

# MATRIX INCOME & GROWTH 2 VCT PLC

## MIG 2 VCT UPDATE MARCH 2010

Welcome to the latest Matrix Income & Growth 2 ("MIG 2") VCT Newsletter, providing an update of activity since the Half-Yearly Report for the six months ended 31 October 2009.

	NET ASSET VALUE as at 31 Jan 10	SHARE PRICE as at 31 Jan 10*
ORDINARY SHARES	67.4p	48.5p
C SHARES	86.5p	55.3p

\*at date of issue (23 March), the share price was 46.3p for Ordinary Shares and 57.3p for C Shares

As at 31 January, the Ordinary Share Fund total shareholder return was 94.2p comprising NAV of 67.4p plus cumulative dividends paid of 26.8p. On a comparable basis, this represents an increase of 1.2% in total shareholder return from 93.1p at 31 October 2009. The C Share Fund total shareholder return was 91.5p comprising NAV of 86.5p plus cumulative dividends paid of 5.0p. On a comparable basis, this represents an increase of 1.2% in total shareholder return from 90.4p at 31 October 2009.

## LATEST INVESTMENTS AND DIVESTMENTS

MIG 2 successfully realised its investment in PastaKing Holdings Limited, the Newton Abbot based supplier of fresh pasta meals, in November 2009 for proceeds of £736,918 for the Ordinary Share Fund and £514,393 for the C Share Fund. This realisation contributed to total proceeds over the life of the investment of £895,350 for the Ordinary Share Fund and £627,868 for the C Share Fund, representing a 3.25x return on the original investment cost of £274,624 and £191,720 respectively.



In December, MIG 2 invested in IGLU.com Holidays Limited, the UK's largest specialist ski and fastest growing cruise holiday travel agent, via the acquisition company Barnfield Management Investments Limited. The Ordinary Share Fund invested £437,309 and the C Share Fund invested £562,691. Iglu is a profitable and cash generative business. Its cruise sales have doubled year on year and this growth looks set to continue.

A follow-on investment was also made in November in British International Holdings Limited of £133,252 by the Ordinary Share Fund and £26,748 by the C Share Fund, as part of a £1 million working capital injection by shareholders.

A follow-on investment was also made in November in British International Holdings Limited of £133,252 by the Ordinary Share Fund and £26,748 by the C Share Fund, as part of a £1 million working capital injection by shareholders.

## CONTACT MATRIX

For more information call Ross Lacey on 020 3206 7109, email at mig2@matrixgroup.co.uk or visit our website www.mig2vct.co.uk

## PORTFOLIO BREAKDOWN AT 31 JANUARY 2010

	ORDINARY SHARES		C SHARES	
	31-Jan-10	31-Oct-09	31-Jan-10	31-Oct-09
	£	£	£	£
Unquoted loan stock	3,105,906	2,876,443	3,035,398	3,337,664
Unquoted equities	1,796,356	2,147,783	1,712,846	2,175,610
AiM quoted investments	68,442	69,709	-	-
Money market funds	2,388,065	2,121,693	10,570,301	9,543,467
Cash	36,347	27,981	38,035	27,678
Net other assets/(liabilities)	198,339	220,399	(353,000)	(231,106)
<b>Net assets</b>	<b>7,593,455</b>	<b>7,464,008</b>	<b>15,003,580</b>	<b>14,853,313</b>
Number of shares in issue	11,259,333	11,259,333	17,346,339	17,396,263
<b>Net asset value per share</b>	<b>67.4p</b>	<b>66.4p</b>	<b>86.5p</b>	<b>85.6p</b>

## MANAGER'S COMMENTARY

We have continued to adopt a highly cautious approach to new investment. Deal activity has increased in the last quarter of 2009 and early 2010 but it is still too early to feel confident this is a trend.

The majority of the investee companies have managed their cashflow well and remain profitable. We have been working actively with the management teams of investee companies encouraging them to take cost cutting measures and looking with them at planning, forecasting and costing systems, where appropriate, to ensure they are as resilient as possible in the current market.

Digico Europe continues to trade strongly and it made a further partial repayment of loan stock to the VCT in December, returning £137,552 to the Ordinary Share Fund and £96,028 to the C Share Fund. This followed similar repayments in May.

CONTINUED OVERLEAF



An Ocean Village cruise booked through Iglu.com

SIX MONTHLY UPDATE MARCH 2010  
ASSET MANAGEMENT

**MANAGER'S COMMENTARY CONTINUED**

ATG Media is trading in line with expectations and continues to see increased interest in its online auction technology. Vectair is seeing growth in its export market and revenues remain ahead of its previous year.

Those businesses with exposure to the housebuilding and construction sectors, notably Youngman, Plastic Surgeon and PXP continue to suffer weakness in their markets. Each has responded by cutting costs and diversifying their markets.

In the C Share Fund, Monsal has seen a number of water companies commit to new waste management projects. Focus Pharma has comfortably beaten results for its previous year and has secured additional revenues for its current financial year and future years. Vanir Consultants continues to search for attractive acquisition opportunities.

Both Share Funds retain liquidity to support portfolio companies where required and merited and to take advantage of attractive new investment opportunities.

**QUALIFYING INVESTMENT PORTFOLIOS AS AT 31 JANUARY 2010**

COMPANY	BUSINESS	INVESTMENT COST £	INVESTMENT VALUATION £	% OF THE INVESTMENT PORTFOLIO
<b>Ordinary Share Fund - Ten largest investments</b>				
Digico Europe	Sound mixing consoles	332,849	999,453	20.1
VSI	Software for CAD/CAM vendors	231,020	789,804	15.9
Youngman Group	Manufacture of ladders and access towers	1,000,052	699,966	14.1
British International	Helicopter services	966,079	605,494	12.2
ATG Media	Publisher and online auction platform operator	508,736	460,556	9.3
Iglu.com Holidays	Online ski and cruise travel agent	437,310	437,310	8.8
Vectair Holdings	Software for CAD and CAM vendors	243,784	415,734	8.3
Campden Media	Publishing and conferencing	975,000	217,361	4.4
Blaze Signs Holdings	Sign manufacturing & installation	791,608	143,629	2.9
Racoon International	Supplier of hair extensions & hair care products	517,350	75,208	1.5
<b>Total of ten largest Ordinary Share Fund investments</b>		<b>6,003,788</b>	<b>4,844,515</b>	<b>97.5</b>
Other investments		1,570,809	126,189	2.5
<b>Total Ordinary Share Fund</b>		<b>7,574,597</b>	<b>4,970,704</b>	<b>100.0</b>
<b>C Share Fund - Ten largest investments</b>				
Vanir Consultants	Seeking acquisitions in the IT sector	1,000,000	1,000,000	21.1
Monsal Holdings	Water & waste sector engineering services	854,450	819,478	17.3
Focus Pharma Holdings	Licensing & distribution of pharmaceuticals	660,238	756,957	15.9
Digico Europe	Sound mixing consoles	232,368	697,738	14.7
Iglu.com Holidays	Online ski and cruise travel agent	562,691	562,691	11.8
ATG Media	Publisher and online auction platform operator	355,159	321,525	6.8
VSI	Software for CAD/CAM vendors	77,623	265,377	5.6
British International	Helicopter services	193,921	121,541	2.6
Blaze Signs Holdings	Sign manufacturing & installation	606,890	110,113	2.3
Racoon International	Supplier of hair extensions & hair care products	361,177	52,504	1.1
<b>Total of ten largest C Share Fund investments</b>		<b>4,904,517</b>	<b>4,707,924</b>	<b>99.2</b>
Other investments		639,583	40,320	0.8
<b>Total C Share Fund</b>		<b>5,544,100</b>	<b>4,748,244</b>	<b>100.0</b>

**Important Notice** Issued by Matrix Private Equity Partners LLP ("Matrix"), One Vine Street, London W1J 0AH. Matrix is authorised and regulated by the Financial Services Authority. This document is for information only. It does not constitute or form part of any offer or invitation to purchase, subscribe for or dispose of securities, nor shall it or any part of it form the basis of or be relied upon in connection with any contract therefor.