INVESTMENT PRODUCTS

MATRIX INCOME & GROWTH VCT PLC

A VENTURE CAPITAL TRUST

REPORT & ACCOUNTS

Unaudited Half-Yearly Report
for the six months ended 30 June 2009

MATRIX

Investment Objective

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

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

Financial Highlights

Half-Yearly results for the six months ended 30 June 2009

Initial net asset value (NAV) per share	94.5p
Initial net assets	£20,933,124

	30 June 2009	30 June 2008	31 December 2008
Net assets	£16,716,851	£21,381,357	£17,998,562
Net asset value (NAV) per share	81.1p	100.0p	86.5p
Net cumulative dividends paid*	16.3p	12.0p	15.3p
Total return per share to shareholders since launch (NAV basis)**	97.4p	112.0p	101.8p
Share price (mid-market price)	60.0p	89.5p	74.5p

* For a breakdown of recent dividends paid, please see Note 8 of the Notes to the Unaudited Financial Statements on page 19 of this Half-Yearly Report.

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

Chairman's Statement

I am pleased to present this Half-Yearly Report covering the six month period ended 30 June 2009.

Results and dividend

The continuing difficulties in the UK and world economies have remained over the six month period covered by this report and your Company has not been immune from their impact. The recession is affecting many of the companies in the portfolio, particularly those exposed to the support services and construction and materials sectors. However, the well-diversified nature of the portfolio, including its underlying cash position, has helped to limit the impact of this generally poor background on the value of the Company's investments. Overall the total return to Shareholders, based on NAV plus dividends paid, declined by 4.3% in the period from 101.8 pence per share to 97.4 pence per share.

Very disappointingly, in contrast to this relatively modest decline in total return performance, income from the Company's investments has come under considerable pressure. The revenue account generated a net return (after tax) for the period of £26,214 (2008: £331,785). This significant fall in revenue has been as a result of a substantial fall in the loan stock interest received from investee companies and a significant decline in interest received from money market funds which reflects the fall in interest rates from an average of 5.6% in the same period last year to 0.5% this year. Given this position the Board will not be declaring an interim dividend.

Net asset value (NAV)

The NAV at 30 June 2009 was 81.1 pence per share compared with a NAV of 86.5 pence per share at the beginning of the period (after dividends). This represents a fall of 6.2%.

Investment portfolio

MPEP has continued to pursue a very selective approach to investing in new businesses. Investment activity has generally been quieter than in previous periods, the reasons for which are explained in the Investment Manager's Review. In June 2009, the Company participated in the management buy-out of Westway Cooling, a company that specialises in the installation and servicing of air conditioning systems. In January, we also made one small follow-on investment into Monsal Holdings.

For further information on the investment portfolio please see the Investment Manager's Review on pages 5 - 7 of this Half-Yearly Report.

Liquidity

The Company was holding £4 million in cash and liquidity fund balances as at 30 June 2009 in addition to the £3 million invested in the Operating Partner acquisition vehicles. It is therefore well positioned both to make follow-on investments to support the existing portfolio through this period of economic uncertainty and take advantage of more favourable opportunities for new investment that the Investment Manager believes will emerge in 2010.

The Board has been very conscious of the need to spread risk in the current environment and is therefore continuing to hold the Company's cash deposits across a range of leading money market funds.

Investment in qualifying holdings

The Company is required to meet the target set by HM Revenue & Customs of investing 70% of the funds raised in qualifying unquoted and AiM quoted companies, which it has achieved throughout the period. The Company was 80.78% invested in qualifying companies (based on VCT cost as defined in tax legislation which differs from actual cost given in the Investment Portfolio Summary on pages 8-9) at the period-end, with the balance of the portfolio invested in a selection of readily realisable, money market funds with AAA credit ratings.

Share buy-backs

During the six months to 30 June 2009, the Company bought back 174,873 of the Company's own shares at an average price, excluding costs, of 60.06 pence per share, which represented a discount of 30% to the published NAV at the time of the buy-back, adjusted for dividends payable.

These shares, representing 0.84% of the issued share capital at the beginning of the period, were subsequently cancelled by the Company. The Board regularly reviews its share buy-back policy.

VAT on management fees

As reported in the Annual Report for the year ended 31 December 2008, the Company is no longer liable to pay VAT on investment management fees. The Investment Manager has been able to reclaim VAT previously paid on fees and the Company has received a refund of £207,757, plus interest of £15,492 in the period. These accounts recognise this interest together with £7,757 being the additional VAT recovered to date, not anticipated as a debtor at 31 December 2008.

The Board is continuing to seek to recover additional amounts of VAT paid by the Company together with compensation for loss of interest.

Communicating with Shareholders

The Company maintains a programme of regular communication with Shareholders through newsletters and a dedicated website www.migvct.co.uk, supplementing the Half-Yearly and Annual Reports. The Board welcomes the opportunity to meet Shareholders at the Company's General Meetings during which representatives of the Investment Manager are present to discuss the progress of the portfolio. The next AGM of the Company will be held in May 2010.

Outlook

Notwithstanding the very poor economic background, portfolio companies as a whole are trading reasonably well. Almost all of the investee companies are still forecast to be profitable before taking into account interest and goodwill amortisation and several companies are showing real potential for future development when the economy ultimately recovers. The decrease in NAV arises from unrealised valuation movements rather than from realised losses and the Board remains confident that the total return to Shareholders should recover as and when economic and financial conditions allow, although income generation will remain under pressure for the foreseeable future.

The Investment Manager also expects that by 2010 business owners will return to the market to raise risk capital or to sell their companies. This should provide sound investment opportunities for cash rich investors and investment companies. The substantial liquid resources held by the Company should ensure that the Investment Manager has the means to invest at attractive valuations as these arise.

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

Keith Niven
Chairman
31 July 2009

Directors' Responsibility Statement

The Directors confirm that to the best of their knowledge:

(a) the condensed set of financial statements, which have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) and the 2009 Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts", give a true and fair view of the assets, liabilities, financial position and loss of the Company, as required by DTR 4.2.4; and

(b) the interim management report included within the Chairman's Statement and Investment Manager's Review includes a fair review of the information required by DTR 4.2.7 and in accordance with DTR 4.2.10.

Related Party Transactions

Details of related party transactions in accordance with DTR 4.2.8 can be found in Note 13 to the Unaudited Financial Statements below on page 21.

Principal Risks and Uncertainties

In accordance with DTR 4.2.7, the Board confirms that the principal risks and uncertainties facing the Company have not materially changed since the publication of the Annual Report and Accounts for the year ended 31 December 2008. The Board acknowledges that there is regulatory risk and continues to manage the Company's affairs in such a manner as to comply with section 274 Income Tax Act 2007. Other risks relate to credit risk, market price risk, liquidity risk, interest rate risk and currency risk. A more detailed explanation of these can be found in Note 20 on pages 45 - 49 of the 2008 Annual Report, copies of which are available on the VCT's website, www.migvct.co.uk.

Cautionary Statement

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

On behalf of the Board

Keith Niven
Chairman
31 July 2009

Investment Manager's Review

Overview

We have continued to adopt a cautious approach to new investment and believe that this remains the best path to take in the current market whilst vendors' price expectations appear to us to be generally too high. The low level of market activity which has persisted throughout the period is producing only limited opportunities for deals where willing vendors are selling to strategic buyers.

Investment portfolio

During the period, one new investment of £317,583 was completed to support the MBO of Westway Cooling in June 2009. Based in Greenford, Middlesex, Westway has been specialising in installing, servicing and maintaining high quality air-conditioning systems and associated building services plant in the refurbishment and maintenance market since 2001. With a turnover of £10 million and a record order book, the company is well placed to grow, even in challenging market conditions.

To date the investment portfolio has required very little additional funding despite the worsening economic environment. One follow-on investment was completed in January 2009 into Monsal Holdings of £68,433 to provide working capital and headroom. The company is now doing well following a difficult year in 2008. It has recently won a number of major contracts and is establishing a reputation for its expertise in anaerobic technology.

At 30 June 2009, the portfolio comprised investments in nineteen companies at a total current cost of £14.8 million and valued in accordance with International Private Equity and Venture Capital Valuation (IPEVCV) Guidelines at £12.8 million. After adjusting for new investment and repayments during the period, this now represents 86.4% of cost compared to 92.4% of cost at 31 December 2008. This further reduction reflects both the tightening trading conditions being experienced by portfolio companies and falls in some of the PE ratios of quoted companies by reference to which the Company's investments are valued. Appropriate provisions have been made against the relevant investments to reflect this.

£3 million of the investment cost is held in cash in the three acquisition companies in the Operating Partner Programme. These companies, Aust Construction Investors, Barnfield Management Investments and Calisamo Management are respectively actively seeking to acquire investments in the construction, food manufacturing and healthcare and wellbeing sectors but so far have not found investment transactions at the right price.

Due to banking covenant breaches, six companies are not currently servicing their VCT loan stock as at 30 June 2009; these represent just below 50% of the portfolio of loan stock investments at cost.

Investment Manager's Review

With the exception of Plastic Surgeon, which is forecasting a modest loss, we expect all of the companies in the portfolio to deliver operating profits (ie prior to goodwill amortisation and servicing debt) in their current financial year. The profitability of Plastic Surgeon, Youngman and PXP has been particularly affected by their direct exposure to the downturn in the construction and house-building sector.

Pressure on capital and maintenance expenditure in the UK retail sector has also significantly affected Blaze Signs, although there is guarded optimism that its clients are now beginning to invest again in signage. PastaKing and Vectair continue to make good levels of profits which could be enhanced if sterling were to strengthen against the euro, reducing the prices of their ingredients and raw materials. Although the advertising revenue of ATG Media has fallen, it remains on forecast to meet its budgeted profits due to the higher than expected revenue arising from its on-line auction software. Campden Media has also been affected by the reduction in advertising revenue but remains profitable. British International reported reduced profits due to a combination of poor operating conditions on the Penzance-Isles of Scilly route and unscheduled maintenance costs.

DiGiCo continues to trade strongly, is well ahead of budget and is improving on its performance to date. It has also repaid £217,391 of its loan stock in May 2009, earlier than anticipated. VSI is making steady progress after a year of record profits in 2008.

SectorGuard has substantially re-organised its management and operations since its acquisition of Manguard in March 2008 and has made further significant acquisitions including the addition of Legion Group which has prompted a change of name to Legion Group plc at the end of June. As a result of these changes, brokers are now forecasting an improvement in profits.

Focus Pharma enjoyed solid progress in 2008 and has begun the current year well. Racoon is finding trading conditions difficult but remains profitable, before interest and goodwill amortisation.

Over the past months we have been working even more closely with management of a number of companies in the portfolio which have been most affected by the more challenging trading environment. Significant redundancies and other cost savings have been implemented in recent months as businesses seek to reduce their breakeven levels. The need for further cost reductions is kept under continuous review.

In summary, the portfolio is being affected by the wider environment in terms of a slow down in trading resulting in a number of reduced valuations. However, the relatively modest reduction in overall value continues to provide encouragement. It is important to note that the reduction arises from reduced valuations rather than any realised investment losses and we remain confident that values will therefore recover in the future.

Outlook for new investments

The financial performance of many smaller companies has, as yet, been better than many commentators had forecast and owners are generally preferring to trade through challenging conditions rather than sell their businesses or raise capital at what they perceive to be a low point in the business cycle. Many companies' revenue lines have benefitted from relative strength in consumer expenditure due to low interest rates and therefore low mortgage costs. Favourable exchange rates, particularly sterling's weakness against the euro, are providing a degree of stimulus to certain UK business sectors, notably tourism.

We believe that in seeking to help small companies through measures such as reducing VAT and intervening through support from the state-owned banks, the Government may turn out to be simply deferring future corporate failures. The worst effects of recession do not yet appear to have significantly filtered through to the real economy. However, the two main factors that could change this picture are future cuts in unsustainable levels of public sector expenditure and rising unemployment which could feed through to reduced domestic retail demand. Many more companies will need to take action to cut their cost base and in some cases the available padding has already been cut away. As a consequence of this analysis we do not expect to complete many investments in 2009. However, we believe that during 2010, business owners will become much clearer as to their position and future prospects. They will then be far better informed as to their need for capital or an outright sale and the terms on which such a transaction can be completed. We therefore expect many more vendors to come forward. The Company is a well-positioned buyer with strong cash reserves and this should enable us to acquire good businesses, at attractive valuations.

We are also mindful that there are an increasing number of distressed competitors to many of our portfolio companies and these may represent good acquisition opportunities for some investee companies. We continue to review these opportunities with investee company management teams.

Matrix Private Equity Partners LLP
31 July 2009

Investment Portfolio Summary

as at 30 June 2009

	Date of initial investment	Total book cost £'000	Valuation £'000	% of net assets by value
Qualifying investments				
AIM quoted investments				
Legion Group plc (formerly SectorGuard plc) Provider of manned guarding, mobile patrolling and alarm response services	Aug-05	150	54	0.32%
		150	54	0.32%
Unquoted investments				
DiGiCo Europe Limited Designer and manufacturer of audio mixing desks	Jul-07	783	1,564	9.36%
VSI Limited Developer and marketer of 3D software	Apr-06	390	1,273	7.62%
PastaKing Holdings Limited Supplier to the educational and food service market	Jun-06	464	1,238	7.41%
Aust Construction Investors Limited Company seeking to acquire business in the construction sector	Oct-07	1,000	1,000	5.98%
Barnfield Management Investments Limited Company seeking to acquire businesses in the food sector	Oct-07	1,000	1,000	5.98%
Calisamo Management Limited Company seeking to acquire businesses in the healthcare sector	Dec-07	1,000	1,000	5.98%
British International Holdings Limited Supplier of helicopter services	May-06	1,000	982	5.87%
ATG Media Holdings Limited Publisher and on-line auction platform operator	Oct-08	860	860	5.14%
Vectair Holdings Limited Designer and distributor of washroom products	Jan-06	560	754	4.51%
Youngman Group Limited Manufacturer of ladders and access towers	Oct -05	1,000	701	4.19%
Focus Pharma Holdings Limited Licensor and distributor of generic pharmaceuticals	Oct-07	657	698	4.18%
Blaze Signs Holdings Limited Manufacturer and installer of signs	Apr-06	1,574	595	3.56%
Monsal Holdings Limited Supplier of engineering services to water and waste sectors	Dec-07	684	513	3.07%
MC 440 Limited (Westway Cooling) Installation, maintenance and servicing of air-conditioning systems	Jun-09	318	318	1.90%

	Date of initial investment	Total book cost £'000	Valuation £'000	% of net assets by value
Unquoted investments (continued)				
Campden Media Limited Magazine publisher and conference organiser	Jan-06	975	141	0.84%
Plastic Surgeon Holdings Limited (The) Snagging and finishing of domestic and commercial properties	Apr-08	390	97	0.58%
PXP Holdings Limited (Pinewood Structures) Designer, manufacturer, supplier and installer of timber-frames for buildings	Dec-06	1,164	31	0.19%
Racoon International Holdings Limited Supplier of hair extensions, hair care products and training	Dec-06	874	–	0.00%
		14,693	12,765	76.36%
Total qualifying investments		**14,843**	**12,819**	**76.68%**
Non-qualifying investments				
Fidelity Institutional Cash Fund plc*		1,249	1,249	7.46%
Global Treasury Funds plc (Royal Bank of Scotland)*		675	675	4.04%
SWIP Global Liquidity Fund plc (Scottish Widows)*		566	566	3.39%
Institutional Cash Series plc (BlackRock)*		515	515	3.08%
GS Funds plc (Goldman Sachs)*		424	424	2.54%
Insight Liquidity Funds plc (HBOS)*		413	413	2.47%
Barclays Global Investors Cash Selection Funds plc*		138	138	0.83%
Total non-qualifying investments		**3,980**	**3,980**	**23.81%**
Total investments		**18,823**	**16,799**	**100.49%**
Other assets		134	134	0.80%
Current liabilities		(216)	(216)	(1.29)%
Net assets		**18,741**	**16,717**	**100.00%**

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

Unaudited Income Statement

for the six months ended 30 June 2009

	Notes	Six months ended 30 June 2009 (unaudited) Revenue £	Capital £	Total £
Unrealised losses on investments held at fair value	10	–	(906,568)	(906,568)
Realised gains on investments held at fair value	10	–	16,189	16,189
Income	3	223,535	–	223,535
Recoverable VAT	4	1,939	5,818	7,757
Investment management expense	5	(37,150)	(111,451)	(148,601)
Other expenses		(160,440)	–	(160,440)
Profit/(loss) on ordinary activities before taxation		27,884	(996,012)	(968,128)
Tax on profit/(loss) on ordinary activities	6	(1,670)	2,691	1,021
Profit/(loss) attributable to equity shareholders		26,214	(993,321)	(967,107)
Basic and diluted earnings/(loss) per share	7	0.13p	(4.79)p	(4.66)p

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

All revenue and capital items in the above statement derive from continuing operations.

There were no other recognised gains or losses in the period.

Other than revaluation movements arising on investments held at fair value through profit and loss, there were no differences between the loss as stated above and at historical cost.

The notes on pages 16 to 21 form part of these Half-Yearly financial statements.

Six months ended 30 June 2008 (unaudited)			Year ended 31 December 2008 (audited)		
Revenue	Capital	Total	Revenue	Capital	Total
£	£	£	£	£	£
–	(2,338,608)	(2,338,608)	–	(4,848,208)	(4,848,208)
–	86,966	86,966	–	86,979	86,979
649,235	–	649,235	973,787	179,725	1,153,512
–	–	–	35,893	107,680	143,573
(69,547)	(208,643)	(278,190)	(88,810)	(266,428)	(355,238)
(164,161)	–	(164,161)	(336,510)	–	(336,510)
415,527	(2,460,285)	(2,044,758)	584,360	(4,740,252)	(4,155,892)
(83,742)	60,160	(23,582)	(150,416)	42,319	(108,097)
331,785	(2,400,125)	(2,068,340)	433,944	(4,697,933)	(4,263,989)
1.53p	(11.06)p	(9.53)p	2.02p	(21.91)p	(19.89)p

Unaudited Balance Sheet

as at 30 June 2009

	Notes	As at 30 June 2009 (unaudited) £	As at 30 June 2008 (unaudited £	As at 31 December 2008 (audited) £
Non-current assets				
Investments at fair value	1c, 10	12,818,934	15,043,401	13,556,878
Current assets				
Debtors and prepayments		76,696	174,610	372,816
Investments at fair value	11	3,980,136	6,375,857	4,375,724
Cash at bank		57,594	49,740	71,812
		4,114,426	6,600,207	4,820,352
Creditors: amounts falling due within one year		(216,509)	(362,251)	(378,668)
Net current assets		3,897,917	6,237,956	4,441,684
Net assets		**16,716,851**	**21,281,357**	**17,998,562**
Capital and reserves	12			
Called up share capital		206,241	212,791	207,989
Capital redemption reserve		15,197	8,647	13,449
Revaluation reserve		(2,023,784)	1,392,384	(1,117,216)
Special distributable reserve		18,178,797	18,741,244	18,388,358
Profit and loss account		340,400	926,291	505,982
Equity Shareholders' funds		**16,716,851**	**21,281,357**	**17,998,562**
Net asset value per Ordinary Share	9	**81.06p**	**100.01p**	**86.54p**

The notes on pages 16 to 21 form part of these Half-Yearly financial statements.

Unaudited Reconciliation of Movements in Shareholders' Funds

for the six months ended 30 June 2009

	Notes	As at 30 June 2009 (unaudited) £	As at 30 June 2008 (unaudited) £	As at 31 December 2008 (audited) £
Opening Shareholders' funds	12	17,998,562	25,727,915	25,727,915
Purchase of own shares	12	(106,617)	(671,928)	(1,056,868)
Loss for the period before dividends		(967,107)	(2,068,340)	(4,263,989)
Dividends paid in period	8	(207,987)	(1,706,290)	(2,408,496)
Closing Shareholders' funds	12	16,716,851	21,281,357	17,998,562

The notes on pages 16 to 21 form part of these Half-Yearly financial statements.

Unaudited Summarised Cash Flow Statement

for the six months ended 30 June 2009

	Six months ended 30 June 2009 (unaudited) £	Six months ended 30 June 2008 (unaudited) £	Year ended 31 December 2008 (audited) £
Operating activities			
Investment income received	247,798	639,694	1,226,543
VAT recovered	207,757	–	–
Investment management fees paid	(101,242)	(296,267)	(498,733)
Other cash payments	(182,208)	(139,331)	(345,255)
Net cash inflow from operating activities	172,105	204,096	382,555
Investing activities			
Acquisitions of investments	(386,016)	(390,289)	(1,554,680)
Disposals of investments	233,581	1,093,351	1,234,678
Net cash (outflow)/inflow from investing activities	(152,435)	703,062	(320,002)
Dividends			
Equity dividends paid	(207,987)	(1,706,290)	(2,408,496)
Taxation			
Taxation repaid/(paid)	–	587	(63,695)
Cash outflow before financing and liquid resource management	(188,317)	(798,545)	(2,409,638)
Financing			
Share capital bought back	(221,489)	(575,028)	(941,996)
Management of liquid resources			
Decrease in current investments	395,588	1,371,751	3,371,884
(Decrease)/increase in cash for the period	(14,218)	(1,822)	20,250

The notes on pages 16 to 21 form part of these Half-Yearly financial statements.

Reconciliation of Loss on Ordinary Activities before Taxation to Net Cash Inflow from Operating Activities

for the six months ended 30 June 2009

	Six months ended 30 June 2009 (unaudited) £	Six months ended 30 June 2008 (unaudited) £	Year ended 31 December 2008 (audited) £
Loss on ordinary activities before taxation	(968,128)	(2,044,758)	(4,155,892)
Net unrealised losses/(gains) on investments	906,568	2,338,608	(87,009)
Net (gains)/losses on realisations of investments	(16,189)	(86,966)	4,848,208
Transaction costs	–	(30)	–
Decrease/(increase) in debtors	296,120	(27,035)	(225,241)
Decrease/(increase) in creditors	(46,266)	24,277	2,489
Net cash inflow from operating activities	172,105	204,096	382,555

The notes on pages 16 to 21 form part of these Half-Yearly financial statements.

Notes to the Unaudited Financial Statements

1. Principal accounting policies

The following accounting policies have been applied consistently throughout the period. Full details of principal accounting policies will be disclosed in the Annual Report.

a) Basis of accounting

The unaudited results cover the six months to 30 June 2009 and have been prepared under UK Generally Accepted Accounting Practice (UK GAAP), consistent with the accounting policies set out in the Company's statutory accounts for the year ended 31 December 2008 and the 2009 Statement of Recommended Practice, 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' ("the SORP").

The Half-Yearly Report has not been audited, nor has it been reviewed by the auditors pursuant to the Auditing Practices Board (APB)'s guidance on Review of Interim Financial Information.

b) Presentation of the Income Statement

In order to better reflect the activities of a VCT and in accordance with the SORP, supplementary information which analyses the Income Statement between items of a revenue and capital nature has been presented alongside the Income Statement. The revenue column of profit attributable to equity shareholders is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in Section 274 Income Tax Act 2007.

c) Investments

All investments held by the Company are classified as "fair value through profit and loss", in accordance with the International Private Equity and Venture Capital Valuation ("IPEVCV") guidelines, 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. Purchases and sales of quoted investments are recognised on the trade date where a contract of sale exists whose terms require delivery within a time frame determined by the relevant market. Purchases and sales of unlisted investments are recognised when the contract for acquisition or sale becomes unconditional.

The fair value of quoted investments is the bid price value of those investments at the close of business on 30 June 2009.

Unquoted investments are stated at fair value by the Directors in accordance with the following rules, which are consistent with the IPEVCV guidelines:

(i) Investments which have been made in the last twelve 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 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 twelve 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 earnings (the ratio used being based on a comparable sector or comparable quoted companies but the resulting value being adjusted to reflect points of difference identified by the Investment Manager, 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;

Although the Company holds more than 20% of the equity of certain companies, it is considered that the investments are held as part of an investment portfolio. Accordingly, and as permitted by FRS 9 'Associates and Joint Ventures', their value to the Company lies in their marketable value as part of that portfolio. It is not considered that any of the holdings represents investments in associated companies.

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

3. Income

	Six months ended 30 June 2009 (unaudited) £	Six months ended 30 June 2008 (unaudited) £	Year ended 31 December 2008 (audited) £
Dividends	19,933	93,304	209,009
Money-market funds	26,171	215,531	331,739
Loan stock interest	161,602	336,052	607,447
Bank deposits	337	4,348	5,317
Interest on VAT recovered	15,492	–	–
Total income	223,535	649,235	1,153,512

4. Recoverable VAT

At 31 December 2008, the Directors considered it reasonably certain that the Company would obtain a repayment of VAT of not less than £200,000. This estimate was based upon information supplied by the Company's Investment Manager, and discussions with the Company's professional

Notes to the Unaudited Financial Statements (continued)

advisors as a result of the European Court of Justice ruling and subsequent HMRC briefing that management fees be exempt for VAT purposes. During this period £207,757 of recoverable VAT was actually received. The excess of £7,757 has been credited to the Income Statement, allocated 25% to revenue and 75% to capital return and is in the same proportion as that in which the irrecoverable VAT was originally charged.

5. Investment management expense

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

6. Taxation

There is no tax charge for the period as the Company has incurred taxable losses. A small credit arises from a write-back of deferred tax.

7. Basic and diluted earnings per share

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

	Six months ended 30 June 2009 (unaudited) £	Six months ended 30 June 2008 (unaudited) £	Year ended 31 December 2008 (audited) £
i) Total loss after taxation	(967,107)	(2,068,340)	(4,263,989)
Basis and diluted loss per Ordinary share (pence)	**(4.66)p**	**(9.53)p**	**(19.89)p**
ii) Net revenue from ordinary activities after taxation	26,214	331,785	433,944
Basic and diluted revenue earnings per Ordinary share (pence)	**0.13p**	**1.53p**	**2.02p**
Net unrealised losses	(906,568)	(2,338,608)	(4,848,208)
Net realised capital gains	16,189	86,966	86,979
Capital element of VAT recoverable	5,818	–	107,680
Dividends received treated as capital	–	–	179,725
Capital expenses (net of taxation)	(108,760)	(148,483)	(224,109)
iii) Total capital return	(993,321)	(2,400,125)	(4,697,933)
Basic and diluted capital loss per Ordinary share (pence)	**(4.79)p**	**(11.06)p**	**(21.91)p**
iv) **Weighted average number of shares in issue in the period**	**20,743,911**	**21,705,974**	**21,443,415**

8. Dividends paid

	Six months ended 30 June 2009 (unaudited) £	Six months ended 30 June 2008 (unaudited) £	Year ended 31 December 2008 (audited) £
Final income dividend paid for year ended 31 December 2008 of 1.0p per share	207,987	–	–
Interim income dividend for the year ended 31 December 2008 of 1.0p per share	–	–	212,790
Interim capital dividend for the year ended 31 December 2008 of 2.3p per share	–	–	489,416
Final income dividend paid for year ended 31 December 2007 of 1.4p per share	–	306,257	306,257
Final capital dividend paid for year ended 31 December 2007 of 6.4p per share	–	1,400,033	1,400,033
	207,987	**1,706,290**	**2,408,496**

9. Net asset value per ordinary share

	As at 30 June 2009 (unaudited) £	As at 30 June 2008 (unaudited) £	As at 31 December 2008 (audited) £
Net assets	16,716,851	21,281,357	17,998,562
Number of shares in issue as at 30 June 2009	20,624,052	21,279,171	20,798,925
Net asset value per share (pence)	**81.06p**	**100.01p**	**86.54p**

Notes to the Unaudited Financial Statements (continued)

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

	Traded on AIM £	Unquoted equity shares £	Unquoted preference shares £	Loan stock £	Total £
Valuation at 1 January 2009	64,324	4,469,458	42,433	8,980,663	13,556,878
Purchases at cost	–	32,907	76	353,033	386,016
Sales – proceeds	–	–	–	(233,581)	(233,581)
– realised gains	–	–	–	16,189	16,189
Unrealised (losses)/gains	(10,721)	389,824	(33,958)	(1,251,713)	(906,568)
Valuation at 30 June 2009	**53,603**	**4,892,189**	**8,551**	**7,864,591**	**12,818,934**
Book cost at 30 June 2009	150,106	4,332,822	45,782	10,314,008	14,842,718
Unrealised (losses)/gains at 30 June 2009	(96,503)	559,367	(37,231)	(2,449,417)	(2,023,784)
Valuation at 30 June 2009	**53,603**	**4,892,189**	**8,551**	**7,864,591**	**12,818,934**
Gains/(losses) on investments					
Realised gains based on carrying value at 31 December 2008	–	–	–	16,189	16,189
Net movement in unrealised depreciation in the period	(10,721)	389,824	(33,958)	(1,251,713)	(906,568)
(Losses)/gains on investments at 30 June 2009	**(10,721)**	**389,824**	**(33,958)**	**(1,235,524)**	**(890,379)**

11. Current investments at fair value

These comprise investments in seven Dublin based OEIC money market funds managed by Royal Bank of Scotland, Blackrock Investment Management, Goldman Sachs, Insight Investment Management, Barclays Global Investors, Scottish Widows Investment Management and Fidelity Investment Management.

£3,980,136 (30 June 2008: £6,372,366; 31 December 2008: £4,372,136) of this sum is subject to same day access, whilst £nil (30 June 2008: £3,491; 31 December 2008: £3,588) is subject to two day access.

12. Capital and reserves

	Called up share capital £	Capital redemption reserve £	Revaluation reserve £	Special distributable reserve £	Profit and loss account £	Total £
At 1 January 2009	207,989	13,449	(1,117,216)	18,388,358	505,982	17,998,562
Shares bought back	(1,748)	1,748	–	(106,617)	–	(106,617)
Written off to special reserve	–	–	–	(102,944)	102,944	–
Dividend – final for year ended 31 December 2008	–	–	–	–	(207,987)	(207,987)
Loss for the period	–	–	(906,568)	–	(60,539)	(967,107)
At 30 June 2009	206,241	15,197	(2,023,784)	18,178,797	340,400	16,716,851

13. 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 ('MPEP'), the Company's Investment Manager. 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 for a fee of £44,351 (30 June 2008: £43,157; 31 December 2008: £87,030) in the period. The agreements with MPEP and with Matrix-Securities Limited became effective from 5 October 2004.

14. The information for the year ended 31 December 2008 does not comprise full financial statements within the meaning of Section 435 of the Companies Act 2006. The financial statements for the year ended 31 December 2008 have been filed with the Registrar of Companies. The auditors have reported on these financial statements and that report was unqualified and did not contain a statement under section 498(2) of the Companies Act 2006.

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

Shareholder Information

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

The Company circulates a bi-annual newsletter to Shareholders in the quarters in which it does not publish Annual or Half-Yearly Accounts. The next edition will be distributed in December 2009. The Board intends to announce the Company's Annual Financial Results in respect of the year ended 31 December 2009 in mid-March 2010 and the Annual Report will be circulated to Shareholders in early April.

Net asset value per share

The Company's NAV per share as at 30 June 2009 was 81.1 pence per share. The Company announces its unaudited NAV on a quarterly basis.

Dividend

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

Shareholder enquires:

For information on your holding, to notify the Company of a change of address or to request a dividend mandate form please contact the Company's Registrars, Computershare Investor Services, on 0870 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.

Corporate Information

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Bridget Guérin
Christopher Moore
Tom Sooke (Senior Independent Director)

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Notes

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