

# MATRIX INCOME & GROWTH VCT PLC

## MIG VCT UPDATE MAY 2010

Welcome to the latest Matrix Income & Growth VCT ("MIG VCT") Newsletter, providing an update of activity since the Annual Report was circulated to shareholders in April.

Matrix Income & Growth VCT plc and Matrix Income & Growth 3 VCT plc ("MIG3 VCT") merged on 20 May 2010 following shareholder approval on 12 and 20 May 2010. The performance figures given below are as at 31 March 2010 prior to the merger.

## PERFORMANCE

	SHARE PRICE	NET ASSET VALUE PER SHARE
MIG VCT	53.0 pence	88.5 pence
MIG3 VCT	59.0 pence	93.1 pence

As at 31 March 2010, MIG VCT's total shareholder return from launch was 104.8p per share comprising NAV per share of 88.5p plus cumulative dividends paid of 16.3p. This represents an increase of 5.2% over the equivalent figure at 31 December 2009. A further dividend of 5.0p per share was paid on 21 April 2010 bringing cumulative dividends paid to 21.3p per share.

As at 31 March 2010, MIG3 VCT's total shareholder return from launch was 98.7p per share comprising NAV per share of 93.1p plus cumulative dividends paid of 5.6p. This represents an increase of 3.2% over the equivalent figure at 31 December 2009. A further dividend of 4.0p per share was paid on 21 April 2010 bringing cumulative dividends paid to 9.6p per share.

## LATEST INVESTMENTS

### CB IMPORTS GROUP (COUNTRY BASKETS)

MIG VCT and MIG3 VCT invested a total of £2 million to support the management buy-out of CB Imports plc, a profitable company trading under the name of Country Baskets. The investment comprises loan stock and a 12% equity stake.



Founded in 1990 and operating from a national distribution centre in Leeds, the Group employs 270 people and has a turnover of circa £20 million.

The company has recently opened a new site in Gateshead and is planning to roll out further sites across the UK as part of a new growth phase funded by the VCT's investment.

The UK's leading importer of flowers and floral sundries

## IGLU.COM HOLIDAYS

MIG VCT and MIG3 VCT invested a total of £1.4 million in the management buy-out and recapitalisation of Iglu.com, the UK's largest specialist ski holiday and fastest growing cruise holiday travel agent. The investment comprises loan stock and an equity stake of 11.6%.

Iglu is a profitable and cash generative business. Based in Wimbledon, South London, the company employs more than 95 people. Iglu.com's cruise sales have doubled year on year and this growth looks set to continue. Repeat business and referrals from satisfied customers, plus an increasing share of the growing cruise market have led Iglu.com to forecast total sales of £45 million for the current financial year, up from £38 million last year.



Ocean Village cruise booked through Iglu.com

## FUND BREAKDOWN AT 31 MARCH 2010

(MIG VCT AND MIG3 VCT COMBINED)

	31 March 2010 £	31 December 2009 £
Unquoted loan stock	16,390,281	15,343,312
Unquoted equities	9,295,379	8,444,676
AiM quoted equities	75,045	75,045
Money market funds	10,386,696	10,586,338
Cash	117,334	91,356
Net working capital	(277,950)	(83,235)
<b>Net assets</b>	<b>35,986,785</b>	<b>34,457,492</b>
<b>Net asset value per share</b>		
MIG VCT	88.5 pence	83.3 pence
MIG3 VCT	93.1 pence	90.0 pence

## CONTACT MATRIX

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SIX MONTHLY UPDATE MAY 2010  
ASSET MANAGEMENT

TEN LARGEST INVESTMENTS IN THE COMBINED QUALIFYING INVESTMENT PORTFOLIO AS AT 31 MARCH 2010

Company	Business	Investment Cost £	Investment Valuation £	% of the Investment Portfolio
DiGiCo Europe Limited	Audio mixing desks	1,098,274	3,213,709	12.5%
Aust Construction Investors Limited	Construction sector acquisitions	2,000,000	2,000,000	7.8%
CB Imports Group Limited (formerly Calisamo Management Limited)	Artificial flowers and floral sundries	2,000,000	2,000,000	7.8%
British International Holdings Limited	Helicopter services	2,068,182	1,970,494	7.6%
VSI Limited	Software for CAD and CAM vendors	533,888	1,925,506	7.5%
ATG Media Holdings Limited	Publisher and online auction platform operator	1,636,105	1,703,101	6.6%
Focus Pharma Holdings Limited	Generic pharmaceuticals	1,250,411	1,502,667	5.8%
Iglu.com Holidays Limited (formerly Barnfield Management Investments Limited)	Online ski and cruise travel agent	1,421,750	1,421,750	5.5%
Monsal Holdings Limited	Engineering in water and waste sectors	1,302,507	1,319,114	5.1%
MC440 Limited (Westway Cooling)	Air conditioning systems	530,360	1,062,539	4.1%
	<b>Total for ten largest investments</b>	<b>13,841,477</b>	<b>18,118,880</b>	<b>70.3%</b>
	Other investments	13,371,951	7,641,825	29.7%
	<b>Total portfolio</b>	<b>27,213,428</b>	<b>25,760,705</b>	<b>100.0%</b>

MANAGER'S COMMENTARY

We were encouraged towards the end of the last calendar year to see some indications that the rate of new deal activity was starting to increase, leading to the completion of two new investments just before the VCT's year-end. We believe more high quality companies will come forward at realistic and attractive valuations. However, due to the prevailing uncertainty in the market arising from the volatile economic conditions and the recent general election, deals are taking longer to come to fruition. We remain cautious and selective in our consideration of new investments and think this caution has been a significant factor in maintaining value in the portfolio through a very volatile period.

A number of companies, notwithstanding the challenging economic conditions, have increased profits. Foremost among these are DiGiCo, Westway and Focus. Racoon also has shown a significant improvement in profitability in the period and some of the investments exposed to the construction and housebuilding sectors are showing some improvement in trading conditions. We envisage that the overall additional funding required to support the portfolio will be minimal for the remainder of the Company's financial year.

Most of our investee companies have managed their cash flow well and remain profitable. Some of the companies in the portfolio in particular continue to be strongly cash generative, and amongst these Westway prepaid £74,078 of loan stock in October across the two VCTs. DiGiCo Europe has continued to roll out new products and this has led to sustained profit growth since investment. The company repaid a further £422,413 of loan stock in December plus the premium due.

The VCT's significant cash reserves place it in an excellent position both to capitalise on attractive new investment opportunities and to support its existing portfolio should the need arise.

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