Company Registration No. 5153931 (England and Wales)

MATRIX INCOME AND GROWTH VCT PLC

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2004

Company Information

Directors
Keith Niven (Appointed 30 June 2004)
Bridget Guérin (Appointed 30 June 2004)
Christopher Moore (Appointed 30 June 2004)
Tom Sooke (Appointed 30 June 2004)

Secretary
Matrix-Securities Limited

Registered office
One Jermyn Street
London
Great Britain
SW1Y 4UH

Auditors
PKF
Farringdon Place
20 Farringdon Road
London EC1M 3AP

Solicitors
Dundas & Wilson
North West Wing
Bush House
London WC2B 4EZ

Investment Manager
Matrix Private Equity Partners Limited
One Jermyn Street
London SW1Y 4UH

Promoter
Matrix-Securities Limited
One Jermyn Street
London SW1Y 4UH

Sponsor and Stockbroker
Teather & Greenwood Limited
Beaufort House
15 St Botolph Street
London EC3A 7QR

Registrars
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

Company number 5153931

Contents

Directors' Report
For the period ended 30 September 2004

The Directors present their report and financial statements for the period ended 30 September 2004.

Principal activities and review of the business
The Company had not traded in the period from incorporation on 15 June 2004 to 30 September 2004. It launched an offer for subscription of up to 30 million 1p Ordinary Shares in a prospectus dated 9 July 2004. The first issue of shares under the offer for subscription was made on 5 October 2004. The Company is an investment company as defined in section 266 of the Companies Act 1985. Its intention is to invest in a diversified portfolio of established profitable unquoted companies in the UK.

Results and dividends
The Financial Statements and associated notes for the period are set out on pages 6-12.

The Directors do not recommend payment of an ordinary dividend or a preference dividend.

Future developments
The Ordinary Shares of 1p each in the capital of the Company were first admitted to the Official List of the UK Listing Authority on 8 October 2004 when trading commenced. The Company has obtained provisional approval as a Venture Capital Trust under section 842AA of the Income and Corporation Taxes Act 1988 (ICTA). It is the Directors' intention to continue to manage the Company's affairs in such a manner as to comply with section 842AA of the ICTA.

Directors
The following non-executive Directors have held office since 15 June 2004:

Keith Niven	(Appointed 30 June 2004)
Bridget Guérin	(Appointed 30 June 2004)
Christopher Moore	(Appointed 30 June 2004)
Tom Sooke	(Appointed 30 June 2004)
David Coulson	(Appointed 15 June 2004 and resigned 30 June 2004)
Robert Brittain	(Appointed 15 June 2004 and resigned 30 June 2004)

Directors' interests
None of the Directors had any interests in the shares of the Company during the period.

Substantial interests
As at 10 March 2005 the Company had not been notified of any beneficial interest exceeding 3% of the issued share capital.

Creditor payment policy
The Company's current policy concerning the payment of trade creditors is to settle all creditors' invoices within 30 days of the invoice date unless otherwise agreed. As the Company has yet to trade, there are no trade creditors at the period end and no purchases have yet been made.

Auditors
PKF were appointed auditors to the Company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

Going concern
After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Directors' Report (continued)
For the period ended 30 September 2004

Corporate Governance Statement
The Directors of Matrix Income & Growth VCT plc have not adopted or complied with the New Combined Code on Corporate Governance published by the Financial Reporting Council in July 2003 ("the New Code") or the AITC Code in respect of the period ended 30 September 2004 as the Company did not actively trade in the period. The Board has however adopted the main principles of the New Code with effect from 1 October 2004 to the extent that the Directors consider practical given the nature and proposed size of the Fund.

Directors' responsibilities
Company law requires the Directors to prepare financial statements for each financial year that 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 those 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; and
- 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 which disclose with reasonable accuracy at any time the financial position of the Company and to 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 ensuring that the Directors' Report, the Directors' Remuneration Report and other information included in the Annual Report is prepared in accordance with Company Law in the United Kingdom. They are also responsible for ensuring that the Annual Report includes information required by the Listing Rules of the Financial Services Authority.

Annual General Meeting
A Notice and Proxy Form for the Annual General Meeting of the Company to be held at 11.00 am on Thursday, 21 April 2005 at One Jermyn Street, London SW1Y 4UH are enclosed with this Directors' Report.

Resolutions will be proposed at the meeting to receive and adopt this Directors' Report and the enclosed audited accounts for the period since incorporation until 30 September 2004; to approve the Directors' Remuneration Report; and to reappoint PKF as auditors and authorise the Directors to determine their remuneration.

Re-election of the Directors
The Directors are required to stand for re-election at the first Annual General Meeting following their appointment. Brief biographical details on the Directors are set out below:

Keith Niven (Chairman), aged 56, has over 30 years' experience in the financial services industry, most of which was spent at Schroder Investment Management, 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 a non-executive director of three investment trusts: Schroder UK Growth Fund plc, Schroder Income Growth Fund plc and Impax Environmental Markets plc. He is a trustee of the Charities Aid Foundation ("CAF"), chairman of CAF's Investment Advisory Committee and a non-executive director of CAF BANK Limited. Keith is also a non-executive director of Healthstar Group plc and an investment adviser to the Rolls-Royce Pension Fund.

Bridget Guérin, aged 43, is a director of Matrix Group Limited and of its subsidiary Matrix-Securities Limited. The Group 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 Board of the 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.

Christopher Moore, aged 60, 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 fully listed industrial group. Christopher is currently on the board of TriVen VCT plc and TriVest VCT plc and is Chairman of Oxonica Limited.

Tom Sooke, aged 60, is an experienced venture capitalist who is currently on the board of Quester VCT plc. 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.

Authority to disapply pre-emption rights (Resolution 9)

Under section 89 of the Companies Act 1985 ("the 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. This resolution will grant the Directors the authority to disapply this section in accordance with section 95 of the Act and to allot shares for cash in the specific circumstances named in the Resolution otherwise than pro rata to existing shareholders. These circumstances include inter alia (i) the allotment of shares under the current Offer for Subscription of up to 30,000,000 Ordinary Shares ("the Offer"); (ii) the allotment of up to 10% of the issued ordinary share capital of the Company immediately following the allotment of Ordinary Shares pursuant to the Offer where the proceeds of the allotment may be used, if required, in whole or in part, specifically to purchase the Company's Ordinary Shares in the market (iii) and the allotment of up to 10% of the issued ordinary share capital immediately following the allotment of Ordinary Shares pursuant to the Offer. The authority, unless previously renewed or revoked, will expire on the earlier of the Annual General Meeting of the Company to be held in 2006 and the date which is eighteen months after the date on which this resolution is passed except that the Directors may allot securities after this date in pursuance of offers or agreements made prior to the expiration of this authority. This resolution is proposed as a special resolution.

Authority to purchase own shares (Resolution 10)

This resolution authorises the Company to purchase its own shares pursuant to section 166 of the Companies Act 1985. The authority is limited to a maximum number of Ordinary Shares equal to 14.99% of the issued ordinary share capital of the Company immediately following the close of the Offer. The maximum price 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 Company's Shares of that class as derived from the Daily Official List of London Stock Exchange plc for the five business days immediately preceding the purchase. The minimum price that may be paid is one penny per Ordinary Share, ie the nominal value of the shares. The authority will expire on the earlier of the conclusion of the Annual General Meeting of the Company to be held in 2006 and the date that is eighteen months after the date on which this resolution is passed.

As a consequence of the tax reliefs available to investors who purchase new VCT shares, market liquidity is restricted. As stated in the Prospectus it is the Directors' intention to pursue an active share buyback policy in order to enhance liquidity and to seek to manage the level of discount to net asset value at which the shares may trade. The passing of this resolution will enable the Directors to pursue this policy.

Shareholders should note that the Directors will not exercise this authority unless to do so would result in an increase in net assets per Ordinary Share and would be in the interests of Shareholders generally. This resolution is proposed as a special resolution.

By order of the Board
For Matrix-Securities Limited
Secretary
10 March 2005

Directors' Remuneration Report
For the period ended 30 September 2004

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 21 April 2005. The Company's auditors are required to give their opinion on the specified information provided on Directors' emoluments below and this is explained further in their report to Shareholders on page 5.

Remuneration policy

The Board has established a Remuneration Committee. The Committee comprises Keith Niven (Chairman), Tom Sooke and Christopher Moore, who are all independent of the investment manager. It is responsible for reviewing and determining the remuneration of the Directors and for making recommendations to the Board within its terms of reference and the remuneration policy set by the Board. When considering the level of Directors' fees, the Remuneration Committee takes 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. The Committee has access to independent advice where it considers it appropriate. The Company's Articles of Association limit the total amount that can be paid to the Directors in fees to £100,000 per annum. It is intended that this policy will continue for the year ended 30 September 2005.

Terms of appointment

The current Directors were all appointed on 30 June 2004 and will stand for re-election at the first Annual General Meeting to be held on 21 April 2005 as required by the Articles of Association. At least one-third of the Directors will be required to retire by rotation at each Annual General Meeting thereafter. Directors retiring by rotation will then be eligible for re-election.

All of the Directors are non-executive and none of the Directors have service contracts with the Company. All the Directors have received a formal letter of appointment setting out inter alia the terms of their appointment, the powers and duties of Directors and the fees and expenses pertaining to the appointment. A Director's appointment may be terminated on three months' notice being given by the Company and in certain other circumstances. No portion of the fees paid to the Directors is related to performance. 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)

No remuneration was paid to the Directors in respect of the period under review.

Total shareholder return

The Ordinary Shares of 1p each in the capital of the Company were first admitted to the Official List of the UK Listing Authority on 8 October 2004 when trading commenced. No shareholder return has been recorded for the period ended 30 September 2004 before the Company commenced trading as the only transactions were formation related and administration costs.

By order of the Board

Matrix-Securities Limited
Secretary
10 March 2005

Independent Auditors' Report

To the Shareholders of Matrix Income and Growth VCT plc

We have audited the financial statements of Matrix Income & Growth VCT plc for the period from 15 June 2004 to 30 September 2004, which comprise the Statement of Total Return, the Balance Sheet, the Cash Flow Statement and the related notes. These 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 auditor's 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 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 United Kingdom Auditing Standards.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the Company is not disclosed.

We review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of the 2003 FRC 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. This other information comprises only the Directors' Report and the unaudited part of the Directors' Remuneration Report. 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 United Kingdom Auditing Standards 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 in the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which 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 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 of the state of the Company's affairs as at 30 September 2004 and of its return for the period then ended; and
- 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.

PKF

PKF

Registered Auditors, London, UK

10 March 2004

Statement of Total Return

For the period from 15 June to 30 September 2004

Period from 15 June to 30 September 2004

	Notes Notes	Revenue £	Capital £	Total £
Administrative expenses	2	(3,231)	-	(3,231)
Return on ordinary activities before taxation		(3,231)	-	(3,231)
Tax on ordinary activities		-	-	-
Return on ordinary activities after taxation transferred from reserves	7	(3,231)	-	(3,231)
Return per share:				
Ordinary Shares	3	(1,615)p	-	(1,615)p

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

The notes on pages 9 to 12 form part of these financial statements.

The Statement of Total Return has been prepared on the basis that all operations are continuing operations.

Balance Sheet
As at 30 September 2004

	Notes	As at 30 September 2004 £
Current assets		
Debtors	4	37,502
Cash at bank and in hand		12,500
		50,002
Creditors: amounts falling due within one year	5	(3,231)
Total assets less current liabilities		46,771
Capital and reserves		
Called up share capital	6	50,002
Revenue reserve	7	(3,231)
Shareholders' funds	8	*46,771*
Equity interests		(3,229)
Non-equity interests		50,000
		46,771
Net asset value per *Ordinary Share*	9	(1,615)p
Net asset value per Redeemable Preference Share	9	100p

The financial statements were approved by the Board on 10 March 2005

Thomas Sooke

Tom Sooke
Director

Cash Flow Statement

For the period from 15 June to 30 September 2004

	Period ended 30 September 2004 £
Net cash flow from operating activities	–
Net cash flow before management of liquid resources and financing	–
Financing	
Issue of preference share capital	12,500
Increase in cash in the period	12,500

Notes to the Cash Flow Statement

For the period from 15 June to 30 September 2004

1 Reconciliation of return to net cash flow from operating activities

	2004 £
Return on ordinary activities	(3,231)
Increase in creditors within one year	3,231
Net cash flow from operating activities	–

2 Analysis of net funds

	15 June 2004 £	Cash flow £	30 September 2004 £
Net cash:			
Cash at bank and in hand	–	12,500	12,500
Net funds	–	12,500	12,500

3 Reconciliation of net cash flow to movement in net funds

	2004 £
Increase in cash in the period	12,500
Movement in net funds in the period	12,500
Opening net funds	–
Closing net funds	12,500

Notes to the Financial Statements

For the period from 15 June to 30 September 2004

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention, in accordance with applicable accounting standards and with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies 2003"

2 Administrative expenses

	2004 £
Auditors' remuneration – audit fees	3,231

The Board reviews the nature and extent of services supplied by the auditors to ensure that independence is maintained.

No Director received any remuneration in the period under review.

3 Return per Ordinary Share

The return per Ordinary Share is based upon the net loss from ordinary activities after taxation of £3,231 and 200 Ordinary Shares being the average number of Ordinary Shares in issue during the period.

4 Debtors

	2004 £
Called up share capital not paid	37,502

5 Creditors: amounts falling due within one year

	2004 £
Accruals and deferred income	3,231

6 Share capital

	2004 £
Authorised	
45,000,000 Ordinary Shares of 1p each	450,000
50,000 Redeemable Preference Shares of £1 each	50,000
	500,000
Allotted, called up and fully paid	
200 Ordinary Shares of 1p each	2
50,000 Redeemable Preference Shares of £1 each	50,000
	50,002

On incorporation, the authorised capital of the Company was £50,000 divided into 50,000 Ordinary Shares of £1 each of which two Ordinary Shares of £1 each were subscribed at par.

At an Extraordinary General Meeting held on 30 June 2004, it was resolved to increase the authorised share capital from £50,000 to £500,000 by the creation of 40,000,000 new Ordinary Shares of 1p each and 50,000 redeemable preference shares of £1 each and to subdivide each of the existing Ordinary Shares of £1 each in the Company into Ordinary Shares of £0.01 each.

On 30 June 2004, 50,000 redeemable preference shares of £1 each were allotted and paid up to one quarter of their nominal value for cash consideration to enable the Company to obtain a certificate under s117 of the Companies Act 1985.

The holders of the redeemable preference shares were entitled in priority to any payment of dividend on any other class of share to a fixed cumulative preferential dividend of 0.01 pence per annum. They were not entitled to receive notice of or to attend and vote at any general meeting of the Company. On a return of assets on liquidation or otherwise, the surplus assets of the Company were to be applied first in paying to the holders of the Redeemable Preference Shares the nominal amount paid on such shares together with any dividend arrears. The Company could, at any time up to 5 April 2005, redeem these shares out of any profits of the Company, at par together with all arrears of preference dividend. Each Redeemable Preference Share that is redeemed would thereafter be re-designated as one hundred Ordinary Shares.

On 5 October 2004, these shares were paid up in full and redeemed at par out of the proceeds of the Offer for Subscription. The authorised but unissued share capital thereby created was automatically re-designated as Ordinary Shares pursuant to the Articles of Association and a Special Resolution passed on 30 June 2004.

7 Statement of movements on revenue reserve

	Revenue reserve £
Return for the period	(3,231)
Balance at end of period	*(3,231)*

8 Reconciliation of movements in shareholders' funds

	2004 £
Total recognised loss for the financial period	(3,231)
Proceeds from issue of shares	50,002
Net addition to shareholders' funds	46,771
Opening shareholders' funds	–
Closing shareholders' funds	*46,771*

9 Net Asset Value per Share

The net asset value per Ordinary Share is based on the net liabilities at the end of the period attributable to equity interests, and on 200 Ordinary Shares, being the number of Ordinary Shares in issue on that date.

The net asset value per Redeemable Preference Share is based on the net assets at the end of the period attributable to non-equity interests, and on 50,000 Redeemable Preference Shares, being the number of Redeemable Preference Shares in issue on that date.

Notes to the Financial Statements
For the period from 15 June to 30 September 2004

10 Related party transactions

Bridget Guérin is a director and shareholder (1.355%) of Matrix Group Limited, which owns 100% of the capital of Matrix-Securities Limited and Matrix Private Equity Partners Limited (MPEP), the Company's Investment Manager. The Company has entered into an agreement on 9 July 2004 with MPEP whereby MPEP will receive a fee of 2% per annum of the value of the Company's net assets, and will be entitled to receive a performance related incentive fee of 20% of the excess above 6p per share of the annual dividends paid to shareholders. Bridget Guérin is also a Director of Matrix-Securities Limited, who are acting as promoter to the Company for a fee of 5.5% of gross funds raised and also provide Company Secretarial and Accountancy Services to the Company under an agreement dated 9 July 2004. The agreements with MPEP and with Matrix-Securities Limited became effective from 5 October 2004. None of the Directors had any interests in the share capital of the Company during the period under review.

11 Post balance sheet events

Subsequent to the period-end, the Company had raised £10.4 million up to the date of signing of these accounts and has made one investment into FH Ingredients Limited of £212,893.

12 Financial Instruments

None of the assets held by the Company at the balance sheet date is earning interest or other income.

MATRIX INCOME & GROWTH VCT PLC
(Registered in England and Wales No. 5153931)

NOTICE of the ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the first Annual General Meeting of the Company will be held at 11.00 am on Thursday, 21 April 2005 at Matrix Group Limited, Sixth Floor, One Jermyn Street, London, SW1Y 4UH for the following purposes:-

ORDINARY BUSINESS

1. To receive and adopt the report of the Directors and the audited accounts of the Company for the period ended 30 September 2004, together with the Auditors' report thereon.
2. To approve the Directors' Remuneration Report for the period ended 30 September 2005.
3. To re-appoint PKF 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 Bridget Guérin as a Director of the Company.
6. To re-elect Christopher Moore as a Director of the Company.
7. To re-elect Keith Niven as a Director of the Company.
8. To re-elect Tom Sooke as a Director of the Company.

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

9. THAT in substitution for any existing authorities pursuant to section 95 of the Act the Directors be and they are hereby empowered to allot equity securities (as defined in section 94 of the Act) for cash pursuant to the authority conferred upon them by resolution 2 passed at an Extraordinary General Meeting of the Company held on 30 June 2004 as if Section 89(1) of the 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 Offer for Subscription of ordinary shares of 1p each in the capital of the Company pursuant to a Prospectus published on* 9 July 2004 (the "Offer");

   (ii) a rights issue where the equity securities offered to all ordinary 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;

   (iii) any dividend reinvestment or similar scheme as may be introduced by the Company from time to time; and

   (iv) the allotment of equity securities (otherwise than pursuant to sub-paragraphs (i), (ii) and (iii) above) up to an aggregate nominal amount of 10 per cent of the issued ordinary share capital of the Company immediately following the allotment of ordinary shares pursuant to the Offer where the proceeds of the allotment may be used in whole or in part to purchase the Company's ordinary shares in the market;

   (v) the allotment of equity securities (otherwise than pursuant to sub-paragraphs (i), (ii), (iii) and (iv) above) from time to time with an aggregate nominal value of up to 10 per cent of the issued ordinary share capital of the Company immediately following the allotment of ordinary shares pursuant to the Offer.

   and shall expire on the earlier of the Annual General Meeting of the Company to be held in 2006 or the date which is eighteen 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 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.

SPECIAL BUSINESS

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

10. THAT in substitution for any existing authorities the Company be generally and unconditionally authorised to make one or more market purchases (within the meaning of section 163 of the Act) of ordinary shares in the capital of the Company provided that:-

    (i) the aggregate nominal amount of ordinary shares authorised to be purchased does not exceed 14.99 per cent of the issued ordinary share capital of the Company immediately following the close of the Offer;

    (ii) the minimum price which may be paid for an ordinary share is 1 penny per share, the nominal amount thereof;

    (iii) the maximum price which may be paid for an ordinary share shall be an amount equal to 105 per cent of the average of the middle market quotations for the ordinary shares taken from the Daily Official List of the London Stock Exchange plc for the five business days immediately preceding the day on which that ordinary share is purchased;

    (iv) the authority conferred by this resolution shall (unless previously renewed or revoked) expire on the earlier of the Annual General Meeting of the Company to be held in 2006 or the date which is eighteen months after the date on which this resolution is passed; and

    (v) the Company may make a contract or contracts to purchase its own ordinary shares under this authority prior to the expiry of the authority which will or may be executed wholly or partly after the expiry of the authority, and may make a purchase of its own ordinary shares in pursuance of any such contract or contracts as if the authority conferred hereby had not expired

BY ORDER OF THE BOARD
Matrix Securities Limited
Secretary

Registered Office
One Jermyn Street
London SW1Y 4UH

10 March 2005

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.

(ii) 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 1075, The Pavilions, Bridgwater Road, Bristol BS99 3FA.

(iii) *Completion and return of the form of proxy will not prevent you from attending and voting in person at the Annual General Meeting.*

(iv) 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 19 April 2005 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 19 April 2005 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.

(v) The Register of Directors' Interests and the Directors' engagement letters shall be available for inspection at the place of the Annual General Meeting for at least fifteen minutes prior to and during the meeting.

PROXY FOR ANNUAL GENERAL MEETING FOR MATRIX INCOME & GROWTH VCT PLC

I/We ....

of ....

being a member/members of the Company hereby appoint the Chairman of the Meeting, or

of ....

as my/our proxy to vote, on a poll, in my/our name and on my/our behalf at the Annual General Meeting of the Company to be held at 11.00 am on 21 April 2005 at Matrix Group Limited, Sixth Floor, One Jermyn Street SW1Y 4UH and at any adjournment thereof.

Please indicate with an 'x' in the boxes below how you wish your vote to be cast. Should this form of proxy be returned signed but without a specific direction, the proxy may vote or abstain as he/she thinks fit. On any other business at the Annual General Meeting (including any motion to amend any resolution or adjourn the meeting) the proxy will vote or abstain from voting at his or her discretion.

The proxy is directed to vote on the resolutions set out in the notice convening the Annual General Meeting, of which resolutions 1 to 8 are proposed as ordinary resolutions and 9 and 10 are proposed as special resolutions, as follows:

ORDINARY BUSINESS

		For	Against
Resolution 1	To receive and adopt the report of the Directors and the audited accounts of the Company for the period ended 30 September 2004.		
Resolution 2	To approve the Directors' Remuneration Report.		
Resolution 3	To re-appoint PKF as Auditors.		
Resolution 4	To authorise the Directors to determine the remuneration of the Auditors.		
Resolution 5	To re-elect Bridget Guérin		
Resolution 6	To re-elect Christopher Moore		
Resolution 7	To re-elect Keith Niven		
Resolution 8	To re-elect Tom Sooke		
Resolution 9	To authorise the Directors to disapply pre-emption rights of members (Special Resolution).		
SPECIAL BUSINESS			
Resolution 10	To authorise the Company to make market purchases of ordinary shares. (Special Resolution)		

Signed .... Dated ....

NOTES AND INSTRUCTIONS

1. 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 vote, on a poll, in his place. A proxy need not be a member of the Company.
2. Delete "the Chairman of the Meeting" if it is desired to appoint any other person and insert his or her name and address. If no name is inserted, the proxy will be deemed to have been given in favour of the Chairman of the Meeting. If this Form of Proxy is returned without stating how the proxy shall vote on any particular matter the proxy will exercise his/her discretion as to whether, and if so how, he votes. Any alterations to the Form of Proxy should be initialled.
3. In the case of a Corporation, this form must be under its common seal or under the hand of some officer or attorney duly authorised in that behalf.
4. To be effective, this form of proxy and any power of attorney or other authority under which it is signed or a notarially certified copy of such power of authority must be completed and deposited at the office of the Company's Registrars, Computershare Investor Services plc, PO Box 1075, The Pavilions, Bridgwater Road, Bristol BS99 3FA no less than 48 hours prior to the time fixed for the holding of the Meeting.
5. In the case of joint holders, the vote of the senior holder tendering a vote will be accepted to the exclusion of the votes of the other joint holders. Seniority depends on the order in which the names stand in the Register of Members.
6. The completion and return of this form of proxy will not preclude you from attending and voting at the meeting should you subsequently decide to do so.

First Fold

Third Fold (Tuck-in)

BUSINESS REPLY SERVICE
LICENCE No. SWB 1002

1

Computershare Investor Services PLC
PO Box 1075
The Pavilions
Bridgwater Road
Bristol
BS99 3FA

Second Fold

First Fold