

THE INCOME & GROWTH VCT PLC



I&G VCT UPDATE AUGUST 2009

Welcome to the latest Newsletter from The Income & Growth VCT plc (I&G VCT), providing an update of activity since the Half-Yearly Report was circulated to Shareholders in June.

	NET ASSET VALUE	SHARE PRICE
'O' SHARE FUND	74.4P	56.0P
'S' SHARE FUND	93.7P	94.5P

As at 30 June 2009, the 'O' Share Fund's total return (NAV basis) was 94.8p comprising NAV of 74.4p plus cumulative dividends paid of 20.4p. On a comparable basis, this represents a reduction of 3.0% in total shareholder return from 97.7p in the three month period since 31 March 2009. The 'S' Share Fund's NAV per share and therefore total return was 93.7p. The 'S' Share Fund has not yet started to pay dividends. On a comparable basis, this represents a reduction of 0.5% in total shareholder return from 94.2p in the three month period since 31 March 2009.

LATEST INVESTMENTS AND DIVESTMENTS

NEW INVESTMENT IN WESTWAY COOLING

The 'O' Share Fund and the 'S' Share Fund have respectively invested £389,703 and £169,483, comprising loan stock and a combined equity stake of 4.7%, to support the MBO of Westway Cooling alongside other Matrix-advised VCTs in a deal led by Maven Capital Partners.

Focussing on the refurbishment and maintenance market, rather than the more volatile new-build sector, the company has been installing, servicing and maintaining high quality air-conditioning systems and associated building services plant since 2001. It has recently started to broaden its remit into full building services and facilities management. With a turnover of £10 million and a record order book, the company is well placed to grow, even in challenging market conditions. Westway was established in Greenford, Middlesex, by Carl Brooks who, together with Andy Donnell, has led the MBO. David Steventon, co-founder of Covion, a successful facilities infrastructure services business sold to Balfour Beatty in 2007, will join the board as Chairman.

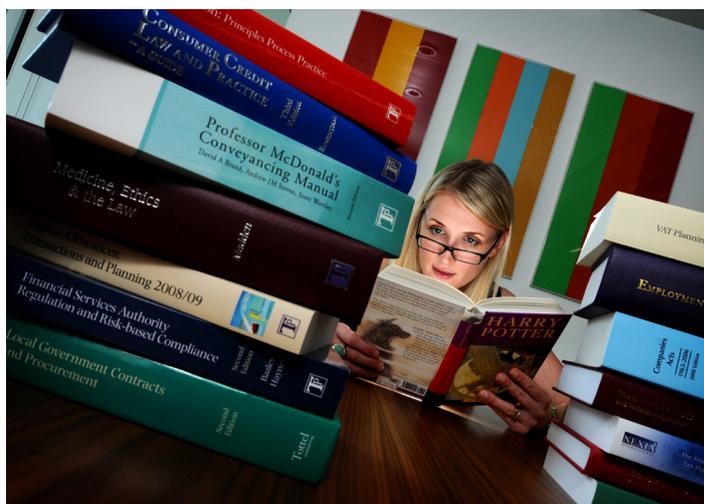
DIVESTMENT OF TOTTEL PUBLISHING

We are pleased to announce that the 'O' Share Fund has successfully realised its investment in Tottel Publishing Limited, the specialist publisher of legal and tax titles that has been in the 'O' Share Fund's portfolio since October 2004. Based in Haywards Heath, Tottel was sold to the Bloomsbury Publishing Group for £10 million at the end of June, earning a fourfold gain on the 'O' Share Fund's investment, returning total proceeds of £2.05 million. It is notable that this exit has been achieved despite the weakness in the UK divestment market.

Tottel is a traditional, but cutting-edge publisher of high quality books and information services that was established by some of the most senior figures in the law and tax publishing field.

That it has been such a successful investment for the 'O' Share Fund, is in part due to the high calibre management team who have delivered the exit earlier than was anticipated at the time of investment.

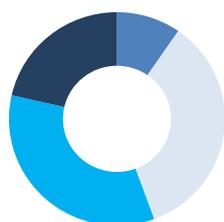
The 'O' Share Fund's original investment cost of £514,800 had already been reduced to £325,182 in March of this year when Tottel repaid 50% of the Company's loan stock investment.



"Tottel Publishing meets Harry Potter"

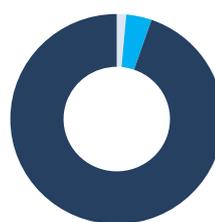
PORTFOLIO BREAKDOWN AS AT 30 JUNE 2009

'O' SHARE FUND - TOTAL ASSETS: £26.0 MILLION



■ AiM quoted equities	9.6%
■ Unquoted equities	34.7%
■ Unquoted loan stock	34.2%
■ Cash and money market funds	21.5%

'S' SHARE FUND - TOTAL ASSETS: £11.1 MILLION



■ AiM quoted equities	0.0%
■ Unquoted equities	1.4%
■ Unquoted loan stock	3.9%
■ Cash and money market funds	94.7%

CONTACT MATRIX

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MATRIX

SIX MONTHLY UPDATE AUGUST 2009
ASSET MANAGEMENT

QUALIFYING INVESTMENT PORTFOLIO AS AT 30 JUNE 2009

COMPANY	BUSINESS	INVESTMENT COST £	INVESTMENT VALUATION £	% OF THE INVESTMENT PORTFOLIO
'O' Share Fund				
Ten largest investments				
HWA (Holloway White Allom)	Specialist property contractor	34,553	2,251,494	11.1%
Image Source Group	Royalty free images	305,000	1,976,067	9.8%
Amaldis 2008 (Original Additions)	Beauty products	80,313	1,461,171	7.2%
Digico Europe	Audio mixing desks	514,096	1,027,558	5.1%
IDOX	Document and information management	872,625	1,020,833	5.1%
Apricot Trading	Marketing services/media acquisitions	1,000,000	1,000,000	4.9%
Aust Construction Investors	Construction sector acquisitions	1,000,000	1,000,000	4.9%
Calisamo Management	Healthcare sector acquisitions	1,000,000	1,000,000	4.9%
Camwood	Software repackaging services	1,028,181	988,557	4.9%
Blaze Signs Holdings	Sign manufacturing and installation	1,338,500	809,666	4.0%
Total for ten largest 'O' Share Fund investments		7,173,268	12,535,346	61.9%
Other investments		17,878,182	7,721,965	38.1%
Total 'O' Share Fund		25,051,450	20,257,311	100.0 %
'S' Share Fund				
ATG Media Holdings	Publisher and online auction platform operator	404,158	404,158	67.6%
MC 440 (Westway Cooling)	Air conditioning systems	169,483	169,483	28.3%
The Plastic Surgeon Holdings	Specialist property contractor	99,011	24,753	4.1%
Total 'S' Share Fund		672,652	598,394	100.0%

MANAGER'S COMMENTARY

We have continued to adopt a highly cautious approach to new investment, believing that vendors' price expectations in the current market will prove unsustainable in the long-term. The low level of market activity which has been prevalent over recent months is producing only limited opportunities for sufficiently attractive deals. The fall in valuation of some of our investee companies reflects both the tightening trading conditions being experienced by portfolio companies and falls in some of the PE ratios of quoted companies by reference to which the Company's investments are valued. However, we are pleased to report that the majority of the portfolio companies are still producing operating profits.

Of the twenty-eight investments in the MPEP portfolio, there are a number that continue to trade strongly. Foremost amongst these is DiGiCo, which has had an outstanding year, and VSI. PastaKing continues to maintain profitability despite difficult conditions in the food sector. In the remainder of the portfolio: ATG Media, in which we invested in October of last year, has got off to a solid start and is successfully pursuing its online auction platform; Stortext broke into profit in 2009 and is showing good visibility for revenues for 2009/10; and Focus Pharma is trading in line with expectations and is seeking to secure further new product licenses. The profitability of Plastic Surgeon, Youngman and PXP has been particularly affected by their direct exposure to the downturn in the construction and house-building sector. Blaze Signs has also experienced a downturn in revenue from customers and are focussing on reducing costs in order to maintain profitability.

Whilst remaining cautious in our selection of suitable MBOs, we remain optimistic that investment propositions of the right quality will start to appear in the market when vendors' price expectations become more realistic. With its significant liquid resources, the Company is in a strong position to take advantage of such opportunities when they arise.

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