

MATRIX INCOME & GROWTH VCT PLC



MIG VCT UPDATE

SHARE PRICE: 89.5p NET ASSET VALUE: 104.8p

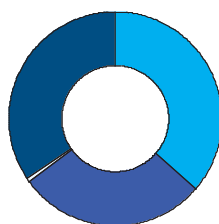
Welcome to the latest Matrix Income & Growth ("MIG") VCT Newsletter, providing an update of activity since the last newsletter in November. Your Company has continued to make very good progress in the period and has announced an income dividend and its first capital dividend. The NAV increased to 116.9p at 31 December, falling back to 112.6p at 31 March 2008. Net cumulative dividends of 12.0p per share have been paid since launch and the Company's total return to shareholders since listing in October 2004 is 116.8p. A total dividend of 7.8p per share (1.4p income, 6.4p capital) was paid to shareholders on 21 May 2008, reducing the NAV to 104.8p.

The share price of 89.5 pence on 23 May 2008 in part reflects the Company's commitment to manage the level of discount to NAV. The discount is currently 14.6%.

A healthy level of income continues to flow from the portfolio. The annualised running yield on the portfolio as a whole is currently 5.1%. The portfolio breakdown is set out below. Cash and money market funds currently represent 34.5% of the portfolio.

MIG VCT PORTFOLIO BREAKDOWN AS AT 31 MARCH 2008

Total Assets - £24.6 million



■ Unquoted loan stock	36.4%
■ Unquoted equities	28.7%
□ Aim quoted equities	0.4%
■ Cash & money market funds	34.5%

LATEST INVESTMENTS

Six new investments have been completed in the period. They are: -

Focus Pharma specialises in the licensing and marketing of specialist generic pharmaceuticals. As part of an MBO, MIG VCT invested £657k alongside other Matrix-advised VCTs and has acquired loan stock and a 3.1% stake in the company. The business, formed in 2003, operates from Burton-upon-Trent. It employs 15 people and has annual revenue of £10 million.



Monsal is a specialist environmental technology company providing advanced solutions to the water and waste sectors. It is the UK's market leader in the provision of sophisticated anaerobic digestion technology to the water utilities market. As part of an MBO, MIG invested £616k alongside other Matrix-advised VCTs and has acquired loan stock and a 9.5% stake in the company. The business was formed in 1996 and is based in Mansfield. It employs 25 people and has annual revenue of £5 million.

Three new investments, each of £1 million, have been made alongside experienced Chairmen in three different companies seeking to acquire businesses in the construction, healthcare and food sectors. These companies are **Aust**, **Barnfield** and **Calisamo**.

Most recently, a new investment of £390k has been made to finance the MBO of **Plastic Surgeon Fine Finishers**. Plastic Surgeon provides repair services to the UK construction industry.

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QUALIFYING INVESTMENT PORTFOLIO AT 31 MARCH 2008

Company	Business	Investment Cost £	Investment Valuation £	% of the Investment Portfolio
Youngman	Building Product Manufacturing	1,000,052	2,553,606	15.8
Blaze	Sign Manufacturing & Installation	1,573,750	2,155,806	13.4
PastaKing	Food Manufacturing	464,047	1,382,324	8.6
VSI	Software For CAD/CAM Vendors	618,071	1,308,928	8.1
British International	Helicopter Services	1,000,000	1,062,479	6.6
Aust	Construction Sector Acquisitions	1,000,000	1,000,000	6.2
Barnfield	Food Sector Acquisitions	1,000,000	1,000,000	6.2
Calisamo	Healthcare Sector Acquisitions	1,000,000	1,000,000	6.2
Digico Europe	Sound Mixing Consoles	1,000,000	1,000,000	6.2
Pinewood Structures	Timber Frame Housing Components	1,000,000	848,579	5.3
Ten Largest Investments		9,655,920	13,311,722	82.6
Other Investments		4,045,405	2,814,458	17.4
TOTAL QUALIFYING PORTFOLIO		13,701,325	16,126,180	100.0

MANAGER'S COMMENTARY

Excellent capital profits of £1.86 million were generated from two successful realisations in the period. Dessert manufacturer Ministry of Cake was sold to Greencore Group and diagnostic tests manufacturer BBI was sold to Inverness Medical.

The portfolio now comprises 18 investments at a total cost of £13.7 million and a current valuation of £16.1 million. This valuation reflects a reduction of c. £1 million from the 31 December year-end. It largely reflects the overall reduction in the FTSE sector price earnings ratios in the period. Although the financial performance of the privately owned companies in your portfolio has remained steady, their valuation must bear reference to directly comparable quoted companies. The quoted company and, in particular, smaller company indices have suffered sharp falls in the period. Performance continues to be generally pleasing with the largest investments, Youngman, Blaze, PastaKing and VSI continuing to enjoy good trading. Overall, the portfolio remains in good shape.

With significant resources still remaining for new investment and an expectation of improving buying conditions, we see your Company well placed for the future.

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