

# MATRIX INCOME & GROWTH VCT PLC

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## MIG 3 VCT UPDATE

**SHARE PRICE: 87.5p NET ASSET VALUE: 96.9p**

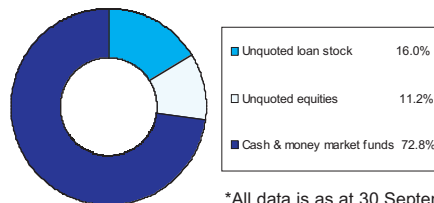
Welcome to the third Matrix & Income Growth ("MIG 3") VCT Newsletter, providing an update of activity since the last newsletter in January.

Your company has reported a small increase in NAV to 96.9p\* in the period. An interim dividend of 1.0p was paid in September, thereby increasing net cumulative dividends paid since launch to 2.25p per share. The current share price of 87.5p\* in part reflects the Company's commitment to manage the level of discount to NAV subject to market conditions and portfolio circumstances. Shareholders are reminded that shares sold within 3 years of subscription will result in a liability for income tax received.

The level of income from the portfolio continues to grow and the annualised running yield on the portfolio as a whole (i.e. including cash and money market funds) is currently 5.6%. The portfolio breakdown is set out below. Cash and money market funds represent the majority of the portfolio, but this will reduce as further qualifying investments are made.

## MIG 3 VCT PORTFOLIO BREAKDOWN AS AT 30 SEPTEMBER 2007

Total Assets - £19.5 million\*



\*All data is as at 30 September 2007

## LATEST INVESTMENTS

**Blaze Signs** is a leading UK manufacturer of signs in which MIG 3 VCT invested in April 2006. Blaze has benefited from significant growth amongst its retail client base. Its customers include high street chains and large financial services companies, including Nationwide. Blaze has recently completed a complementary acquisition of a sign maintenance company, Active Signs. MIG 3 VCT has invested a further £277k alongside other Matrix-advised VCTs to finance the transaction.



**Digico** is a global market leading manufacturer of digital sound mixing consoles for the live performance, theatre, post production and broadcast markets. Its consoles are sold through distributors into over 50 countries and are used by leading live performers such as Madonna, Rod Stewart and Kylie Minogue. As part of a MBO, MIG 3 VCT invested £943k alongside other Matrix-advised VCTs and has acquired a 6.1% stake in the company.

The MBO team is led by Bob Doyle, Chairman and James Gordon, Managing Director. The business, formed in 1992, operates from Chessington and Glenrothes. Digico has annual revenue of £8 million and employs around 60 people. Digico's products were recently showcased at two of Wembley Stadium's high profile events, the Concert for Diana and Live Earth, in which 17 of the 19 performing artists used Digico equipment.

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## QUALIFYING INVESTMENT PORTFOLIO

Company	Business	Investment Cost £	Investment Valuation £	% of the Investment Portfolio
Pinewood Structures	Timber Frame Housing Components	1,000,000	1,000,000	18.8
Digico Europe	Sound Mixing Consoles	943,100	943,100	17.7
PastaKing	Food Manufacturing	419,148	876,957	16.4
British International	Helicopter Services	750,000	807,803	15.2
Racoon International	Hair Extensions	789,617	789,617	14.8
Blaze	Sign Manufacturing & Installation	379,236	482,997	9.1
VSI	Software for CAD/CAM Vendors	227,238	427,126	8.0
<b>TOTAL QUALIFYING PORTFOLIO</b>		<b>4,508,339</b>	<b>5,327,600</b>	<b>100.0</b>

## MANAGER'S COMMENTARY

A significant component of the portfolio comprises investments only recently completed and therefore held at cost. Four investments held for longer than one year have moved off cost and are showing uplift in value. Overall, the qualifying portfolio is currently valued at 18% above cost, which is encouraging at this early stage.

The portfolio highlights so far are: excellent performance at PastaKing with increasing penetration into the school meals market and very good trading at VSI particularly from sales to the machine tool market.

Higher company prices in the present climate slowed down the pace of new investment. Nevertheless, we completed the new investment in Digico and the further investment in Blaze to finance an acquisition. We have also just completed a further new investment of £593k to finance the MBO of Focus Pharma. Focus specialises in the licensing and marketing of specialist prescription generic pharmaceuticals.

## CONTACT MATRIX

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