

Summary Annual Report and Accounts

for the year ended 30 September 2007



THE INCOME & GROWTH VCT

(formerly TriVest VCT plc)

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

As a multi-manager VCT, the fund has benefited from the combined specialist investment skills and industry knowledge of three independent management teams, Foresight Group LLP, Matrix Private Equity Partners LLP, and Nova Capital Management Limited, each specialising in different sectors of the economy to select its investments. The Company terminated its management agreement with Nova Capital Management Limited by mutual consent with effect from 31 August 2007, and the Board decided that it would be in the best interests of Ordinary Shareholders to change the Company to a dual manager fund at that date. On 31 August 2007, the portfolio of Nova Capital Management Limited was transferred to Foresight Group LLP and Matrix Private Equity Partners LLP in equal proportions.

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Key Data

	30 September 2007	30 September 2006	Change (%)
Net asset value per share (p)	100.52	112.89	(10.96)%
Share price (p) ¹	87.50	84.50	3.55%
Discount (%)	(12.95)	(25.15)	48.51%
Cumulative dividends paid and proposed (p) ²	16.45	12.45	32.13%
Total return since launch per share (p) ³	114.97	121.59	(5.44)%
Net assets (£)	36,778,493	44,150,278	(16.70)%

¹ Source: London Stock Exchange

² Proposed dividends for the year ended 30 September 2007 are a final revenue dividend of 1 penny per share and a final capital dividend of 1 penny per share.

³ Net asset value per share plus cumulative dividends paid and declared at the year-end.

Investments at valuation at 30 September 2007



Total shareholder return since 1 October 2002 compared to the FTSE SmallCap Index



Source: Landsbanki Securities (UK) limited

All data has been re-based to 100 pence with effect from 15 November 2000, the date on which the Company's shares were first admitted to trading.

Chairman's Statement

I am pleased to present to Shareholders the Summary Annual Report for the year ended 30 September 2007, which is the first report under the Company's new name with two rather than three Investment Managers.

The middle part of this six-month period to 30 September 2007 was overshadowed by economic uncertainties including debt market tremors which then influenced equity markets worldwide. The latter part has been dominated by the capital restructuring and the name change from TriVest VCT plc to The Income & Growth VCT plc, and the planning for the forthcoming Offer for Subscription by the Company. I will comment in more detail about these events below. The Board has been much encouraged by the positive Shareholder reaction to these latter events.

Despite a fall in the net asset value per share, the performance of the portfolio continues in general to provide encouragement. Falls in the share prices of several of our quoted stocks have offset positive gains elsewhere in the portfolio. As I reported last year, the Company paid an interim dividend of 3 pence per share in February 2007 to Shareholders in respect of the year ended 30 September 2007. This year capital gains have again been realised, and in October 2007 a further interim dividend of 2 pence per share, also in respect of the year ended 30 September 2007, was paid. These distributions were in addition to the proposed final income dividend of 1 penny per share and final capital dividend of 1 penny per share for the year ended 30 September 2007. The total dividends paid and proposed in respect of the year under review will be 7.00 pence per share which compares with 3.25 pence per share paid in respect of the financial year ended 30 September 2006.

Economic Background

At the end of the six-month period ended 30 September 2007 stock markets around the world were dominated by the difficulties in the US sub-prime mortgage market and in the UK by the events surrounding the banking activities of Northern Rock. Whilst the worst of the turmoil may be over in the short term, there can be no certainty that further falls in these stock markets will not be seen in the near future.

During the six-month period ended 30 September 2007 the FTSE 100 Index rose 4.27% and the FT All-Share index by 2.7% whilst the FTSE AiM All-Share Index fell by 1.92%. The AiM new issue market has been largely dormant during this period with many IPO prices being substantially lower at the end of the period.

Whilst the market in which the Company invests has not been directly or immediately affected by these events, sentiment may nevertheless have been affected, which could work in the Company's favour in the short to medium term if buying prices become more attractive.

On the investment side generally, there is still no shortage of equity and debt providers looking for good propositions possibly because, *inter alia*, VCT managers, which have raised substantial sums of money in recent years, must invest these funds within three years from the date of subscription. Competition to finance such situations continues to remain relatively strong, although hopefully more of these providers will become more discerning or cautious. The Investment Managers continue to be wary of some high valuations being placed on businesses in the current market, but they remain confident of sourcing good quality investments.

Net Asset Value

At 30 September 2007, the Company's Net Asset Value (NAV) per share had fallen to 100.52 pence (2006: 112.89 pence), a decline of 10.96%. Whilst the Matrix Private Equity Partners LLP (MPEP) portfolio has risen by £4.38 million during the period, that of Foresight Group LLP (Foresight) has fallen by £8.87 million largely due to falls in the share price of several quoted companies. The Company, after the proposed final income dividend of 1 penny per share, the proposed final capital dividend of 1 penny per share and the earlier distributions of 3 and 2 pence per share referred to above, will have distributed dividends of 16.45 pence per share since the Company's launch. This total return since launch (including these dividends) of 114.97 pence compares with the initial NAV (after the launch expenses of the issue) of 94.5 pence per share.

The Portfolio

At present, MPEP manages some 77.6 % of the portfolio with Foresight managing 22.4%. By market sector, the portfolio is evenly balanced with investments in technology companies at 31.2%, manufacturing companies at 28.2%, construction and building materials at 17.9% and the balance in a variety of other sectors. When the portfolio is considered by stage of development, the portfolio is heavily dominated by MBO / MBI investments at 69.8%, with 19.3% in AiM-quoted stocks, 8.7% in development capital companies and only 2.2% in early stage investments.

As noted above, the Foresight portfolio has made mixed progress. You may recall that in January

2006 Corero plc was bought by Mondas plc. In April 2007 the Company received 1,358,525 additional shares in Corero in respect of the earnout from the initial sale of Mondas. In June 2007 the Company sold its investment in Rapide Communications Limited, realising a total loss of £335,523.

An additional investment of £211,000 was made in July 2007 into Sarantel Group plc. In the same month the Company sold its stake in SmartFOCUS plc for £1,607,281, and its secured loan for £333,333. This represented a cumulative profit of £1,240,615. However, the difficulties surrounding the termination of the fuel additive contract with Petrol Ofisi in Turkey and the subsequent fall in the share price of Oxonica plc has dominated the performance of the Foresight portfolio during this period. The recent restructuring of this company together with its further fundraising is expected to stabilise the position of the company and allow it time to demonstrate the value of its business. The sharp decline in Oxonica's share price has been largely responsible for the fall in the net asset value of I&G during this period.

Overall, the MPEP portfolio continues to perform extremely well with strong trading performances being shown by some of the investments; notably Blaze Signs Holdings, Youngman, PastaKing, Vectair, VSI and, not least, HWA. Within the MPEP portfolio in April 2007, Image Source repaid £695,000 of its secured subordinated loan. This produced a profit of £139,000, which together with the capital repayment, means the Company received a total of £834,000. In the same month Amaldis also repaid its loan stock of £890,000 pursuant to its restructuring. In May 2007, our 100,000 preference shares in Inca Interiors were converted into 36,370 A ordinary shares. In July 2007, we made an initial investment of £656,900 into ordinary shares and secured loan stock in DiGiCo Europe. In September 2007, the Company made a further investment of £977,531 into ordinary shares, preference shares and secured loan stock in Blaze Signs Holdings, the manufacturer of signage for major multiple retailers. This was to assist the company in its acquisition of Active Sign Maintenance Limited.

In the Nova portfolio, the Company invested a further £135,000 into IDOX for 1,800,000 ordinary shares in June 2007. NextDrive continues to move ahead with the development of its fuel efficiency products while it waits for an opportune moment to seek a public listing. At the end of the financial year, following Nova's resignation, the four investments and remaining cash were allocated between Foresight and MPEP.

Revenue Earnings

The revenue earnings after tax as shown in the profit and loss account for the year fell by £102,336, although there have been some sizeable fluctuations in sources of income. Loan stock interest has fallen by £361,043, mainly due to a decision taken to provide against the accumulated loan interest receivable from Aquasium. Income dividends from investments more than trebled to £148,606. Liquidity fund interest rose by £109,857 (41%), as higher cash balances after disposals earned higher rates of interest.

Running costs were broadly similar to last year's other than an increase in professional fees of £49,092, arising from costs incurred in the restructuring of the Company.

The effective tax rate declined due to the receipt of higher dividends from investee companies this year, which are not taxable, and a lower level of disallowable expenditure, causing a fall in the tax charged against revenue earnings of £81,479.

Dividends

The Company's revenue return per Ordinary Share was 0.62 pence per share (2006: 0.86 pence per share). As noted above, your Board will be recommending a final income dividend of 1 penny per share and a final capital dividend of 1 penny per share in respect of the year under review at the Annual General Meeting to be held on 6 February 2008. The dividends will be paid on 15 February 2008 to shareholders on the Register on 18 January 2008.

Dividend Investment Scheme

We are again offering Shareholders the opportunity to re-invest their dividends into shares of the Company at the latest published NAV per share as at the payment date of the dividends. Board members have indicated that they will be doing so to the extent of their full entitlement. The relevant enclosed form should be returned to Capita Registrars at the address given on the form so as to arrive by 31 January 2008 to ensure that you qualify to receive the proposed final dividends as shares.

Valuation Policy

In accordance with accounting standards, quoted stocks are valued at bid prices. It is worth commenting that the Fund holds a number of relatively early stage AiM-quoted stocks with limited marketability. In such cases, the price at which a sizeable block of shares could be traded, if at all, may vary significantly from the market price used.

Chairman's Statement

Change from TriVest VCT plc to The Income & Growth VCT plc

In my Letter of 12 September 2007 to you earlier this year I said that:

"...The Board has been aware for some time that Nova Capital Management ('Nova') wished to terminate its management agreement with the Company when it believed it had discharged the tasks and responsibilities set out in its mandate. Several months ago Nova and the Board concluded that this position had now largely been reached."

In the light of Nova's decision to resign and having reviewed extensively various options, the Board considered that it would be in the best interests of Shareholders to change the Company to a dual manager fund under the existing management of Foresight and MPEP.

Foresight and MPEP became, therefore, the dual Investment Managers of the Company on 31 August 2007 when Nova resigned. I would like to take this opportunity to thank Nova for its contribution in managing its portfolio over the past five years, after taking on the mandate at a difficult time for the portfolio in 2002, and I, together with the rest of the Board, wish Nova every success in the future.

The proposals to restructure the Company were put to Shareholders at an Extraordinary General Meeting on 9 October 2007. All Resolutions were successfully passed. A total of 329 members who hold 4,826,201 Ordinary Shares, representing 13.20% of the Company, submitted proxy votes on the proposals. The Board was encouraged by this response and, on behalf of the Board, I would like to thank all Shareholders for their support.

MPEP has to-date been the most successful of the Company's three Investment Managers and is currently one of the top VCT managers in the marketplace. MPEP was, therefore, selected to manage the new S Share Fund which is currently being raised.

Offer for Subscription by the Company

The Offer for Subscription under the Securities Note to raise up to £15 million for I&G by the issue of S Shares is being launched. The reaction to date from independent commentators and the leading IFAs has, as expected, been positive.

Share buy-backs

During the year ended 30 September 2007, the Company continued to implement actively its buy-back policy and, accordingly, bought back 2,589,324 Ordinary Shares (representing 7.1 % of the shares in issue at the period-end) at a total cost of £2,189,016 (net of expenses of £13,087). These shares were subsequently cancelled by the Company.

I&G Website

May I remind you that the Company has its own website which is now available at www.incomeandgrowthvct.co.uk.

UK Private Equity 2007 Awards

I am delighted to be able to inform you that MPEP was short listed for the third year running for the award for the Small Buyout House of the Year by unquote", the UK private equity journal of record. I am confident that this is due in no small measure to the performance of their portfolio within I&G.

I am also pleased to report that Chris Price of Foresight won the award for Rising Star of the Year at the same awards ceremony.

This has been another busy year for the Board and the Managers. The Board continues to be pleased with the progress that the overall portfolio has made and we anticipate a number of profitable realisations over the forthcoming twelve months. Once again I would like to take this opportunity to thank Shareholders for their continued support.

Colin Hook

Chairman
30 November 2007

Ten Largest Investments

HWA Limited (trading as Holloway White Allom)

Matrix Private Equity Partners LLP

Cost: £69,105
 Valuation: £4,691,649
 Basis of valuation: Discounted earnings
 Equity % held: 17%
 Business: High value property restoration and refurbishment
 Location: London
 History: Management buy-out from John Laing plc
 Income in year to I&G: £37,813



Audited financial information:

Year ended	Turnover	Operating Profit	Net Liabilities
31 December 2006	£68,113,000	£4,185,000	(£138,000)

Youngman Group Limited

Matrix Private Equity Partners LLP

Cost: £1,000,052
 Valuation: £2,930,234
 Basis of valuation: Discounted earnings
 Equity % held: 8.5%
 Business: Manufacture of ladders and access towers
 Location: Maldon, Essex
 History: Management buy-in/buy-out from SGB Group
 Income in year to I&G: £80,454



www.youngmangroup.com

Audited financial information:

Year ended	Turnover	Operating Profit	Net Assets
30 June 2007	£49,313,000	£5,878,000	£4,434,000

Image Source Group Limited

Matrix Private Equity Partners LLP

Cost: £305,000
 Valuation: £2,850,171
 Basis of valuation: Discounted earnings
 Equity % held: 39.6%
 Business: Royalty-free photography creator
 Location: London
 History: Management buy-out
 Income in year to I&G: £42,500



www.imagesource.com

Audited financial information:

Year ended	Turnover	Operating Profit	Net Assets
31 December 2006	£8,595,000	£1,238,000	£1,853,000

Ten Largest Investments

Oxonica plc

Foresight Group LLP

Cost: £2,136,763
 Valuation: £1,944,060
 Basis of valuation: Bid price (AiM-quoted)
 Equity % held: 11.3%
 Business: Leading international nanomaterials group
 Location: Kidlington, Oxon
 History: Expansion capital
 Income in year to I&G: £nil
 Audited financial information:



www.oxonica.com

Year ended	Turnover	Operating Loss	Net Assets
31 December 2006	£10,229,000	(£2,641,000)	£18,046,000

Blaze Signs Holdings Limited

Matrix Private Equity Partners LLP

Cost: £1,338,500
 Valuation: £1,704,694
 Basis of valuation: Price of recent investment
 Equity % held: 12.5%
 Business: Manufacture and installation of signs
 Location: Broadstairs, Kent
 History: Management buy-out
 Income in year to I&G: £35,745
 Audited financial information: First audited accounts will be for the year ended 31 March 2007



www.blaze-signs.com

BBI Holdings plc

Matrix Private Equity Partners LLP

Cost: £496,119
 Valuation: £1,430,231
 Basis of valuation: Bid price (AiM-quoted)
 Equity % held: 2.1%
 Business: Developer and manufacturer of rapid test diagnostic products
 Location: Cardiff
 History: AiM flotation
 Income in year to I&G: £678
 Audited financial information:



www.bbighold.com

Year ended	Turnover	Operating profit	Net assets	Earnings per Share
31 March 2007	£9,732,000	£2,339,000	£12,446,000	3.6p

Tikit Group plc

Matrix Private Equity Partners LLP

Cost: £500,000
 Valuation: £1,304,346
 Basis of valuation: Bid price (AiM-quoted)
 Equity % held: 3.4%
 Business: IT solutions and support services to the legal and accounting industries
 Location: London
 History: AiM flotation
 Income in year to I&G: £19,566
 Audited financial information:



www.tikit.com

Year ended	Turnover	Operating profit	Net assets	Earnings per Share
31 December 2006	£23,517,000	£2,704,000	£6,197,000	11.3p

Ministry of Cake (Holdings) Limited

Matrix Private Equity Partners LLP

Cost: £721,280
Valuation: £1,039,709
Basis of valuation: Discounted earnings
Equity % held: 12.3%
Business: Manufacture of frozen cakes and desserts for the foodservice industry
Location: Taunton, Somerset
History: Management buy-in/buy-out from private ownership
Income in year to I&G: £52,672



www.ministryofcake.co.uk

Audited financial information:

Year ended*	Turnover*	Operating Profit*	Net Assets*
30 June 2006	£13,948,000	£701,000	£1,766,000

*Financial information is for the company's only operating subsidiary, Ministry of Cake Limited

Camwood Limited

Foresight Group LLP

Cost: £1,028,181
Valuation: £1,028,181
Basis of valuation: Previous carrying value less impairment
Equity % held: 34.7%
Business: Provides an "Enterprise Platform Manager" allowing customers to assess the introduction of new software systems
Location: London
History: Expansion capital
Income in year to I&G: £46,667



www.camwood.com

Audited financial information:

Year ended	Turnover	Operating Profit	Net Liabilities
31 March 2006	£5,003,000	£513,000	(£8,000)

Amaldis Limited

(Original investment into Original Additions (Beauty Products) Limited

Matrix Private Equity Partners LLP

Cost: £80,313
Valuation: £967,438
Basis of valuation: Discounted earnings
Equity % held: 11.0%
Business: Manufacturer and distributor of beauty products
Location: Hayes, Middlesex
History: Management buy-out
Income in year to I&G: £470,098



www.originaladditions.com

Audited financial information:
for Original Additions
(Beauty Products) Limited:

Year ended	Turnover	Operating Profit	Net Assets
31 December 2006	£17,637,000	£2,858,000	£4,436,000

Further details of the full portfolio may be found on the websites of each of the Investment Managers:

Foresight Group:
www.foresightventurepartners.com

Matrix Private Equity Partners:
www.matrixpep.co.uk

Investment Portfolio Summary

	Cost at 30-Sep-07 £	Valuation at 30-Sep-06 £	Additional investments £	Valuation at 30-Sep-07 £	% of equity ³ held	% of portfolio by value
Foresight Group LLP						
Oxonica plc Specialist in the design, manipulation and engineering of properties of materials at the nano-scale	2,136,763	7,245,512	–	1,944,060	11.3%	6.29%
Camwood Limited Provider of software repackaging services	1,028,181	1,669,520	–	1,028,181	34.7%	3.33%
Biomer Technology Limited¹ Developer of biomaterials for medical services	137,170	753,837	212,014	753,837	5.8%	2.44%
NexxtDrive Limited¹ Developer of transmissions technologies for applications in the automotive, construction and industrial sectors	812,014	468,750	–	738,264	14.3% ²	2.39%
Aquasium Technology Limited Business engaged in the design, manufacturing and marketing of bespoke electron beam welding and vacuum furnace equipment	700,000	1,059,610	–	567,310	16.7%	1.83%
Alaric Systems Limited Software developer and provider of support services in the credit/debit card authorisation and payments market	595,803	595,763	–	446,822	8.1%	1.45%
Sarantel plc Developer and manufacturer of antennae for mobile phones and other wireless devices	1,881,251	798,621	211,000	408,465	8.9%	1.32%
DCG Datapoint Group Limited Design, supply and integration of data storage solutions	312,074	311,853	–	376,283	6.3%	1.22%
Aigis Blast Protection Limited Specialist blast containment materials company	272,120	333,320	–	249,990	4.2%	0.81%
Corero plc (formerly Mondas plc) Provider of e-business technologies	600,000	238,255	–	279,955	6.5%	0.91%
ANT plc Provider of embedded browser/email software for consumer electronics and Internet appliances	462,816	393,958	–	131,319	2.7%	0.42%
SmartFOCUS Group plc Provider of analytic software to support targeting and execution of marketing campaigns	–	1,856,969	–	–	0.0%	0.00%
Rapide Communications Limited Mobile phone software company	–	66,667	–	–	0.0%	0.00%
Other investments in the portfolio²	–	–	–	–	–	0.00%
	8,938,192	15,792,635	423,014	6,924,486		22.41%

1 Investment formerly managed by Nova Capital Management Limited up to 31 August 2007.

2 Other investments in the portfolio comprises data relating to Broadreach Networks Limited, which was put into administration in the previous year.

3 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.

Matrix Private Equity Partners LLP

HWA Limited (trading as Holloway White Allom) Refurbishment, restoration and construction of notable public buildings and top-end residential dwellings in and around London	69,105	3,348,323	–	4,691,649	17.0%	15.17%
Youngman Group Limited Manufacturer of ladders and access towers	1,000,052	2,368,418	52	2,930,234	8.5%	9.47%
Image Source Group Limited Royalty free picture library	305,000	3,232,667	–	2,850,171	39.6%	9.22%
Blaze Signs Holdings Limited Manufacturer and installer of signs	1,338,500	360,969	977,531	1,704,694	12.5%	5.51%

	Cost at 30-Sep-07 £	Valuation at 30-Sep-06 £	Additional investments £	Valuation at 30-Sep-07 £	% of equity ³ held	% of portfolio by value
BBI Holdings plc Manufacturer of gold conjugate for the medical diagnostics industry	496,119	1,227,231	–	1,430,231	2.1%	4.63%
Tikit Group plc¹ Provider of consultancy, services and software solutions for law firms	500,000	960,868	–	1,304,346	3.4%	4.22%
Ministry of Cake (Holdings) Limited Manufacturer of desserts and cakes for the food service industry	721,280	556,169	–	1,039,709	12.3%	3.36%
Amaldis Limited (Original investment into Original Additions (Beauty Products) Limited) Manufacturer and distributor of beauty products	80,313	3,127,944	–	967,438	11.0%	3.13%
Tottel Publishing Limited Publisher of specialist legal and taxation titles	514,800	759,048	–	809,221	13.7%	2.62%
PXP Holdings Limited (Pinewood Structures) Designer, manufacturer and supplier of timber frames for buildings	790,912	–	790,912	790,912	6.7%	2.56%
I-Dox plc¹ Provider of document storage systems	872,625	366,083	135,000	775,833	2.4%	2.51%
VSI Limited Provider of software for CAD and CAM vendors	388,853	388,842	11	730,901	10.0%	2.36%
DiGiCo Europe Limited Design and manufacture of audio mixing desks	656,900	–	656,900	656,900	4.3%	2.12%
PastaKing Holdings Limited Manufacturer and supplier of fresh pasta meals	292,405	292,405	–	611,778	4.5%	1.98%
British International Holdings Limited Helicopter service operators	500,000	500,000	–	538,535	5.0%	1.74%
Brookerpaks Limited Importer and distributor of garlic and vacuum- packed vegetables to supermarkets and the wholesale trade	55,000	621,555	–	416,130	18.2%	1.35%
Racoon International Holdings Limited Supplier of hair extensions, hair care products and training	550,852	–	550,852	413,139	7.7%	1.34%
B G Consulting Group Limited/ Duncary 4 Limited Technical training business	1,153,976	128,344	–	332,212	33.2%	1.07%
Campden Media Limited Magazine publisher and conference organiser	334,880	334,880	–	326,842	3.7%	1.06%
Vectair Holdings Limited Designer and distributor of washroom products	215,914	215,914	–	300,579	4.6%	0.97%
Letraset Limited Manufacturer and worldwide distributor of graphic art products	650,000	622,737	–	213,982	17.4%	0.69%
SectorGuard plc Provider of manned guarding, mobile patrols and alarm response services	150,000	150,000	–	107,142	1.4%	0.35%
Inca Interiors Limited Design, supply and installation of quality kitchens to house developers	350,000	50,000	–	50,000	14.8%	0.16%
Other investments in the portfolio²	1,719,785	–	–	–		0.00%
	13,707,271	19,612,397	3,111,258	23,992,578		77.59%
Total	22,645,463	35,405,032	3,534,272	30,917,064		100.00%

Notes

1 Investment formerly managed by Nova Capital Management Limited up to 31 August 2007.

2 Other investments in the portfolio comprise The Hunter Rubber Company Limited (in administration), Stortext-FM Limited/Stortext (DO) Limited and FH Ingredients Limited, of which the principal operating subsidiary, FH Realisations Limited, is in administration.

3 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.

Board of Directors

Colin Hook

Status: Non-Executive Chairman

Age: 65

Date of appointment: 13 October 2000

Experience: Colin has wide industrial and commercial experience. He has directed fund management operations for more than ten years and his City involvement includes flotations, mergers and acquisitions and general corporate finance. From 1994 to 1997 he was Chief Executive of Ivory and Sime plc. He is currently the non-executive Chairman of Matrix Income and Growth 4 VCT plc and Chairman 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.

Last re-elected to the Board: January 2006

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

Number of Board and Committee meetings attended 2006/07: 12/12

Remuneration 2006/07: £40,000

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

Shared directorships with other I&G Directors: Matrix Income & Growth 4 VCT plc (Chairman)

Shareholding in the Company: 10,864 Ordinary Shares

Christopher Moore

Status: Non-Executive Director

Age: 62

Date of appointment: 13 October 2000

Experience: After qualifying with Price Waterhouse, Christopher worked for Robert Fleming Inc., Lazard, Jardine Fleming and then Robert Fleming, latterly as a main board director for 9 years (1986-95). During this period he was involved in various unquoted and venture capital investments and remained chairman of Fleming Ventures Limited, an international technology venture capital fund, until 2003. His recent advisory roles included acting as senior adviser to the Chairman of Lloyds, the insurance group, for 4¹/₂ years. Christopher was appointed Chairman of Oxonica plc in February 2005, in which I&G holds an investment, standing down from the board in September 2007. He is a non-executive director of Matrix Income & Growth VCT plc, Matrix Income & Growth 3 VCT plc and Matrix Income & Growth 4 VCT plc.

Last re-elected to the Board: January 2005 (standing for re-election in 2008)

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

Number of Board and Committee meetings attended 2006/07: 10/12

Remuneration 2006/07: £30,000

Relevant relationships with the Investment Managers or other service providers: Matrix Income & Growth VCT plc, Matrix Income & Growth 3 VCT plc and Matrix Income & Growth 4 VCT plc are also managed by MPEP.

Relevant relationships with investee companies: Chairman and shareholder of Oxonica plc (stood down from the Board on 28 September 2007).

Shared directorships with other I&G Directors: Matrix Income & Growth 4 VCT plc

Shareholding in the Company: 21,728 Ordinary Shares

Helen Sinclair

Status: Non-Executive Director

Age: 41

Date of appointment: 29 January 2003

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. She is a non-executive director of Matrix Income & Growth 4 VCT plc.

Last re-elected to the Board: January 2007

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

Number of Board and Committee meetings attended 2006/07: 9/12

Remuneration 2006/07: £30,000

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

Shared directorships with other I&G Directors: Matrix Income & Growth 4 VCT plc

Shareholding in the Company: Nil

Summary Financial Statement

This Summary Financial Statement has been prepared voluntarily by the Directors in accordance with the relevant requirements of section 251 of the Companies Act 1985. 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 Auditors' 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 Financial Statement 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 2007. This report was unqualified and contained no statement under section 237(2) and (3) of the Companies Act 1985.

Summary Directors' Report

Business and principal activities

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 Investment Portfolio Summary on pages 5-9 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.

The Ordinary Shares of 1p each in the capital of the Company were first admitted to the Official List of the UK Listing Authority and to trading on 15 November 2000. The Company has satisfied the requirements for full approval as a Venture Capital Trust under section 274 of the Income Tax Act 2007 (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 is no longer an investment company, having revoked its status as such as defined in section 266 of the Companies Act 1985 ("the Act") in the preceding financial year.

Issue and buy-back of shares

The Company issued 68,881 Ordinary shares on 21 February 2007 in accordance with the Dividend

Investment Scheme which was approved by Shareholders on 31 January 2006 (2006: 52,509).

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 Ordinary Shares to seek both to enhance net asset value and to reduce, to a degree, any prevailing discount to net asset value in the current market price. An Authority for the Company to purchase its own shares pursuant to section 166 of the Companies Act 1985 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 6 February 2008. During the year the Company bought back 2,589,324 Ordinary Shares (representing 7.1% of the shares in issue at the year end) at a cost of £2,189,016 (net of expenses). These shares were subsequently cancelled by the Company.

The issued ordinary share capital of the Company as at 30 September 2007 was £365,895 and the number of Ordinary Shares in issue as at this date was 36,589,479.

Results and dividend

The basic revenue return attributable to equity shareholders for the period was £240,595 after taxation.

The Directors will be proposing to pay final dividends from income of 1 penny per Ordinary Share and from capital of 1 penny per Ordinary Share in respect of the year ended 30 September 2007 at the Annual General Meeting to be held on 6 February 2008. The final dividends will be paid on 15 February 2008 to Shareholders on the Register on 18 January 2008.

The Company has also paid on 15 February and 24 October 2007, interim capital distributions of 3 pence and 2 pence per Ordinary Share, respectively, in respect of the year ended 30 September 2007.

Directors and their interests

The names of the Directors appear below. All three Directors have served throughout the year.

The Directors' interests in the issued Ordinary Shares of the Company as at 30 September 2007 were:

Director	Ordinary Shares held at 30 September 2007	Ordinary Shares held at 30 September 2006
Colin Hook	10,864	10,508
Christopher Moore	21,728	21,017
Helen Sinclair	–	–

Summary Financial Statement

During the year Colin Hook was allotted 356 Ordinary shares and Christopher Moore was allotted 711 Ordinary shares following their decision to continue to participate in the Dividend Investment Scheme. After the year-end Colin Hook was allotted 207 Ordinary shares and Christopher Moore was allotted 414 Ordinary shares under the Dividend Investment Scheme.

In accordance with the Company's Articles of Association and the 2003 FRC Combined Code ("the Code"), Christopher Moore will retire by rotation at the forthcoming Annual General Meeting of the Company, and being eligible, offers himself for re-election.

The biographies of all Directors appear on page 10 of this Summary Annual Report.

Annual general meeting

The Notice of the Annual General Meeting, which will be held on 6 February 2008 is set out on pages 20-21 of this Summary Annual Report. In addition to the ordinary business, the following special business will be proposed:

Authorities for the Directors to allot shares (Resolution 7) and disapply pre-emption rights of members (Resolution 8) under sections 80 and 95 of the Act.

These two resolutions grant the Directors the authority to allot shares for cash to a limited and defined extent otherwise than pro rata to existing shareholders in accordance with section 89 of the Act.

Resolution 7 will enable the Directors to allot up to an aggregate nominal amount not exceeding £383,679 representing approximately 105% of the existing issued share capital of the Company. This resolution is proposed as an ordinary resolution. This authority, unless previously renewed or revoked, will expire on the fifth anniversary of the date of the passing of this resolution.

Under Section 89 of the Act, if the Directors wish to allot any of the unissued share capital for cash they must first offer such shares to existing shareholders in proportion to their current holdings. It is proposed by Resolution 8 to sanction the disapplication of section 89 of the Act in respect of allotments for cash of (i) S Shares with an aggregate nominal amount of up to £150,000 in respect of the S Share Offer referred to in the Chairman's Statement on page 4 of this Summary Annual Report ("the S Share Offer"), (ii) Ordinary Shares with an aggregate nominal value of

£74,617 to MPEP and Foresight and S Shares with an aggregate nominal amount of £30,000 to MPEP in connection with any performance incentive payment which may become payable, (iii) Ordinary Shares and S Shares with a nominal value of up to 10 per cent. of the issued Ordinary Share capital and S Share capital immediately following close of the S Share Offer pursuant to any dividend investment scheme operated by the Company, (iv) Ordinary Shares and S Shares with a nominal value of up to 10 per cent. of the issued Ordinary Share capital and S Share capital immediately following close of the S Share Offer where the proceeds may in whole or part be used to purchase the Company's Ordinary Shares or, as the case may be, S Shares and (v) Ordinary Shares and S Shares from time to time of an aggregate nominal value of up to 5 per cent. of the issued Ordinary Share capital and S Share capital immediately following close of the S Share Offer.

This resolution is proposed as a special resolution. This authority, unless previously renewed or revoked, will expire on the conclusion of the annual general meeting of the Company to be held in 2009.

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 on 9 October 2007.

The Directors intend to allot up to 15 million S Shares in respect of the S Share Offer to be launched in December 2007. They also intend to allot shares under the Ordinary Share Fund's Dividend Investment Scheme in respect of the proposed dividends to be paid to Ordinary Fund Shareholders on 15 February 2008. The Directors have no further immediate intention of exercising the above powers.

Authority to make market purchases of the Company's own shares (Resolution 9)

This resolution authorises the Company to purchase its own shares pursuant to section 166 of the Companies Act 1985. The authority is limited to an aggregate of 5,490,163 Ordinary Shares and 2,248,500 S Shares representing approximately 14.99% of the issued Ordinary Share capital of the Company at the date of the Notice of the Meeting and approximately 14.99% of the expected issued S Share capital immediately following the close of the S Share Offer and will expire on the conclusion of the

Annual General Meeting of the Company to be held in 2009. The maximum price which may be paid for an Ordinary Share or an S Share, as the case may be, will be an amount that is not more than 5% above the average of the middle market quotations of the Ordinary Shares or the S Shares, as the case may be, as derived from the Daily Official List of the London Stock Exchange for the five business days preceding such purchase.

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 to do so would result in an increase in net assets per share and would be in the interests of Shareholders generally. This resolution is proposed as a special resolution.

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. 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 and it consulted Hanson Green in December 2005. Following this review, the Committee recommended to the Board that the Directors' fees be increased with effect from 1 January 2006 to £35,000 (Chairman) and £25,000 (Director) per annum with a supplement of £5,000 per annum to be paid to members of the Investment Committee. These increases were subsequently endorsed by the Board. Directors' fees were reviewed by the Committee in November 2007, at which time it was decided to maintain such fees at the 2007 level.

Since all the Directors are non-executive, the Company is not required to comply with the provisions of the 2003 FRC Combined 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)

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 or benefits in addition to their Directors' fees.

	Total emoluments year to: 30 September 2007 £	30 September 2006 £
Colin Hook	40,000	37,500
Christopher Moore	30,000	28,750
Helen Sinclair	30,000	28,750

Aggregate emoluments in respect of qualifying services amounted to £100,000 (2006: £95,000). 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 on the following page charts the total cumulative shareholder return of the Company (assuming all dividends have been re-invested and excluding the tax reliefs available to Shareholders) for the last five financial years 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. An explanation of the performance of the Company is given in the Chairman's Statement and in the information on the Company's ten largest investments and the Investment Portfolio summary.

The Net Asset Value (NAV) total return has been shown separately on the graph because the Directors believe it is a more accurate reflection of the Company's performance.

Summary Corporate Governance Statement

The Company has recently become a member of the Association of Investment Companies (AIC) and the Directors have adopted the AIC Code of Corporate Governance ("the AIC Code") for the financial year ended 30 September 2007. The AIC Code was endorsed by the FRC on 3 February 2006, who have confirmed that in complying with the AIC Code the Company will meet its obligations in relation to the Combined Code and paragraph 9.8.6 of the Listing Rules. The Board considers that reporting against the principles and

Summary Financial Statement

recommendations of the AIC Code, and by reference to the AIC Code (which incorporates the Combined Code), will provide better information to shareholders.

There are certain areas of the Combined Code that the AIC feel are not relevant to investment companies, and with which the Company does not specifically comply, and for which the AIC Code provides dispensation. These areas are as follows:

The role of the chief executive

Executive directors' remuneration

The need for an internal audit function.

As an externally managed investment company, the Company does not employ a chief executive, or any executive directors. The systems and procedures of the Investment Manager and the Administrator, the provision of VCT monitoring services by PricewaterhouseCoopers LLP, as well as the size of the Company's operations, gives the Board full confidence that an internal audit function is not necessary. The Company is therefore not reporting further in respect of these areas.

The Board has further considered the principles detailed in the Combined 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 2007 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.

This role is fulfilled, as appropriate, by the Chairman of the Audit Committee who Shareholders may contact if they have concerns which contact through the Chairman or Investment Managers has failed to resolve or for which such contact is inappropriate.

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 effectiveness of the Board and the Chairman is reviewed regularly as part of the internal control process led by the Audit Committee. The Board has therefore considered that a formal system of performance evaluation was not appropriate to the Company during the year ended 30 September 2007 but continues to keep this under review and will consider the introduction of such a scheme when appropriate.

The Board considers that the Company fully complies with the AIC Code with the following exception:



Source: Landsbanki Securities (UK) limited

All data has been re-based to 100 pence with effect from 15 November 2000, the date on which the Company's shares were first admitted to trading.

The AIC Code stipulates that directors who sit on the boards of more than one company managed by the same manager will not be regarded as independent for either the purpose of fulfilling the requirement that there must be an independent majority or serving as chairman. As a member of the boards of Matrix Income & Growth VCT plc, Matrix Income & Growth 3 VCT plc and Matrix Income & Growth 4 VCT plc, all of which are managed by the same manager as the Company, Christopher Moore is not considered independent in this regard. The independence of Colin Hook and Helen Sinclair is maintained to the satisfaction of the Board by the provision of dual managers to the Company, in the form of MPEP and Foresight.

As part of the Combined Code, this provision is currently subject to the transitional arrangements of the Listing Rules, and will not be mandatory for the Company until 2010. The Board intends to keep this matter under review, in keeping with the spirit of the Combined Code, and will report on it in succeeding years.

The Board

The Company has a Board of three non-executive Directors. 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.

Investor relations

The Company communicates with Shareholders and solicits their views where it is appropriate to do so. Shareholders are welcome at the Annual General Meeting which provides a forum for Shareholders to ask questions of the Directors 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 Investment Managers has failed to resolve or for which such contact is inappropriate.

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.

Going concern

The Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the accounts as the Company has adequate financial resources to continue in operational existence for the foreseeable future.

Independent Auditors' statement to the Members of The Income & Growth VCT plc

We have examined the summary financial statement which comprises the Summary Directors' Remuneration Report, Profit and Loss Account, Statement of Total Recognised Gains and Losses, Note of Historical Cost Profits and Losses, Balance Sheet, Reconciliation of Movements in Shareholders' Funds and Cash Flow Statement.

This statement is made solely to the company's members, as a body, in accordance with Section 251 of the Companies Act 1985. 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 Directors and Auditors

The Directors are responsible for preparing the Summary Annual Report in accordance with 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' Report and the Directors' Remuneration Report, and its compliance with the relevant requirements of section 251 of the Companies Act 1985 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.

Basis of opinion

We conducted our work in accordance with Bulletin 1999/6 'The auditor's statement on the summary financial statement' issued by the Auditing Practices Board. Our report on the company's full annual financial statements describes the basis of our audit opinion on those financial statements and the Directors' Remuneration 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 & Growth VCT plc for the year ended 30 September 2007 and complies with the applicable requirements of section 251 of the Companies Act 1985, and the regulations made thereunder. We have not considered the effects of any events between the date on which we signed our report on the full annual financial statements 30 November 2007 and the date of this statement.

PKF (UK) LLP

Registered Auditors

London, UK

12 December 2007

Profit and Loss Account

for the year ended 30 September 2007

	Year ended 30 September 2007			Year ended 30 September 2006		
	Revenue £	Capital £	Total £	Revenue £	Capital £	Total £
Net unrealised losses on investments	–	(3,150,761)	(3,150,761)	–	(4,074,141)	(4,074,141)
Net gains on realisation of investments	–	85,906	85,906	–	1,556,784	1,556,784
Income	981,124	432,488	1,413,612	1,135,895	–	1,135,895
Investment management fees	(225,226)	(675,676)	(900,902)	(233,097)	(699,292)	(932,389)
Other expenses	(495,435)	–	(495,435)	(458,520)	–	(458,520)
Profit/(loss) on ordinary activities before taxation	260,463	(3,308,043)	(3,047,580)	444,278	(3,216,649)	(2,772,371)
Tax on ordinary activities	(19,868)	19,868	–	(101,347)	101,347	–
Profit/(loss) on ordinary activities after taxation for the financial year	240,595	(3,288,175)	(3,047,580)	342,931	(3,115,302)	(2,772,371)
Basic and diluted earnings per share:	0.62p	(8.47)p	(7.85)p	0.86p	(7.84)p	(6.98)p

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.

Statement of Total Recognised Gains and Losses

for the year ended 30 September 2007

	Year ended 30 September 2007 Total £	Year ended 30 September 2006 Total £
Loss on ordinary activities after taxation	(3,047,580)	(2,772,371)
Effect of changes in accounting policy arising from the introduction of FRS 26	–	(483,352)
Total recognised losses since last Annual Report	(3,047,580)	(3,255,723)

Note of Historical Cost Profits and Losses

for the year ended 30 September 2007

	Year ended 30 September 2007 Total £	Year ended 30 September 2006 Total £
Loss on ordinary activities before taxation	(3,047,580)	(2,772,371)
Add unrealised losses on investments	3,150,761	4,074,141
Add/(less) realisation of revaluation gains/(losses) of previous years	1,042,522	(4,059,632)
Historical cost profit/(loss) on ordinary activities before taxation	1,145,703	(2,757,862)
Historical cost loss for the year after taxation and dividends	(1,052,708)	(4,062,494)

Balance Sheet

as at 30 September 2007

	as at 30 September 2007		as at 30 September 2006	
	£	£	£	£
Non current assets				
Investments at fair value		30,917,064		35,405,032
Current assets				
Debtors and prepayments	718,787		936,772	
Current investments	6,581,497		5,969,440	
Cash at bank	46,862		2,027,094	
		7,347,146		8,933,306
Creditors: amounts falling due within one year				
Other creditors	1,337,587		43,064	
Accruals	148,130		144,996	
		(1,485,717)		(180,060)
Net current assets		5,861,429		8,745,246
Net assets		36,778,493		44,150,278
Capital and reserves				
Called up share capital		365,895		391,099
Share premium account		136,594		60,974
Capital redemption reserve		53,334		27,441
Special reserve		21,508,270		25,025,881
Capital reserve - unrealised		8,425,544		12,618,828
Profit and loss account		6,288,856		6,026,055
		36,778,493		44,150,278
Net asset value per Ordinary Share - basic and diluted		100.52p		112.89p

The summary financial statements were approved and authorised by the Board of Directors on 12 December 2007 and were signed on its behalf by:

Colin Hook

Director

Note re Dividends paid and payable

	2007 £ Revenue	2007 £ Capital	2007 £ Total	2006 £ Revenue	2006 £ Capital	2006 £ Total
Dividends on equity shares						
Ordinary Shares – final paid of 0.75p in February 2007 (2006: 0.75p) per share	293,324	–	293,324	301,156	–	301,156
Ordinary Shares – interim paid of 3p in February 2007 (2006: 2.5p) per share	–	1,173,297	1,173,297	–	1,003,852	1,003,852
Ordinary Shares – interim declared in September of 2p paid in October 2007 (2006: nil per share)	–	731,790	731,790	–	–	–
Over provision re prior year	–	–	–	(376)	–	(376)
Total declared in year	293,324	1,905,087	2,198,411	300,780	1,003,852	1,304,632
Proposed final dividend	365,895	365,895	731,790	293,324	–	293,324

Any proposed final dividend is subject to approval by Shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

Reconciliation of Movements in Shareholders' Funds

for the year ended 30 September 2007

	Year ended 30 September 2007 £	Year ended 30 September 2006 £
Opening shareholders' funds	44,150,278	49,204,719
Net share capital bought back in the year	(2,202,103)	(1,038,937)
Net share capital subscribed for in the year	76,309	61,499
Loss for the year	(3,047,580)	(2,772,371)
Dividends paid/payable in the year	(2,198,411)	(1,304,632)
Closing Shareholders' funds	36,778,493	44,150,278

Cash Flow Statement

for the year ended 30 September 2007

	Year ended 30 September 2007 £	Year ended 30 September 2006 £
Operating activities		
Investment income received	1,758,835	972,767
Other income received	11,754	7,812
Investment management fees paid	(1,026,861)	(932,389)
Other cash payments	(492,457)	(488,253)
Net cash inflow/(outflow) from operating activities	251,271	(440,063)
Investing activities		
Acquisition of investments	(3,544,272)	(2,410,773)
Disposal of investments	4,968,804	3,857,334
	1,424,532	1,446,561
Equity dividends		
Payment of equity dividends	(1,466,621)	(1,304,632)
Cash inflow/(outflow) before financing and liquid resource management	209,182	(298,134)
Management of liquid resources		
(Increase)/decrease in monies held pending investment	(612,057)	376,433
Financing		
Issue of Ordinary Shares	76,309	61,499
Purchase of own shares	(1,653,666)	(1,038,937)
	(1,577,357)	(977,438)
Decrease in cash for the year	(1,980,232)	(899,139)

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 seventh Annual General Meeting of the Company will be held at 11.00 am on Wednesday, 6 February 2008 at Matrix Group Limited, Sixth Floor, One Jermyn Street, London, SW1Y 4UH for the purposes of considering and, if thought fit, passing the following resolutions of which resolutions 1 to 7 will be proposed as ordinary resolutions and resolutions 8 and 9 will be proposed as special resolutions:-

ORDINARY BUSINESS

Ordinary Resolutions

1. To receive and adopt the Annual Report and Accounts of the Company for the year ended 30 September 2007, together with the auditors' report thereon.
2. To approve the Directors' Remuneration Report for the year ended 30 September 2007 which is set out in the Annual Report and Accounts of the Company for the year ended 30 September 2007.
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 the auditors.
5. To re-elect Christopher Moore as a Director of the Company.
6. To approve the payment of a final revenue dividend of 1 penny per share and a final capital dividend of 1 penny per share for the year ended 30 September 2007.

SPECIAL BUSINESS

Ordinary Resolutions

7. That the Directors be and are generally and unconditionally authorised to exercise all the powers of the Company to allot relevant securities (which expression shall have the meaning ascribed to it in section 80 of the Companies Act 1985 ("the Act")) up to an aggregate nominal amount of £383,679 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 equity securities to be allotted after such expiry and notwithstanding such expiry the Directors may allot equity securities in pursuance of such offers or agreements).

Special Resolutions

8. That the Directors be and are hereby empowered in accordance with section 95 (1) of the Act to allot or make offers or agreements to allot equity securities (as defined in section 94(2) of the Act) for cash, pursuant to the authority given in accordance with Section 80 of the Act by Resolution 7 set out in this notice of Annual General Meeting as if section 89(1) of the Act did not apply to the allotment provided that this power shall expire on the conclusion of the Annual General Meeting to be held in 2009, and provided further that this power shall be limited to:-
 - (i) the allotment of equity securities with an aggregate nominal value not exceeding £150,000 pursuant to an offer for subscription of S ordinary shares of 1 penny each ("S Shares") in the capital of the Company ("the Offer");
 - (ii) the allotment of equity securities with an aggregate nominal value of:
 - (a) £74,617 (through the issue of ordinary shares of 1 penny each in the capital of the Company ("Ordinary Shares") in connection with performance incentive arrangements to Matrix Private Equity Partners LLP and Foresight Group LLP in connection with the investment of the Ordinary Shares; and
 - (b) £30,000 (through the issue of S Shares) in connection with performance incentive arrangements to Matrix Private Equity Partners LLP in connection with the fund attributable to the S Shares;
 - (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 per cent. of the issued Ordinary Share capital of the Company and 10 per cent. of the S Share capital of the Company, in each case immediately following the closing of the Offer, pursuant to any dividend investment scheme operated from time to time by the Company;
 - (iv) the allotment, otherwise than pursuant to sub-paragraphs (i), (ii) and (iii) above, of equity securities with an aggregate nominal value of up to but not exceeding 10 per cent. of the issued Ordinary Share capital of the Company and/or 10 per cent. of the S Share capital of the Company, in each case immediately following the closing of the Offer, where the proceeds of the allotment may be used in whole or in part to purchase the Company's Ordinary Shares or, as the case may be, S Shares in the market; and

-
- (v) the allotment, otherwise than pursuant to sub-paragraphs (i), (ii) (iii) and (iv) above, of equity securities from time to time with an aggregate nominal value of up to but not exceeding 5 per cent. of the issued Ordinary Share capital of the Company and/or S Share capital of the Company, in each case immediately following the closing of the Offer.
9. That the Company generally be and is hereby authorised for the purpose of section 166 of the Act to make market purchases (as defined in section 163 of the said Act) of its own shares provided that:-
- (i) the aggregate number of Ordinary Shares and S Shares hereby authorised to be purchased shall not exceed 5,490,163 and 2,248,500 respectively;
 - (ii) the minimum price which may be paid for such Ordinary Shares and S Shares is 1 penny per share, the nominal amount thereof;
 - (iii) the maximum price (exclusive of expenses) which may be paid for an Ordinary Share or an S Share, as the case may be, shall be five per cent above the average of the middle market quotations taken from The London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the purchase is made;
 - (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 2009 and;
 - (v) the Company may make a contract or contracts to purchase its own Ordinary Shares and S Shares, as the case may be, 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-Securities Limited
Secretary

Registered Office
One Jermyn Street
London SW1Y 4UH

30 November 2007

NOTES:

- (i) A person entitled to receive notice of, attend and vote at the above meeting is entitled to appoint one or more proxies to attend and vote, on a poll, in his place. A proxy need not be a member of the Company. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy you should identify each proxy and to what shares they are appointed on the proxy form.
- (ii) In accordance with Section 325 of the Act, the right to appoint proxies does not apply to persons nominated to receive information rights under section 146 of the Act. Persons nominated to receive information rights under section 146 of the Act who have been sent a copy of this notice of meeting are hereby informed, in accordance with Section 149 (2) of the Act, that they may have a right under an agreement with the registered member by whom they were nominated to be appointed, or to have someone else appointed, as a proxy for this meeting. If they have no such right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the member as to the exercise of voting rights. Nominated persons should contact the registered member by whom they were nominated in respect of these arrangements. The only exception to this is where the Company expressly requests a response from you.
- (iii) To be valid the enclosed form of proxy for the Annual General Meeting together with the power of attorney or other authority, if any, under which it is signed or a notarially certified or office copy thereof must be deposited by 11.00 am on 4 February 2008 at the offices of the Company's Registrars, Capita Registrars, Proxy Department, PO Box 25, Beckenham, Kent BR3 4BR.
- (iv) Completion and return of the form of proxy will not prevent you from attending and voting in person at the Annual General Meeting.
- (v) As at 30 November 2007, the Company's issued share capital comprised 36,625,504 ordinary shares of 1 penny each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at on 30 November 2007 is 36,625,504.
- (vi) The Company, pursuant to Regulation 41 of the Uncertified Securities Regulations 2001, specifies that only those shareholders registered in the Register of Members of the Company as at midnight on 4 February 2008 or, in the event that the meeting is adjourned, in the Register of Members 48 hours before the time of any adjourned meeting, shall be entitled to attend or vote at the Annual General Meeting in respect of the number of shares registered in their name at the relevant time. Changes to entries in the Register of Members after midnight on 4 February 2008 or, in the event that the meeting is adjourned, in the Register of Members less than 48 hours before the time of any adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.
- (vii) The Register of Directors' Interests shall be available for inspection at the place of the Annual General Meeting for at least fifteen minutes prior to and during the meeting.

Shareholders' Notes

The Income & Growth VCT plc ("the Company") Dividend Investment Scheme

The Dividend Investment Scheme ("the Scheme") is a convenient, easy and cost effective way to build your shareholding in the Company. Instead of receiving cash dividends you can elect to receive new Ordinary Shares in the Company. The Scheme is available exclusively to the Company's Shareholders and their nominees.

Your new Ordinary Shares will be allotted as soon as practicable on or after the dividend payment date at a price equal to the latest published net asset value of the Ordinary Shares.

Ordinary Shares issued pursuant to the Scheme will be new Ordinary Shares issued by the Company and will, subject to an individual shareholder's particular circumstances, attract VCT tax reliefs applicable for the tax year in which the new Ordinary Shares are allotted. The tax relief currently available to investors in new VCT shares is 30% for the 2007/08 tax year for investments up to £200,000 in any one tax year.

Before completing this application form Shareholders are advised to read the Terms and Conditions of the Scheme which can be obtained on request from the Company Secretary or, by downloading a copy from the Company's website: at www.incomeandgrowthvct.co.uk.

If you wish to participate in the Company's Dividend Investment Scheme please complete, sign and return this form to **Capita Registrars Limited, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, England**. Please note that your completed Mandate Form must be received by the Scheme Administrator no later than 15 days prior to a dividend payment date to ensure that your application will be valid in respect of that dividend payment. Applications previously submitted will continue to be valid in respect of these dividends. **Shareholders who have already joined the scheme do not need to resubmit a mandate form.**

Mandate Form

To: Capita Registrars Limited (the "Scheme Administrator")

1. I/We, the undersigned, being the registered holder(s) of Ordinary Shares in The Income & Growth VCT plc elect to participate in the Company's Dividend Investment Scheme for dividends paid on all of my/our holding of Ordinary Shares in the Company from time to time.
2. I/We have read and agree to the Terms and Conditions of The Income & Growth VCT plc Dividend Investment Scheme approved by Shareholders on 31 January 2006 ("**Terms and Conditions**"). I/We acknowledge that this application form together with the Terms and Conditions form a legally binding agreement between the Scheme Administrator and me/us.
3. I/We agree that share certificates will be sent at my/our risk by post, or that my/our CREST account will be credited in respect of any Ordinary Shares in the Company allotted on my/our behalf. This mandate will remain in force until written notice is received by Scheme Administrator in accordance with the Terms and Conditions.

Name:

Address:

Signature:

Date:

If you are a CREST participant, please state your Participant ID:

Daytime Telephone Number:

All joint holders must sign this Application form. In the case of a company this form must be executed in accordance with Section 36A of the Companies Act 1985 or signed on its behalf by a duly authorised officer or agent. If your personal details printed above are not correct, please amend them where necessary and sign and return this form to the Scheme Administrator.

If you have any questions please contact the Scheme Administrator by telephone on **0871 664 0030 (calls cost 10p per minute plus network charges) (or if calling from overseas +(44) 208 639 3399) or by e-mail to ssd@capitaregistrars.com.**



Corporate Information

Directors

Colin Hook
Christopher Moore
Helen Sinclair

Company's Registered Office

One Jermyn Street
London
SW1Y 4UH

Company Secretary

Matrix-Securities Limited
One Jermyn Street
London
SW1Y 4UH

Company Registration Number: 4069483
www.incomeandgrowthvct.co.uk

Independent Auditors

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

Registrar

Capita Registrars
Northern House
Woodsome Park
Fennay Bridge
Huddersfield
West Yorkshire HD8 0LA

Bankers and Custodians

National Westminster Bank plc
City of London Office
P O Box 12264
Princes Street
London
EC2R 8PB

Promoter and Administrator

Matrix-Securities Limited
One Jermyn Street
London
SW1Y 4UH

Solicitors

Martineau Johnson
No 1 Colmore Square
Birmingham
B4 6AA

Sponsor and Stockbroker

Landsbanki Securities (UK)
Limited
Beaufort House
15 St Botolph Street
London
EC3A 7QR

VCT Status Advisers

PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH

Investment Managers

Matrix Private Equity Partners LLP

One Jermyn Street
London SW1Y 4UH
www.matrixpep.co.uk

MPEP are responsible for selecting investments in a range of industrial and commercial sectors.

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Foresight are responsible for selecting investments primarily in the UK information technology, software and computer services sectors

