Sinclair

## **Company's Registered Office**

One Vine Street  
London  
W1J 0AH

## **Investment Manager, Company Secretary, Administrator and Promoter**

Matrix Private Equity Partners LLP  
One Vine Street  
London  
W1J 0AH

Company Registration Number: 4069483

[www.incomeandgrowthvct.co.uk](http://www.incomeandgrowthvct.co.uk)

## **Independent Auditor**

PKF (UK) LLP  
Farringdon Place  
20 Farringdon Road  
London  
EC1M 3AP

## **Registrar**

Capita Registrars  
The Registry  
34 Beckenham Road  
Beckenham  
Kent  
BR3 4TU

## **Bankers**

National Westminster Bank plc  
Mayfair Commercial Banking Centre  
(First Floor)  
65 Piccadilly  
London  
W1A 2PP

## **VCT Status Advisers**

PricewaterhouseCoopers LLP  
1 Embankment Place  
London  
WC2N 6RH

## **Solicitors**

Martineau  
No 1 Colmore Square  
Birmingham  
B4 6AA

## **Stockbroker and Sponsor**

Matrix Corporate Capital LLP  
One Vine Street  
London  
W1J 0AH

## **Receiving Agent**

The City Partnership (UK) Limited  
Thistle House  
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