Unaudited Half-Year Report

for the six months ended 31 March 2011

THE INCOME & GROWTH VCT PLC

www.incomeandgrowthvct.co.uk

Investment Objective

The objective of The Income & Growth VCT plc ("I&G VCT" 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.

Contents

Financial Highlights

Six months to 31 March 2011

- Strong liquidity has been further enhanced by a successful fundraising in which the Company raised an additional £5.1 million.
- Dividends totalling 4.0* pence per share have been paid to shareholders during the period.
- Increase of 9.1% in total return (share price basis) to Shareholders
- Increase of 5.1% in total return (net asset value (NAV) basis) to Shareholders

* 6 months ended 31 March 2010: 0.5p Ordinary; 2p former 'O' fund. Year ended 30 September 2010: 0.5 Ordinary; 2p former 'O' fund.

Performance Summary

The former 'O' Share Fund was merged into the 'S' Share Fund (which subsequently became the current Ordinary Share Fund) on 29 March 2010. The ratio used for the conversion of former 'O' Shares into new Ordinary Shares was approximately 0.758. All the issued and unissued former 'S' Shares were subsequently redesignated as Ordinary Shares on a 1 for 1 basis.

To help shareholders in each former share class understand the 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)	Total return (NAV basis) to shareholders since launch per Share (p)	Share price[2] (p)	Total return (share price basis) to shareholders (p)
Ordinary Shares raised 2007/08						
As at 31 March 2011	39.5	100.1	4.5	104.6	91.0	95.5
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

	Net assets (£m)	NAV per Share (p)	Cumulative dividends paid per share (p)	Total return (NAV basis) to shareholders since launch per Share (p)	Share price[2] (p)	Total return (share price basis) to shareholders (p)
Former 'O' Share Fund raised 2000/01						
As at 31 March 2011[1]	–	75.9	25.5	101.4	–	–
As at 30 September 2010[1]	–	75.0	22.5	97.5	–	–
As at 30 September 2009	24.9	71.5	20.5	92.0	54.8	75.2
As at 30 September 2008	29.6	83.6	16.5	100.0	79.5	96.0

[1] The data for periods since 31 March 2010 for the former 'O' Share Fund shows the return on an initial subscription price of 100p at the date of inception of each Fund taken, from the tables on page 2 divided by £10,000

[2] Source: London Stock Exchange.

Financial Highlights

Six months to 31 March 2011

Return before and after tax relief

The tables below show the total returns (NAV basis) at 31 March 2011 for a shareholder in each original class that invested £10,000 at £1 a share at each Fund's inception.

Before benefit of initial income tax relief

Fund	Original Investment (10,000 shares at £1 each) (£)	Number of shares held post-merger	NAV at 31 March 2011 (£)	Dividends paid to shareholders since subscription (£)	Total return (NAV basis) to shareholders since subscription (£)	Profit before income tax relief[1] (£)
Ordinary Share Fund 2007/08[2]	10,000	10,000	10,010	450	10,460	460
Former 'O' Share Fund 2000/2001	10,000	7,578	7,586	2,548	10,134	134

[1] Total return (NAV basis) minus initial investment cost (before applicable income tax relief)

[2] Formerly, the 'S' Share Fund

After benefit of initial income tax relief

Fund	Original Investment (10,000 shares at £1 each) (£)	Number of shares held post-merger	Rate of income tax relief %	Cost net of income tax relief (£)	NAV at 31 March 2011 (£)	Dividends paid to shareholders since subscription (£)	Total return (NAV basis) to shareholders since subscription (£)	Profit after income tax relief[1] (£)
Ordinary Share Fund 2007/08[2]	10,000	10,000	30%	7,000	10,010	450	10,460	3,460
Former 'O' Share Fund 2000/2001	10,000	7,578	20%[3]	8,000	7,586	2,548	10,134	2,134

[1] Total return (NAV basis) minus initial investment cost net of income tax relief

[2] Formerly, the 'S' Share Fund

[3] Additional capital gains tax deferral relief of up to £4,000 available to qualifying shareholders

Chairman's Statement

Chairman's Statement

I am pleased to present the Company's Half-Year Report for the six months ended 31 March 2011.

The last six months have again been dominated by the continuing problems in the UK and wider global economies. Nevertheless, there are now faint signs that as the UK's economic indicators improve, albeit slightly, confidence may be returning slowly with analysts predicting that the Bank of England may towards the end of 2011 turn its focus towards controlling inflation and raise interest rates.

Many of the companies in the portfolio continue to make good progress in spite of the challenging conditions that have prevailed in recent months. The Board has been supportive of the Manager's selective approach to investing at a low point in the economy.

Joint Offer for Subscription

A Joint Offer for Subscription was launched on 12 November 2010 to raise £21 million across three Matrix VCTs of which the Company was one. To date the Company has raised a highly encouraging £5.2 million gross. The Offer will remain open until 30 June 2011.

Performance

As at 31 March 2011 the Company's NAV per Ordinary Share was 100.1 pence (30 September 2010: 99.0 pence); adjusted for dividends paid to Shareholders during this six month period this represents an increase of 5.1%.

Cumulative dividends per share paid to date amount to 4.5 pence (pre-merger: 0.5 pence; post-merger: 4.0 pence) for the current share class (former 'S' Shares) and 25.5 pence (pre-merger: 22.5 pence; post merger equivalent 3.0 pence) for the former 'O' Shares.

Portfolio

The MPEP invested portfolio overall has had an encouraging period and the valuation is up £1.5 million, with Blaze Signs Holdings seeing the greatest improvement of £987,073.

Four new investments have been completed since the end of October 2010. First, in October the Company, through its acquisition vehicle Aust, invested £1.4 million to support the MBO of RDL Recruitment Corporation, a European recruitment provider within the pharmaceutical, business intelligence and IT sectors. In December 2010 the Company invested £487,744 to support the MBO of Faversham House Group Limited, a broadly based publishing business. Also in December, the Company invested £279,997 into the AiM-listed company Omega Diagnostics Group plc, which operates in the healthcare sector. Finally, again in December, the Company, using its acquisition vehicle, Apricot Trading, invested in Automated Systems Group plc, a Cambridge based printer and copier services business. The Company's investment in this company, which changed its name to ASL Technology Holdings Limited, stood at £1.2 million on conclusion of the transaction. In March, I&G VCT invested a further £575,884 (including a commitment to invest £419,667), to assist ASL in funding the acquisition of Transcribe Copier Systems Limited, a complementary printer and copier services business.

This six month period has also seen two of our investments demerge. In November 2010 Camwood completed the demerger of its AppDNA business. Following the demerger, I&G VCT had an investment in each of Camwood Enterprises Limited and AppDNA Limited comprising a 31.5% equity stake and a secured loan of £333,333 (half of which has since been repaid). Both companies are leading specialists in Application Migration SoftwareTM. 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 on the demerger) in April 2011, I&G VCT now has a 9.2% equity stake in both companies.

There have been three realisations during the period under review. In January 2011 I&G VCT realised its entire investment in Campden Media for a cash consideration of £287,239, compared to the year-end valuation of £125,921. Together with interest paid over the life of the investment the total cash return was marginally above cost. In February 2011, the Company also realised its remaining investment in HWA Group. The total cash return over the life of this investment was £5,070,682, compared to the £1,422,320 originally invested. The Company sold a total of 220,000 shares in Tikit Group during the six months to 31 March 2011 realising total net proceeds of £488,536 compared to a year-end valuation of £424,600. It has sold a further 50,000 Tikit shares since the period-end realising

Chairman's Statement

total net proceeds of £136,949 compared to the valuation at 31 March 2011 of £128,500. I&G VCT continues to retain a residual holding in this company.

Very encouragingly during this six month period the Company has received a total of £1.9 million in loan stock repayments. This suggests that many of the Company's investments are maturing and continuing to trade well. In October 2010 ATG Media made a partial repayment of £111,111 and in the following month DCG Group repaid its outstanding loan in full remitting £204,772 to the Company. In the same month Westway made a further repayment of £99,681. Then, in February 2011, Iglu.com repaid its loan stock in full realising £997,675 for the Company. In March 2011, Vectair paid off its loan in full by remitting £195,017 to I&G VCT. Camwood Enterprises and AppDNA both made repayments in March of £166,667 per company and Camwood Enterprises has settled its loan in full since the period-end by making a further repayment of £166,667.

Just after the period-end in April 2011, MachineWorks made a payment of £255,818 in full settlement of its loan.

In contrast, Monsal Holdings experienced some contract delays and additional costs during recent months which have caused this investment to require further funds. These new funds will have more attractive terms, at the expense of the existing investment and consequently, the Manager has advised the Board that the fair value of the Company's existing investment should, for the time being, be reduced to nil. The Board has accepted this advice, but remains hopeful that value can be still be realised in the future. It has agreed to participate in this further funding.

The valuation of Image Source has also reduced, as this company has suffered from a downturn in trading.

Generally, the ex Foresight portfolio continues to find these economic trading conditions difficult. The exceptions to this are AppDNA and Camwood Enterprises which are trading strongly and are valued at some £1.4 million and £0.9 million above cost respectively.

Cash available for investment

During this economic downturn, both the Board and the Manager have continued to work to ensure that the Company's cash deposits continue to remain as secure as possible. We have for some time been spreading cash deposits between a number of the leading global cash funds rather than depositing directly to individual banks, thereby reducing our exposure to any one particular bank. The Board and Manager both continue to believe strongly 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 31 March 2011 amounted to £9.3 million. In addition, a further £5.0 million has been invested into a series of acquisition vehicles pending further investment. As at the date of this Report, cash and liquidity fund balances had increased to £5.1 million as a result of the subscriptions under the Joint Offer.

Revenue Account

Pleasingly, the revenue account has shown a substantial improvement, achieving a profit this half-year of £231,868 (2010: loss of £173,592). This improvement is mainly due to a rise in loan stock income and dividends, and to reductions in costs. I&G VCT has benefited from an increase of £286,705 in loan stock interest. At the same time dividends from investee companies have nearly doubled from £33,742 to £66,346.

Investment management fees have fallen by £18,428 (after adjusting for the treatment of costs previously treated as administrative) primarily due to a slight fall in net assets under management during the period. Last year's other expenses have reduced by £88,512, principally because last year's figure included the costs of merging the 'O' and 'S' Share funds.

Dividend

An interim capital dividend in respect of the year ended 30 September 2010 of 2 pence per share was announced on 4 November 2010. The dividend was paid, to Shareholders on the Register on 28 January 2011, on 22 February 2011. The Company's Dividend Investment Scheme applied to this dividend and 288 Shareholders, who between them held a total of 2,276,359 representing 5.9% of the Company, were issued 52,473 Shares at an issue price of 86.70 pence per share.

A final capital dividend of 2 pence per new share was recommended to Shareholders at the Annual General Meeting of the Company held on 16 February 2011. This Resolution was passed for payment to Shareholders on the register on 4 March 2011 on 28 March 2011. The Company's Dividend Investment Scheme also applied to this dividend and 419 Shareholders, who between them held a total of 3,590,904 Shares representing 9.36% of the Company, were issued 78,840 Shares on 29 March 2011 at an issue price of 91.0 pence per share.

The issue price used for both dividends above 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 period ended 31 March 2011 the Company bought back 904,909 Shares (representing 2.45% of the Shares in issue at the beginning of the year) at a total cost of £805,142 (inclusive of expenses). These shares were subsequently cancelled by the Company.

The Board regularly reviews its buyback policy and its current intention, given the less volatile outlook for the valuation of the portfolio, is to continue with its existing buy-back policy with the objective of maintaining the discount to NAV at which the Company's Shares trade at 10% or less. At 26 May 2011, the mid-market price for the Company's Shares was 89.5 pence, representing a discount of 10.6% to the NAV prevailing at 31 March 2011.

Shareholder communications

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

The Investment Manager held a successful and well attended Shareholder workshop in December 2010 and intends to hold a similar event in late 2011.

Outlook

The uncertain times continue in the economic arena. After months of negotiation, Portugal finally admitted defeat by asking its European partners to bail it out via the Eurozone's stabilisation mechanism. It is not entirely clear whether this will be the last member of the 'club' to have to seek assistance or whether those nations having taken a bail-out will be able to repay their debts when they become due. Nevertheless within the UK, the events in Portugal have strengthened the arguments for the measures currently undertaken by the Chancellor.

Against this economic backdrop a more encouraging picture is being seen in the UK by the many individual companies that are producing better than expected results, although overall economic growth is expected to be slow by comparison with their US and German counterparts.

As a result of this scenario, the Company has continued to retain a significant cash position. Moreover, the recent fundraising will place the Company in an excellent position to take advantage of what are expected to be increasingly attractive purchase opportunities which should become available as and when the economy climbs out of recession. Therefore, your Board still expects to see attractive investment opportunities and is confident of a continued recovery in performance and portfolio values over the longer term.

The current level of interest rates in the United Kingdom means that it may still to be difficult for the Company to pay a dividend from revenue in the forthcoming year, although some encouragement can be gained from the higher loan interest payments received by the Company in the current period being reported upon. The market view is that interest rates are not expected to rise from this level until the end of 2011. However, the most recent UK economic figures suggest that even this may be optimistic. Nevertheless, the Board remains firmly committed to providing an attractive dividend stream to shareholders.

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

Colin Hook
Chairman
26 May 2011

Principal Risks and Uncertainties

In accordance with Disclosure and Transparency Rule (DTR) 4.2.7, the Board confirms that the principal risks and uncertainties facing the Company have not materially changed since the publication of the Annual Report and Accounts for the year ended 30 September 2010. The Board acknowledges that there is regulatory risk and continues to manage the Company's affairs in such a manner as to comply with section 274 Income Tax Act 2007. The principal risks faced by the Company are:

- economic risk;
- risk of loss of approval as a Venture Capital Trust
- investment and strategic risk;
- regulatory risk;
- financial and operating risk;
- market risk;
- asset liquidity risk;
- market liquidity risk;
- counterparty risk.

A more detailed explanation of these risks can be found in the Directors' Report on pages 29 – 30 and in Note 20 on pages 71 - 77 of the Annual Report and Accounts for the year ended 30 September 2010 copies of which are available on the VCT's website: www.incomeandgrowthvct.co.uk.

Cautionary Statement

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

Responsibility Statement

In accordance with DTR 4.2.10 the Directors confirm that to the best of their knowledge:

(a) the condensed set of financial statements, which has been prepared in accordance with the statement, "Half-Yearly Reports", issued by the Accounting Standards Board, gives a true and fair view of the assets, liabilities, financial position and profit of the Company, as required by DTR 4.2.4; and

(b) the interim management report, included within the Chairman's Statement, Investment Portfolio Summary and the Investment Manager's Review includes a fair review of the information required by DTR 4.2.7 being an indication of the important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements.

(c) a description of the principal risks and uncertainties facing the Company for the remaining six months is set out above, in accordance with DTR 4.2.7; and

(d) There are no related party transactions that are required to be disclosed in accordance with DTR 4.2.8.

On behalf of the Board

Colin Hook
Chairman

26 May 2011

Investment Policy

The Company's policy is to invest primarily in a diverse portfolio of UK unquoted companies. Investments are structured as part loan and part equity in order to receive regular income and to generate capital gains from trade sales and flotations of investee companies.

Investments are made selectively across a number of sectors, primarily in management buyout transactions (MBOs) i.e. to support incumbent management teams in acquiring the business they manage but do not yet own. Investments are primarily made in companies that are established and profitable.

The Company has a small legacy portfolio of investments in companies from its period prior to 30 September 2008, when it was a multi-manager VCT. This includes investments in early stage and technology companies and in companies quoted on the AiM or PLUS.

Uninvested funds are held in cash and lower risk money market funds.

UK companies

The companies in which investments are made must have no more than £15 million, in the case of funds raised under the original prospectus in 2000/01, and £7 million, in the case of funds raised after 6 April 2006, (including the former 'S' Share Fund raised in 2007/08) of gross assets at the time of investment to be classed as a VCT qualifying holding.

VCT regulation

The investment policy is designed to ensure that the Company continues to qualify and is approved as a VCT by HM Revenue & Customs ("HMRC"). Amongst other conditions, the Company may not invest more than 15% of its investments in a single company and must have at least 70% by value of its investments throughout the period in shares or securities comprised in VCT qualifying holdings, of which a minimum overall of 30% by value must be in ordinary shares which carry no preferential rights (save as may be permitted under VCT rules). In addition, although the Company can invest less than 30% of an investment in a specific company in ordinary shares it must have at least 10% by value of its total investments in each VCT qualifying company in ordinary shares which carry no preferential rights (save as may be permitted under VCT rules).

The VCT regulations in respect of funds raised after 6 April 2011 will change, such that 70% of such funds must be invested in equity.

Asset mix

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

Risk diversification and maximum exposures

Risk is spread by investing in a number of different businesses across different industry sectors. To reduce the risk of high exposure to equities, each qualifying investment is structured to maximise the amount which may be invested in loan stock. Initial investments in VCT qualifying companies are generally made in amounts ranging from £200,000 to £1 million at cost. No holding in any one company will represent more than 10% of the value of the Company's investments at the time of investment. Ongoing monitoring of each investment is carried out by the Investment Manager, generally through taking a seat on the board of each VCT qualifying company.

Co-investment

The Company aims to invest in larger, more mature unquoted companies through investing alongside the three other VCTs advised by the Investment Manager with a similar investment policy. This enables the Company to participate in combined investments advised on by the Investment Manager of up to £5 million.

Investment Portfolio Summary

as at 31 March 2011

	Total cost at 31 March 2011 (unaudited) £	Valuation at 30 September 2010 (audited) £	Additional Investments in the period £	Valuation at 31 March 2011 (unaudited) £
Amaldis (2008) Limited (Original Additions) Manufacturer and distributor of beauty products	80,313	1,965,586	–	1,996,026
AppDNA Limited[1] Provider of software repackaging services	347,424[1]	1,091,346[1]	–	1,795,640
IDOX plc Provider of document storage systems	872,625	939,167	–	1,449,583
Aust Recruitment Group Limited (formerly Aust Construction Investors Limited) Recruitment consultants for the pharmaceutical, business intelligence and IT industries	1,441,667	1,000,000	441,667	1,441,667
ASL Technology Holdings Limited (formerly Apricot Trading Limited) Printer and photocopier services	1,350,123	1,000,000	350,123	1,350,123
ATG Media Holdings Limited Publisher and online auction platform operator	888,889	1,377,208	–	1,268,851
Blaze Signs Holdings Limited Manufacturer and installer of signs	1,338,500	242,090	–	1,229,163
CB Imports Group Limited (Country Baskets) Importer and distributor of artificial flowers, floral sundries and home decór products	1,000,000	1,199,310	–	1,221,310
Camwood Enterprises Limited[1] Provider of software repackaging services	347,424[1]	1,091,346[1]	–	1,209,722
DiGiCo Europe Limited Designer and manufacturer of audio mixing desks	325,594	1,201,553	–	1,192,759
Westway Cooling Services Holdings (2010) Limited (formerly MC440 Limited) Installation, service and maintenance of air conditioning systems	353,589	884,557	–	1,127,282
Backbarrow Limited Company seeking to invest in food manufacturing, distribution and brand management services	1,000,000	1,000,000	–	1,000,000
Bladon Castle Management Limited Company seeking to invest in the brand management, consumer products and retail sectors	1,000,000	1,000,000	–	1,000,000
Fullfield Limited Company seeking to invest in food manufacturing, distribution and brand management services	1,000,000	1,000,000	–	1,000,000
Rusland Management Limited Company seeking to invest in brand management, consumer products and retail sectors	1,000,000	1,000,000	–	1,000,000
Torvar Limited Company seeking to invest in database management, mapping, data mapping and management services to legal and building industries	1,000,000	1,000,000	–	1,000,000
Iglu.com Holidays Limited Online ski and cruise travel agent	152,326	1,616,116	–	867,323
British International Holdings Limited Helicopter service operator	590,909	796,381	–	828,512
Focus Pharma Holdings Limited Licensor and distributor of generic pharmaceuticals	516,900	707,569	–	795,638
Youngman Group Limited Manufacturer of ladders and access towers	1,000,052	700,992	–	700,992
Machineworks Software Limited[2] Software for CAM and machine tool vendors	225,125[2]	511,761[2]	–	688,799
Brookerpaks Limited Importer and distributor of garlic and vacuum-packed vegetables	55,000	498,095	–	603,296
Tikit Group plc Provider of consultancy services and software solutions for law firms	247,000	839,129	–	551,990

	Total cost at 31 March 2011 (unaudited) £	Valuation at 30 September 2010 (audited) £	Additional Investments in the period £	Valuation at 31 March 2011 (unaudited) £
Duncary 8 Limited Technical training business	634,923	683,746	–	515,015
Faversham House Publisher, exhibition organiser and operator of websites for the environmental, visual communications and building services sectors	487,744	–	487,744	487,744
Image Source Group Limited Royalty free picture library	305,000	1,399,114	–	474,770
Omega Diagnostics Group plc In-vitro diagnostics for food intolerance, autoimmune diseases and infectous diseases	279,996	–	279,997	338,239
Racoon International Holdings Limited Supplier of hair extensions, hair care products and training	550,852	243,664	–	246,970
Biomer Technology Limited Developer of biomaterials for medical devices	137,170	226,152	–	226,152
Letraset Limited Manufacturer and distributor of graphic art products	650,000	213,859	–	215,468
Vectair Holdings Limited Designer and distributor of washroom products	53,400	366,575	–	174,848
NexxtDrive Limited Developer and exploiter of patented transmission technologies	812,014	162,500	–	162,500
ANT plc Provider of embedded browser/email software for consumer electronics and internet appliances	462,816	160,866	–	157,583
The Plastic Surgeon Holdings Limited Supplier of snagging and finishing services to the property sector	406,082	101,521	–	101,521
Sarantel Group plc Developer and manufacturer of antennae for mobile phones and other wireless devices	1,881,252	102,117	–	74,885
Oxonica plc International nanomaterials group	2,524,527	–	–	69,624
Aquasium Technology Limited Design, manufacture and marketing of bespoke electron beam welding and vacuum furnace equipment	700,000	396,581	–	68,576
Lightworks Software Limited[2] Software for CAD vendors	20,471[2]	266,177[2]	–	58,886
Corero plc Provider of e-business technologies	600,000	24,558	–	34,381
Alaric Systems Limited Software development, implementation and support in the credit/debit card authorisation and payments market	595,802	30,647	–	30,647
Aigis Blast Protection Limited Specialist blast containment materials company	272,120	–	–	–
DCG Group Limited Design, supply and integration of data storage solutions	83,324	181,771	–	–
Legion Group plc Provider of manned guarding, mobile patrols and alarm response services	150,000	–	–	–
Monsal Holdings Limited Supplier of engineering services to water and waste sectors	426,164	768,505	–	–
PXP Holdings Limited (Pinewood Structures) Designer, manufacturer and supplier of timber frames for buildings	920,176	–	–	–
Campden Media Limited Magazine publisher and conference organiser	–	125,921	–	–
Total	**29,087,293**	**28,116,479**	**1,559,531**	**28,756,485**

[1] On 23 November 2010, Camwood Limited undertook a demerger, such that I&G VCT now holds separate investments in AppDNA Limited and Camwood Enterprises Limited. As a result, the cost, and valuation as at 30 September 2010, of Camwood Limited has been split equally between AppDNA Limited and Camwood Enterprises Limited.

[2] On 31 March 2011, VSI Limited undertook a demerger, such that I&G VCT now holds separate investments in Machineworks Software Limited and Lightworks Software Limited . As a result, the cost, and valuation as at 30 September 2010, of the ordinary and preference share investments in VSI Limited has been split equally between Machineworks Software Limited and Lightworks Software Limited. The former loan investment in VSI of £204,654 had been wholly transferred to Machineworks Software Limited, so this loan's cost, and value at 30 September 2010, has been specifically allocated to that new investment.

Investment Manager's Review

The six month period to 31 March 2011 has shown signs of improvement in our investment marketplace. As a result of this we have made four new investments in the first few months of the period. Whilst this recovery may as yet be uneven, we are increasingly confident that the UK economy is now robust enough to generate the right environment for attractively priced new investment opportunities. Portfolio boards are also becoming more confident in considering their strategy for the future development of their companies.

Our strategic response to the significant increase in deal flow is to focus on companies with strong and defensible market positions within their sectors, rather than targeting specific market sectors. However, we remain alert to the potential impact of cuts in public spending that are being implemented by the coalition government on the UK economy.

New investment

Four new investments have completed since the end of October, two of which used the existing acquisition vehicles Aust and Apricot.

In the first of these, in October the Company used its existing investment of £1 million in the acquisition vehicle, Aust, to support the MBO of RDL Recruitment Corporation, a European recruitment provider within the pharmaceutical, business intelligence and IT sectors based in London and Woking. The company, which employs 70 staff, was established in 1992. It sources staff for over 300 major companies, matching niche professionals with "hard to fill" contract assignments and staff positions. The VCT's total investment in this company, which changed its name to Aust Recruitment Group Limited following the MBO, now stands at £1.4 million.

Secondly, the VCT invested £487,744 in December to support the MBO of Faversham House Group Limited. Based in Croydon, this is an established media company providing magazines, exhibitions and online resources in the environment and sustainability, visual communications and building services sectors.

Again in December, the VCT invested £279,997 into the AiM-listed company Omega Diagnostics Group Plc. Based in Alva, Scotland this company provides high quality in vitro diagnostics products for use in hospitals, blood banks, clinics and laboratories in over 100 countries and specialises in the areas of food intolerance, autoimmune disease and infectious disease. The share price has moved up since investment, giving an early uplift from cost of £58,243 at the period end.

Finally, also in December, the VCT used its existing acquisition vehicle, Apricot Trading, to support the MBO of Automated Systems Group plc, a Cambridge-based printer and copier services business with a broad customer base of schools and SMEs. The VCT's total investment in this company, which changed its name to ASL Technology Holdings Limited, stands at £1.35 million following the MBO. The VCT made a follow-on investment of £575,884 to help fund the acquisition of Transcribe Copier Systems Limited (of which £419,667 is held in escrow pending finalisation of the second tranche of this additional investment until June 2011).

Our Operating Partner programme continues to pursue an active search for investment opportunities. The Company's five acquisition vehicles Backbarrow, Bladon Castle Management, Fullfield, Rusland Management and Torvar are all actively seeking suitable investment opportunities in a variety of sectors including food manufacturing, retailing, brand management, health and well-being and IT. So far they, have not found sufficiently attractive investment opportunities at the right price. Each of the acquisition vehicles is headed by an experienced Chairman, well-known to us, who is working closely with us in seeking to identify and complete investments in specific sectors relevant to their industry knowledge and experience.

Realisations

We are pleased to report that a number of companies in the portfolio continue to be strongly cash generative. As a result of this the Company has received a total of £1.94 million in loan stock repayments during the six month period to 31 March 2011 (including any premiums paid). ATG Media made a partial repayment of £111,111 in October 2010. In November 2010, DCG Group repaid its outstanding loan in full remitting £204,772 to the Company and Westway made a further repayment of £99,681. Iglu.com repaid its loan stock in full in February 2011, realising £997,675 for the Company. It is particularly impressive that Iglu has generated further cash in the short time since investment in December 2009, making this prepayment possible. Vectair repaid its loan in full in March 2011 remitting £195,017 to the Company.Camwood Enterprises and App-DNA Group both repaid half of their secured loans in March, remitting equal payments of £166,667. In April 2011, Camwood Enterprises repaid its loan in full, by repaying the other £166,667.

Also in April 2011, MachineWorks Software made a payment of £255,818 in full settlement of its loan.

In January 2011 the Company realised its entire investment in Campden Media for a cash consideration of £287,239, compared to the previous quarter's valuation of £125,921. This represented 85.8% of the total investment cost of £334,880. Together with interest paid over the life of the investment the total cash return was £349,013, representing 104.2% of cost.

In February 2011, the Company realised its remaining investment in HWA Group Limited for a cash consideration. The total cash return over the life of this investment was £5,070,682, compared to amounts originally invested of £1,422,320, being 3.6 times cost.

The Company sold a total of 220,000 shares in Tikit Group during the six months to 31 March 2011 realising total net proceeds of £488,536. The shares were sold in two tranches in November 2010 and February 2011 at prices of £1.97 and £2.45 per share respectively, compared to an investment cost of £1.15 per share. A further 50,000 shares were sold after the period-end realising total net proceeds of £136,949 compared to the valuation at 31 March 2011 of £128,500. The VCT retains a residual holding in this company.

Portfolio review

The portfolio as a whole continues to demonstrate resilience. The period has seen the demergers of the VCT's investments in Camwood and VSI. There have been some strong performances in the portfolio whilst other companies, mainly in the construction sector, are still contending with the worst effects of the downturn.

Camwood completed the demerger of its AppDNA business in November 2010. As a result of the demerger, the VCT has two identical investments in each of Camwood Enterprises and App-DNA Group comprising a 31.5% equity stake. (The original Camwood secured loan of £666,667 was initially divided equally between the two companies but has since been substantially repaid as referred to above. Both companies are leading specialists in Application Migration softwareTM. Camwood, trading as Camwood Consulting, provides IT consultancy services to blue chip customers and AppDNA sells its software via third party consultancies. The demerger has established AppDNA as an independent business.

Just before the end of the period in March 2011, VSI also completed the demerger of its two operating subsidiary companies, creating two separate investee companies for the VCT, MachineWorks Software Limited and LightWorks Software Limited. The original VSI loan, which was transferred to MachineWorks on the demerger, was repaid by this company shortly after the period-end leaving the VCT with separate investments in each of these companies of £20,471. The demerger should enhance the prospects of both companies.

The three investments made during 2009 into Westway, CB Imports Group and Iglu.com Holidays are all now valued above cost as a result of out performance of their investment plans. Vectair continues to make good progress in the US market. Focus Pharma continues to trade well, although it ended its financial year slightly behind a stretching budget. It expects to progress further with several new product launches due during 2011. Amaldis has recorded increased profitability, as has British International, and Blaze Signs has also recovered strongly in recent months. Youngman has also returned to profitability after a prolonged period of slow trading.

Recovery in the construction and house building sectors remains fragile and this continues to affect the performance of PXP and Plastic Surgeon. Monsal is currently trading well behind budget reflecting ongoing project delays. As reported in the Chairman's Statement, the Manager has assessed that the pending round of additional funding that Monsal requires (which your Company intends to participate in), is likely to have priority over the existing investment. Accordingly, we have advised that the existing investment be valued at nil for the time being. We retain the view that the potential for this environmental business remains considerable, albeit that realisation of that potential has been deferred. In addition, Image Source has continued to suffer from deteriorating trading conditions in a challenging market.

Oxonica plc re-registered as Oxonica Limited in February 2011 and as part of a capital distribution, returned £69,624 to the Company.

It is important to note that during the period, no further funding has been required by any of the investee companies to help them deal with trading downturns (with the exception of Monsal, as mentioned above, where a commitment has been made after the period-end). Having retained significant uninvested cash, which will be bolstered by the current fundraising, we consider the Company is very well placed to cover both any portfolio needs and funding for attractive new investment opportunities that may arise.

Unaudited Income Statement

for the six months ended 31 March 2011

	Notes	Six months ended 31 March 2011 (unaudited) Revenue £	Capital £	Total £	Six months ended 31 March 2010 (unaudited) Revenue £	Capital £	Total £
Unrealised gains on investments	7	–	1,541,682	1,541,682	–	1,187,618	1,187,618
Net gains on realisation of investments	7	–	379,561	379,561	–	37,442	37,442
Income	2	576,851	–	576,851	277,682	–	277,682
Recoverable VAT		–	–	–	–	–	–
Investment management expense	3	(110,981)	(332,942)	(443,923)	(96,270)	(288,811)	(385,081)
Other expenses		(189,622)	–	(189,622)	(355,004)	–	(355,004)
Merger costs		–	–	–	–	–	–
Profit/(loss) on ordinary activities before taxation		**276,248**	**1,588,301**	**1,864,549**	**(173,592)**	**936,249**	**762,657**
Tax on profit/(loss) on ordinary activities	4	(44,380)	44,380	–	–	–	–
Profit/(loss) on ordinary activities after taxation		**231,868**	**1,632,681**	**1,864,549**	**(173,592)**	**936,249**	**762,657**
Basic and diluted earnings per Ordinary Share (formerly 'S' Share):	**6**	**0.62p**	**4.36p**	**4.98p**	**(0.75)p**	**0.71p**	**(0.04)p**

The total column of this statement is the Profit and Loss Account of the Company.

All revenue and capital items in the above statement derive from continuing operations.

There were no other recognised gains or losses in the period.

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

The notes on pages 18 to 23 form part of these half-year financial statements.

Year ended 30 September 2010 (audited)		
Revenue £	Capital £	Total £
–	2,986,059	2,986,059
–	15,412	15,412
730,447	–	730,447
12,295	36,886	49,181
(204,246)	(612,738)	(816,984)
(513,840)	–	(513,840)
(75,516)	–	(75,516)
(50,860)	**2,425,619**	**2,374,759**
–	–	–
(50,860)	**2,425,619**	**2,374,759**
(0.20)p	**9.75p**	**9.55p**

Unaudited Balance Sheet

as at 31 March 2011

	Notes	31 March 2011 (unaudited) £	31 March 2010 (unaudited) £	30 September 2010 (audited) £
Non-current assets				
Investments	7	28,756,485	21,534,682	28,116,479
Current assets				
Debtors and prepayments	10	1,718,335	168,229	162,076
Investments at fair value	8	6,768,945	14,385,083	8,708,573
Cash at bank	9	2,566,232	20,385	106,536
		11,053,512	14,573,697	8,977,185
Creditors: amounts falling due within one year		(291,383)	(378,229)	(488,968)
Net current assets		**10,762,129**	**14,195,468**	**8,488,217**
Net assets		**39,518,614**	**35,730,150**	**36,604,696**
Capital and reserves	11			
Called up share capital		394,792	379,300	369,709
Share premium account		3,728,433	369,141	369,141
Capital redemption reserve		179,860	161,220	170,811
Revaluation reserve		2,563,342	(4,208,921)	422,183
Special reserve		21,307,003	27,059,018	23,105,248
Profit and loss account		11,345,184	11,970,392	12,167,604
Equity shareholders' funds		**39,518,614**	**35,730,150**	**36,604,696**
Basic and diluted net asset value: per Ordinary Share	**12**	**100.10p**	**94.20p**	**99.01p**

The financial information for the six months ended 31 March 2011 and the six months ended 31 March 2010 has not been audited.

The notes on pages 18 to 23 form part of these half-year financial statements.

Unaudited Reconciliation of Movements in Shareholders' Funds

for the six months ended 31 March 2011

	Notes	Six months ended 31 March 2011 (unaudited) £	Six months ended 31 March 2010 (unaudited) £	Year ended 30 September 2010 (audited) £
Opening shareholders' funds		36,604,696	35,883,097	35,883,097
Net share capital bought back in the period	11	(805,142)	(225,911)	(966,118)
Net share capital subscribed in the period		3,393,424	61,721	61,721
Profit for the period		1,864,549	762,657	2,374,759
Dividends paid in period	5	(1,538,913)	(751,414)	(748,763)
Closing shareholders' funds		**39,518,614**	**35,730,150**	**36,604,696**

The notes on pages 18 to 23 form part of these half-year financial statements.

Unaudited Cash Flow Statement

for the six months ended 31 March 2011

	Six months ended 31 March 2011 (unaudited) £	Six months ended 31 March 2010 (unaudited) £	Year ended 30 September 2010 (audited) £
Operating activities			
Investment income received	424,952	185,905	687,327
Investment management fees paid	(653,033)	(381,259)	(595,053)
Recoverable VAT and interest received thereon	34,370	143,757	144,206
Other income	3,582	4,053	4,053
Other cash payments	(136,645)	(262,947)	(508,610)
Merger costs paid by the company			(75,516)
Net cash outflow from operating activities	**(326,774)**	**(310,491)**	**(343,593)**
Investing activities			
Acquisitions of investments	(1,559,531)	(1,512,597)	(6,514,315)
Disposals of investments	2,835,173	1,093,303	1,289,635
Net cash inflow/(outflow) from investing activities	**1,275,642**	**(419,294)**	**(5,224,680)**
Dividends			
Equity dividends paid	(1,538,914)	(751,414)	(748,763)
Cash outflow before financing and liquid resource management	**(590,046)**	**(1,481,199)**	**(6,317,036)**
Management of liquid resources			
Decrease in current investments	1,939,628	1,576,987	7,253,497
Financing			
Issue of Ordinary Shares	1,950,890	61,722	61,721
Purchase of own shares	(840,776)	(192,763)	(947,284)
	1,110,114	**(131,041)**	**(885,563)**
Increase/(decrease) in cash for the period	**2,459,696**	**(35,253)**	**50,898**

Reconciliation of profit on ordinary activities before taxation to net cash outflow from operating activities

for the six months ended 31 March 2011

	Six months ended 31 March 2011 £	Six months ended 31 March 2010 £	Year ended 30 September 2010 £
Profit on ordinary activities before taxation	**1,864,549**	**762,657**	**2,374,759**
Net unrealised gains on investments	(1,541,682)	(1,187,618)	(2,986,059
Net gains on realisations of investments	(379,561)	(37,442)	(15,412)
(Increase)/decrease in debtors	(108,138)	17,647	23,800
(Decrease)/increase in creditors	(161,942)	134,265	259,319
Net cash outflow from operating activities	**(326,774)**	**(310,491)**	**(343,593)**

The notes on pages 18 to 23 form part of these half-year financial statements.

Notes to the Unaudited Financial Statements

1 Principal accounting policies

The following accounting policies have been applied consistently throughout the period. Full details of principal accounting policies will be disclosed in the Annual Report.

a) Basis of accounting

The unaudited results cover the six months to 31 March 2011 and have been prepared under UK Generally Accepted Accounting Practice (UK GAAP), consistent with the accounting policies set out in the statutory accounts for the year ended 30 September 2010 and the 2009 Statement of Recommended Practice, 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' ("the SORP").

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

The results for the six months to 31 March 2010 and the year ended 30 September 2010 reflected the activities of what were previously the 'O' and 'S' Share Funds of the Company. On 29 March 2010, the 'O' Share Fund and the 'S' Share Fund were consolidated. New 'S' Shares were issued to 'O' Fund Shareholders in proportion to its net assets relative to the 'S' Share Fund. Each of the issued and unissued 'S' Shares were then redesignated as new Ordinary Shares.

b) Presentation of the Income Statement

In order to better reflect the activities of a VCT and in accordance with the SORP, supplementary information which analyses the Income Statement between items of a revenue and capital nature has been presented alongside the Income Statement. The revenue column of profit attributable to equity shareholders is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in Section 274 Income Tax Act 2007.

c) Investments

All investments held by the Company are classified as "fair value through profit and loss", in accordance with the International Private Equity and Venture Capital Valuation ("IPEVCV") guidelines, as updated in September 2009, which have not materially changed the results reported last year. This classification is followed as the Company's business is to invest in financial assets with a view to profiting from their total return in the form of capital growth and income.

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

Unquoted investments are stated at fair value by the Directors in accordance with the following rules, which are consistent with the IPEVCV guidelines:

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

(i) Where a value is indicated by a material arms-length transaction by an independent third party in the shares of a company, this value will be used.

(ii) In the absence of i), and depending upon both the subsequent trading performance and investment structure of an investee company, the valuation basis will usually move to either:-

a) an earnings multiple basis. The shares may be valued by applying a suitable price-earnings ratio to that company's historic, current or forecast post-tax earnings before interest and amortisation (the ratio used being based on a comparable sector but the resulting value being adjusted to reflect points of difference identified by the Investment Manager compared to the sector including, inter alia, a lack of marketability).

or:-

b) where a company's underperformance against plan indicates a diminution in the value of the investment, provision against cost is made, as appropriate. Where the value of an investment has fallen permanently below cost, the loss is treated as a permanent impairment and as a realised loss, even though the investment is still held. The Board assesses the portfolio for such investments and, after agreement with the Investment Manager, will agree the values that represent the extent to which an investment has become realised. This is based upon an assessment of objective evidence of that investment's future prospects, to determine whether there is potential for the investment to recover in value.

(iii) Premiums on loan stock investments are accrued at fair value when the Company receives the right to the premium and when considered recoverable.

(iv) Where an earnings multiple or cost less impairment basis is not appropriate and overriding factors apply, discounted cash flow or net asset valuation bases may be applied.

2 Income

	Six months ended 31 March 2011 (unaudited) Total £	Six months ended 31 March 2010 (unaudited) Total £	Year ended 30 September 2010 (audited) Total £
Dividends	66,346	33,742	200,605
Money-market funds	22,226	37,087	73,446
Loan stock interest	479,342	192,637	442,132
Bank deposit interest	5,356	616	664
Interest received on VAT	–	9,547	9,547
Other Income	3,581	4,053	4,053
Total Income	576,851	277,682	730,447

3 Investment management expense

	Six months ended 31 March 2011 Total £	Six months ended 31 March 2010 Total £	Year ended 30 September 2010 Total £
Investment management fee	443,923	385,081	816,984

The Directors have charged 75% of the fees payable under the investment adviser's agreement, and charge 100% of the amounts payable under the Incentive Agreement, to the capital reserve. The Directors believe it is appropriate to charge the incentive fee wholly against the capital return, as any fee payable depends on capital performance, as explained below.

After the merger, the Investment Manager's Incentive Agreement for the former 'O' Share Fund has been continued while the former 'S' Share Fund's Incentive Agreement has been terminated. Under the terms of the pre-merger 'O' Share Fund Incentive Agreement, each of the ongoing Investment Manager, Matrix Private Equity Partners LLP ("MPEP") and a former Investment Manager, Foresight Group LLP ("Foresight") are entitled to a performance fee equal to 20% of the excess of the value of any realisation of an investment made after 30 June 2007, over the value of that investment in an Investment Manager's portfolio at that date ("the Embedded Value"), which value is itself uplifted at the rate of 6% per annum. No fee is payable in any year if the value of that Investment Manager's portfolio at that year-end plus the cumulative value of any realisations made up to that year-end is less than the value of that Investment Manager's portfolio at 30 June 2007, "the High Watermark test".

However, two amendments were made to this agreement for MPEP, the ongoing Investment Manager. Firstly, the High Watermark was increased by £811,430, being the 'S Share Fund's shortfall in total net assets from net asset value of £1 per 'S' Share, at 31 December 2009. Secondly, only 70% of any new investment made by MPEP after the merger will be added to the calculation of the Embedded Value and value of the Investment Manager's portfolio, for the purposes of assessing any excess. No incentive fee is payable for the period ended 31 March 2011.

4 Taxation

There is no tax charge for the period as the Company has tax losses which can be offset between revenue and capital.

Notes to the Unaudited Financial Statements

5 Dividends on equity shares paid and payable

	Six months ended 31 March 2011 £	Six months ended 31 March 2010 £	Year ended 30 September 2010 £
Ordinary shares (formerly 'S' Share Fund)			
Ordinary Shares – interim paid of 2p and final paid of 2p (30 September 2010: 0.5p; 31 March 2010: 0.5p) pence per share	1,538,913	59,032	52,668
Under/(over) provision re prior year	–	(56)	–
Former 'O' Share Fund			
'O' Shares – nil (31 March 2010: 2p; 30 September 2010: 2p) pence per share	–	696,488	696,095
Under/(over) provision re prior year	–	(4,050)	–
	1,538,913	**751,414**	**748,763**

6 Basic and diluted earnings and return per share

	Six months ended 31 March 2011 Ordinary Shares Total £	Six months ended 31 March 2010 'O' Share Fund £	Six months ended 31 March 2010 'S' (now Ordinary) Share Fund £	Year ended 30 September 2010 Ordinary Shares Total £
i) Total earnings after taxation:	1,864,549	767,073	(4,416)	2,374,759
Basic earnings per share	**4.98p**	**2.22p**	**(0.04)p**	**9.55p**
ii) Net revenue from ordinary acivities after taxation	231,868	(84,695)	(88,897)	(50,860)
Revenue return per share	**0.62p**	**(0.24)p**	**(0.75)p**	**(0.20)p**
Net unrealised capital gains	1,541,682	1,021,916	165,702	2,986,059
Net realised capital gains	379,561	36,403	1,039	15,412
Income from capital dividends	–	–	–	–
Recoverable VAT	–	–	–	36,886
Capital expenses (net of taxation)	(288,562)	(206,551)	(82,260)	(612,738)
iii) Total capital return	1,632,681	851,768	84,481	2,425,619
Capital return per share	**4.36p**	**2.45p**	**0.71p**	**9.75p**
iv) Weighted average number of shares in issue in the period	37,412,969	34,578,490	11,807,017	24,854,456

Other than the performance related incentive, there are no instruments in place that will increase the number of shares in issue in future. Accordingly, the above figures currently represent both basic and diluted returns.

7 Summary of movements on investments during the period

Company	Traded on AiM £	Unlisted or traded on PLUS MARKETS £	Preference shares £	Qualifying loans £	Total £
Valuation at 30 September 2010	2,065,837	11,867,127	35,738	14,147,777	28,116,479
Purchases at cost	–	483,378	–	1,076,153	1,559,531
Sales – proceeds	(490,500)	(95,392)	–	(2,257,997)	(2,843,889)
– realised gains	65,901	95,392	–	221,389	382,682
Reclassification at valuation	–	(175,383)	27,576	147,807	–
Unrealised gains	627,184	590,051	16,731	307,716	1,541,682
Valuation at 31 March 2011	**2,268,422**	**12,765,173**	**80,045**	**13,642,845**	**28,756,485**
Book cost at 31 March 2011	4,063,693	11,253,729	96,766	13,673,105	29,087,293
Unrealised (losses)/gains at 31 March 2011	(1,795,271)	4,405,594	(16,721)	(30,260)	2,563,342
Permanent impairment of valuation of investments	–	(2,894,150)	–	–	(2,894,150)
	2,268,422	12,765,173	80,045	13,642,845	28,756,485
Gains on investments					
Realised losses based on historical cost	237,500	(168,742)	–	(285,553)	(216,795)
Less amounts recognised as unrealised gains/(losses) in previous years	171,599	(264,134)	–	(506,942)	(599,477)
Realised gains based on carrying value at 30 September 2010	65,901	95,392	–	221,389	382,682
Net movement in unrealised appreciation in the period	627,184	590,051	16,731	307,716	1,541,682
Gains on investments for the period ended 31 March 2011	**693,085**	**685,443**	**16,731**	**529,105**	**1,924,364**

Transaction costs of £3,121 were incurred in the period and are treated as realised gains on investments in the Income Statement. Deducting these from realised gains above gives £379,561 of gains as shown in the Income Statement.

Proceeds above of £2,843,889 differ from the cash flow statement figure of £2,835,173 by £8,716. This is due to transaction costs of £3,121 and an amount due from the liquidators of FH Ingredients of £5,595.

8 Current asset investments

	31 March 2011 Total £	31 March 2010 Total £	30 September 2010 Total £
Monies held pending investment			
Royal Bank of Scotland Sterling Liquidity Fund	120,079	2,642,764	1,080,206
Royal Bank of Scotland Sterling Liquidity Fund plus	–	93,725	–
Blackrock Investment Management (UK) Institutional Sterling Fund	969,186	2,460,113	966,062
Fidelity Institutional Cash Fund	2,690,056	4,173,115	4,182,636
Prime Rate Capital Management LLP Sterling Liquidity Fund (UK based)	1,560,346	1,002,346	1,055,669
Scottish Widows Investment Partnership Sterling Liquidity Fund	1,429,278	4,013,020	1,424,000
Monies held pending investment	**6,768,945**	**14,385,083**	**8,708,573**

These comprise investments in five Dublin based OEIC money market funds and one UK based as shown in the table above. £6,768,945 (31 March 2010: £14,291,358; 30 September 2010: £8,708,573) of this sum is subject to same day access, while £nil (31 March 2010: £93,725; 30 September 2010: £nil) is subject to two day access.

Notes to the Unaudited Financial Statements

9 Cash at bank

Cash at bank includes £419,667 of cash committed to be subscribed for new loan stock in investee company ASL Technology Holdings Limited, as part of a larger commitment by other VCTs advised by the Manager to invest a sum totalling £1,600,000. The subscription will take place in June 2011 and until that time the cash is held in an escrow account in the Company's name but secured against a bank bridging loan to ASL Technology Holdings Limited.

10 Debtors

	31 March 2011 Total £	31 March 2010 Total £	30 September 2010 Total £
Accrued Income	260,350	160,688	112,032
Prepayments	9,865	7,093	15,674
Other debtors	5,594	448	34,370
Share allotment proceeds receivable (see note)	1,442,526	–	–
	1,718,335	168,229	162,076

Note: This sum of £1,442,526 is due from allotments of shares on 28 February 2011 and 22 March 2011, arising from the Joint VCT fundraising offer. These funds were received shortly after the period end.

11 Capital and reserves for the six months ended 31 March 2011

	Called up share capital £	Share premium account £	Capital Redemption reserve £	Revaluation reserve £	Special reserve £	Profit and loss account £	Total £
At 1 October 2010	369,709	369,141	170,811	422,183	23,105,248	12,167,604	36,604,696
Shares bought back	(9,049)	–	9,049	–	(805,142)	–	(805,142)
Shares issued	32,819	3,243,235	–	–	–	–	3,276,054
Dividends re-invested into new shares	1,313	116,057	–	–	–	–	117,370
Dividends paid	–	–	–	–	–	(1,538,913)	(1,538,913)
Loss transferred between reserves	–	–	–	–	(993,103)	993,103	–
Other expenses net of taxation	–	–	–	–	–	(288,562)	(288,562)
Net unrealised gains on investments	–	–	–	1,541,682	–	–	1,541,682
Gains on disposal of investments (net of transaction costs)	–	–	–	–	–	379,561	379,561
Realisation of previously unrealised appreciation	–	–	–	599,477	–	(599,477)	–
Profit for the period	–	–	–	–	–	231,868	231,868
At 31 March 2011	**394,792**	**3,728,433**	**179,860**	**2,563,342**	**21,307,003**	**11,345,184**	**39,518,614**

12 Net asset value per share

	31 March 2011 Ordinary Shares Total	31 March 2010 Ordinary Shares Total	30 September 2010 Ordinary Shares Total
Net assets	£39,518,614	£35,730,150	£36,604,696
Number of shares in isssue	39,479,195	37,929,970	36,970,891
Net asset value per share – basis and diluted	100.10p	94.20p	99.01p

Diluted NAV per share assumes that the Investment Manager's incentive fee is satisfied by the issue of additional shares. No incentive fee is expected to be triggered for the Company for the current period and therefore net asset value per share and diluted net asset value per share are the same.

13 Contingent liability

The Company and another shareholder of one of its investee companies are parties to an action brought by a former director and current shareholder of that investee company. The Board is committed to defending the action. However the litigation process has not yet reached a point at which it is possible for the Board to quantify with any certainty the final costs that the Company may ultimately incur from this action. The Board hopes to be able to assess these with greater certainty by the year end.

14 Post balance sheet events

On 1 April, 5 April and 10 May 2011, the Company allotted a further 1,803,918 ordinary shares under the Matrix VCT Linked Offer launched on 12 November 2010, raising net funds of £1,805,973.

15 The financial information for the six months ended 31 March 2011 and the six months ended 31 March 2010 has not been audited.

The financial information contained in this Half-Year Report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006.The financial statements for the year ended 30 September 2010 have been filed with the Registrar of Companies. The auditors have reported on these financial statements and that report was unqualified and did not contain a statement under either section 498(2) or 498(3) of the Companies Act 2006.

16 Copies of this statement are being sent to all shareholders. Further copies are available free of charge from the Company's registered office, One Vine Street, London, W1J OAH and a pdf may be downloaded from its website: www.incomeandgrowthvct.co.uk.

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