

# MATRIX INCOME & GROWTH 3 VCT PLC

## MIG 3 VCT UPDATE NOVEMBER 2009

**SHARE PRICE: 63.0p NET ASSET VALUE: 87.8p**

Welcome to the latest Matrix Income & Growth 3 VCT ("MIG 3 VCT") Newsletter, providing an update of activity since the Half-Yearly Report was circulated to shareholders in August.

As at 30 September, MIG VCT's total shareholder return was 93.3p per share comprising NAV per share of 87.8p plus cumulative dividends paid of 5.5p. This represents a small decrease of 0.7% in total shareholder return from 94.0p at 30 June 2009.

## LATEST INVESTMENTS AND DIVESTMENTS

### DIVESTMENT OF PASTAKING HOLDINGS

The Company has successfully sold its investment in PastaKing, the Newton Abbott based foodservice company, to NBGI Private Equity for net proceeds of £1,117k. The realisation contributed to total proceeds of £1,361k to the Company over the life of the investment, representing a 3.25 fold gain on the Company's original investment of £419k.

PastaKing was founded in 1995 to provide businesses, and in particular the education sector, with healthy pasta meals. It has also profited from the growing Italian cuisine market, enjoying rapid growth since investment in 2006. The business today employs 71 staff and has an annual turnover of £12 million.



The Managing Director Sue Davenport was recently crowned 'Woman Chief Executive Officer of the Year at the British Venture Capitalist Awards. The company won six awards in 2008, including the award for 'Small to Medium sized UK Business of the Year' at the National Business Awards.

## FURTHER INVESTMENT INTO BRITISH INTERNATIONAL HOLDINGS

The Company made an additional investment of £136k into British International in November of this year bringing its total investment in this provider of helicopter services to £0.9 million.

Operating from its headquarters in Sherborne, Dorset, British International operates a helicopter service, including the longest running scheduled helicopter service from the UK mainland to the Isles of Scilly. It has a longstanding relationship with the Ministry of Defence which has seen the company offer helicopter support to the Falkland Island Garrison and Flag Officer Sea Training and Joint Maritime Courses in Plymouth and off the West coast of Scotland.



## FUND BREAKDOWN AT 30 SEPTEMBER 2009

	30 September 2009 £	30 June 2009 £
Unquoted loan stock	7,582,948	7,742,864
Unquoted equities	5,595,104	5,474,973
Money market funds	4,040,585	4,263,465
Cash	115,636	49,802
Net working capital	(111,116)	(146,118)
<b>Net assets</b>	<b>17,233,157</b>	<b>17,384,986</b>
<b>Net asset value per share</b>	<b>87.8 pence</b>	<b>88.4 pence</b>

## CONTACT MATRIX

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SIX MONTHLY UPDATE SEPTEMBER 2009  
ASSET MANAGEMENT

QUALIFYING INVESTMENT PORTFOLIO AS AT 30 SEPTEMBER 2009

Company	Business	Investment Cost £	Investment Valuation £	% of the Investment Portfolio
DiGiCo Europe	Audio mixing desks	738,078	1,625,008	12.2%
PastaKing	Fresh pasta meals	419,148	1,116,253	8.5%
Apricot Trading	Marketing services/media acquisitions	1,000,000	1,000,000	7.6%
Aust Construction Investors	Construction sector acquisitions	1,000,000	1,000,000	7.6%
Barnfield Management Investments	Food sector acquisitions	1,000,000	1,000,000	7.6%
Bladon Castle Management	Retailing/health/well-being acquisitions	1,000,000	1,000,000	7.6%
Calisamo Management	Healthcare sector acquisitions	1,000,000	1,000,000	7.6%
Fullfield	Food sector acquisitions	1,000,000	1,000,000	7.6%
Vanir Consultants	Database management/management services acquisitions	1,000,000	1,000,000	7.6%
ATG Media	Publisher and online auction operator	776,465	776,465	5.9%
	<b>Total for ten largest investments</b>	<b>8,933,691</b>	<b>10,517,726</b>	<b>79.8%</b>
	Other investments	5,076,773	2,660,326	20.2%
	<b>Total portfolio</b>	<b>14,010,464</b>	<b>13,178,052</b>	<b>100.0%</b>

MANAGER'S COMMENTARY

In the face of continued economic deterioration in the UK and worldwide, this is a challenging time for new investment. We have therefore been cautious and selective in our consideration of potential deals. We have in particular continued to avoid transactions requiring high levels of bank borrowing, believing that economic conditions remain challenging and that over-leveraged companies are much too vulnerable in this environment. The portfolio of management buy-out investments continues to reflect our strategy of seeking to capitalise companies properly at the time of investment so that they are well positioned to contend with difficult times. We continue to believe that the portfolio, taken as a whole, is resilient and of high quality and given recent general comment on the tightening of bank lending, do not consider that the portfolio is exposed to unsustainable levels of third party debt. Income generation, however, continues to be difficult whilst interest rates remain low and current economic conditions persist.

In June of this year, the VCT invested £286,855 to support the MBO of Westway Cooling, a company specialising in the installation, servicing and maintenance of high quality air-conditioning systems and associated building plant. With a turnover of £9.6 million and a record order book, we believe that this company is well-placed to grow. Elsewhere in the portfolio, DiGiCo Europe has continued to roll out new products and this has led to rising profits this year. Monsal has returned to profit and the outlook for this company has been further enhanced by the prospect of new capital contracts as water companies commit to new waste management projects and the company exploits its expertise in anaerobic digestion. ATG Media has progressed well with its on-line auction product showing impressive growth. Other investments, not included in the ten largest listed above, comprises several investments where performance is satisfactory, and a number where performance has been less so to date, but where we believe opportunities to recover value do remain. The companies in the portfolio that are more directly exposed to the construction and retail sectors are suffering from the negative effects of the recession. PXP and Plastic Surgeon have been affected by the significant downturn in the construction industry as business volumes have shrunk and reduced demand from major customers has impacted on revenue. It is still too early to assess when we are likely to see signs of recovery in these areas.

Most importantly, the Company has more than sufficient cash reserves available to support the portfolio at this point in the cycle.

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