

MATRIX INCOME & GROWTH VCT PLC

A VENTURE CAPITAL TRUST

REPORT & ACCOUNTS



Annual Report and Accounts
for the year ended 31 December 2007

MATRIX

Investment Objective

Matrix Income & Growth VCT plc (“the VCT” or “MIG 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 which, following portfolio realisations, can be distributed by way of additional tax free dividends.

Contents

Investment Objective	1
Investment Policy	2
Financial Highlights	4
Chairman’s Statement	5
Investment Manager’s Review	7
Investment Portfolio Summary	14
Board of Directors	16
Directors’ Report	17
Directors’ Remuneration Report	20
Corporate Governance Statement	22
Statement of Directors’ Responsibilities	26
Independent Auditors’ Report	27
Profit and Loss Account	29
Balance Sheet	30
Reconciliation of Movements in Shareholders’ Funds	31
Cash Flow Statement	32
Notes to the Accounts	33
Shareholder Information	48
Notice of the Annual General Meeting	49
Corporate Information	52

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, mainly 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 low 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 HM Revenue & Customs (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 in 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 Investment Manager aims to hold approximately 80% (currently 70.1%) by value of the VCT's investments in qualifying holdings. The balance of the portfolio is held in readily realisable interest bearing investments and deposits.

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. 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 alongside four 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–Securities acts as the Administrator to the VCT providing Company Secretarial and Accountancy services.

Principal risks, management and regulatory environment

The Board believes that the principal risks faced by the VCT are:

Economic risk – events such as unfavourable economic conditions and/or movement in interest rates could affect trading conditions for smaller companies, in particular, and consequently the value of the VCT's qualifying investments.

Loss of approval as a Venture Capital Trust – the VCT must comply with Section 274 of the Income Tax Act 2007 which allows it to be exempted from capital gains tax on investment gains. Any breach of these rules may lead to the VCT losing its approval as a VCT, qualifying Shareholders who have not held their shares for the designated holding period having to repay the income tax relief they obtained and future dividends paid by the VCT becoming subject to tax. The VCT would also lose its exemption from corporation tax on capital gains.

Strategic and investment – inappropriate strategy or consistently weak VCT qualifying investments might lead to under performance and poor returns to Shareholders. Investment in unquoted, small companies, by its nature, involves a higher degree of risk than investment in companies traded on the London Stock Exchange main market. Smaller companies often have limited product lines, markets or financial resources and may be dependent for their management on a smaller number of key individuals. This may make them more risk-prone and volatile investments.

Regulatory – the VCT is required to comply with the Companies Acts, the rules of the UK Listing Authority and United Kingdom Accounting Standards. Breach of any of these might lead to suspension of the VCT's Stock Exchange listing, financial penalties or a qualified audit report.

Financial and operating risk – inadequate controls might lead to misappropriation of assets. Inappropriate accounting policies might lead to misreporting or breaches of regulations. Failure of the Investment Manager's and Administrator's accounting systems or disruption to its business might lead to an inability to provide accurate reporting and monitoring.

Market risk – movements in the valuations of the VCT's investments will, inter alia, be connected to movements in UK stock market indices.

Asset liquidity risk – The VCT's investments may be difficult to realise.

Market liquidity risk – Shareholders may find it difficult to sell their shares at a price which is close to the net asset value.

The Board seeks to mitigate the internal risks by setting policy and by undertaking a key risk management review at each quarterly Board meeting. Performance is regularly reviewed and assurances in respect of adequate internal controls and key risks are sought and received from the Investment Manager and Administrator on a six monthly basis. In the mitigation and management of these risks, the Board applies rigorously the principles detailed in the AIC Code of Corporate Governance. The Board also has a Share Buy Back policy to try to mitigate the Market Liquidity risk. This policy is reviewed at each quarterly Board Meeting.

Financial Highlights

Ordinary Shares (listed on 8 October 2004)

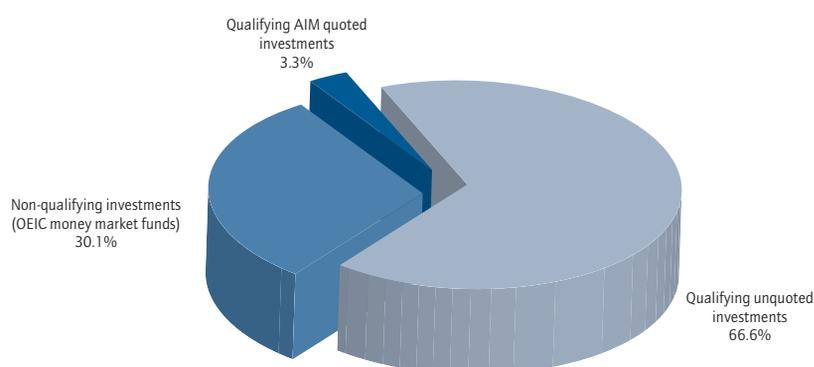
Initial net asset value per share	94.5 pence
Initial net assets	£20,933,124

	31 December 2007	31 December 2006
Net assets	£25,727,915	£22,244,902
Net asset value per share	116.9 p	100.6 p
Net cumulative dividends paid to date	4.2 p	1.8 p
Total return per share to Shareholders since launch*	121.1 p	102.4 p
Share price (mid market price)	100.5 p	88.5 p
Total expense ratio	3.4%	3.7%

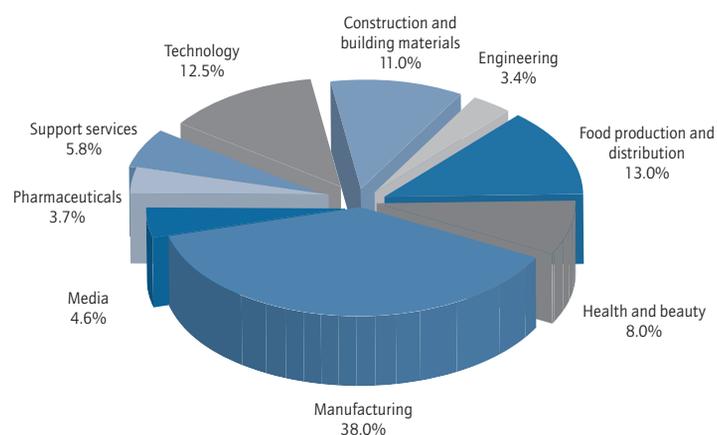
* Net asset value per share plus cumulative dividends paid per share. This compares with an original investment cost of 60 pence per share after allowing for income tax relief of 40 pence per share.

A final income dividend of 1.4 pence per share together with a final capital dividend of 6.4 pence per share, making a total final dividend of 7.8 pence per share, will be recommended to Shareholders at the AGM on 16 May 2008 to be paid on 21 May 2008, thereby increasing net cumulative dividends paid since launch to 12.0 pence per share.

Investments by asset class



Qualifying Investments by market sector



Chairman's Statement

I am pleased to present the annual results of Matrix Income & Growth VCT plc for the year to 31 December 2007 and to report on a year of good progress and strong performance.

Investment portfolio

Over the year the Company invested £6.3 million into seven companies across a range of industrial and commercial sectors, bringing total investment to £14.1 million at cost. The portfolio is predominantly invested in management buy outs ("MBOs"), reflecting the Investment Manager's focus on this type of investment. Your VCT also made its first disposal of a qualifying investment, Ministry of Cake (Holdings), realising net proceeds of £2.4 million, an overall gain of £1.4 million on original cost. Shortly after the year-end, in January 2008, the disposal of the investment in BBI Holdings realised proceeds of £842,847, an overall gain of £460,734 on cost and equivalent to 2.2 pence per share.

We have now reached the end of the third year and the qualifying investment portfolio is currently valued at 27.8% above cost, resulting in a net asset value ("NAV") per share at 31 December 2007 of 116.9 pence (2006: 100.6 pence), and a total return per share, including dividends paid but before payment of the proposed final dividend of 7.8 pence per share, of 121.1 pence (2006: 102.4 pence), compared with the initial NAV per share, net of initial costs, of 94.5 pence. This represents a total return per share since inception of 28.1% (2006: 8.4%).

Income from the Company's loan stock investments was running at an aggregate annualised rate of 8.0% at 31 December 2007. The annual running yield on the qualifying investment portfolio as a whole was 4.0%, while the yield on all assets was 4.6%. Now that the majority of the assets are invested in qualifying holdings the overall level of investment income is expected to remain relatively stable, subject to the general level of interest rates.

Dividends

The revenue account generated an increased net revenue return (after tax) for the year of £567,323 (2006: £468,957) and your Directors will be recommending a final income dividend of 1.4 pence per share, making a total of 2.4 pence for the year compared with the total income dividend of 2.2 pence per share paid last year.

In addition, the Board will be recommending the payment of a

capital dividend of 6.4 pence per share. This will be the first capital dividend paid by your Company and is a result of the highly profitable exit from the investment in Ministry of Cake.

These dividends will be recommended to Shareholders at the AGM on 16 May 2008 to be paid on 21 May 2008 to Shareholders on the Register on 25 April 2008.

Revocation of investment company status

In order to enable realised capital profits to be distributed to Shareholders the Board resolved that the Company should revoke its investment company status with effect from 19 December 2007.

Investment in qualifying holdings

The Company has met the target set by HMRC of investing 70% of total funds raised in qualifying unquoted and AIM quoted companies ("the 70% test") by 31 December 2007. At 31 December 2007, the VCT was 75% invested in qualifying companies (based upon the tax values, which differ from the Investment Portfolio Summary on pages 14 to 15).

Communication with shareholders

We aim to communicate regularly with our Shareholders. The May AGM will provide a useful platform for the Board to meet Shareholders and exchange views. Your Board welcomes your attendance at General Meetings to give you the opportunity to meet your Directors and representatives of the Investment Manager.

Electronic versions of the Annual Report

At the Extraordinary General Meeting held on 30 October 2007, Shareholders authorised the Company to send communications electronically to Shareholders, and to make documents and information available to Shareholders on a website. You have had the opportunity to decide whether to receive electronic versions of the full version of the Annual Report, or to continue to receive a printed version. The Board has decided not to produce the Summary Annual Report which some of you may have received last year, on the grounds that electronic reporting, and producing only one version of the Annual Report, should save costs.

Share buy-backs

94,069 Ordinary Shares came onto the market during the year under review and the Company bought these shares back at a

Chairman's Statement

price of 100.6 pence per share, which represented a 10% discount to the then published NAV. These shares, representing 0.43% of the issued share capital at the beginning of the year, were subsequently cancelled by the Company. The Board regularly reviews its share buy back policy.

Conflicts of interest

As from 1 October 2008 corporate governance laws will impose a new statutory obligation on your Directors relating to conflicts and potential conflicts of interest with the interests of the Company. As a result, the Board will be seeking Shareholders' approval to amend the Articles of the Company in order to give your Directors new powers to manage such conflicts in the way which is most likely to promote the interests of the Company.

Outlook

I write at a time of extreme volatility in global markets with significant concerns for slower economic growth. We cannot assume that your Company's fortunes will be unaffected by this wider context, but we consider the investment portfolio to be in good health and well-placed. The portfolio has been constructed at realistic valuations, in companies with resilience and the potential for significant capital appreciation. The Investment Manager's Report highlights the companies in the current portfolio that are performing strongly and we believe this represents a solid platform on which to generate future income and capital dividends.

Looking forward, we will continue to pursue a highly selective investment programme even though this may mean relatively few new investments completed in the near term. As 2008 progresses, however, the Investment Manager expects that transactions involving privately owned companies will generally be at lower valuations and that this should present the Company with more attractive buying opportunities. An increasing proportion of the Investment Manager's time is now being spent on preparing investee companies for potentially remunerative exits. The Board remains confident that the Company can continue to provide Shareholders with an attractive long term combination of capital growth and income.

Finally, I would like to express my thanks to all Shareholders for their continuing support for the Company.

Keith Niven,
Chairman

29 February 2008

Investment Manager's Review

The VCT has continued to pursue its strategy of investing in established profitable unquoted companies. Typically these investee companies are cash-generative and therefore capable of producing dividend income as soon as the investment is made, as well as capital returns to Shareholders on their ultimate sale or flotation. The VCT focuses principally on investments in MBOs.

This year, there has been further progress in building the qualifying investment portfolio, with seven further investments having been made totalling £6.3 million. In early July the VCT invested £1 million to support the MBO of DiGiCo Europe, a global market leading manufacturer of digital sound mixing consoles for the live performance, theatre, post-production and broadcast markets. This was followed in September by an additional investment of £1 million in Blaze Signs Holdings, the manufacturer of signage for major multiple retailers. This followed the VCT's original investment of £574,000 in April 2006 and enabled Blaze to complete the acquisition of Active Sign Maintenance, a complementary maintenance business located nearby. This has broadened Blaze's capabilities and will offer considerable cross-selling opportunities and operating synergies.

In October the VCT invested £657,000 to support the MBO of Focus Pharmaceuticals, which is based in Burton-upon-Trent and specialises in the licensing and distribution of generic pharmaceuticals. In early December we completed the MBO of Monsal, a Mansfield-headquartered company which is engaged in anaerobic technology and consultancy in water treatment and waste disposal industries and in which MIG VCT invested £616,000.

As part of an initiative to target further high quality opportunities in the MBO market, MIG VCT has formally invested in new companies alongside a small number of investing Chairmen well known to the Investment Manager. They are working closely with MPEP to identify MBO transactions using their specialist industry knowledge and experience. Three companies have been established and funded and are actively working with the corporate finance advisory community, seeking to acquire businesses in the construction and support services, healthcare and wellbeing, and food manufacturing and distribution sectors.

The investments made during the year are performing generally in line with expectations.

It is particularly encouraging that the portfolio has seen its first two successful realisations. In early December, Ministry of Cake was sold to Greencore Group. The VCT's £1 million investment, made in September 2005, was realised in cash for total net

capital proceeds of £2.4 million, representing a £983,000 uplift on the valuation prevailing at 30 September 2007.

Shortly after the year-end a second investment was sold at a significant profit. BBI Holdings, the AIM-quoted manufacturer and distributor of point-of-care medical diagnostic products, became the subject of a recommended offer by Inverness Medical Innovations Inc, a US company quoted on the American Stock Exchange. Favourable exchange rate movements and the strengthening share price of Inverness, which offered a share alternative to the cash offer of 185p per BBI share, enabled the VCT to sell its shares in the market in early January at just over 205p per share. The proceeds of £842,000 compared to the Company's investment cost of £382,000 and represented an £87,000 increase over the valuation as at 31 December 2007.

Following the two realisations, the portfolio now comprises seventeen investments at a total cost of £13.7 million and a valuation of £17.2 million, 125.5% of cost. The performance of the investments is generally pleasing, with a number continuing to exhibit strong trading despite growing evidence of a generally weakening UK economic background.

Foremost amongst these are VSI, Youngman, Vectair and PastaKing, which have all enjoyed strong trading. Youngman and PastaKing reported record profits during the year and Vectair more than doubled in profit over the comparable figures in 2006. PXP and British International have both delivered solid performances. Whilst SectorGuard has made acquisitions, its commercial progress has not yet been reflected in its share price. More disappointingly, the performance of each of Campden Media and Racoon International has been less positive. Whilst both are profitable, they are trading at levels of profitability much lower than anticipated at the time of investment and their valuations reflect this.

It would be surprising if the value of the VCT's unquoted investments was immune from the concerns surrounding the wider economic environment. However, we are confident that we have generally invested in well-established, profitable businesses alongside management teams who are highly motivated to deliver performance for Shareholders over the coming years, and that the portfolio's strong early performance reflects this.

Further details of the investments in the current portfolio are outlined below. For all investments below, the figures for audited financial information are rounded to the nearest thousand pounds.

Investment Manager's Review



Youngman Group Limited

	Total	Ordinary Shares	Preference Shares	Loan Stock
Cost	£1,000,052	£100,052	£14,286	£885,714
Valuation	£3,101,194	£2,201,194	£14,286	£885,714

Basis of valuation: Discounted earnings multiple
Equity % held and voting rights: 8.5%
Business: Manufacture of ladders and access towers
Location: Maldon, Essex
History: Management buy-in/buy-out from SGB Group
Income receivable by VCT in year: £78,220
Audited financial information:

Year ended	Turnover	Operating profit	Net assets
30 June 2007	£49,313,000	£5,878,000*	£4,434,000

Blaze Signs Holdings Limited

	Total	Ordinary Shares	Preference Shares	Loan Stock
Cost	£1,573,750	£472,125	£19,672	£1,081,953
Valuation	£2,155,806	£1,054,181	£19,672	£1,081,953

Basis of valuation: Price of recent investment
Equity % held and voting rights: 17.2%
Business: Manufacture and installation of signs
Location: Broadstairs, Kent
History: MBO
Income receivable by VCT in year: £72,456
Audited financial information:



Year ended	Turnover	Operating profit	Net assets
31 March 2007	£14,245,000	£1,732,000*	£1,588,000

PastaKing Holdings Limited



	Total	Ordinary Shares	Preference Shares	Loan Stock
Cost	£464,047	£185,619	£1,307	£227,121
Valuation	£1,346,216	£1,011,580	£1,307	£333,329

Basis of valuation: Discounted earnings multiple
Equity % held and voting rights: 7.2%
Business: Manufacturer and supplier of fresh pasta meals
Location: Newton Abbot, Devon
History: MBO
Income receivable in year: £49,280
Audited financial information:

Year ended	Turnover	Operating profit	Net assets
30 June 2007†	£9,546,000	£2,104,000*	£2,124,000

†The figures are for the period from 21 March 2006 to 30 June 2007.



VSI Limited

	Total	Ordinary Shares	Preference Shares	Loan Stock
Cost	£618,071	£61,824	£3,252	£552,995
Valuation	£1,257,112	£645,565	£3,252	£608,295

Basis of valuation: Discounted earnings multiple
Equity % held and voting rights: 14.6%
Business: Provider of software for CAD and CAM vendors
Location: Sheffield
History: MBO
Income receivable in year: £55,300

Audited financial information:

Period ended [†]	Turnover	Operating profit	Net assets
31 December 2006	£3,169,000	£792,000*	£898,000

[†]9 months

Aust Construction Investors Limited

	Total	Ordinary Shares	Loan Stock
Cost	£1,000,000	£400,000	£600,000
Valuation	£1,000,000	£400,000	£600,000

Basis of valuation: Cost
Equity % held and voting rights: 49.0%
Business: Company seeking to acquire businesses in construction and related services industries
Location: Bristol, Avon
History: Newly formed company
Income receivable by VCT in year: £7,602
Audited financial information: First audited accounts will be for the period ending 31 December 2008

Barnfield Management Investments Limited

	Total	Ordinary Shares	Loan Stock
Cost	£1,000,000	£400,000	£600,000
Valuation	£1,000,000	£400,000	£600,000

Basis of valuation: Cost
Equity % held and voting rights: 49.0%
Business: Company seeking to acquire businesses in the food manufacturing and related services industries
Location: Exeter, Devon
History: Newly formed company
Income receivable by VCT in year: £7,602
Audited financial information: First audited accounts will be for the period ending 31 December 2008

Investment Manager's Review

Calisamo Management Limited

	Total	Ordinary Shares	Loan Stock
Cost	£1,000,000	£400,000	£600,000
Valuation	£1,000,000	£400,000	£600,000

Basis of valuation:	Cost
Equity % held and voting rights:	49.0%
Business:	Company seeking to acquire businesses in healthcare and wellbeing products industries
Location:	Burton upon Trent, Staffordshire
History:	Newly formed company
Income receivable by VCT in year:	£2,469
Audited financial information:	First audited accounts will be for the period ending 31 December 2008

DiGiCo Europe Limited



	Total	Ordinary shares	Preference Shares	Loan Stock
Cost	£1,000,000	£386,522	£435	£613,043
Valuation	£1,000,000	£386,522	£435	£613,043

Basis of valuation:	Cost
Equity % held and voting rights:	6.5%
Business:	Manufacturer of digital sound mixing consoles
Location:	Chessington, Surrey
History:	MBO
Income receivable by VCT in year:	£28,251
Audited financial information:	First audited accounts will be for the period ended 31 December 2007

PXP Holdings Limited (Pinewood Structures)



	Total	Ordinary Shares	Preference Shares	Loan Stock
Cost	£1,000,000	£288,000	£1,829	£710,171
Valuation	£984,630	£272,630	£1,829	£710,171

Basis of valuation:	Discounted earnings multiple
Equity % held and voting rights:	8.5%
Business:	Design, manufacture and supply of timber frames for buildings
Location:	Sandy, Bedfordshire
History:	MBO
Income receivable by VCT in year:	£56,541
Audited financial information:	First audited accounts will be for the period ended 31 December 2007

British International Holdings Limited

	Total	Ordinary Shares	Preference Shares	Loan Stock
Cost	£1,000,000	£225,000	£1,000	£774,000
Valuation	£951,300	£21,500	£1,000	£928,800

Basis of valuation: Discounted earnings multiple
Equity % held and voting rights: 10.0%
Business: Helicopter service operators
Location: Sherborne, Dorset
History: MBO
Income receivable by VCT in year: £69,611

Audited financial information

Year ended	Turnover	Operating profit	Net assets
31 December 2006	£20,385,000	£2,285,000*	£1,913,000

Vectair Holdings Limited

	Total	Ordinary Shares	Preference Shares	Loan Stock
Cost	£560,302	£138,074	£500	£421,728
Valuation	£820,323	£313,749	£500	£506,074

Basis of valuation: Discounted earnings multiple
Equity % held and voting rights: 12.0%
Business: Design and distribution of washroom products
Location: Basingstoke, Hampshire
History: MBO
Income receivable by VCT in year: £38,753

Audited financial information:

Year ended	Turnover	Operating profit	Net assets
31 July 2007	£7,657,000	£1,039,000*	£2,214,000

Campden Media Limited

	Total	Ordinary Shares	Preference Shares	Loan Stock
Cost	£975,000	£195,000	£2,437	£777,563
Valuation	£819,123	£0	£0	£819,123

Basis of valuation: Discounted earnings multiple
Equity % held and voting rights: 10.8%
Business: Magazine publisher and conference organiser
Location: London
History: MBO
Income receivable by VCT in year: £76,283

Audited financial information:

Year ended	Turnover	Operating profit	Net assets
31 December 2006	£6,533,000	£537,000*	£1,257,000

Investment Manager's Review

BBI Holdings Plc



	Total	Ordinary Shares
Cost	£382,113	£382,113
Valuation	£755,881	£755,881

Basis of valuation: Bid price (AIM quoted)
Equity % held and voting rights: 1.0%
Business: Developer and manufacturer of rapid test diagnostic products
Location: Cardiff
History: AiM flotation
Income receivable by VCT in year: £2,054
Audited financial information:

Year ended	Turnover	Operating profit	Net assets	EPS
31 March 2007	£9,732,000	£2,339,000*	£12,446,000	4.7p (basic) 3.6p (diluted)



Focus Pharma Holdings Limited

	Total	Ordinary Shares	Preference Shares	Loan Stock
Cost	£656,987	£229,945	£1,026	£426,016
Valuation	£656,987	£229,945	£1,026	£426,016

Basis of valuation: Cost
Equity % held and voting rights: 2.7%
Business: Licensing and distribution of generic pharmaceuticals
Location: Burton upon Trent, Staffordshire
History: MBO
Income receivable by VCT in year: £9,347
Audited financial information: First audited accounts will be for the period ending 31 December 2008

Monsal Holdings Limited

	Total	Ordinary Shares	Loan Stock
Cost	£615,918	£208,380	£407,538
Valuation	£615,918	£208,380	£407,538

Basis of valuation: Cost
Equity % held and voting rights: 9.5%
Business: Engineering services to water and waste sectors
Location: Mansfield, Nottinghamshire
History: MBO
Income receivable by VCT in year: £2,599
Audited financial information: First audited accounts will be for the period ending 30 September 2008



Racoon International Holdings Limited

	Total	Ordinary Shares	Preference Shares	Loan Stock
Cost	£874,199	£262,258	£1,249	£610,692
Valuation	£437,100	£0	£0	£437,100

Basis of valuation:	Discounted earnings multiple
Equity % held and voting rights:	12.2%
Business:	Supply of hair extensions, hair care products and training
Location:	Leamington Spa, Warwickshire
History:	MBO
Income receivable by VCT in year:	£12,247
Audited financial information:	First audited accounts will be for the period ending 31 March 2008

SectorGuard plc



	Total	Ordinary Shares
Cost	£150,106	£150,106
Valuation	£94,485	£94,485

Basis of valuation:	Bid price (AIM quoted)
Equity % held and voting rights:	1.4%
Business:	Provision of manned guarding, mobile patrolling, and alarm response services
Location:	Waltham Cross, Essex
History:	Expansion finance as part of a £3 million capital raising
Income receivable by VCT in year:	£4,717
Interim unaudited financial information (announced to shareholders):	

Year ended	Turnover	Operating profit	Net assets	EPS
30 September 2007	£17,810,000	£874,000*	£9,621,000	0.17p (basic and diluted)

FH Ingredients Limited (in administration)

	Total	Ordinary Shares	Preference Shares	Loan Stock
Cost	£212,893	£44,242	£998	£167,653
Valuation	£0	£0	£0	£0

Basis of valuation:	Cost less impairment
Equity % held and voting rights:	9.3%
Business:	Processor and distributor of frozen herbs to the food processing industry
Location:	Eye, Suffolk
History:	Management buy in/buy out from Harrington Food Group
Income receivable in year:	Nil
Audited financial information:	Audited accounts for the year ended 31 March 2006 are not available



*Operating profit is stated before charging amortisation of goodwill.

The equity percentage holdings disclosed above are on a fully diluted basis.

Further details of the investments in the MPEP portfolio may be found on MPEP's website: www.matrixpep.co.uk

Investment Portfolio Summary

as at 31 December 2007

	Date of initial investment	Total book cost	Valuation	% value of net assets	% of equity held by funds managed by MPEP*
		£'000	£'000		
Qualifying investments					
AIM quoted investments					
BBI Holdings Plc Developer and manufacturer of rapid test diagnostic products	May 2006	382	756	2.9%	3.11%
SectorGuard plc Provider of manned guarding, mobile patrolling, and alarm response services	August 2005	150	97	0.4%	5.43%
		532	853	3.3%	
Unquoted investments					
Youngman Group Limited Manufacturer of ladders and access towers	October 2005	1,000	3,101	12.1%	29.70%
Blaze Signs Holdings Limited Manufacturer and installer of signs	April 2006	1,574	2,156	8.4%	53.60%
PastaKing Holdings Limited Supplier to the educational and food service market	June 2006	464	1,346	5.2%	27.50%
VSI Limited Developer and marketer of 3D software	April 2006	618	1,257	4.9%	47.40%
Aust Construction Investors Limited Company seeking to acquire businesses in construction sector	October 2007	1,000	1,000	3.9%	49.00%
Barnfield Management Investments Limited Company seeking to acquire businesses in food sector	October 2007	1,000	1,000	3.9%	49.00%
Calisamo Management Limited Company seeking to acquire businesses in healthcare sector	December 2007	1,000	1,000	3.9%	49.00%
DiGiCo Europe Limited Designer and manufacturer of audio mixing desks	July 2007	1,000	1,000	3.9%	30.00%
PXP Holdings Limited (Pinewood Structures) Designer, manufacturer, supplier and installer of timber frames for buildings	December 2006	1,000	985	3.8%	37.33%
British International Holdings Limited Supplier of helicopter services	May 2006	1,000	951	3.7%	34.93%
Vectair Holdings Limited Designer and distributor of washroom products	January 2006	560	820	3.2%	24.00%
Campden Media Limited Magazine publisher and conference organiser	January 2006	975	819	3.2%	28.44%
Focus Pharma Holdings Limited Licensor and distributor of generic pharmaceuticals	October 2007	657	657	2.6%	13.00%
Monsal Holdings Limited Supplier of engineering services to water and waste sectors	December 2007	616	616	2.4%	46.51%
Racoon International Holdings Limited Supply of hair extensions, hair care products and training	December 2006	874	437	1.7%	49.00%
FH Ingredients Limited (in administration) Processor and distributor of frozen herbs to the food processing industry	February 2005	213	–	0.0%	35.00%
		13,551	17,145	66.8%	
Total qualifying investments		14,083	17,998	70.1%	

*The other funds managed by MPEP include Matrix Income & Growth 2 VCT plc (MIG2), Matrix Income & Growth 3 VCT plc (MIG3), Matrix Income & Growth 4 VCT plc (MIG4) and The Income & Growth VCT plc (formerly TriVest VCT plc) (Income and Growth VCT). All of these funds have co-invested in the quoted and unquoted investments alongside the Company with the exceptions that MIG2 and MIG3 did not invest in FH Ingredients Limited (in administration), and MIG3 did not invest in Youngman Group Limited.

	Total book cost £'000	Valuation £'000	% value of net assets
Non-qualifying investments			
Global Treasury Funds plc (Royal Bank of Scotland)**	2,168	2,168	8.4%
Fidelity Institutional Cash Fund plc**	1,178	1,178	4.6%
Insight Liquidity Funds plc (HBOS)**	1,166	1,166	4.5%
GS Funds plc (Goldman Sachs)**	1,062	1,062	4.1%
SWIP Global Liquidity Fund plc (Scottish Widows)**	1,016	1,016	3.9%
Barclays Global Investors Cash Selection Funds plc**	612	612	2.4%
Institutional Cash Series plc (BlackRock)**	546	546	2.1%
Total non-qualifying investments	7,748	7,748	30.0%
Total investments	21,831	25,746	100.1%
Other assets	199	199	0.7%
Current liabilities	(217)	(217)	(0.8)%
Net assets	21,813	25,728	100.0%

**Disclosed as current investments in the Balance Sheet.

Board of Directors

Keith Niven

Status: Independent non-executive Chairman

Age: 59

Experience: Keith has over 30 years' experience in the financial services industry, most of which was spent at Schroder Investment Management Limited, the fund management arm of Schroders plc, where he was appointed joint vice chairman in 2000. He held a number of other senior positions within Schroders including managing director of its UK institutional fund management business between 1986 and 1992 and chairman of its retail business, Schroder Unit Trusts Limited, from 1992 to 2001. He retired from Schroders in October 2001. Keith is also non-executive Chairman of Matrix Income & Growth 3 VCT plc and a non-executive director of four other trusts, Schroder UK Growth Fund plc, Schroder Income Growth Fund plc, Impax Environmental Markets plc and Advance UK Trust plc. Keith is an investment adviser to the Rolls-Royce Pension Fund and a director of the Trossachs Community Trust.

Length of Service as at 31 December 2007: 3.5 years

Committee Memberships: Audit Committee, Investment Committee, Management Engagement Committee (Chairman) and Nominations and Remuneration Committee (Chairman)

Number of Board and Committee meetings attended 2007: 12/12

Relevant relationships with the Investment Manager or other service providers: Chairman of Matrix Income & Growth 3 VCT plc which is also managed by Matrix Private Equity Partners LLP.

Relevant relationships with investee companies: None

Shareholding in the Company: 21,100 Ordinary shares.

Bridget Guérin

Status: Non-executive Director

Age: 46

Experience: Bridget is a director of Matrix Group Limited and of its subsidiary Matrix-Securities Limited. Matrix Group Limited is a specialist financial services company and has a market leading role as a promoter of VCTs. Prior to joining Matrix Group Limited, Bridget accumulated 16 years' of retail investment fund experience at Schroder Unit Trusts Limited, Ivory & Sime and County NatWest. Bridget sits on the Boards of Matrix Income & Growth 3 VCT plc, Matrix Alternative Investment Strategies Fund Limited, an open ended fund of hedge funds and Matrix Structured Products Limited, a closed ended fund based in Bermuda.

Length of Service as at 31 December 2007: 3.5 years

Committee Memberships: Investment Committee

Number of Board and Committee meetings attended 2007: 7/8

Relevant relationships with the Investment Manager or other service providers: Director of Matrix-Securities Limited, Promoter, Company Secretary and Administrator to the Company, which is a wholly owned subsidiary of Matrix Group Limited of which Bridget is a director and shareholder. Matrix Group Limited also owns 100% of the equity of MPE Partners Limited which has a 50% interest in Matrix Private Equity Partners LLP, the Company's Investment Manager. Bridget is a Director of Matrix Income & Growth 3 VCT plc which is also managed by Matrix Private Equity Partners LLP.

Relevant relationships with investee companies: None

Shareholding in the Company: 10,550 Ordinary shares.

Christopher Moore

Status: Independent non-executive Director

Age: 63

Experience: Christopher has considerable experience of the venture capital industry. After a law degree and qualifying as an accountant with Price Waterhouse he worked for Robert Fleming Inc., Lazards, Jardine Fleming and then Robert Fleming, latterly as a main board director from 1986 to 1995. During this period he was involved in various unquoted and venture capital investments and remained chairman of Fleming Ventures Limited, an international venture capital fund, until the fund's final distribution in 2003. His recent roles have included acting as senior adviser to the chairman of Lloyds and chairing the successful turn-around of a public industrial group. Christopher is currently on the boards of Matrix Income & Growth 3 VCT plc, Matrix Income & Growth 4 VCT plc and The Income & Growth VCT plc. Christopher is also a director of Bletchley Park Trust Limited, Eye Research UK, the British Eye Research Foundation and Fight for Sight Limited.

Length of Service as at 31 December 2007: 3.5 years

Committee Memberships: Audit Committee, Investment Committee (Chairman), Management Engagement Committee and Nominations and Remuneration Committee

Number of Board and Committee meetings attended 2007: 12/12

Relevant relationships with the Investment Manager or other service providers: Director of Matrix Income & Growth 3 VCT plc, Matrix Income & Growth 4 VCT plc and The Income & Growth VCT plc who are also managed by Matrix Private Equity Partners LLP

Relevant relationships with investee companies: None

Shareholding in the Company: 42,200 Ordinary shares.

Tom Sooke

Status: Senior independent non-executive Director

Age: 63

Experience: Tom is an experienced venture capitalist who is currently on the boards of Matrix Income & Growth 3 VCT plc and Quester VCT plc. Tom is also a director of CitiCourt Associates Limited and Braxxon Technology Limited. In recent years he has been chairman and non-executive director of a number of quoted and unquoted private equity funds and other companies. Previously, up until 1991, he was a partner in Deloitte & Touche, co-managing the firm's corporate advisory group in London. Prior to that he was a main board director at Granville Holdings plc, where he also established and ran its main private equity fund activities from 1980 to 1987. In 1983, whilst with Granville, Tom was also one of the co-founding members of the British Venture Capital Association.

Length of Service as at 31 December 2007: 3.5 years

Committee Memberships: Audit Committee (Chairman), Investment Committee, Management Engagement Committee and Nominations and Remuneration Committee

Number of Board and Committee meetings attended 2007: 11/12

Relevant relationships with the Investment Manager or other service providers: Director of Matrix Income & Growth 3 VCT plc which is also managed by Matrix Private Equity Partners LLP.

Relevant relationships with investee companies: None

Shareholding in the Company: 7,912 Ordinary shares

Directors' Report

The Directors present the Annual Report and Accounts of the VCT for the year ended 31 December 2007.

Business and principal activities

The principal activity of the VCT during the year under review was investment in a diverse selection of established profitable unquoted companies in the United Kingdom. Details of the principal investments made by the VCT are given in the Investment Manager's Review and Investment Portfolio Summary on pages 7 to 15 of this Report. A review of the VCT's business during the year is also contained in the Chairman's Statement on pages 5 to 6.

The Ordinary Shares of 1p each in the capital of the VCT were first admitted to the Official List of the UK Listing Authority and to trading on 8 October 2004.

The VCT has satisfied the requirements for full approval as a Venture Capital Trust under section 274 of the Income Tax Act 2007 (ITA) with effect from 31 December 2007. It is the Directors' intention to continue to manage the VCT's affairs in such a manner as to comply with section 274 of the ITA.

The VCT is no longer an investment company, having revoked its status as such as defined in section 266 of the Companies Act 1985 ("the 1985 Act") on 19 December 2007.

Future developments

The VCT will continue to pursue its Investment Objective as set out at the beginning of this Annual Report.

Business review and performance review

For a review of the VCT's development and performance during the year, please see the Chairman's statement on pages 5 to 6 and the Investment Manager's Review and Investment Portfolio Summary on pages 7 to 15 of this Report. The Financial Highlights on page 4 provides data on the VCT's key performance indicators.

The Board reviews performance by reference to various measures, taking account of the long term nature of the assets in which the VCT invests.

Total return

The total return per share is the key measure of performance for the VCT, which comprises NAV plus cumulative dividends paid

per share. The NAV is calculated quarterly in accordance with the International Private Equity Venture Capital Valuation (IPEVVCV) guidelines. Net assets increased during the year under review resulting in a 16.2% increase in NAV per share and an 18.3% increase in total return per share.

Total expense ratio (TER)

The TER of the VCT for the year under review was 3.4%. Under the terms of the management agreement, the total management and administration expenses of the VCT, excluding any irrecoverable VAT and any management performance incentive fee, are limited to a maximum of 3.6% of the value of the VCT's closing net assets.

Share capital

During the year under review the VCT bought back 94,069 Ordinary Shares (being 0.43% of the opening issued share capital of that class) at a total cost of £95,275. The issued Ordinary Share capital of the VCT as at 31 December 2007 was £220,097 (2006: £221,038). The number of Ordinary Shares in issue at this date was 22,009,752 (2006: 22,103,821).

Results and dividend

The revenue return after taxation attributable to Ordinary Shareholders for the year was £567,323, an increase of £98,366 over the revenue return for the year ended 31 December 2006. The Directors will be recommending a final income dividend of 1.4 pence per share and a final capital dividend of 6.4 pence per share to Shareholders at the Annual General Meeting to be held on 16 May 2008, payable on 21 May 2008 to Shareholders who are on the Register on 25 April 2008.

The capital return has increased from £1,260,471 for the year ended 31 December 2006 to £3,541,452 for the year ended 31 December 2007.

Directors and their interests

The names of the Directors appear below and brief biographical details on each of the Directors are given on page 16 of this Annual Report. The current Directors were all first appointed to the Board on 1 July 2004. In accordance with the VCT's Articles of Association and the AIC Code of Corporate Governance ("the AIC Code"), Keith Niven will retire by rotation at the Annual General Meeting of the VCT to be held on 16 May 2008 and being eligible offers himself for re-election.

Directors' Report

The Directors who held office throughout the year under review and their interests (including those of their connected persons) as at 31 December 2007 were:

	Ordinary Shares held on:	
	31 December 2007	31 December 2006
Keith Niven	21,100	21,100
Bridget Guérin	10,550	10,550
Christopher Moore	42,200	42,200
Tom Sooke	7,912	7,912

There have been no changes to the Directors' share interests between the year-end and the date of this Report.

No options over the share capital of the VCT have been granted to the Directors. No Director has a service contract with the VCT. The VCT does not have any employees.

Management

Matrix Private Equity Partners Limited was appointed as Investment Manager to the VCT on 9 July 2004. On 23 October 2006 Matrix Private Equity Partners Limited transferred its business to Matrix Private Equity Partners LLP and the VCT novated the existing Investment Advisors Agreement and Incentive Agreement to Matrix Private Equity Partners LLP (MPEP). For further information on the terms and duration of the appointment and the fees paid to MPEP please see Note 3 to the accounts on page 35.

During the year under review the Management Engagement Committee reviewed the services provided by the Investment Manager. The Committee concluded that, although still at a relatively early stage, the Company's investment portfolio was performing satisfactorily. Furthermore, the Committee continued to believe that MPEP possessed the experience, knowledge and resources necessary to help the Board achieve the Company's long term investment objectives.

The Board, therefore, believes the continued appointment of the Investment Manager remains in the interest of the Shareholders.

Matrix-Securities Limited acts as both VCT Administrator and Company Secretary to the VCT for which it received a fee of £85,031 in respect of the year covered by this report.

VCT status monitoring

The VCT appointed PricewaterhouseCoopers LLP to advise on its compliance with the legislative requirements relating to VCTs. PricewaterhouseCoopers review new investment opportunities as appropriate and carry out regular reviews of the VCT's investment portfolio.

Auditors

PKF (UK) LLP were re-appointed as auditors of the VCT during the year and have expressed their willingness to continue in office. Resolutions to re-appoint PKF (UK) LLP and to authorise the Directors to determine their remuneration will be proposed at the forthcoming Annual General Meeting.

Auditors' right to information

So far as the Directors are aware, there is no relevant audit information of which the auditors are unaware. They have individually taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the VCT's auditors are aware of that information.

Financial instruments

Note 19 on pages 43 to 47 provides a definition of the financial instruments used by the VCT. The main risks arising from the VCT's financial instruments are due to fluctuations in market prices and interest rates, credit risk and liquidity risk. The Board regularly reviews and agrees policies for managing these risks and full details can be found in Note 19.

Substantial interests

As at 29 February 2008 the VCT had not been notified of any beneficial interest exceeding 3% of the issued share capital.

Creditors' payment policy

The VCT's policy is to pay all creditors' invoices within 30 days of the invoice date unless otherwise agreed. At 31 December 2007 the average credit period for trade creditors was 10.6 days.

Annual General Meeting

A notice for the Annual General Meeting of the VCT to be held at 11.30 am on 16 May 2008 at One Jermyn Street, London SW1Y 4UH is set out on pages 49 to 51 of this Annual Report. A proxy form has been sent to all shareholders.

The notice of the meeting includes a resolution to re-appoint Keith Niven as a Director and brief biographical details of Keith Niven are published on page 16 of this Annual Report.

Authorities for the Directors to allot shares (Resolution 7) and disapply pre-emption rights (Resolution 8) under sections 80 and 95 of the 1985 Act.

These two resolutions grant the Directors the authority to allot shares for cash to a limited and defined extent otherwise than pro rata to existing shareholders in accordance with section 89 of the 1985 Act.

Resolution 7 will enable the Directors to allot up to an aggregate nominal amount not exceeding £77,034

representing approximately 35% of the issued Ordinary Share capital of the VCT as at the date of the Notice of the Meeting. This resolution is proposed as an ordinary resolution. This authority, unless previously renewed or revoked, will expire on the fifth anniversary of the date of the passing of this resolution.

Under Section 89 of the 1985 Act, if the Directors wish to allot any of the unissued share capital for cash they must first offer such shares to existing shareholders in proportion to their current holdings. Resolution 8 will enable this requirement to be disapplied in the specific circumstances named in the Resolution. These are in relation to a rights issue, any dividend investment scheme that may be introduced by the VCT in the future, to fund a purchase of shares and also pursuant to any future 5 per cent. "top-up" offer. This resolution is proposed as a special resolution.

This authority, unless previously renewed or revoked, will expire on the conclusion of the Annual General Meeting of the VCT to be held in 2009 except that the Directors may allot securities after this date in pursuance of offers or agreements made prior to the expiration of the authority.

Both resolutions generally renew previous authorities approved on 26 April 2007. The Directors have no immediate intention of exercising these powers.

Authority to purchase the VCT's own shares (Resolution 9)

This resolution authorises the VCT to purchase its own shares pursuant to section 166 of the 1985 Act. The authority is limited to a maximum number of Ordinary Shares of 3,299,262 representing 14.99% of the issued share capital at the date of the notice of the meeting and will expire at the conclusion of the Annual General Meeting of the VCT to be held in 2009. The maximum price (exclusive of expenses) which may be paid for an Ordinary Share will be the amount equal to 105% of the average of the middle market quotations for the VCT's Shares of that class as derived from The London Stock Exchange Daily Official List for the five business days immediately preceding the purchase. The minimum price which may be paid is one penny per share, ie the nominal value of the shares.

Market liquidity in VCTs is normally very restricted. The passing of this resolution will enable the VCT to purchase its own shares thereby providing a mechanism by which the VCT may enhance the liquidity of its shares and seek to manage the level and volatility of the discount to NAV at which its shares may trade.

It is the Directors' intention to cancel any shares bought back under this authority. Shareholders should note that the Directors will not exercise this authority unless to do so would result in an

increase in net assets per share which would be in the interests of Shareholders generally. This resolution is proposed as a special resolution.

Authority to authorise a conflict or potential conflict. Amendment to the Articles of Association (insertion of Article 122A, renumbering of Article 122 as Article 122B and consequent amendments to other Articles) (Resolution 10)

The Companies Act 2006 ("the 2006 Act") sets out Directors' general duties which largely codify the existing law but with some changes. Under the 2006 Act, from 1 October 2008 a Director must avoid a situation where he has or can have a direct or indirect interest that conflicts, or possibly may conflict, with the company's interests. The requirement is very broad and could apply, for example, if a Director becomes a Director of another company or a trustee of another organisation. The 2006 Act allows Directors of public companies to authorise conflicts and potential conflicts where appropriate, where the Articles of Association ("the Articles") contain a provision to this effect. The 2006 Act also allows the Articles to contain other provisions for dealing with Directors' conflicts of interest to avoid a breach of duty. The New Articles give the Directors authority to approve such situations and to include other provisions to allow conflicts of interests to be dealt with in a similar way to the current position.

There are safeguards that will apply when Directors decide whether to authorise a conflict or potential conflict. First, only Directors who have no interest in the matter being considered will be able to take the relevant decision, and secondly in taking the decision, the Directors must act in a way which they consider, in good faith, will be most likely to promote the company's success. The Directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate.

It is the Directors' intention to report annually on the VCT's procedures for ensuring that the Board's powers of authorisation of conflicts are operated effectively and that the procedures have been followed. This resolution is proposed as a special resolution.

**By order of the Board
Matrix-Securities Limited**

Company Secretary

29 February 2008

Directors' Remuneration Report

This Report has been prepared by the Directors in accordance with the requirements of Schedule 7A of the Companies Act 1985. A resolution to approve the Report will be proposed at the Annual General Meeting to be held on 16 May 2008. The Company's auditors are required to give their opinion on the specified information provided on Directors' emoluments and this is explained further in their report to Shareholders on pages 27 to 28.

Remuneration committee

The remuneration of individual Directors is determined by the Nominations and Remuneration Committee. The Committee comprises three Directors, Keith Niven (Chairman), Christopher Moore and Tom Sooke all of whom the Board considers to be independent from the Investment Manager. It meets at least once a year and makes recommendations to the Board within its terms of reference. Its duties include responsibility for reviewing the remuneration of the Directors and the appropriateness and relevance of the remuneration policy. The Committee has access to independent advice where it considers it appropriate. However, no such advice was taken during the period under review.

Remuneration policy

The remuneration policy is set by the Board. When considering the level of Directors' fees, the Nominations and Remuneration Committee is directed to take account of remuneration levels elsewhere in the Venture Capital Trust industry and other relevant information. It considers the levels and make-up of remuneration which are sufficient to attract, retain and motivate directors of the quality required to run the Company successfully and reflect the time commitment and responsibilities of the roles. It is not considered appropriate at the current time to relate any portion of the fees paid to the Directors, who are all non-executive, to performance. However, under an Incentive Agreement dated 9 July 2004 the Company will pay an incentive fee to the Investment Manager and to the Promoter. For further information on the incentive fee and on Bridget Guérin's connection to Matrix Group Limited please see Notes 3 and 22 respectively of the Notes to the Accounts on pages 35 and 47. The Directors do not have any plans to introduce any further incentive schemes at the present time and will seek Shareholder approval for any such schemes should they be proposed in the future. The Company's Articles of

Association limit the total amount that can be paid to the Directors in fees to £100,000 per annum. Details of the Directors' remuneration are disclosed below and in Note 5 in the Notes to the Accounts.

It is intended that this policy will continue for the year ended 31 December 2008 and subsequent years.

Terms of appointment

The Articles of Association provide that Directors may be appointed either by an ordinary resolution of the Company or by the Board provided that a person appointed by the Board shall be subject to re-election at the first Annual General Meeting following their appointment. Subject to the provisions of the Companies Act 1985, one-third of the Directors retire from office by rotation at each Annual General Meeting, or if their number is not a multiple of three, the number nearest to but not greater than one-third. The Director retiring at each Annual General Meeting shall be the Director who has been longest in office since their last re-election.

All of the Directors are non-executive and none of the Directors has a service contract with the Company. All Directors receive a formal letter of appointment setting out the terms of their appointment, the powers and duties of Directors and the fees pertaining to the appointment. Appointment letters for new Directors will in future contain an assessment of the anticipated time commitment of the appointment and Directors will be asked to undertake that they will have sufficient time to meet what is expected of them and to disclose their other significant time commitments to the Board before appointment. A Director's appointment may be terminated on three months' notice being given by the Company. No arrangements have been entered into between the Company and the Directors to entitle any of the Directors to compensation for loss of office. None of the Directors receive pension benefits from the Company and the Company has not granted any Director any options over the share capital of the Company.

Directors' emoluments (audited information)

The total emoluments in respect of qualifying services of each person who served as a Director during the year are as set out in the table below. The Company does not have any schemes in place to pay any of the Directors bonuses or benefits in addition to their Directors' fees.

Total directors' fees

	Year ended 31 December 2007 £	Year ended 31 December 2006 £
Keith Niven	20,000	20,000
Bridget Guérin	15,000	15,000
Christopher Moore	17,500	17,500
Tom Sooke	17,500	17,500
Total	70,000	70,000

The Directors received no further emoluments in respect of their services. Aggregate fees in respect of qualifying services for all Directors amounted to £70,000 (31 December 2006: £70,000). Fees paid to Christopher Moore and Tom Sooke include an additional £2,500 for Chairmanship of the Investment Committee and Audit Committee respectively.

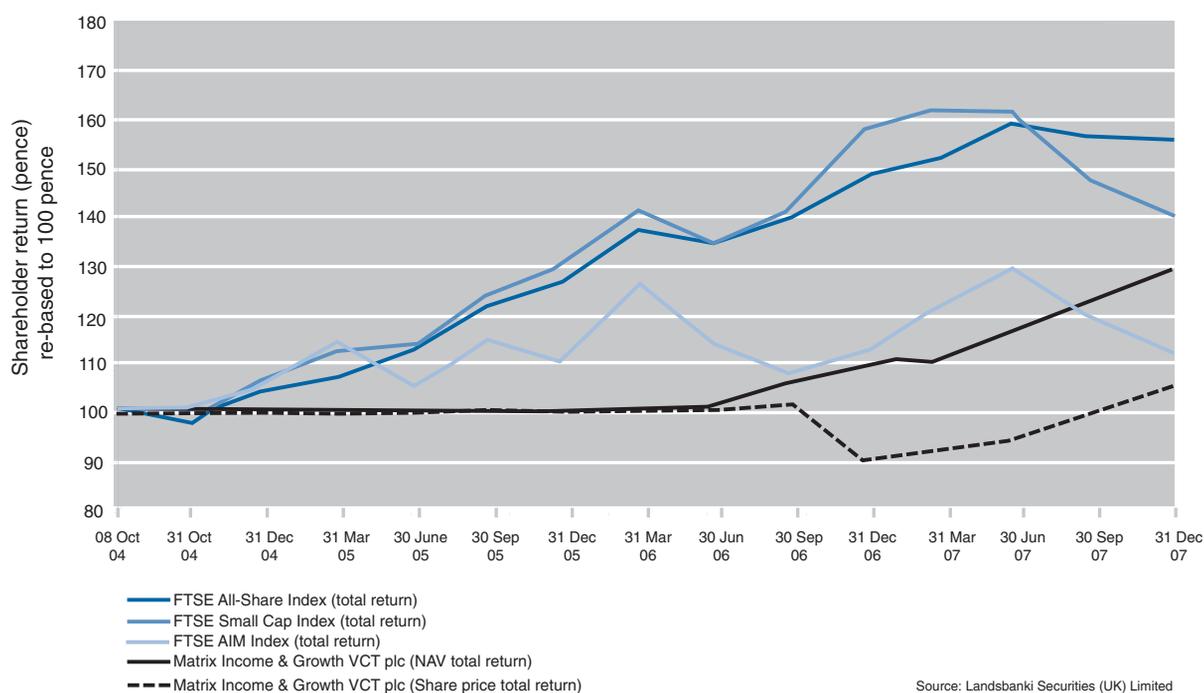
Total shareholder return

The following graph charts the total cumulative shareholder return of the Company since the Ordinary Shares were first admitted to the Official List of the UK Listing Authority on 8 October 2004 (assuming all dividends are re-invested) compared with the total cumulative shareholder return of the FTSE All-Share, the FTSE SmallCap and the FTSE AIM Indices. These indices represent broad equity-market indices against which investors can measure the performance of the Company and are appropriate indices against which to measure the Company's performance over the medium to long term. The total shareholder return has been re-based to 100 pence.

The Net Asset Value (NAV) total return for the Company has been shown separately on the graph because the Directors believe that for a very long term investment such as a VCT, this represents a fairer reflection of the Company's long term value than the share price.

An explanation of the performance of the Company is given in the Chairman's Statement and the Investment Manager's Review.

Total cumulative shareholder return since launch compared with the total return of the FTSE All-Share, FTSE Small Cap and FTSE AIM indices



Source: Landsbanki Securities (UK) Limited

By order of the Board
Matrix-Securities Limited
Company Secretary
 29 February 2008

Corporate Governance Statement

The Company is a member of the Association of Investment Companies (AIC) and the Directors have adopted the AIC Code of Corporate Governance ("the AIC Code") for the financial year ended 31 December 2007. The AIC Code addresses all the principles set out in section 1 of the Combined Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company. The Financial Reporting Council (FRC) has confirmed that in complying with the AIC Code the Company will meet its obligations in relation to the Combined Code and paragraph 9.8.6 of the Listing Rules.

The Board considers that reporting against the principles and recommendations of the AIC Code will provide more relevant information to shareholders.

Compliance with the Combined Code

There are certain areas of the Combined Code that the AIC believes are not relevant to investment companies, and with which the Company does not specifically comply, and for which the AIC Code provides dispensation. These areas are: the role of the chief executive; executive directors' remuneration; and the need for an internal audit function.

As an externally managed investment company, the Company does not employ a chief executive nor any executive directors. The systems and procedures of the Investment Manager and the Administrator, the provision of VCT monitoring services by PricewaterhouseCoopers LLP, as well as the size of the Company's operations, give the Board full confidence that an internal audit function is not necessary. The Company is therefore not reporting further in respect of these areas.

The Board

The Company has a Board of four non-executive Directors. The Board meets at least quarterly and is in regular contact with the Investment Manager between these meetings. The Board held five formal meetings during the year. Keith Niven, and Christopher Moore, attended all five meetings; Tom Sooke and Bridget Guérin attended four out of the five meetings. The Board met informally on other occasions.

All the Directors are equally responsible under the law for the proper conduct of the Company's affairs. In addition, the Directors are responsible for ensuring that their policies and operations are in the best interests of all the Company's Shareholders and that the best interests of creditors and suppliers to the Company are properly considered.

As is common practice among Venture Capital Trusts, the Directors are not appointed for fixed terms, as the AIC Code requires. However, they are subject to re-election by Shareholders at approximate intervals of 3 years, and each Director's appointment may be terminated on three months notice being given by the Company. Further information is given in the Remuneration Report. With regard to tenure, the Board does not believe that length of service, by itself, leads to a closer relationship with the Investment Manager or necessarily affects a Director's independence of character or judgment. Thus, the independence of Directors will continue to be assessed on a case by case basis (see below). Nonetheless, in accordance with the provisions of the Combined Code, any Director who has served for more than 9 years will thereafter be subject to annual re-election by Shareholders. None of the Directors has presently served for nine years or more.

The AIC Code states that directors who sit on the boards of more than one company managed by the same manager will not be regarded as independent for either the purpose of fulfilling the requirement that there must be an independent majority or for serving as chairman. The Board does not agree with this measure, as this situation of itself should not lead to any loss of independence.

The Board has considered whether each Director is independent in character and judgment and whether there are any relationships or circumstances which are likely to affect, or could appear to affect, the Directors' judgment and has concluded that all of the Directors are independent of the Investment Manager with the exception of Bridget Guérin. In particular, it has concluded that Christopher Moore's directorships of Matrix Income & Growth 3 VCT plc, Matrix Income & Growth 4 VCT plc and The Income & Growth VCT plc, Keith Niven's Chairmanship of Matrix Income & Growth 3 VCT plc and Tom Sooke's directorship of Matrix Income & Growth 3 VCT plc, all of which are also managed by Matrix Private Equity Partners LLP, do not materially prejudice the independence of the Directors concerned in respect of the Combined Code as re-stated in principle 2 of the AIC Code. Bridget Guérin's interest in the agreements for the provision of investment management services and administration services are detailed in full in Note 22 of the Notes to the Accounts on page 47 on related party transactions.

The Board assessed the independence of the Chairman on appointment and concluded that he fully met the independence criteria as identified in the Combined Code, as re-stated in principle 1 of the AIC Code. The Chairman also chairs Matrix Income & Growth VCT 3 plc and accordingly the requirement that the Chairman should not serve on any other boards of an investment company managed by the same manager has not been met. However, the Board considers that the Chairman's independence has not been materially prejudiced. As recommended by the AIC Code, the Directors monitor the continuing independence of the Chairman and inform the Chairman of their discussions.

For the reasons described above, and bearing in mind the relationships referred to, the Board has no hesitation in emphasizing the personal integrity, experience and professionalism of the individual directors and their overall independence in character and judgement.

The Board recognises, however, that as from October 2010 the Company will be required under the Listing Rules to have an independent Chairman and a majority of independent Directors where the tests for independence preclude Directors from serving on the boards of more than one company managed by the same investment manager. The Board intends to keep this matter under review, in keeping with the spirit of the Combined Code, and will report on it in succeeding years.

The Board places great emphasis on the requirement for the Directors to disclose their interests in investments (and potential investments) and has instigated a procedure whereby a Director declaring such an interest does not participate in any decisions relating to such investments. For the year under review, none of the Directors was a director of or had any other interest in any investee companies.

The Board has appointed Tom Sooke as the Senior Independent Director.

The Board has agreed a schedule of matters specifically reserved for decision by the Board. These include: compliance with the requirements of the Companies Acts, the UK Listing Authority and the London Stock Exchange; changes to the Company's capital structure or its status as a plc; Board and committee appointments as recommended by the Nominations and Remuneration Committee and terms of reference of committees; and material contracts of the Company and contracts of the

Company not in the ordinary course of business.

The primary focus at each quarterly Board meeting is overall strategy and a review of investment performance. The Board monitors the investments made by the Investment Manager to ensure that the overall investment portfolio is in line with the Company's Investment Policy. The Board also considers peer group performance, asset allocation and wider industry and economic issues in reviewing investment performance and strategy.

A procedure has been adopted for individual Directors, in the furtherance of their duties, to take independent professional advice at the expense of the Company. The Directors have access to the advice and services of the Company Secretary who is responsible to the Board for ensuring board procedures are followed. Both the appointment and removal of the Company Secretary are matters for the Board as a whole. Where Directors have concerns about the running of the Company or about a proposed action which cannot be resolved, they are asked to ensure that their concerns are recorded in the Board minutes. On resignation, a Director who has any such concerns should provide a written statement to the Chairman for circulation to the Board. The Board has satisfied itself that each of its Committees has sufficient resources to undertake their duties.

A formal training programme has not been required during the year under review as all the Directors are experienced directors of listed companies.

The effectiveness of the Board and of the Chairman is reviewed regularly as part of the internal control process led by the Audit Committee. The Board has implemented an annual performance evaluation review during the year ended 31 December 2007.

The Directors were subject to election by Shareholders at the first Annual General Meeting after their appointment, and retire by rotation thereafter. For further details please see the Directors' Remuneration Report on pages 20 to 21.

Keith Niven has been nominated for re-election to the Board at the forthcoming AGM. His contribution to the Board is highly regarded and respected and the Board has no hesitation in recommending his re-election to Shareholders.

Board committees

The Audit Committee comprises three Directors: Tom Sooke (Chairman), Christopher Moore and Keith Niven. The Committee

Corporate Governance Statement

meets at least twice a year to review the half-year and annual financial statements before submission to the Board, and meets with the independent auditors. The Committee makes recommendations to the Board on the appointment, re-appointment and removal of the external auditors. It is responsible for monitoring the effectiveness of the Company's internal control systems and for reviewing the scope and results of the audit and ensuring its cost effectiveness. The Audit Committee held two formal meetings during the year with full attendance from each of the three Directors on both occasions, and met informally on other occasions.

The Management Engagement Committee comprises three Directors: Keith Niven (Chairman), Christopher Moore and Tom Sooke. The Committee meets at least annually to review the Company's contracts with its service providers and at other times as and when necessary. The Committee met once during the year under review and all Directors were in attendance.

The continued appointment of the Investment Manager on the current terms was recommended by the Committee and agreed by the Board on 30 October 2007. The Board was of the opinion that it was still relatively early in the Company's life-cycle for a full evaluation of the service of the Investment Manager. The Board remains satisfied with investment performance to date. Summaries of the performances of the Company's Fund are contained in the Investment Manager's Review and in the Investment Portfolio Summary on pages 7 to 15 and the Financial Highlights information on page 4.

The Nominations and Remuneration Committee comprises three Directors: Keith Niven (Chairman), Christopher Moore and Tom Sooke. All members of the Committee are independent of the Investment Manager. The Committee meets at least once a year and is responsible for proposing candidates for appointment to the Board and for reviewing the remuneration policy to ensure that it reflects the duties, responsibilities and value of time spent by the Directors on the business of the Company and makes recommendations to the Board accordingly. The Committee held one formal meeting during the year, fully attended by all three Directors, and met informally on other occasions. Appointment letters for new directors will include an assessment of the expected time commitment for each Board position and new directors will be asked to give an indication of their other significant time commitments.

The Investment Committee comprises all four Directors: Christopher Moore (Chairman), Bridget Guérin, Keith Niven and Tom Sooke. The Committee meets as necessary to discuss and, if appropriate, to approve investment recommendations from the Investment Manager. The Committee held three formal meetings during the year fully attended by all the Directors and met informally on other occasions. The Committee and the Investment Manager endeavour to operate in a supportive, co-operative and open environment and the Committee regularly reviews the performance of the Investment Manager and agrees policies with the Investment Manager on key operational matters.

All of the above Committees have written terms of reference, which detail their authority and duties. Shareholders may obtain copies of these by making a written request to the Company Secretary or via the Company's website: www.migvct.co.uk

Internal control

The Board acknowledges that it is responsible for the Company's system of internal control. Internal control systems are designed to manage the particular needs of the Company and the risks to which it is exposed and can by their nature only provide reasonable and not absolute assurance against material misstatement or loss.

The internal control systems aim to ensure the maintenance of proper accounting records, the reliability of the financial information used for publication and upon which business decisions are made, and that the assets of the Company are safeguarded. The financial controls operated by the Board include the authorisation of the investment strategy and regular reviews of the financial results and investment performance.

The Board has put in place procedures for identifying, evaluating and managing the significant risks faced by the Company. As part of this process an annual review of the control systems is carried out in accordance with the Turnbull guidelines for internal control. The review covers a consideration of the key business, operational, compliance and financial risks facing the Company. Each risk is considered with regard to: the controls exercised at Board level; reporting by service providers; controls relied upon by the Board; exceptions for consideration by the Board; responsibilities for each risk and its review period; and risk rating. As part of this process, investment risk is spread by means of a diverse investment portfolio, as more fully described in the Investment Manager's Review.

The Board has delegated, contractually to third parties, the management of the investment portfolio, the custodial services (the safeguarding of the documents of title of the Company's assets), the day-to-day accounting, company secretarial and administration requirements and the registration services. Each of these contracts was entered into after full and proper consideration by the Board of the quality and cost of services offered, including the financial control systems in operation in so far as they relate to the affairs of the Company. The Board receives and considers regular reports from the Investment Manager, and ad hoc reports and information are supplied to the Board as required. It remains the responsibility of the Board to keep under review the terms of the Investment Advisory Agreement with the Investment Manager. The Directors carry out an Annual Review of the performance of and contractual arrangements with the Investment Manager.

This system of internal controls and the procedure for the review of control systems referred to above has been in place and operational throughout the year under review and up to the date of this Report. The assessment of the effectiveness of internal controls in managing risk included consideration of reports from the relevant service providers. The last review took place on 26 February 2008. The Board has not identified any issues with the Company's internal control mechanisms that warrant disclosure in the Annual Report.

Directors' remuneration

A Directors' Remuneration Report, prepared in compliance with the Directors' Remuneration Report Regulations 2002, is contained on pages 20 to 21 of this Annual Report.

Investor relations

The Company communicates with Shareholders and solicits their views where it is appropriate to do so. Shareholders are welcome at the Annual General Meeting which provides a forum for Shareholders to ask questions of the Directors and to discuss issues affecting the Company with them. Shareholders may contact the Senior Independent Director, Tom Sooke, if they have concerns which contact through the Chairman or Investment Manager has failed to resolve or for which such contact is inappropriate. Please see Shareholder Information on page 48 for contact details.

The Board as a whole approves the content of its communications to Shareholders including the Annual and half-yearly Reports in order to ensure that they present a balanced and understandable assessment of the Company's position and future prospects.

The notice of the Annual General Meeting accompanies this Annual Report, which is normally sent to shareholders allowing a minimum of 20 working days before each meeting. Separate resolutions are proposed for each substantive issue. The number of proxy votes received for each resolution is announced after each resolution has been dealt with on a show of hands and is published on the Company's website: www.migvct.co.uk.

Accountability and audit

The Statement of Directors' Responsibilities in respect of the accounts is set out on page 26 of this report.

The report of the independent auditors is set out on pages 27 to 28 of this Annual Report.

The Board regularly reviews and monitors the external auditor's independence and objectivity. As part of this it reviews the nature and extent of services supplied by the auditors to ensure that independence is maintained.

Directors' and officers' liability insurance

The Company maintains a Directors' and Officers' Liability Insurance policy. The policy does not provide cover for fraudulent or dishonest actions by the Directors.

Going concern

The Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the accounts as the Company has adequate financial resources to continue in operational existence for the foreseeable future.

By order of the Board

Matrix-Securities Limited

Company Secretary

29 February 2008

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. They are also responsible for ensuring that the Annual Report includes information required by the Listing Rules of the Financial Services Authority.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required to give a true and fair view of the state of affairs of the Company and of the profit or loss of the company for that period. In preparing these financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;

- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

Independent Auditors' Report to the Members of Matrix Income & Growth VCT plc

We have audited the Financial Statements of Matrix Income & Growth VCT plc for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds, the Cash Flow Statement and the related notes. The Financial Statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The Directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the Financial Statements in accordance with applicable law and United Kingdom accounting standards ('United Kingdom Generally Accepted Accounting Practice') are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the Financial Statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the Financial Statements give a true and fair view and whether the Financial Statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the Financial Statements. The information in the Directors' Report includes that specific information presented in the Chairman's Statement that is cross referenced from the business review and performance review section of the Directors' Report.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all

the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of the 2006 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Chairman's Statement, the Investment Manager's Review, the Investment Portfolio Summary, the Directors' Report, the unaudited part of the Directors' Remuneration Report, and the Corporate Governance Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Financial Statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the

Independent Auditors' Report to the Members of Matrix Income & Growth VCT plc

financial statements and the part of the Directors' Remuneration Report to be audited.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2007 and of its profit for the year then ended;

- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the Financial Statements.

PKF (UK) LLP
Registered Auditors
London, UK
29 February 2008

Profit and Loss Account

for the year ended 31 December 2007

	Notes	Revenue £	Year ended 31 December 2007 Capital £	Year ended 31 December 2007 Total £	Revenue £	Year ended 31 December 2006 Capital £	Year ended 31 December 2006 Total £
Realised gains/(losses) on investments	9	–	1,433,612	1,433,612	–	(212,975)	(212,975)
Unrealised gains on investments	9	–	2,386,239	2,386,239	–	1,731,906	1,731,906
Income	2	1,231,117	–	1,231,117	1,071,415	–	1,071,415
Investment management fees	3	(137,119)	(411,357)	(548,476)	(123,960)	(371,881)	(495,841)
Other expenses	4	(337,887)	–	(337,887)	(317,372)	–	(317,372)
Profit on ordinary activities before taxation		756,111	3,408,494	4,164,605	630,083	1,147,050	1,777,133
Tax on ordinary activities	6	(188,788)	132,958	(55,830)	(161,126)	113,421	(47,705)
Profit attributable to equity shareholders		567,323	3,541,452	4,108,775	468,957	1,260,471	1,729,428
Basic and diluted earnings per ordinary share	8	2.58p	16.07p	18.65p	2.12p	5.69p	7.81p

The total column is the profit and loss account of the Company.

All the items in the above statement derive from continuing operations.

No operations were acquired or discontinued in the year. There were no other recognised gains or losses in the year.

Note of Historical Cost Profits and Losses

for the year ended 31 December 2007

	Year ended 31 December 2007 £	Year ended 31 December 2006 £
Profit on ordinary activities before taxation	4,164,605	1,777,133
Less unrealised gains on investments	(2,386,239)	(1,731,906)
Less: realisation of revaluation (loss) of previous years	(9,385)	–
Historical cost profit on ordinary activities before taxation	1,768,981	45,227
Historical cost profit/(loss) for the year after taxation and dividends	1,182,664	(334,632)

The notes on pages 33 to 47 form part of these financial statements.

Balance Sheet

as at 31 December 2007

	Notes	as at 31 December 2007 £	as at 31 December 2006 £
Fixed assets			
Investments at fair value	9	17,998,075	10,329,528
Current assets			
Debtors and prepayments	11	147,575	142,515
Current investments	12, 18	7,747,608	11,906,321
Cash at bank	18	51,562	58,250
		7,946,745	12,107,086
Creditors: amounts falling due within one year	13	(216,905)	(191,712)
Net current assets		7,729,840	11,915,374
Net assets		25,727,915	22,244,902
Capital and reserves			
Called up share capital	14	220,097	221,038
Capital redemption reserve	15	1,341	400
Revaluation reserve	15	4,127,530	1,731,906
Special distributable reserve	15	19,561,655	20,676,105
Profit and loss account	15	1,817,292	(384,547)
Equity shareholders' funds		25,727,915	22,244,902
Net asset value per Ordinary Share	16	116.89p	100.64p

The notes on pages 33 to 47 form part of these financial statements.

The financial statements on pages 29 to 47 were approved and authorised for issue by the Board of Directors on 29 February 2008 and were signed on its behalf by:

Keith Niven
Chairman

Reconciliation of Movements in Shareholders' Funds

for the year ended 31 December 2007

	Notes	Year ended 31 December 2007 £	Year ended 31 December 2006 £
At 31 December 2006		22,244,902	20,728,204
Prior year adjustment arising from the introduction of FRS 21		–	155,005
As at 1 January 2007		22,244,902	20,883,209
Purchase of own shares		(95,275)	(35,581)
Return for the year		4,108,775	1,729,428
Dividends paid in year	7	(530,487)	(332,154)
Closing Shareholders' funds		25,727,915	22,244,902

The notes on pages 33 to 47 form part of these financial statements

Cash Flow Statement

for the year ended 31 December 2007

	Notes	Year ended 31 December 2007		Year ended 31 December 2006	
		£	£	£	£
Operating activities					
Investment income received		1,227,519		1,023,128	
Investment management fees paid		(548,476)		(619,414)	
Other cash payments		(399,250)		(312,203)	
Net cash inflow from operating activities	17		279,793		91,511
Investing activities					
Acquisitions of investments	9	(6,272,923)		(6,447,622)	
Disposals of investments	9	2,499,491		–	
Net cash outflow from investing activities			(3,773,432)		(6,447,622)
Taxation					
Taxation paid			(46,000)		–
Net cash outflow from taxation			(46,000)		
Equity dividends					
Payment of dividends	7		(530,487)		(332,154)
Cash outflow before financing and liquid resource management			(4,070,126)		(6,688,265)
Management of liquid resources					
Decrease in current investments	18		4,158,713		6,763,006
Financing					
Purchase of own shares			(95,275)		(35,581)
(Decrease)/increase in cash for the year	18		(6,688)		39,160

The notes on pages 33 to 47 form part of these financial statements.

Notes to the Accounts

for the year ended 31 December 2007

1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year except where noted below, is set out below:

a) Basis of accounting

The accounts have been prepared under UK Generally Accepted Accounting Practice (UK GAAP) and, to the extent that it does not conflict with the fair value rules of the Companies Act 1985, the 2003 Statement of Recommended Practice, 'Financial Statements of Investment Trust Companies', revised December 2005 ("the SORP").

As a result of the Directors' decision to distribute capital profits by way of a dividend, the Company revoked its investment company status as defined under section 266 (3) of the Companies Act 1985, on 19 December 2007.

Consequently, these financial statements include a statutory Profit and Loss Account in accordance with Schedule 4 of the Companies Act 1985 and Financial Reporting Standard 3 "Reporting Financial Performance" and the comparatives have been presented on a consistent basis. This has no effect on total returns or net assets per share. These statements, however, differ from the Income Statement previously presented in that unrealised gains on investments are now reported within the revaluation reserve in the Balance Sheet, rather than included in a separate unrealised capital reserve and realised gains are included within the profit and loss reserve rather than a separate realised capital reserve.

b) Presentation of the Profit and Loss Account

In order to better reflect the activities of a VCT and in accordance with the SORP, supplementary information which analyses the Profit and Loss Account between items of a revenue and capital nature has been presented alongside the Profit and Loss Account. 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 recognised 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, fair value is generally determined by reference to Stock Exchange market quoted bid prices at the close of business on the balance sheet date.

Unquoted investments are stated at fair value by the Directors in accordance with the following rules, which are consistent with the International Private Equity Venture Capital Valuation (IPEVCV) guidelines:

- (i) Investments which have been made in the last 12 months are at fair value which, unless another methodology gives a better indication of fair value, will be at cost.
- (ii) Investments in companies at an early stage of their development are also valued at fair value which, unless another methodology gives a better indication of fair value, will be at cost.
- (iii) Where investments have been held for more than 12 months or have gone beyond the stage in their development in (i) or (ii) above, 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 discounted to reflect points of difference identified by the Investment Manager compared to the sector, as well as to reflect lack of marketability). Where overriding factors apply, alternative methods of valuation will be used. These will include the application of a material arms-length transaction by an independent third party, cost less provision for impairment, discounted cash flow, or a net asset basis;
- (iv) Where a value is indicated by a material arms-length transaction by a third party in the shares of a company, this value will be used.
- (v) Unquoted investments will not normally be re-valued upwards for a period of at least twelve months from the date of acquisition. 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 become permanently impaired 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 permanently impaired. 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.
- (vi) Premium on loan stock investments are accrued at fair value when the Company receives the right to the premium and when considered recoverable.

Notes to the Accounts

for the year ended 31 December 2007

d) Income

Dividends receivable on quoted equity shares are brought into account on the ex-dividend date. Dividends receivable on unquoted equity shares are brought into account when the Company's right to receive payment is established and there is no reasonable doubt that payment will be received. Fixed returns on non-equity shares and debt securities are recognised on a time apportionment basis so as to reflect the effective yield, provided there is no reasonable doubt that payment will be received in due course.

e) Expenses

All expenses are accounted for on an accruals basis. Expenses are charged wholly to revenue, with the exception of expenses incidental to the acquisition or disposal of an investment, which are written off to the capital column of the Profit and Loss Account, and with the further exception that 75% of the fees payable to the Investment Managers are charged against capital. This is in line with the Board's expected long-term split of returns from the investment portfolio of the Company. IFA trail commission is expensed in the year in which it is incurred.

f) Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Balance Sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the Balance Sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the Financial Statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantially enacted at the balance sheet date. Deferred tax is measured on a non-discountable basis.

Deferred tax assets are recognised where it is more likely than not that there will be sufficient returns to recover against.

Any tax relief obtained in respect of management fees allocated to capital is reflected in the capital column of the profit and loss account and a corresponding amount is charged against the revenue column of the profit and loss account. The tax relief is the amount by which corporation tax payable is reduced as a result of these capital expenses.

g) Liquid resources

Liquid resources are the current investments disclosed in Note 12. Such funds are regarded as mainly available for investment, unless required to fund any shortfall between income and running expenses. The current investments are valued at the year-end closing fund prices.

h) Comparatives

The comparative figures are the audited figures from the annual accounts for the year ended 31 December 2006, except where these have been re-stated to reflect the revocation of investment company status.

2 Income

	2007 £	2006 £
Income from bank deposits	4,342	12,154
	4,342	12,154
Income from investments		
– from equities	63,834	15,279
– from overseas based OEICs	583,935	673,420
– from loan stocks	579,006	354,937
– other income	–	15,625
	1,226,775	1,059,261
Total income	1,231,117	1,071,415
Total income comprises:		
Dividends	647,769	688,699
Interest	583,348	367,091
Other	–	15,625
	1,231,117	1,071,415
Income from investments comprises:		
Listed overseas securities	583,935	673,420
Unlisted UK securities	63,834	30,904
Loan stock interest	579,006	354,937
	1,226,775	1,059,261

3 Investment management fees

	Revenue 2007 £	Capital 2007 £	Total 2007 £	Revenue 2006 £	Capital 2006 £	Total 2006 £
Matrix Private Equity Partners LLP	137,119	411,357	548,476	123,960	371,881	495,841

Matrix Private Equity Partners Limited was appointed to advise the Company on investments in qualifying companies under an agreement dated 9 July 2004. The agreement was novated to Matrix Private Equity Partners LLP on 23 October 2006. The agreement is for an initial period of three years and thereafter until their appointment is terminated by not less than one year's notice in writing to expire at any time after the initial period. Fees are payable in advance at the rate of 2% per annum, based upon the value of the net assets of the Company each quarter, one month after the end of that quarter.

Included in the above is irrecoverable VAT of £81,688 (2006: £73,849).

The Investment Manager will be entitled to receive a performance related incentive fee of 20% of the excess above 6 pence per share of the annual dividends paid to Shareholders. After the Company's third annual reporting period, this 6 pence hurdle will rise in line with the Retail Price Index. The performance fee will only be payable if the mean net asset value per share over the period relating to payment has remained at or above 100 pence. The performance fee will be payable annually, with any cumulative shortfalls below the 6 pence per share hurdle having to be made up in later years.

Notes to the Accounts

for the year ended 31 December 2007

4 Other expenses

	2007 £	2006 £
Directors' remuneration (including NIC and VAT) (see note 5)	77,773	77,595
IFA trail commission	85,174	66,095
Administration fees	85,031	80,857
Broker's fees	11,750	11,750
Auditors' remuneration – audit	19,348	15,569
– pursuant to legislation	2,644	2,644
– taxation services	318	3,501
Registrar's fees	12,938	9,014
Printing	11,229	3,720
Legal and professional fees	–	11,783
VCT monitoring fees	10,071	8,813
Directors' insurance	7,526	11,025
Listing and regulatory fees	12,297	13,562
Sundry	1,788	1,444
	337,887	317,372

The Directors consider the auditors were best placed to provide these other services disclosed above. The Audit Committee reviews the nature and extent of non audit services to ensure that auditor independence is maintained.

5 Directors' remuneration

	2007 £	2006 £
Directors' emoluments		
Keith Niven	20,000	20,000
Bridget Guérin	15,000	15,000
Christopher Moore	17,500	17,500
Tom Sooke	17,500	17,500
	70,000	70,000
Employer's NIC/VAT	7,773	7,595
	77,773	77,595

Annual fees for the Directors are £70,000 per annum.

No pension scheme contributions or retirement benefit contributions were paid during the year. There are no share option contracts held by the Directors. Since all the Directors are non-executive, the other disclosures required by the Listing Rules are not applicable. The Company does not have any other employees.

6 Taxation on ordinary activities

	2007 £	2006 £
a) Analysis of tax charge:		
– revenue charge	188,788	161,126
– credited to capital return	(132,958)	(113,421)
Current and total tax charge (note 6b)	55,830	47,705
b) Factors affecting tax charge for the period:		
Total return on ordinary activities before tax	4,164,605	1,777,133
Less: unrealised gains	(2,386,239)	(1,731,906)
Less: non-taxable realised (gains)/losses	(1,433,612)	212,975
Add: transaction costs and investment management expense charged to capital	411,357	371,881
Revenue return on ordinary activities before taxation	756,111	630,083
Corporation tax @ 19.75% (2006: 19%)	149,332	119,716
Non-taxable UK dividends	(12,607)	(2,919)
Non-allowable expenditure	–	2,179
Income not yet taxable	2,242	1,906
Effect of marginal relief	51,777	42,764
Losses carried forward	–	(4,828)
– under(over) provision in prior period	15	(4,548)
– deferred tax	(1,971)	6,856
Taxation on revenue return	188,788	161,126
Taxation on allowable expenditure charged to capital return	(81,243)	(70,657)
Effect of marginal relief	(51,715)	(42,764)
Credited to capital return	(132,958)	(113,421)
Tax charge for period (note 6a)	55,830	47,705

Tax relief relating to investment management fees is allocated between revenue and capital in the same proportion as such fees.

There is no taxation in relation to capital gains or losses.

Investment Trust companies are exempt from tax on capital gains if they meet the HM Revenue & Customs criteria set out in section 274 of the Income Tax Act 2007 ("the ITA") for a given period.

Deferred taxation

No provision for deferred taxation has been made on potential capital gains due to the Company's current status as a VCT under section 274 of the ITA and the Directors' intention to maintain that status.

Notes to the Accounts

for the year ended 31 December 2007

7 Dividends and other appropriations

	2007 £	2006 £
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 31 December 2006 of 1.4p per Ordinary Share (Period ended 31 December 2005: 0.7p)	309,451	155,005
Interim dividend for the year ended 31 December 2007 of 1.0p (2006: 0.8p) per Ordinary Share	221,036	177,149
Total	530,487	332,154
Proposed distributions to equity holders at the year-end:		
Final income dividend for the year ended 31 December 2007 of 1.4p (2006: 1.4p) per Ordinary Share	308,137	309,451
Final capital dividend for the year ended 31 December 2007 of 6.4p (2006: nil) per Ordinary Share	1,408,624	–
Total	1,716,761	309,451

The proposed final dividends are subject to approval by Shareholders at the Annual General Meeting and have not been included as a liability in these financial statements.

Set out below are the total income dividends payable in respect of the financial year, which is the basis on which the requirements of section 259 of the ITA are considered.

	2007 £	2006 £
Revenue available for distribution by way of dividends for the year	567,323	468,957
Interim revenue dividend paid during the year	221,036	177,149
Proposed final revenue dividend for the year ended 31 December 2007 of 1.4p (2006: 1.4p per Ordinary Share)	308,137	309,451
Total	529,173	486,600

8 Return per ordinary share

	2007 £	2006 £
Total earnings after taxation:	4,108,775	1,729,428
Basic earnings per Ordinary Share (note a)	18.65p	7.81p
Net revenue from ordinary activities after taxation:	567,323	468,957
Revenue return per Ordinary Share (note b)	2.58p	2.12p
Net realised capital gains/(losses):	1,433,612	(212,975)
Net unrealised capital gains:	2,386,239	1,731,906
Capital expenses (net of taxation):	(278,399)	(258,460)
Total capital return:	3,541,452	1,260,471
Capital return per Ordinary Share (note c)	16.07p	5.69p
Weighted average number of Ordinary Shares in issue in the year	22,031,665	22,138,232

a) The total return per Ordinary Share is based on the total return from ordinary activities after taxation, divided by the weighted average number of Ordinary Shares in issue.

b) The revenue return per Ordinary Share is based on the revenue return from ordinary activities after taxation, divided by the weighted average number of Ordinary Shares in issue.

c) The capital return per Ordinary Share is based on the capital return after taxation, divided by the weighted average number of Ordinary Shares in issue.

9 Investments at fair value

Movements in investments during the year are summarised as follows:

	Traded on AIM £	Unquoted equity shares £	Unquoted preference shares £	Loan stock £	Total £
Cost at 31 December 2006	532,219	1,796,564	36,471	6,445,261	8,810,515
Unrealised gains at 31 December 2006	247,301	1,484,605	–	–	1,731,906
Permanent impairment in value of investments	–	(44,242)	(998)	(167,653)	(212,893)
Valuation at 31 December 2006	779,520	3,236,927	35,473	6,277,608	10,329,528
Purchases at cost	–	2,324,865	13,961	3,934,097	6,272,923
Sale proceeds	–	(1,403,149)	(4,878)	(1,091,464)	(2,499,491)
Realised gains	–	1,290,583	–	218,293	1,508,876
Increase/(decrease) in unrealised appreciation	72,846	2,096,020	(1,249)	218,622	2,386,239
Closing valuation at 31 December 2007	852,366	7,545,246	43,307	9,557,156	17,998,075
Cost at 31 December 2007	532,219	3,999,478	45,554	9,506,187	14,083,438
Unrealised gains at 31 December 2007	320,147	3,590,010	(1,249)	218,622	4,127,530
Permanent impairment in value of investments	–	(44,242)	(998)	(167,653)	(212,893)
Valuation at 31 December 2007	852,366	7,545,246	43,307	9,557,156	17,998,075

Deducting the transaction costs of £75,264 incurred on investments in the year from the realised gains of £1,508,876 disclosed above gives net realised gains of £1,433,612 shown in the Profit and Loss Account.

During the year, the Company sold its investment in Ministry of Cake (Holdings) Limited, for net proceeds of £2,424,227, realising an overall gain of £1,424,375. The major components of the increase in unrealised gains in the year were £882,168 in PastaKing Holdings Limited, £639,041 in VSI Limited, £607,152 in Youngman Group Limited and £582,057 in Blaze Signs Holdings Limited.

Within the increase in unrealised appreciation for the year and the unrealised gains at the year-end, there are amounts where valuations are below cost at the end of the year or written off against unlisted investments, as follows:

Financial year	Total provisions at end of year £	Write-offs in year £
2007	1,119,921	–
2006	222,278	212,893

No individual provisions or write-offs for the year exceeded 5% of the gross assets of the Company. The largest of these was a provision against the cost of the investment in Racoon International Holdings Limited, for £437,100.

Notes to the Accounts

for the year ended 31 December 2007

10 Significant interests

At 31 December 2007 the Company held significant investments, amounting to 3% or more of the equity capital of an undertaking, in the following companies:

	Equity investment (Ordinary Shares) £	Investment in loan stock and preference shares £	Total investment (at cost) £	% of investee company's total equity
Aust Construction Investors Limited	400,000	600,000	1,000,000	49.0
Barnfield Management Investments Limited	400,000	600,000	1,000,000	49.0
Calisamo Management Limited	400,000	600,000	1,000,000	49.0
Blaze Signs Holdings Limited	472,125	1,101,625	1,573,750	17.2
VSI Limited	61,824	556,247	618,071	15.4
Racoon International Holdings Limited	262,258	611,941	874,199	12.2
Vectair Holdings Limited	138,074	422,228	560,302	12.0
Campden Media Limited	195,000	780,000	975,000	10.8
British International Holdings Limited	225,000	775,000	1,000,000	10.0
Monsal Holdings Limited	208,380	407,538	615,918	9.5
FH Ingredients Limited (in administration)	44,242	168,651	212,893	9.3
Youngman Group Limited	100,052	900,000	1,000,052	8.4
PXP Holdings Limited	288,000	712,000	1,000,000	8.5
PastaKing Holdings Limited	185,619	278,428	464,047	7.2
DiGiCo Europe Ltd	386,522	613,478	1,000,000	6.5

It is considered that, as permitted by FRS9, "Associates and Joint Ventures", the above investments are held as part of an investment portfolio, and that, accordingly, their value to the Company lies in their marketable value as part of that portfolio. In view of this, it is not considered that any of the above represent investments in associated undertakings.

All of the above companies are incorporated in the United Kingdom.

Matrix Private Equity Partners LLP also advises The Income and Growth VCT plc, Matrix Income and Growth 2 VCT plc, Matrix Income and Growth 3 VCT plc and Matrix Income and Growth 4 VCT plc who have investments as at 31 December 2007 in the following:

	The Income & Growth VCT plc at cost £	Matrix Income & Growth 2 VCT plc at cost £	Matrix Income & Growth 3 VCT plc at cost £	Matrix Income & Growth 4 VCT plc at cost £	Total at cost £	% of equity held by funds managed by MPEP
Blaze Signs Holdings Limited	1,699,469	1,398,498	379,236	610,016	4,087,219	53.6
DiGiCo Europe Limited	656,900	1,000,000	943,100	1,000,000	3,600,000	30.0
PXP Holdings Limited	790,912	1,000,000	1,000,000	584,088	3,375,000	37.3
Racoon International Holdings Limited	550,852	878,527	789,617	406,805	2,625,801	49.0
Focus Pharma Holdings	516,900	660,238	593,424	772,451	2,543,013	13.0
British International Holdings Limited	500,000	1,000,000	750,000	250,000	2,500,000	34.9
Youngman Group Limited	1,000,000	1,000,000	–	500,000	2,500,000	29.7
Monsal Holdings Limited	424,447	769,000	556,339	634,296	2,384,082	46.5
Letraset Limited	1,000,000	–	–	500,000	1,500,000	34.7
Campden Media Limited	334,880	975,000	–	152,620	1,462,500	28.4
PastaKing Holdings Limited	292,405	466,344	419,148	133,055	1,310,952	27.5
VSI Limited	388,842	488,661	227,231	177,213	1,281,947	47.4
FH Ingredients Limited (in administration)	403,303	–	–	183,804	587,107	35.0
Vectair Holdings Limited	215,914	243,784	–	100,000	559,698	24.0
SectorGuard plc	150,000	150,000	–	150,000	450,000	5.4
BBI Holdings plc	126,229	201,631	–	57,528	385,388	3.1

11 Debtors and prepayments

	2007 £	2006 £
Amounts due within one year:		
Accrued income	135,952	132,352
Prepayments	11,623	10,163
	147,575	142,515

12 Current investments

	2007 £	2006 £
Monies held pending investment	7,747,608	11,906,321

These comprise investments in seven Dublin based OEIC money market funds. £7,744,215 (2006: £10,253,611) of this sum is subject to same day access while £3,393 (2006: £1,652,710) is subject to two day access. These sums are treated as liquid resources in the Cash Flow Statement, and in Note 18.

13 Creditors: amounts falling due within one year

	2007 £	2006 £
UK Corporation tax	57,198	45,397
Deferred taxation	4,885	6,856
Trade creditors	25,876	26,174
Other creditors	8,374	8,117
Accruals	120,572	105,168
	216,905	191,712

14 Called up share capital

	2007 £	2006 £
Authorised:		
Ordinary Shares of 1p each: 50,000,000 (2006: 50,000,000)	500,000	500,000
	500,000	500,000
Allotted, called-up and fully paid:		
Ordinary Shares of 1p each: 22,009,752 (2006: 22,103,821)	220,097	221,038
	220,097	221,038

During the year the Company purchased 94,069 - £941 nominal value (2006: 40,000 - £400 nominal value) of its own Ordinary Shares for cash at the prevailing market price for a total cost of £95,275 (2006: £35,581).

Notes to the Accounts

for the year ended 31 December 2007

15 Reserves

	Called up share capital	Capital redemption reserve	Revaluation reserve	Special distributable reserve	Profit and loss account (see note a)	Total
	£	£	£	£	£	£
At 1 January 2007	221,038	400	1,731,906	20,676,105	(384,547)	22,244,902
Share buybacks	(941)	941	–	(95,275)	–	(95,275)
Write off to special reserve (see note b)	–	–	–	(1,019,175)	1,019,175	–
Realisation of previously unrealised depreciation	–	–	9,385	–	(9,385)	–
Dividends paid	–	–	–	–	(530,487)	(530,487)
Profit for the year	–	–	2,386,239	–	1,722,536	4,108,775
At 31 December 2007	220,097	1,341	4,127,530	19,561,655	1,817,292	25,727,915

Note a: Last year's note on reserves disclosed two separate reserves, before the investment company status of the Company was revoked, being the realised capital reserve (closing balance at 31 December 2006: £(740,628)) and the revenue reserve (closing balance at 31 December 2006: £356,081). After revocation of investment company status on 19 December 2007, the opening balances upon these two reserves have been combined in this note, the net of which equal the debit balance on the profit and loss account reserve of £384,547.

Note b: The cancellation of the share premium account (as approved at the Extraordinary General Meeting held on 30 June 2004 and by the order of the Court dated 24 August 2006) has provided the Company with a special distributable reserve. The purpose of the reserve is to fund market purchases of the Company's own shares, and to write off existing and future losses, now that the Company has revoked its investment company status and is obliged to take into account capital losses in determining distributable reserves.

The transfer of £1,019,175 to the profit and loss account from the special distributable reserve is the total of realised losses incurred by the Company since inception.

16 Net asset value per ordinary share

Net asset value per Ordinary Share is based on net assets at the end of the year, and on 22,009,752 (2006: 22,103,821) Ordinary Shares, being the number of Ordinary Shares in issue on that date.

17 Reconciliation of profit before taxation to net cash inflow from operating activities

	2007	2006 (restated)
	£	£
Profit on ordinary activities before taxation	4,164,605	1,777,133
Net (gains)/losses on realisations of investments	(1,508,876)	212,893
Net unrealised gains on investments	(2,386,239)	(1,731,906)
Increase in debtors	(5,060)	(44,958)
Increase/(decrease) in creditors and accruals	15,363	(121,651)
Net cash inflow from operating activities	279,793	91,511

18 Analysis of changes in net funds

	Cash £	Liquid resources £	Total £
At 1 January 2007	58,250	11,906,321	11,964,571
Cash flows	(6,688)	(4,158,713)	(4,165,401)
At 31 December 2007	51,562	7,747,608	7,799,170

19 Financial instruments

The Company's financial instruments in both years comprise:

- Equity and preference shares and fixed and floating rate interest securities that are held in accordance with the Company's investment objective.
- Cash, liquid resources and short-term debtors and creditors that arise directly from the Company's operations.

It is, and has been throughout the period under review, the Company's policy that no trading in derivative financial instruments shall be undertaken.

Classification of financial instruments

The Company held the following categories of financial instruments, all of which are included in the balance sheet at fair value at 31 December 2007:

	2007 (Book value) £	2007 (Fair value) £	2006 (Book value) £	2006 (Fair value) £
Assets at fair value through profit and loss				
Investment portfolio	17,998,075	17,998,075	10,329,528	10,329,528
Current investments	7,747,608	7,747,608	11,906,321	11,906,321
Cash at bank	51,562	51,562	58,250	58,250
Loans and receivables				
Accrued income	135,952	135,952	132,352	132,352
Other debtors	11,623	11,623	10,163	10,163
Other creditors	(216,905)	(216,905)	(191,712)	(191,712)
	25,727,915	25,727,915	22,244,902	22,244,902

The investment portfolio principally consists of unquoted investments (95.3%; 2006: 92.4%) and AIM quoted stocks (4.7%; 2006: 7.6%). The investment portfolio has a 100% (2006: 100%) concentration of risk towards small UK based, £ denominated companies, and represents 70% (2006: 46.5%) of net assets at the year-end.

Current investments are money market funds, discussed under credit risk below, which represent 30% (2006: 53.5%) of net assets at the year-end.

The main risks arising from the Company's financial instruments are due to fluctuations in market prices (market price risk), credit risk, interest rate risk and liquidity risk, although currency risk is also discussed below. The Board regularly reviews and agrees policies for managing each of these risks and they are summarised below. These have been in place throughout the current and preceding periods.

Notes to the Accounts

for the year ended 31 December 2007

Market Price Risk

Market price risk arises from uncertainty about the future prices of financial instruments held in accordance with the Company's investment objectives. It represents the potential gain or loss that the Company might benefit or suffer from through holding market positions in the face of market movements.

The investments in equity and fixed interest stocks of unquoted companies that the Company holds are not traded and as such the prices are more uncertain than those of more widely traded securities. As, in a number of cases, the unquoted investments are valued by reference to price earnings ratios prevailing in quoted comparable sectors, their valuations are exposed to changes in the price earnings ratios that exist in the quoted markets.

The Board's strategy in managing the market price risk inherent in the Company's portfolio of equities and loan stock investments is determined by the requirement to meet the Company's Investment Objective, as set out on page 1. As part of the investment management process, the Board seeks to maintain an appropriate spread of market risk, and also has full and timely access to relevant information from the Investment Manager. No single investment is permitted to exceed 15% of total investment assets at the point of investment. The Investment Committee meets regularly and reviews the invested performance and financial results, as well as compliance with the Company's objectives. The Company does not use derivative instruments to hedge against market risk.

Market price risk sensitivity

The Board believes that the Company's assets are mainly exposed to market price risk, as the Company is required to hold most of its assets in the form of sterling denominated investments in small companies.

Although a small part of these assets are quoted on AIM, nearly all of these assets are unquoted. All of the investments made by the Investment Manager in unquoted companies, irrespective of the instruments the Company actually holds, (whether shares, preference shares or loan stock) carry a full market risk, even though some of the loan stocks may be secured on assets, but behind any prior ranking bank debt in the investee company.

The Board considers that the value of investments in equity and loan stock instruments are ultimately sensitive to changes in quoted share prices, insofar as such changes eventually affect the enterprise value of unquoted companies. The table below shows the impact on profit and net assets if there were to be a 15% movement in overall share prices, which might in part be caused by changes in interest rate levels. However, it is not considered possible to evaluate separately the impact of changes in interest rates upon the value of the Company's portfolios of investments in small, unquoted companies.

The sensitivity analysis below assumes that each of these sub categories of investments (shares, preference shares and loan stocks) held by the Company produces a movement overall of 15%, and that the actual portfolio of investments held by the Company is perfectly correlated to this overall movement in share prices. However, Shareholders should note that this level of correlation is unlikely to be the case in reality, particularly in the case of the loan stock instruments. This is because loan stock instruments would not share in the impact of any increase in share prices to the same extent as the equity instruments, as the returns are set by reference to interest rates and premiums agreed at the time of initial investment. Similarly, where share prices are falling, the equity instrument could fall in value before the loan stock instrument. It is not considered practical to assess the sensitivity of the loan stock instruments to market price risk in isolation.

	2007 £ Profit and net assets	2006 £ Profit and net assets
If overall share prices fell by 15%, with all other variables held constant – decrease	(2,699,711)	(1,549,429)
Decrease in earnings, and net asset value, per Ordinary share (in pence)	(12.25)p	(7.00)p
If overall share prices increase by 15%, with all other variables held constant – increase	2,699,711	1,549,429
Increase in earnings, and net asset value, per Ordinary share (in pence)	12.25p	7.00p

The impact of a change of 15% has been selected as this is considered reasonable given the current level of volatility observed both on a historical basis and market expectations for future movement. The range in equity prices is considered reasonable given the historic changes that have been observed.

Credit Risk

Credit risk is the risk that a counterparty will fail to discharge an obligation or commitment that it has entered into with the Company.

The Company's maximum exposure to credit risk is:

	2007 £	2006 £
Financials assets		
Loan stock investments	9,557,156	6,277,608
Money market funds	7,747,608	11,906,321
Accrued income	135,952	132,352
Cash at bank	51,562	58,250
Total	17,492,278	18,374,531

The Company has an exposure to credit risk in respect of the loan stock investments it has made into investee companies, most of which have no security attached to them, and where they do, such security ranks beneath any bank debt that an investee company may owe.

The accrued income shown above was all due within 2 months of the year-end. The following table shows the maturity of the loan stock investments referred to above .

	2007 £	2006 £
Repayable within		
2 to 3 years	885,714	–
3 to 4 years	5,424,845	1,758,885
4 to 5 years	3,246,597	4,518,723
Total	9,557,156	6,277,608

These loan stock investments are made as part of the qualifying investments within the investment portfolio, and the risk management processes applied to the loan stock investments have already been set out under market price risk above.

There is a risk of default by the money market funds above, which could suffer defaults within their underlying portfolios that could affect the values at which the Company could sell its holdings. The Board manages credit risk in respect of these money market funds and cash by ensuring a spread of such investments such that none should exceed 15% of the Company's total investment assets. These money market funds are all triple A rated funds, and so credit risk is considered to be low.

There could also be a failure by counter-parties to deliver securities which the Company has paid for, or pay for securities which the Company has delivered. This risk is considered to be small as most of the Company's investment transactions are in unquoted investments, where investments are conducted through solicitors, to ensure that payment matches delivery. In respect of any quoted investment transactions that are undertaken, the Company uses brokers with a high credit quality, and these trades usually have a short settlement period. Accordingly, counterparty risk is considered to be relatively low.

Interest rate risk

The Company's fixed and floating rate interest securities, its equity and preference equity investments and net revenue may be affected by interest rate movements. Investments are often in relatively small businesses, which are relatively high risk investments sensitive to interest rate fluctuations.

Due to the short time to maturity of some of the Company's floating rate investments, it may not be possible to re-invest in assets which provide the same rates as those currently held.

The Company's assets include fixed and floating rate interest instruments, as shown below. The rate of interest earned is regularly reviewed by the Board, as part of the risk management processes applied to these instruments, already disclosed under market price risk above.

Notes to the Accounts

for the year ended 31 December 2007

Financial net assets

The interest rate profile of the Company's financial net assets at 31 December 2007 was:

	Financial net assets on which no interest paid £	Fixed rate financial assets £	Variable rate financial assets £	Total £	Weighted average interest rate %	Average period to maturity (years)
Equity shares	8,397,612	–	–	8,397,612		
Preference shares	–	43,307	–	43,307	4.23	3.21
Loan stocks	–	5,818,916	3,738,240	9,557,156	7.98	3.74
OEIC money market funds	–	–	7,747,608	7,747,608	5.96	
Cash	–	–	51,562	51,562		
Debtors	147,575	–	–	147,575		
Creditors	(216,905)	–	–	(216,905)		
Total	8,328,282	5,862,223	11,537,410	25,727,915		

The interest rate profile of the Company's financial net assets at 31 December 2006 was:

	Financial net assets on which no interest paid £	Fixed rate financial assets £	Variable rate financial assets £	Total £	Weighted average interest rate %	Average period to maturity (years)
Equity shares	4,014,010	–	–	4,014,010		
Preference shares	–	37,910	–	37,910	3.67	4.05
Loan stocks	–	5,078,317	1,199,291	6,277,608	8.87	4.26
OEIC money market funds	–	–	11,906,321	11,906,321	5.02	
Cash	–	–	58,250	58,251		
Debtors	142,515	–	–	142,515		
Creditors	(191,712)	–	–	(191,712)		
Total	3,964,813	5,116,227	13,163,862	22,244,902		

Floating rate cash earns interest based on LIBOR rates.

The Company's investments in equity shares and similar instruments have been excluded from the interest rate risk profile as they have no maturity date and would thus distort the weighted average period information.

Interest rate sensitivity

Although the Company holds investments in loan stocks that pay interest, the Board does not consider it appropriate to assess the impact of interest rate changes in isolation upon the value of the unquoted investment portfolio, as interest rate changes are only one factor affecting the market price movements that are discussed above under market price risk. However, as the Company has a substantial proportion of its assets in money market funds, the table below shows the sensitivity of income earned to changes in interest rates:

	2007 £ Profit and net assets	2006 £ Profit and net assets
If interest rates were 1% lower, with all other variables held constant – decrease	(91,560)	(105,173)
Decrease in earnings, and net asset value, per Ordinary Share (in pence)	(0.42)p	(0.48)p
If interest rates were 1% higher, with all other variables held constant – increase	91,560	105,173
Increase in earnings, and net asset value, per Ordinary Share (in pence)	0.42p	0.48p

Liquidity risk

The investments in equity and fixed interest stocks of unquoted companies that the Company holds are not traded. They are not readily realisable. The ability of the Company to realise the investments at their carrying value may at times not be possible if there are no willing purchasers. The Company's ability to sell investments may also be constrained by the requirements set down for VCTs. The maturity profile of the Company's loan stock investments disclosed within the consideration of credit risk above indicates that these assets are also not readily realisable until dates up to 5 years from the year-end.

To counter these risks to the Company's liquidity, the Investment Manager maintains sufficient cash and money market funds to meet running costs and other commitments. The Company invests its surplus funds in high quality money market funds which are, as reported in Note 12, nearly all accessible on an immediate basis.

Currency risk

All assets and liabilities are denominated in sterling and therefore there is no currency risk.

20 Management of capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and to provide an adequate return to shareholders by allocating its capital to assets commensurate with the level of risk.

By its nature, the Company has an amount of capital, at least 70% (as measured under the tax legislation) of which is and must be, and remain, invested in the relatively high risk asset class of small UK companies within three years of that capital being subscribed. The Company accordingly has limited scope to manage its capital structure in the light of changes in economic conditions and the risk characteristics of the underlying assets. Subject to this overall constraint upon changing the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets if so required to maintain a level of liquidity to remain a going concern.

Although, as the Investment Policy implies, the Board would consider levels of gearing, there are no current plans to do so. It regards the net assets of the Company as the Company's capital, as the level of liabilities are small and the management of them is not directly related to managing the return to shareholders. There has been no change in this approach from the previous year.

21 Segmental analysis

The operations of the Company are wholly in the United Kingdom.

22 Related party transactions

Bridget Guérin is a director and shareholder (2.0%) of Matrix Group Limited, which owns 100% of the equity of MPE Partners Limited. MPE Partners Limited has a 50% interest in Matrix Private Equity Partners LLP, the Company's Investment Manager. The fee arrangements and the fees payable are set out in Note 3. Bridget Guérin is also a director of Matrix-Securities Limited who provided Company Secretarial and Accountancy Services to the Company under agreements dated 9 July 2004, disclosed in Note 4 to these accounts as administration fees. The agreements with MPEP and with Matrix-Securities Limited became effective from 5 October 2004. £21,579 was due to Matrix-Securities Limited at the end of the year (2006: £nil).

Shareholder Information

Shareholders wishing to follow the Company's progress can visit the Company 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 www.londonstockexchange.com/engb/pricesnews provides up to the minute details of the share price and latest NAV announcements, etc. A number of commentators such as Allenbridge at 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 June 2008.

Net asset value per share

The Company's NAV per share as at 31 December 2007 was 116.9 pence per Ordinary Share. The Company announces its unaudited NAV on a quarterly basis.

Dividend

The Directors will be proposing to Ordinary Shareholders a final income dividend of 1.4 pence per Ordinary Share and a final capital dividend of 6.4 pence per Ordinary Share at the Annual General Meeting to be held on 16 May 2008. The dividends will be paid on 21 May 2008 to Shareholders on the Register on 25 April 2008.

Shareholders who wish to have 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 PLC at the address below.

Financial calendar

March 2008	Annual Report for the year ended 31 December 2007 to be circulated to Shareholders
25 April 2008	Record date for Shareholders to be eligible for a final dividend
16 May 2008	Annual General Meeting
21 May 2008	Final dividends for the year ended 31 December 2007 to be paid to Shareholders
Early August 2008	Preliminary Announcement of Half-yearly Results
Late August 2008	Half-yearly Report for the six months ended 30 June 2008 to be circulated to Shareholders
31 December 2008	Year-end

Annual General Meeting

The next Annual General Meeting of the Company will be held on 16 May 2008 at 11.30 am at One Jermyn Street, London SW1Y 4UH. The meeting will take place on the sixth floor at the offices of Matrix Group Limited. Please try to arrive 10 minutes before the meeting starts, when tea and coffee will be served to Shareholders. A short presentation will be given by the Investment Manager during the AGM. The Notice of the meeting is included on pages 49 to 51 of this Annual Report. A proxy form will be sent to all Shareholders. Proxy forms should be completed in accordance with the instructions printed thereon and sent to the Company's Registrars, Computershare Investor Services plc, to arrive no later than 11.30 am on 14 May 2008.

Shareholder enquires:

For enquiries concerning the Fund, please contact the Investment Manager, Matrix Private Equity Partners LLP, on 020 7925 3300 or by e-mail to info@matrixpep.co.uk.

For information on your holding, to notify the Company of a change of address or to request a dividend mandate form (should you wish to have future dividends paid directly into your bank account) please contact the Company's Registrars, Computershare Investor Services PLC, on 0870 702 0010 or write to them at PO Box 82, The Pavilions, Bridgwater Road, Bristol BS99 7NH or should you prefer visit their website at www-uk.computershare.com.

To contact the Chairman, the Senior Independent Director or any member of Board, please contact the Company Secretary, Matrix Securities Limited in the first instance, on 020 7925 3300 or by e-mail to MIGVCT@matrixgroup.co.uk.

MATRIX INCOME & GROWTH VCT PLC

(Registered in England and Wales No. 51 53931)

NOTICE of the ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the third Annual General Meeting of the Company will be held at 11.30 am on 16 May 2008 at Matrix Group Limited, Sixth Floor, One Jermyn Street, London, SW1Y 4UH for the purposes of considering and, if thought fit, passing the following resolutions of which resolutions 1 to 7 will be proposed as ordinary resolutions and resolutions 8 to 10 will be proposed as special resolutions:-

ORDINARY BUSINESS

1. To receive and adopt the report of the Directors and the audited accounts of the Company for the year ended 31 December 2007, together with the Auditors' report thereon.
2. To approve the Directors' Remuneration Report as set out in the Annual Report and Accounts of the Company for the year ended 31 December 2007.
3. To re-appoint PKF (UK) LLP of Farringdon Place, 20 Farringdon Road, London EC1M 3AP as Auditors.
4. To authorise the Directors to determine the remuneration of the Auditors.
5. To re-elect Keith Niven as a Director of the Company.
6. To approve the payment of a final income dividend of 1.4 pence per share and a final capital dividend of 6.4 pence per share for the year ended 31 December 2007 payable on 21 May 2008 to Shareholders registered at close of business on 25 April 2008.
7. THAT in substitution for any existing authorities pursuant to section 80 of the Companies Act 1985 ("the 1985 Act"):
 - (i) The Directors shall have unconditional authority to allot, grant options over, offer or otherwise deal with or dispose of any relevant securities (as defined in section 80(2) of the 1985 Act) of the Company to such persons, at such time and generally on such terms and conditions as the Directors may determine. The authority hereby conferred shall expire on the fifth anniversary of the date of the passing of this resolution, unless previously renewed, varied or revoked by the Company in general meeting and the maximum nominal value of such relevant securities as aforesaid which may be allotted pursuant to such authority shall be £77,034 being approximately 35 per cent of the issued share capital of the Company at the date hereof.
 - (ii) The Directors shall be entitled under the authority conferred or under the renewal thereof to make at any time prior to the expiry of such authority any offer or agreement which would or might require relevant securities as aforesaid to be allotted after the expiry of such authority and to allot relevant securities accordingly as if the authority conferred thereof had not expired.

To consider and, if thought fit, to pass the following as a Special Resolution:

8. THAT subject to the passing of resolution 7 above and in substitution for any existing authorities pursuant to section 95 of the 1985 Act the Directors be and they are hereby empowered to allot equity securities (as defined in Section 94 of the 1985 Act) for cash pursuant to the authority conferred upon them by resolution 7 above as if Section 89(1) of the 1985 Act did not apply to any such allotment, provided that the power conferred by this resolution shall be limited to the allotment of equity securities in connection with:
 - (i) the allotment of equity securities with an aggregate nominal value of up to but not exceeding 10 per cent of the issued Ordinary Share Capital at the date hereof in connection with a rights issue where the Ordinary Shares offered to all shareholders are proportionate (as nearly as may be) to the respective numbers of Ordinary Shares held by them, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with legal or practical problems in respect of overseas shareholders, fractional entitlements or directions from any holders of Ordinary Shares to deal in some other manner with their respective entitlements, or the requirements of any recognised regulatory body or any stock exchange in any territory;
 - (ii) the allotment of equity securities with an aggregate nominal value of up to but not exceeding 10 per cent of the issued Ordinary Share Capital of the Company at the date hereof in connection with any dividend investment or similar scheme as may be introduced by the Company from time to time;
 - (iii) the allotment of equity securities (otherwise than pursuant to subparagraphs (i) and (ii) above) up to an aggregate nominal amount of 10 per cent of the issued Ordinary Share capital of the Company at the date hereof where the proceeds of the allotment may be used in whole or in part to purchase the Company's Ordinary Shares in the market;
 - (iv) the allotment of equity securities (otherwise than pursuant to subparagraphs (i), (ii) and (iii) above) from time to time with an aggregate nominal value of up to 5 per cent of the issued Ordinary Share capital of the Company at the date hereof and shall expire on the conclusion of the Annual General Meeting of the Company to be held in 2009 (unless previously renewed, varied or revoked by the Company in General Meeting), except that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired. the Company to be held in 2009 or the date which is fifteen months after the date on which this resolution is passed (unless previously renewed, varied or revoked by the Company in general meeting), except that the Company may, before such expiry, make an offer or agreement which would or might require relevant securities as aforesaid to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following as Special Resolution

9. THAT the Company be authorised to make one or more market purchases (within the meaning of Section 163 of the 1985 Act) of Ordinary Shares provided that:

- (i) the maximum aggregate number of Ordinary Shares authorised to be purchased shall not exceed 3,299,262;
- (ii) the minimum price which may be paid for Ordinary Shares is 1 penny per share, the nominal value thereof;
- (iii) the maximum price which may be paid for an Ordinary Share is 105 per cent of the average of the middle market prices as derived from the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which that Ordinary Share, as the case may be, is purchased;

and this authority shall expire on conclusion of the next Annual General Meeting of the Company and provided further that any purchase by the Company of its own shares does not prejudice the ability of the Company to disregard, to the fullest possible extent pursuant to section 274 of the Tax Act 2007 ("ITA"), the use to which money raised pursuant to a share issue is put, for the purposes of complying with the 70% test and the 30% test, as those terms are defined in the ITA.

To consider and, if thought fit, to pass the following as a Special Resolution:

10. THAT the Articles of the Company be amended by the insertion of new Section 122A, the renumbering of existing Section 122 as Section 122B and the amendment of Section 122B to refer to Section new 122A, as follows:

"122A.1 The Board may, provided the quorum and voting requirements set out below are satisfied, authorise any matter that would otherwise involve a Director breaching his duty under the Companies Act 2006 to avoid conflicts of interest.

122A.2 Any Director (including the Director concerned) may propose that the Director concerned be authorised in relation to any matter the subject of such a conflict. Such proposal and any authority given by the Board shall be effected in the same way that any other matter may be proposed to and resolved upon by the Board under the provisions of these Articles, except that the Director concerned and any other Director with a similar interest:

122A.2.1 shall not count towards the quorum at the meeting at which the conflict is considered;

122A.2.2 may, if the other members of the Board so decide, be excluded from any Board meeting while the conflict is under consideration; and

122A.2.3 shall not vote on any resolution authorising the conflict except that, if he does vote, the resolution will still be valid if it would have been agreed to if his vote had not been counted.

122A.3 Where the Board gives authority in relation to such a conflict:

122A.3.1 the Board may (whether at the time of giving the authority or at any time or times subsequently) impose such terms upon the Director concerned and any other Director with a similar interest as it may determine, including, without limitation, the exclusion of that Director and any other Director with a similar interest from the receipt of information, or participation in discussion (whether at meetings of the Board or otherwise) related to the conflict;

122A.3.2 the Director concerned and any other Director with a similar interest will be obliged to conduct himself in accordance with any terms imposed by the Board from time to time in relation to the conflict;

122A.3.3 any authority given by the Board in relation to a conflict may also provide that where the Director concerned and any other Director with a similar interest obtains information that is confidential to a third party, the Director will not be obliged to disclose that information to the Company, or to use the information in relation to the Company's affairs, where to do so would amount to a breach of that confidence;

122A.3.4 the terms of the authority shall be recorded in writing (but the authority shall be effective whether or not the terms are so recorded); and

122A.3.5 the Board may withdraw such authority at any time.

122A.4 A Director is entitled to accept a benefit from a third party, even if the benefit was conferred by reason of his being a Director, if the receipt of the benefit is disclosed to and approved by the Board within a reasonable time of its receipt or the value or nature of the benefit or series of benefits taken as a whole is such that it cannot reasonably be regarded (including by reference to any scale or categorisation of benefits that the Board may from time to time prescribe for the purpose) as likely to give rise to a conflict of interest.

122B Subject to the provisions of the Companies Act 2006 and Article 122 A above and further provided that Article 123 is complied with..."

BY ORDER OF THE BOARD

Matrix-Securities Limited
Company Secretary

Registered Office
One Jermyn Street
London SW1Y 4UH
29 February 2008

NOTES:

- (i) A person entitled to receive notice of, attend and vote at the above meeting is entitled to appoint one or more proxies to attend and on a poll, vote in his place. A proxy need not be a member of the Company. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy you should identify each proxy and to what shares they are appointed on the proxy form.
- (ii) In accordance with Section 325 of the Companies Act 2006 ("the 2006 Act"), the right to appoint proxies does not apply to persons nominated to receive information rights under Section 146 of the 2006 Act.
Persons nominated to receive information rights under Section 146 of the 2006 Act who have been sent a copy of this notice of meeting are hereby informed, in accordance with Section 149 (2) of the 2006 Act, that they may have a right under an agreement with the registered member by whom they were nominated to be appointed, or to have someone else appointed, as proxy for this meeting. If they have no such right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the member as to the exercise of voting rights.
Nominated persons should contact the registered member by whom they were nominated in respect of these arrangements. The only exception to this is where the Company expressly requests a response from you.
- (iii) To be valid the enclosed form of proxy for the Annual General Meeting together with the power of attorney or other authority, if any, under which it is signed or a notarially certified or office copy thereof must be deposited no less than 48 hours prior to the time fixed for the holding of the meeting or any adjournment of the said meeting at the offices of the Company's registrars, Computershare Investor Services PLC, PO Box 82, The Pavilions, Bridgwater Road, Bristol, BS99 7NH.
- (iv) Completion and return of the form of proxy will not prevent a Shareholder from attending and voting in person at the Annual General Meeting..
- (v) The Company, pursuant to Regulation 41 of the Uncertified Securities Regulations 2001, specifies that only those Shareholders registered in the Register of Members of the Company as at midnight on 14 May 2008 or, in the event that the meeting is adjourned, in the Register of Members 48 hours before the time of any adjourned meeting, shall be entitled to attend or vote at the Annual General Meeting in respect of the number of shares registered in their name at the relevant time. Changes to entries in the Register of Members after midnight on 14 May 2008 or, in the event that the meeting is adjourned, in the Register of Members less than 48 hours before the time of any adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.
- (vi) The Register of Directors' Interests shall be available for inspection at the place of the Annual General Meeting for at least fifteen minutes prior to and during the meeting.

Corporate Information

Directors

Keith Niven (Chairman)
Bridget Guérin
Christopher Moore
Tom Sooke (Senior Independent Director)

All of whom are non-executive and of:

One Jermyn Street
London SW1Y 4UH
e.mail migvct@matrixgroup.co.uk

Secretary and Administrator

Matrix-Securities Limited
One Jermyn Street
London SW1Y 4UH

Investment Manager

Matrix Private Equity Partners LLP
One Jermyn Street
London SW1Y 4UH
e.mail: info@matrixpep.co.uk

Auditors

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

Promoter

Matrix-Securities Limited
One Jermyn Street
London SW1Y 4UH

Solicitors

CMS Cameron McKenna LLP
Mitre House
106 Aldersgate Street
London EC1A 4DD

Sponsor and Stockbroker

Landsbanki Securities (UK) Limited
Beaufort House
15 St Botolph Street
London EC3A 7QR

Registrar

Computershare Investor Services PLC
PO Box 82
The Pavilions
Bridgwater Road
Bristol BS99 7NH

Receiving Agent

Matrix Registrars Limited
One Jermyn Street
London SW1Y 4UH

VCT Tax Adviser

PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH

Bankers

National Westminster Bank Plc
City of London Office
PO Box 12264
3rd Floor
1 Princes Street
London EC2R 8PB

Company Registration Number : 5153931

Website: www.migvct.co.uk