INVESTMENT PRODUCTS

MATRIX INCOME & GROWTH VCT PLC

A VENTURE CAPITAL TRUST

REPORT & ACCOUNTS

Unaudited Half-Yearly Report
for the six months ended 30 June 2010

MATRIX

Investment Objective

Matrix Income & Growth VCT plc ("MIG VCT" or the "VCT") is a Venture Capital Trust ("VCT") listed on the London Stock Exchange. Its investment portfolio, which invests primarily in established and profitable unquoted companies, is managed by Matrix Private Equity Partners LLP ("MPEP" or "the Investment Manager").

The Company's objective is to provide investors with a regular income stream, by way of tax-free dividends, and to generate capital growth through portfolio realisations, which can be distributed by way of additional tax-free dividends.

Merger with Matrix Income & Growth 3 VCT plc

The Company merged with Matrix Income & Growth 3 VCT plc (MIG 3 VCT) on 20 May 2010. As part of the merger process MIG 3 VCT was placed in members' voluntary liquidation and its assets and liabilities were transferred to the Company. 20,572,129 new ordinary shares of 1 penny each in the capital of the Company were issued on 20 May 2010 at an attributable issue price of 83.2 pence per share to acquire net assets of £17,111,545 from MIG 3 VCT. Each MIG 3 VCT shareholder received 1.065 shares in MIG VCT (rounded down to the nearest whole number) for each MIG 3 VCT share that they held at the date of the merger.

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Dividends

Prior to the merger, dividends of 5 pence (MIG VCT) and 4 pence (MIG 3 VCT) were paid to shareholders on 21 April 2010.

Performance Summary

Initial net asset value (NAV) per share	94.5p
Initial net assets on 8 October 2004	£20.9 million

	As at 30 June 2010	As at 30 June 2009	As at 31 December 2009
Net assets £m	35.2	16.7	17.0
Net asset value (NAV) per share	86.3p	81.1p	83.3p
Net cumulative dividends paid per share	21.3p	16.3p	16.3p
Total return per share to shareholders since launch (NAV basis)[1]	**107.6p**	**97.4p**	**99.6p**
Share price (mid-market price)	63.0p	60.0p	57.0p

Former MIG 3 VCT Shareholders – Illustration of performance

To help shareholders who originally invested in MIG 3 VCT understand the performance of their investment since inception, the table below shows the NAV return at 30 June 2010 on a single MIG 3 VCT share of £1.

Original investment (1 share at £1.00)	Number of MIG VCT shares held post merger	NAV per share at 30 June 2010	Net cumulative dividends paid per share	Total NAV return per share to shareholders since launch[1]
100.0p	1.0655	91.9p	9.6p	101.5p

[1] Net asset value per share plus cumulative dividends per share. This compares with an original investment cost of 60 pence per share after allowing for income tax relief of 40 pence per share.

Chairman's Statement

This Half-yearly Report covers the six month period ended 30 June 2010.

Merger with Matrix Income & Growth 3 VCT plc

I am pleased to report that the Company successfully merged with Matrix Income & Growth 3 VCT plc (MIG 3 VCT) on 20 May 2010. The merger created an enlarged company with net assets of £35 million compared with £17 million before the merger. It has resulted in material cost savings and simpler administration and brought many benefits to shareholders:

- a reduction in annual running costs for the enlarged company compared with the total annual running costs of the separate companies, in particular through a reduction in the aggregate directors' and advisers' fees;
- the creation of a single VCT of a more efficient size with a greater capital base over which to spread annual costs;
- participation in a larger VCT with the longer term potential for a more diversified portfolio thereby spreading risk across a broader range of investments and creating an increased ability to support follow-on investments;
- the potential for greater liquidity in the secondary market due to an increased ability to maintain a buy-back programme; and
- increased flexibility in continuing to meet the various requirements for qualifying VCT status.

For further information on the financial details of the merger please see Note 13 to the Notes to the Accounts on page 26.

Total return to shareholders and net asset value (NAV)

The net asset value per share as at 30 June 2010 was 86.3 pence, compared with a NAV of 83.3 pence per share at the beginning of the period. This represents a rise of 3.6%, and is after deducting a dividend of 5.0 pence paid to shareholders. The NAV total return per share rose by 8.0% during the six month period from 99.6 pence to 107.6 pence. This represents a very solid and pleasing performance in a challenging investment environment.

To assist shareholders who originally invested in MIG 3 VCT to monitor the performance of their investment on a consistent basis, we have included in the Financial Highlights on page 1 a table showing the returns to a former MIG 3 VCT shareholder based on an original subscription of £1 for 1 share.

Investment portfolio

The recent prolonged period of uncertainty and volatility in the economy and stock markets has made negotiating financial transactions in smaller companies extremely difficult. Despite much background work, no new investments or exits were completed during the review period. The Board believes that the Investment Manager has been right to adopt a cautious approach; rather waiting patiently until better investment/divestment opportunities present themselves.

Following the end of the period a small follow-on investment of £1,717 was made in Monsal Holdings. Although immaterial in size this investment was part of a refinancing that introduced a new investor at a valuation significantly greater than our original cost and previous valuation for this holding. These negotiations were well advanced before the period-end and this uplift has therefore been recognised in our accounts as at 30 June 2010.

In spite of the continued economic uncertainty, the overall performance of the majority of the companies in the portfolio has been relatively strong. The well-diversified nature of the portfolio has also helped to limit the impact of particular sector weaknesses on the value of the Company's investments.

For further information on the investment portfolio please see the Investment Manager's Review on pages 10–11 of this Half-yearly Report.

Revenue account and dividend

Disappointingly, income from the Company's investment portfolio and money market fund holdings has continued to come under considerable pressure. However, the revenue account has generated a net positive return (after tax) for the period of £117,082 (2009: £26,214). This was largely due to a first equity dividend from DiGiCo of £135,189, reflecting that company's strong trading. In addition, the levels of loan stock interest received were boosted by several loan stock investments made since the last half-yearly report. Interest received from money market funds continues at an exceptionally low level. Interest rates receivable on these funds have continued to average around 0.5% this year compared to 5.6% before the economic downturn.

Although the period under review witnessed higher expenses, these were largely due to the one-off costs of the merger. Going forward the underlying rate should also now decline reflecting the savings generated by the merger.

Given the current position on the revenue account and the absence of any exits during the period, the Board will not be declaring an interim dividend but will review the situation once the full year results are available.

Liquidity

The Company held £8.5 million in cash and money market fund balances as at 30 June 2010. In addition, the £6 million invested in the Operating Partner acquisition vehicles is also held in liquid assets. The Company is therefore well-positioned both to make investments to support the existing portfolio and to take advantage of favourable opportunities as they arise.

Investment in qualifying holdings

The Company is required to meet the target set by HM Revenue & Customs (HMRC) of investing 70% of the funds raised in qualifying unquoted and AiM quoted companies, which it has achieved through-out the period. The Company was 76.3% invested in qualifying companies (based on VCT cost as defined in tax legislation which differs from actual cost given in the Investment Portfolio Summary on pages 12–13) at the period-end, with the balance of the portfolio invested in a selection of readily realisable, money market funds with AAA credit ratings.

Chairman's Statement

Share buy-backs

During the period from 1 January 2010 to the date of the merger, MIG VCT bought back 33,525 of the Company's own shares, representing 0.2% of the issued share capital at the beginning of the period, at an average price, excluding costs, of 54.8 pence per share. These shares were purchased at an average discount of 30.0% to NAV per share, adjusted for the dividend paid on 21 April 2010.

Since the merger, the Company has bought back 144,852 of the Company's own shares, representing 0.4% of the issued share capital at the date of the merger, at an average price, excluding costs, of 59.0 pence per share. These shares were purchased at an average discount of 33.4% to NAV per share.

All of the shares bought back in the period were subsequently cancelled by the Company.

The Board continues to pursue an active share buy-back policy which it regularly reviews. Over the last few months the selling pressure on the Company's shares has greatly diminished. Given this and the less uncertain and less volatile outlook for valuation bases, the Board has determined to seek to reduce the discount to NAV at which the Company's shares trade in the stock market towards the level prevailing before the onset of the financial crisis. As at 9 August 2010, the Company's shares were trading at a mid market price of 73.5 pence representing a discount of 14.8% to the NAV per share at 30 June 2010 of 86.3 pence.

Communicating with Shareholders

The Company maintains a programme of regular communication with Shareholders through newsletters and a dedicated website www.migvct.co.uk, supplementing the Half-Yearly and Annual Reports. The Board welcomes the opportunity to meet Shareholders at the Company's General Meetings during which representatives of the Investment Manager are present to discuss the progress of the portfolio. The next AGM of the Company will be held in May 2011.

The Board and Investment Manager are arranging a workshop for Shareholders to have the opportunity to hear about the Company's investment activity in greater depth. This is planned to be in Central London in December 2010 and all Shareholders will receive an invitation to attend once details are finalised.

BVCA awards

We are very pleased that two of the companies in the VCT's portfolio have successfully won awards in their local regions to reach the national finals of the British Venture Capital Association ("BVCA") Portfolio Company Management Awards 2010. DiGiCo Europe won the International Impact category in London and the South East and the PastaKing exit was a successful award winner in the South West. The regional winners will go through to the national finals to be held on 30 September 2010.

Outlook

The worst of the economic and financial crisis now appears to be behind us. Economic activity has recovered from the depths of last year's recession. Although economic growth may be much less robust going forward than we have been used to in previous cycles, particularly as the coalition government presses ahead with its plans to reduce public sector spending, the business environment may now have entered a more stable period in terms of planning for the future. The election of a new government in the UK and the recent emergency budget have also helped to remove some of the previous uncertainties. This may re-awaken the appetite for financial transactions at mutually acceptable valuations in the UK small companies sector. Indeed, the Investment Manager is seeing a greater number of good quality investment opportunities now than at any time in the past two years.

As noted above, the Company has a strong cash position and will, therefore, be a well-positioned buyer of attractive businesses at the right prices when conditions improve. The Board continues to believe that the patience of the Investment Manager and the patience of our Shareholders should be rewarded over the medium term.

Linked Matrix fundraising

The Company will be participating in a linked top-up with Matrix Income & Growth 4 VCT plc and The Income & Growth VCT plc that is planned to launch later this year. The funds raised should further increase market liquidity and further spread fixed running costs over a larger asset base. Details of the Offer will be posted to shareholders later in the year.

Finally, I would like to thank all of our Shareholders for their continuing support.

Keith Niven
Chairman
9 August 2010

Principal Risks, Related Party Transactions, Responsibility Statement and Cautionary Statement

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 31 December 2009. 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;
- investment and strategic risk;
- regulatory risk (including VCT status);
- financial and operating risk;
- market risk;
- asset liquidity risk;
- market liquidity risk;
- credit/counterparty risk.

A more detailed explanation of these can be found in the Directors' Report on pages 14 - 15 and in Note 20 on pages 43 - 49 of the Annual Report and Accounts for the year ended 30 December 2009, copies of which are available on the VCT's website, www.migvct.co.uk.

Related Party Transactions

Details of related party transactions in accordance with DTR 4.2.8 can be found in Note 14 to the Accounts on page 26.

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 Policy, 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) the financial statements include a description of the related party transactions in the first six months of the current financial year that have materially affected the financial position or performance of the Company during the period, and any material changes to the related party transactions since the last Annual Report, in accordance with DTR 4.2.8.

Cautionary Statement

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

On behalf of the Board

Keith Niven
Chairman
9 August 2010

Investment Policy

The VCT'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 own. Investments are primarily made in companies that are established and profitable.

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 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 VCT continues to qualify and is approved as a VCT by HMRC. Amongst other conditions, the VCT 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 comprising Qualifying Holdings, of which a minimum overall of 30% by value must be ordinary shares which carry no preferential rights. In addition, although the VCT 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 Qualifying Company in ordinary shares which carry no preferential rights.

• Asset mix

The VCT holds funds awaiting investment in a portfolio of readily realisable interest-bearing investments and deposits. The investment portfolio of qualifying investments will be maintained at approximately 80% of net assets.

• 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 using a significant proportion of loan stock (up to 70% of the total investment in each VCT qualifying company). Initial investments in VCT qualifying companies are generally made in amounts ranging from £200,000 to £1 million at cost. Normally, no holding in any one company will represent more than 10% of the value of the VCT'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 VCT aims to invest in larger more mature unquoted companies through investing alongside three other Income and Growth VCTs advised by the Investment Manager with a similar investment policy. This enables the VCT to participate in combined investments by the Investment Manager of up to £5 million.

• Borrowing
The VCT has no current plans to undertake any borrowing.

• Management
The Board has overall responsibility for the Company's affairs including the determination of its investment policy. Investment and divestment proposals are originated, negotiated and recommended by the Investment Manager and are then subject to formal approval by the Directors. Matrix Private Equity Partners also provides Company Secretarial and Accountancy services to the VCT.

Investment Manager's Review

Overview

The six month period to 30 June 2010 has seen a continuation of challenging conditions both for completing new investments and for achieving exits. Faced until recently with the uncertainties of the political environment, unstable slow recovery from recession and a lack of clarity in the immediate aftermath of the election, companies have generally been reluctant to market their businesses for sale or raise new capital for expansion.

We are hopeful, however, that now that the new coalition administration has laid out its plans for reducing the budget deficit, this will provide business owners with the clarity they need to plan for the future. This should generate a greater number of more attractively priced opportunities for us to consider.

We recruited an additional investment manager in the period and sustained our marketing and deal origination programme. Nevertheless, sufficiently attractive deals have continued to be difficult to complete. We continue to believe that our cautious approach to new investment has been an important factor in maintaining value in the Company. This environment is a risky time for new investment and we have been and will remain highly selective.

Investment portfolio

The uplift in the portfolio valuation has been assisted by the improved performance of three companies (ATG Media, British International and Racoon) and a recent third party investment at a fourth (Monsal). ATG Media is seeing excellent market response to its online auction facility. As a result of this, the company is forecasting higher than budgeted profits for the current year. British International is returning to historic levels of profitability after a disappointing year in 2009. It is supplying helicopter support to the drilling rig stationed in Falklands Islands' waters. Racoon has also shown material profit growth as a result of more focussed marketing expenditure. A highlight shortly after the period-end was the closing of a refinancing of Monsal that brought in a new investor, FourWinds Capital, offering to invest £4 million at a valuation significantly greater than our original cost and previous valuation. Such negotiations were well advanced before the half-year end, and this uplift in valuation has been reflected in these accounts.

£6 million of the investment cost is held in cash in the five acquisition companies in the Operating Partner Programme. These companies are actively seeking to acquire investments in the construction, food manufacturing and healthcare and wellbeing sectors but so far have not found sufficiently attractive investment transactions at the right price.

DiGiCo continues to show strong profit growth driven by new product development and has paid back £135,172 loan stock plus a premium of £10,066 during the period. Focus is also seeing increased success and anticipates continued growth in profitability this year.

The three new investments completed over the last twelve months, CB Imports, Iglu and Westway have all made strong starts and are all performing ahead of their investment plans. We invested in CB Imports and Iglu in December 2009 and we continue to hold these valuations at cost at this early stage.

Due to technical covenant breaches with their borrowing facilities and despite their current profitable trading, six companies are not currently servicing their VCT loan stock as at 30 June 2010. On the grounds of prudence none of this interest owed has been accounted for. In certain cases we expect servicing to resume and, in others, value to be recovered only on realisation.

Whilst the building and construction sector continues to suffer from sluggish demand, the portfolio companies which are directly exposed to this sector, Plastic Surgeon, Youngman, Blaze and PXP, are all now performing steadily. We continue to work with existing businesses in the portfolio to encourage them to make the changes that are necessary to ensure that they are in the best possible position to withstand this period of economic uncertainty. It is a measure of the success of this effort that the investment portfolio has required hardly any additional funding despite the extreme challenges of the past two years.

With the exception of Monsal, which is forecasting a modest loss, we expect all of the companies in the portfolio to deliver operating profits (ie prior to goodwill amortisation and servicing debt) in their current financial year.

Outlook

The UK economic environment continues to hold uncertainty but there are no current signs of further threats to the financial health of our portfolio companies. Overall, we expect to continue to be able to unlock additional value over time. Smaller companies and the entrepreneurs that run them now have a stable political and economic regime in which to plan for the future and this should increase our dealflow. We are hopeful that many more investment opportunities will become available at more attractive prices over the coming months. Having retained strong cash reserves, the VCT is very well-placed to take advantage at this point in the cycle.

Matrix Private Equity Partners LLP
9 August 2010

Investment Portfolio Summary

as at 30 June 2010

	Date of initial investment	Total book cost £'000*	Valuation £'000	% of net assets by value
Qualifying investments				
AIM quoted investments				
Legion Group plc (formerly SectorGuard plc) Provider of manned guarding, mobile patrolling and alarm response services	Aug-05	150	30	0.09%
		150	30	0.09%
Unquoted investments				
DiGiCo Europe Limited Designer and manufacturer of audio mixing desks	Jul-07	1,985	3,114	8.86%
British International Holdings Limited Supplier of helicopter services	May-06	2,026	2,351	6.69%
Monsal Holdings Limited Supplier of engineering services to the water and waste sectors	Dec-07	1,310	2,248	6.39%
ATG Media Holdings Limited Publisher and on-line auction platform operator	Oct-08	1,668	2,012	5.72%
Aust Construction Investors Limited Company seeking to acquire businesses in the construction sector	Oct-07	2,000	2,000	5.69%
CB Imports Group Limited (formerly Calisamo Management Limited) Importer and distributor of artificial flowers and floral sundries	Dec-07	2,000	2,000	5.69%
VSI Limited Developer and marketer of 3D software	Apr-06	907	1,670	4.75%
Focus Pharma Holdings Limited Licensor and distributor of generic pharmaceuticals	Oct-07	1,370	1,514	4.31%
Iglu.com Holidays Limited (formerly Barnfield Management Limited) On-line ski and cruise travel agent	Oct-07	1,422	1,422	4.04%
Westway Services Holdings (2010) Limited (formerly MC440 Limited) Installation, maintenance and servicing of air-conditioning systems	Jun-09	783	1,007	2.86%
Apricot Trading Limited Company seeking to acquire businesses in the market services and media sector	Mar-08	1,000	1,000	2.85%
Bladon Castle Management Limited Company seeking to acquire businesses in the retailing, health and brand management sector	Dec-08	1,000	1,000	2.85%
Fullfield Limited Company seeking to acquire businesses in the food sector	Dec-08	1,000	1,000	2.85%

	Date of initial investment	Total book cost £'000*	Valuation £'000	% of net assets by value
Unquoted investments (continued)				
Vanir Consultants Limited Company seeking to invest in data management, data mapping and management services	Oct-08	1,000	1,000	2.85%
Vectair Holdings Limited Designer and distributor of washroom products	Jan-06	560	940	2.67%
Racoon International Holdings Limited Supplier of hair extensions, hair care products and training	Dec-06	1,213	789	2.24%
Youngman Group Limited Manufacturer of ladders and access towers	Oct -05	1,000	701	1.99%
Campden Media Limited Magazine publisher and conference organiser	Jan-06	975	380	1.08%
Blaze Signs Holdings Limited Manufacturer and installer of signs	Apr-06	1,700	363	1.03%
Plastic Surgeon Holdings Limited (The) Supplier of snagging and finishing services to the domestic and commercial property markets	Apr-08	479	186	0.53%
PXP Holdings Limited (Pinewood Structures) Designer, manufacturer, supplier and installer of timber-frames for buildings	Dec-06	1,164	–	0.00%
		26,562	26,697	75.94%
Total qualifying investments		**26,712**	**26,727**	**76.03%**
Non-qualifying investments				
Fidelity Institutional Cash Fund plc**		2,162	2,162	6.15%
Global Treasury Funds plc (Royal Bank of Scotland)**		1,341	1,341	3.81%
Insight Liquidity Funds plc (HBOS)**		1,263	1,263	3.59%
SWIP Global Liquidity Fund plc (Scottish Widows)**		1,146	1,146	3.26%
Institutional Cash Series plc (BlackRock)**		1,038	1,038	2.95%
Sterling Liquidity First Institutional plc (BlackRock)**		844	844	2.40%
GS Funds plc (Goldman Sachs)**		426	426	1.21%
Total non-qualifying investments		**8,220**	**8,220**	**23.37%**
Total investments		**34,932**	**34,947**	**99.40%**
Other assets		628	628	1.78%
Current liabilities		(415)	(415)	(1.18)%
Net assets		**35,145**	**35,160**	**100.00%**

*Book cost includes the fair value of the qualifying investments acquired from MIG 3 VCT on 20 May 2010 of £12,756,000 where still held at 30 June 2010 .

**Disclosed as 'Investments at fair value' within 'Current assets' in the Balance Sheet.

Unaudited Income Statement

for the six months ended 30 June 2010

	Notes	Six months ended 30 June 2010 (unaudited)		
		Revenue £	Capital £	Total £
Unrealised gains/(losses) on investments held at fair value	10	–	2,291,988	2,291,988
Realised gains/(losses) on investments held at fair value	10	–	–	–
Income	3	437,524	–	437,524
Recoverable VAT		–	–	–
Investment management expense	4	(54,589)	(163,766)	(218,355)
Other expenses		(177,021)	–	(177,021)
Merger costs	5	(88,670)	–	(88,670)
Profit/(loss) on ordinary activities before taxation		117,244	2,128,222	2,245,466
Tax on profit/(loss) on ordinary activities	6	(162)	–	(162)
Profit/(loss) attributable to equity shareholders		117,082	2,128,222	2,245,304
Basic and diluted earnings per share	7	0.47p	8.47p	8.94p

All revenue and capital items in the above statement derive from continuing operations of the Company. This includes the assets, liabilities and activities of Matrix Income & Growth 3 VCT plc after they were transferred to the Company on 20 May 2010.
No restatement has been made for comparable periods.

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

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 20 to 26 form part of these half-yearly financial statements.

Six months ended 30 June 2009 (unaudited) Revenue £	Capital £	Total £	Year ended 31 December 2009 (audited) Revenue £	Capital £	Total £
–	(906,568)	(906,568)	–	(161,173)	(161,173)
–	16,189	16,189	–	(177,845)	(177,845)
223,535	–	223,535	399,661	–	399,661
1,939	5,818	7,757	1,939	5,818	7,757
(37,150)	(111,451)	(148,601)	(79,923)	(239,769)	(319,692)
(160,440)	–	(160,440)	(312,239)	–	(312,239)
–	–	–	–	–	–
27,884	(996,012)	(968,128)	9,438	(572,969)	(563,531)
(1,670)	2,691	1,021	(641)	–	(641)
26,214	(993,321)	(967,107)	8,797	(572,969)	(564,172)
0.13p	(4.79)p	(4.66)p	0.04p	(2.77)p	(2.73)p

Unaudited Balance Sheet

as at 30 June 2010

	Notes	As at 30 June 2010* (unaudited) £	As at 30 June 2009 (unaudited £	As at 31 December 2009 (audited) £
Non-current assets				
Investments at fair value	1c, 10	26,727,418	12,818,934	11,779,583
Current assets				
Debtors and prepayments		322,022	76,696	94,327
Current investments	11	8,219,791	3,980,136	5,177,570
Cash at bank		305,798	57,594	46,253
		8,847,611	4,114,426	5,318,150
Creditors: amounts falling due within one year		(414,805)	(216,509)	(118,363)
Net current assets		8,432,806	3,897,917	5,199,787
Net assets		**35,160,224**	**16,716,851**	**16,979,370**
Capital and reserves	12			
Called up share capital		407,673	206,241	203,735
Capital redemption reserve		19,487	15,197	17,703
Share Premium account		16,852,849	–	–
Revaluation reserve		15,201	(2,023,784)	(2,271,608)
Special distributable reserve		17,639,263	18,178,797	17,907,374
Profit and loss account		225,751	340,400	1,122,166
Equity Shareholders' funds		**35,160,224**	**16,716,851**	**16,979,370**
Net asset value per Ordinary Share	9	**86.25p**	**81.06p**	**83.34p**

* Includes those assets and liabilities acquired from Matrix Income & Growth 3 VCT plc on 20 May 2010.

The notes on pages 20 to 26 form part of these half-yearly financial statements.

Unaudited Reconciliation of Movements in Shareholders' Funds

for the six months ended 30 June 2010

	Notes	Six months ended 30 June 2010 (unaudited) £	Six months ended 30 June 2009 (unaudited) £	Year ended 31 December 2009 (audited) £
Opening Shareholders' funds		16,979,370	17,998,562	17,998,562
Purchase of own shares		(104,345)	(106,617)	(247,033)
Shares issued upon merger with Matrix Income & Growth 3 VCT plc		17,111,546	–	–
Stamp duty on shares issued		(52,975)	–	–
Profit/(loss) for the period before dividends		2,245,304	(967,107)	(564,172)
Dividends paid in period	8	(1,018,676)	(207,987)	(207,987)
Closing Shareholders' funds		35,160,224	16,716,851	16,979,370

The notes on pages 20 to 26 form part of these half-yearly financial statements.

Unaudited Summarised Cash Flow Statement

for the six months ended 30 June 2010

	Six months ended 30 June 2010 (unaudited) £	Six months ended 30 June 2009 (unaudited) £	Year ended 31 December 2009 (audited) £
Operating activities			
Investment income received	242,837	247,798	398,184
VAT recovered	–	207,757	223,249
Investment management fees paid	(173,535)	(101,242)	(239,743)
Other cash payments	(244,374)	(182,208)	(357,430)
Payment of merger costs of the Company	(36,247)	–	–
Net cash (outflow)/inflow from operating activities	(211,319)	172,105	24,260
Investing activities			
Acquisitions of investments	–	(386,016)	(567,834)
Disposals of investments	154,739	233,581	1,996,610
Net cash inflow/(outflow) from investing activities	154,739	(152,435)	1,428,776
Dividends			
Equity dividends paid	(1,018,676)	(207,987)	(207,987)
Taxation			
Taxation repaid/(paid)	–	–	(106,857)
Cash (outflow)/inflow before financing and liquid resource management	(1,075,256)	(188,317)	1,138,192
Management of liquid resources			
(Increase)/decrease in current investments	(3,042,221)	395,588	(801,846)
Financing			
Cash received on acquisition of net assets from Matrix Income & Growth 3 VCT plc	4,561,289	–	–
Stamp duty on shares issued to acquire net assets of Matrix Income & Growth 3 VCT plc	(52,975)	–	–
Payments to meet merger costs of Matrix Income & Growth 3 VCT plc	(90,295)	–	–
Share capital bought back	(40,997)	(221,489)	(361,905)
Net inflow/(outflow) from financing activities	4,377,022	(221,489)	(361,905)
Increase/(decrease) in cash for the period	259,545	(14,218)	(25,559)

The notes on pages 20 to 26 form part of these half-yearly financial statements.

Reconciliation of Profit/(Loss) on Ordinary Activities before Taxation to Net Cash (Outflow)/Inflow from Operating Activities

for the six months ended 30 June 2010

	Six months ended 30 June 2010 (unaudited) £	Six months ended 30 June 2009 (unaudited) £	Year ended 31 December 2009 (audited) £
Profit/(loss) on ordinary activities before taxation	2,245,466	(968,128)	(563,531)
Net unrealised (gains)/losses on investments	(2,291,988)	906,568	177,845
Net (gains)/losses on realisations of investments	–	(16,189)	161,173
(Increase)/decrease in debtors	(131,776)	296,120	287,990
Decrease in creditors	(33,021)	(46,266)	(39,217)
Net cash (outflow)/inflow from operating activities	(211,319)	172,105	24,260

The notes on pages 20 to 26 form part of these half-yearly 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 30 June 2010 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 31 December 2009 and the 2009 Statement of Recommended Practice, 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' ('the SORP') issued by the Association of Investment Companies in January 2009.

The results for the period to 20 May 2010 reflect the activities of the Company. On this date the assets and liabilities of Matrix Income & Growth 3 VCT plc were acquired by the Company and therefore the results for the remaining period to 30 June 2010 reflect the activities of the enlarged entity. Further details are contained in Note 13 below.

The Half-Yearly 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.

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

Investments are accounted for on a trade date basis

All investments held by the Company are classified as "fair value through profit and loss" 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, recognition and fair value is determined by reference to Stock Exchange market trading rules and quoted bid prices at the close of business on the balance sheet date.

Unquoted investments are valued by the Directors at 'fair value through profit and loss'. Accordingly, in the absence of a market price, the Directors have valued unquoted investments in accordance with International Private Equity Venture Capital Valuation (IPEVCV) guidelines as updated in September 2009, which have not materially changed the results reported last year.

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

3. Income

	Six months ended 30 June 2010 (unaudited) £	Six months ended 30 June 2009 (unaudited) £	Year ended 31 December 2009 (audited) £
Dividends	161,067	19,933	26,345
Money-market funds	12,684	26,171	37,254
Loan stock interest	263,613	161,602	315,598
Bank deposits	160	337	919
Interest on VAT recovered	–	15,492	15,492
Other Income	–	–	4,053
Total income	437,524	223,535	399,661

4. Investment management expense

In accordance with the policy statement published under "Management and Administration" in the Company's prospectus dated 9 July 2004, the Directors have charged 75% of the investment management expense to the capital reserve.

5. Merger costs

Based upon estimated total merger costs of £285,000 to merge the Company with Matrix Income & Growth 3 VCT plc, the Company's share of these costs is £141,975. This includes £52,975 of stamp duty, charged to the share premium account as shown in Note 12. The balance of £88,670 is disclosed as merger costs in the Income Statement. Final figures for the costs of the merger are not yet available, but at this stage, the Board expects that the final costs will be close to those currently estimated in total.

6. Taxation

Other than a small charge for deferred tax, there is no tax charge for the period as the Company has incurred taxable losses.

7. Basic and diluted earnings per share

The basic and diluted earnings, revenue return and capital return per share shown below for each period are respectively based on numerators i)-iii), each divided by the weighted average number of shares in issue in the period - see iv) below.

	Six months ended 30 June 2010 (unaudited) £	Six months ended 30 June 2009 (unaudited) £	Year ended 31 December 2009 (audited) £
i) Total earnings after taxation	2,245,304	(967,107)	(564,172)
Basic and diluted gain/(loss) per ordinary share (pence)	**8.94p**	**(4.66)p**	**(2.73)p**
ii) Net revenue from ordinary activities after taxation	117,082	26,214	8,797
Basic and diluted revenue per ordinary share (pence)	**0.47p**	**0.13p**	**0.04p**
Net unrealised gains/(losses)	2,291,988	(906,568)	(161,173)
Net realised capital gains/(losses)	–	16,189	(177,845)
Capital element of VAT recoverable	–	5,818	5,818
Dividends received treated as capital	–	–	–
Capital expenses (net of taxation)	(163,766)	(108,760)	(239,769)
iii) Total capital return	2,128,222	(993,321)	(572,969)
Capital gain/(loss) per Ordinary share (pence)	**8.47p**	**(4.79)p**	**(2.77)p**
iv) **Weighted average number of shares in issue in the period**	**25,118,886**	**20,743,911**	**20,648,175**

8. Dividends paid

	Six months ended 30 June 2010 (unaudited) £	Six months ended 30 June 2009 (unaudited) £	Year ended 31 December 2009 (audited) £
Interim income dividend for the year ended 31 December 2009 of 0.5p per share	101,868	–	–
Interim capital dividend for the year ended 31 December 2009 of 4.5p per share	916,808	–	–
Final income dividend paid for year ended 31 December 2008 of 1.0p per share	–	207,987	207,987
	1,018,676	**207,987**	**207,987**

9. Net asset value per ordinary share

	As at 30 June 2010 (unaudited) £	As at 30 June 2009 (unaudited) £	As at 31 December 2009 (audited) £
Net assets	35,160,224	16,716,851	16,979,370
Number of shares in issue	40,767,266	20,624,052	20,373,514
Net asset value per share (pence)	**86.25p**	**81.06p**	**83.34p**

10. Summary of non-current investments at fair value during the period

	Traded on AIM £	Unquoted equity shares £	Unquoted preference shares £	Loan stock £	Total £
Valuation at 1 January 2010	75,045	4,009,273	7,981	7,687,284	11,779,583
Investments acquired as part of acquisition of assets and liabilities of Matrix Income & Growth 3 VCT plc at fair value (see note)	–	4,791,342	5,033	8,004,709	12,801,084
Sales – proceeds	–	–	–	(145,237)	(145,237)
Unrealised (losses)/gains	(45,028)	1,455,761	1,750	879,505	2,291,988
Valuation at 30 June 2010	**30,017**	**10,256,376**	**14,764**	**16,426,261**	**26,727,418**
Book cost at 30 June 2010	150,106	8,425,598	51,245	18,085,268	26,712,217
Unrealised (losses)/gains at 30 June 2010	(120,089)	1,830,778	(36,481)	(1,659,007)	15,201
Valuation at 30 June 2010	**30,017**	**10,256,376**	**14,764**	**16,426,261**	**26,727,418**
Gains on investments					
Realised gains based on historical cost	–	–	–	5,179	5,179
Less amounts recognised as unreallised gains in previous years	–	–	–	(5,179)	(5,179)
Realised gains based on carrying value at 31 December 2009	–	–	–	–	–
Net movement in unrealised (losses)/gains in the period	(45,028)	1,455,761	1,750	879,505	2,291,988
(Losses)/gains on investments at 30 June 2010	**(45,028)**	**1,455,761**	**1,750**	**879,505**	**2,291,988**

Note: The original cost of these assets in the books of Matrix Income & Growth 3 VCT plc was £13,152,238 being £351,154 more than the transfer at fair value shown above.

11. Current investments at fair value

These comprise investments in seven Dublin based OEIC money market funds managed by Royal Bank of Scotland, Blackrock Investment Management (two funds), Goldman Sachs, Insight Investment Management, Scottish Widows Investment Management and Fidelity Investment Management. All of these sums are subject to same day access.

12. Capital and reserves

	Called up share capital £	Capital redemption reserve £	Share Premium reserve £	Revaluation reserve £	Special distributable reserve £	Profit and loss account £	Total £
At 1 January 2010	203,735	17,703	–	(2,271,608)	17,907,374	1,122,166	16,979,370
Shares bought back	(1,784)	1,784	–	–	(104,345)	–	(104,345)
Written off to special reserve	–	–	–	–	(163,766)	163,766	–
Realisation of previously unrealised appreciation	–	–	–	(5,179)	–	5,179	–
Dividend – final for year ended 31 December 2009	–	–	–	–	–	(1,018,676)	(1,018,676)
Shares issued on 20 May 2010 to acquire net assets of Matrix Income & Growth 3 VCT plc	205,722	–	16,905,824	–	–	–	17,111,546
Stamp duty on shares issued	–	–	(52,975)	–	–	–	(52,975)
Profit/(loss) for the period	–	–	–	2,291,988	–	(46,684)	2,245,304
At 30 June 2009	407,673	19,487	16,852,849	15,201	17,639,263	225,751	35,160,224

Notes to the Unaudited Financial Statements (continued)

13. Acquisition of assets and liabilities of Matrix Income & Growth 3 VCT plc

On 20 May 2010, the assets and liabilities of Matrix Income & Growth 3 VCT plc were transferred to the Company in exchange for the issue of a further 20,572,129 Ordinary Shares in the Company, at a total value of £17,111,545. Subsequently and on the same day, Matrix Income & Growth 3 VCT plc was placed into members' voluntary liquidation pursuant to a scheme of reconstruction under section 110 of the Insolvency Act 1986.

The net asset values (NAV) per share of each fund used for the purposes of conversion at the calculation date of 19 May 2010, and the resultant conversion ratios into Ordinary Shares were:

	NAV per share (pence)	Conversion ratio applied to Matrix Income & Growth 3 VCT plc ordinary shares to obtain new number of Matrix Income & Growth VCT plc ordinary shares
Matrix Income & Growth VCT plc	83.18	1.0000000
Matrix Income & Growth 3 VCT plc	88.63	1.0655542

Share certificates reflecting the new shareholdings totalling 20,572,129 ordinary shares in Matrix Income & Growth VCT plc were sent to shareholders on 26 May 2010.

14. Related party transactions

Bridget Guérin is a shareholder (2.0%) of Matrix Group Limited, which owns 100% of the equity of MPE Partners Limited and Matrix Securities Limited. MPE Partners Limited has a 50% interest in Matrix Private Equity Partners LLP ('MPEP'), the Company's Investment Manager. Following a re-organisation of the Matrix group of companies, MPEP now provides administration as well as investment management services under the terms of an Investment Management Agreement dated 20 May 2010. The revised annual fee is 2% of net assets plus £120,000 per annum, the latter inclusive of VAT and subject to increase in RPI. Until that date, Matrix-Securities Limited provided Company Secretarial and Accountancy Services to the Company under agreements dated 9 July 2004 for a fee of £35,590 (30 June 2009: £44,351; 31 December 2009: £88,387) in the period.

15. The information for the year ended 31 December 2009 does not comprise full financial statements within the meaning of Section 435 of the Companies Act 2006. The financial statements for the year ended 31 December 2009 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 section 498(2) of the Companies Act 2006.

16. This Half-Yearly Report will shortly be made available on our website: www.migvct.co.uk and will be circulated by post to those shareholders who have requested copies of the Report. Further copies are available free of charge from the Company's registered office, One Vine Street, London W1J 0AH or can be downloaded via the website.

Shareholder Information

Shareholders wishing to follow the Company's progress can visit the Company's website at www.migvct.co.uk which contains publicly available information or links to information about our largest investments, the latest NAV and the share price. The London Stock Exchange's website at http://www.londonstockexchange.com/prices-and-news/stocks/stocks-and-prices.htm provides up to the minute details of the share price and latest NAV announcements, etc. A number of commentators such as Allenbridge at http://www.taxshelterreport.co.uk provide comparative performance figures for the VCT sector as a whole. The share price is also quoted in the Financial Times.

The Company circulates a bi-annual newsletter to Shareholders in the quarters in which it does not publish Annual or Half-Yearly Accounts. The next edition will be distributed in December 2010. The Board intends to announce the Company's Annual Financial Results in respect of the year ended 31 December 2010 in mid-March 2011 and the Annual Report will be circulated to Shareholders in early April.

Net asset value per share

The Company's NAV per share as at 30 June 2010 was 86.3 pence per share. The Company announces its unaudited NAV on a quarterly basis.

Dividend

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

Shareholder enquires:

For information on your holding, to notify the Company of a change of address or to request a dividend mandate form please contact the Company's Registrars, Computershare Investor Services, on 0870 707 1155 or write to them at PO Box 82, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ or, should you prefer, visit their website at www-uk.computershare.com.

Corporate Information

Directors
Keith Niven (Chairman)
Bridget Guérin
Christopher Moore (to 20 May 2010)
Tom Sooke (Senior Independent Director)

All of whom are non-executive and of:
One Vine Street, London W1J 0AH

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

Investment Manager and Promoter
Matrix Private Equity Partners LLP
One Vine Street
London W1J 0AH

VCT Tax Adviser
PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH

Bankers
National Westminster Bank plc
Financial Institutions Team
First Floor
Mayfair Commercial Banking Centre
65 Piccadilly
London W1A 2PP

Solicitors
Martineau
No 1 Colmore Square
Birmingham
B4 6AA

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

Receiving Agent
The City Partnership (UK) Limited
Thistle House
21 Thistle Street
Edinburgh EH2 1DF

Corporate Broker
Matrix Corporate Capital LLP
One Vine Street
London W1J 0AH

Registrar
Computershare Investor Services PLC
Corporate Actions
PO Box 82
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ

Sponsor
Charles Stanley Securities
131 Finsbury Pavement
London EC2A 1NT

Company No : 5153931

Email: mig@matrixgroup.co.uk
Website: www.migvct.co.uk

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