INVESTMENT PRODUCTS

MATRIX INCOME & GROWTH 4 VCT PLC 4

A VENTURE CAPITAL TRUST

REPORT & ACCOUNTS

Annual Report and Accounts
for the year ended 31 January 2010

MATRIX

www.mig4vct.co.uk

Investment Objective

Strategy

Matrix Income & Growth 4 VCT plc ("MIG4") is a tax efficient company listed on the London Stock Exchange. It invests primarily in established and profitable unquoted companies.

Investment Objective

The VCT'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.

Dividend Policy

The VCT seeks to pay income dividends half-yearly. Subject to fulfilling certain regulatory requirements, the VCT also seeks to pay capital dividends at the year-end following portfolio realisations.

Contents

Financial Highlights
as at 31 January 2010

- Increase of 20.4% in year in cumulative dividends (paid and proposed)
- Within this, dividends paid and proposed in respect of 2010 have increased compared to the previous year
- Increase of 15.0% in shareholder total return (share price basis) in period since MPEP took over sole management of the Fund from 1 August 2006
- Decrease of 0.4% in total shareholder return (net asset value basis) in period since MPEP took over sole management of the Fund from 1 August 2006

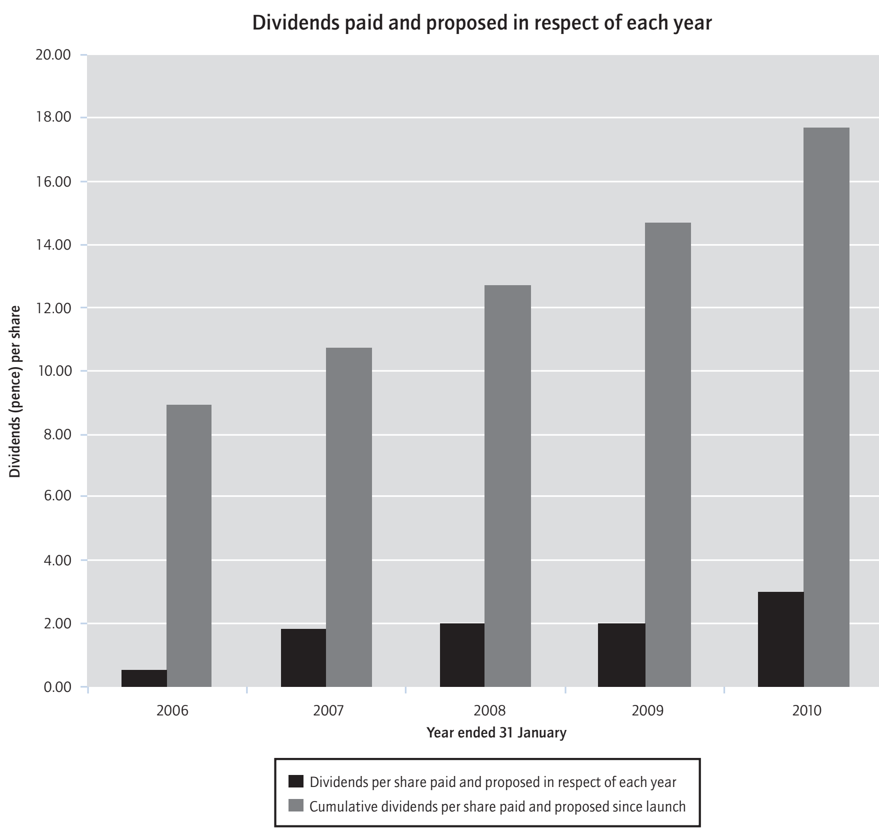
Dividends paid

Year ended 31 January	Dividends per share paid and proposed in respect of each year (p)	Cumulative dividends per share paid and proposed since launch (p)
2010	3.00*	17.70*
2009	2.00	14.70
2008	2.00	12.70
2007	1.80	10.70
2006	0.50	8.90
2005	0.20	8.40

Dividends paid include distributions from both income and capital.

***Dividends Proposed**

A final proposed dividend of 2 pence per share will be recommended to Shareholders at the AGM of the Company to be held on 27 May 2010 to be paid on 9 June 2010 and has been included in the above figures.

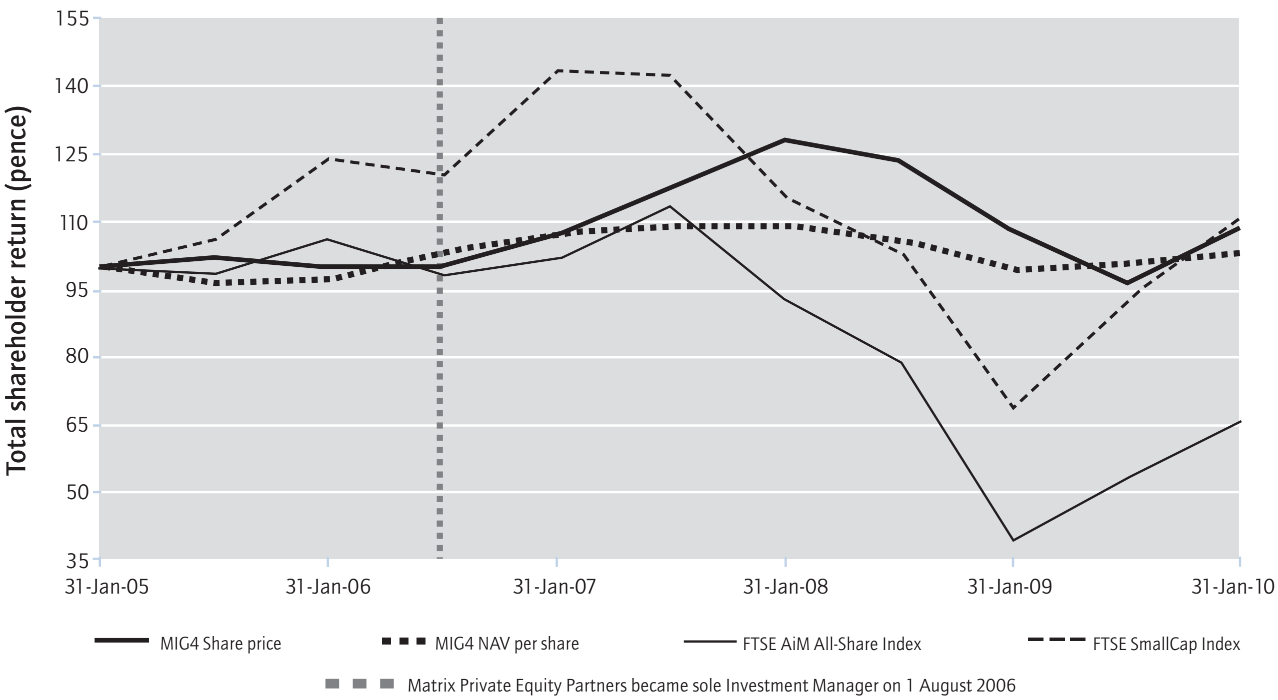


Performance Summary

Year ended 31 January	Net assets (£ million)	Net asset value per share (p)	NAV total return per share to shareholders since launch (p)	Share price (p)[1]	Share price total return per share to shareholders since launch (p)
2010	21.2	106.3	122.0	92.3	108.0
2009	21.0	104.6	118.3	92.0	105.7
2008	24.1	117.4	128.9	109.0	120.5
2007	9.8	116.3	125.2	91.0	101.7
2006	9.3	106.6	115.0	85.0	93.9

[1]Source: London Stock Exchange

Total shareholder return for the last five years compared to the FTSE SmallCap and AiM All-Share Indices



Source: Matrix Corporate Capital LLP

In the graph above, the total return figures have been rebased to 100 at 31 January 2005.

The share price and net asset value (NAV) total return comprise the share price and NAV respectively per share assuming the dividends paid were re-invested on the date on which the shares were quoted ex-dividend in respect of each dividend.

Figures for the years ended 31 January 2005, 2006 and 2007 have been restated to take account of the restructuring of the share capital that took place on 18 October 2006.

Chairman's Statement

I am pleased to present to Shareholders the Annual Report of the Company for the year ended 31 January 2010.

Performance

At 31 January 2010, the Net Asset Value (NAV) per Share was 106.34 pence (2009: 104.61 pence). Adjusted for the dividends paid to shareholders during the year, this represents a increase of 3.57% over the twelve month period. Whilst the Company invests in largely unquoted securities and cash, it is worth comparing the Company's performance with the performance of some indices for quoted securities over the same period, namely increases of 57.62% and 64.94% in the FTSE SmallCap CR Index and the FTSE AIM CR Index respectively. The NAV Total Return per Share increased in the year by 3.13% from 118.3 pence at 31 January 2009 to 122.0 pence at 31 January 2010.

These headline performance figures may, therefore, appear somewhat disappointing but, in general the underlying performance of the portfolio in the year has been resilient and offers encouragement. Some of our investee companies have performed well, notably DiGiCo and Focus Pharma. However, we have made substantial provisions on four construction related companies which together have accounted for a reduction in value of nearly £1m. This has acted as a drag on valuation growth this year, although we have every expectation that all four businesses will recover in value as the recession recedes. The portfolio overall achieved realised gains of £268,469 which together with unrealised gains of £700,336, has resulted in net gains of nearly £1 million.

UK sector price earnings multiples have, in the main, increased over this twelve month period. These do, of course, impact on our portfolio valuation in both the quoted and unquoted sectors.

A final income dividend of 1 penny per Ordinary Share was paid on 10 June 2009 in respect of the year ended 31 January 2009. In addition, an interim capital dividend of 1 penny per Ordinary Share was paid on 7 November 2009 following the sale of Tottel Publishing (referred to below). Including the proposed 2 pence capital dividend, dividends in respect of the year ended 31 January 2010 will be 3 pence per share, an increase compared to the 2 pence per share paid in the year ended 31 January 2009.

Cumulative dividends paid to date have been 15.70 pence per Share.

Economic background

Investors have moved stock markets up a long way in the last twelve months but the economic outlook is still extremely tough, particularly in the manufacturing and retail sectors. The situation is exacerbated, with a run up to an election, by a lack of clarity on how and when, excessive UK government expenditure and debt will be curbed. The Budget did nothing to dispel these doubts. Persistent concerns over the problems of peripheral Eurozone countries, such as Greece, testify to this. But the problems do not lie alone with

Europe as President Obama also struggles to get the US budget deficit under control whilst still trying to stimulate the US economy.

After several months of almost consistent gains in mid to late 2009 equity markets appear to have consolidated around current levels for the time being.

The portfolio

When considered by stage of development, the portfolio continues to be dominated by investments in management buy-out situations ("MBOs"), which has risen to 52.4% with 7.8% invested in development capital companies, 39.2% in acquisition companies and the remaining 0.6% of the portfolio being invested in early stage investments. The portfolio is now invested in a wide range of market sectors with the largest of those being general retailers at 25.4%. Support services at 23.9% is the next largest investment sector.

Within the portfolio, there has been considerable positive activity during the past year with an encouraging number of realisations and loan repayments. At the beginning of July 2009 the Company sold its investment (initial cost: £235,200) in Tottel Publishing Limited, the specialist publisher of legal and tax titles to Bloomsbury Group earning a threefold gain on its initial investment and returning total proceeds of £901,000 to the Company. The Company's original investment of £235,200 had already been reduced to £148,568 in March of this year when Tottel repaid 50% of the Company's loan stock.

PastaKing Holdings Limited, the Newton Abbott based award winning supplier of fresh pasta meals to the education sector and industry, was sold in November 2009 to NBGI Private Equity for net proceeds of £356,968. Total proceeds over the life of the investment were £435,000, representing a 2.27 fold gain on the Company's original investment of £133,055.

In December 2009, the Company sold its investment in eXpansys plc (cost: £31,000) for net proceeds of £16,423. In addition, in January 2010, the Company sold its holding in ComponentSource Holding Corporation realising proceeds of £8,029. The Company also received from Munro Global (the original investment was made into Maven Management) a final repayment in respect of the loan of £38,286. This investment has now been fully exited.

In May 2009, DiGiCo Europe Limited made a partial loan repayment of £217,392 at a premium of £16,189. A further repayment was made in December 2009 of £217,391 at a premium of £16,188.

A new investment of £373,376 was made in June 2009 into MC 440 Limited to support the MBO of Westway Cooling Limited. Based in Greenford, Middlesex, Westway specialises in installing, servicing and maintaining high quality air-conditioning systems and associated building services plant in the refurbishment and maintenance market. In October 2009 Westway made a partial repayment of its loan stock of £45,760.

A £1 million investment was made in December 2009 into CB Imports Group Limited to support the MBO of Country Baskets, an established importer and distributor of floral sundries. In the same month, an £878,249 investment was made into Iglu.com Holidays

Limited, UK's largest specialist ski holiday travel agent and fastest growing cruise holiday travel agent.

In March 2009, Letraset Limited was restructured with the Royal Bank of Scotland providing an additional facility in return for an equity stake and dilution of the Company's holding. In September 2009, the Company invested £5,116 into Sift Limited as part of its Rights Issue. A further investment of £45,455 was made in November into British International Holdings Limited in the form of loan notes as part of a working capital injection by shareholders.

In January 2010, the Company invested in six acquisition companies as part of its operating partner programme:

- Bladon Castle Management Limited which searches for acquisition opportunities in the retail or health and wellbeing products sectors. The Company made a £1 million investment alongside £1 million from Matrix Income & Growth 3 VCT plc ("MIG 3 VCT");
- Fullfield Limited which seeks acquisition opportunities in the food manufacturing, distribution or brand management sectors. The Company made a £1 million investment, alongside £1 million from MIG 3 VCT;
- Vanir Consultants Limited which is searching for acquisition opportunities in the data management, data mapping and management services or legal and building services sectors. The Company invested £1 million in January 2010 following investments by Matrix Income & Growth 2 VCT plc and MIG 3 VCT of £1 million;
- Backbarrow Limited which searches for acquisition opportunities in the food manufacturing, distribution or brand management sectors. The Company has invested £1 million;
- Rusland Management Limited which is searching for acquisitions opportunities in the brand development, management and retailing sector. The Company has invested £1 million; and
- Torvar Limited which is seeking acquisition opportunities in the data management, data mapping and management services sectors. The Company has invested £1 million.

In February 2010, the company sold its investment in Stortext FM Limited, realising cash proceeds of £488,000.

Top-up offer

The Top-up Offer launched in January 2010 closed on 3 April 2010 having raised £1.64 million. 1,483,901 Ordinary Shares have been allotted to current and new shareholders at a price of 112.4 pence per Ordinary Share.

Cash available for investment

Cash and liquidity fund balances as at 31 January 2010 amounted to some £6 million. During this economic turmoil, both the Board and the Manager have continued to work hard to ensure that our cash deposits remain as secure as possible. We have for some time been spreading our significant cash deposits with a number of the leading global cash funds rather than depositing direct to individual banks, thereby reducing our exposure to any one particular bank. However, the current low level of interest rates on cash deposits means it will continue to be difficult for the Company to pay dividends from income. Shareholders are being asked to approve a change in Investment Policy relating to the funds awaiting investment. This would allow the Company to consider a wider range of alternatives in the future should a suitable situation occur. However, the Board and Manager both strongly believe that at this time the security and protection of capital is more important than striving for a small increase in deposit rates at the cost of much higher risk. We will continue to keep this situation under review.

Revenue account

The revenue return for the Company has decreased sharply from £478,663 to £32,781 over the year. Income has fallen for one main reason; the historically low level of interest rates arising in late 2008, and which have fallen further throughout this year, has meant that returns from bank deposits and money-market funds during the year have been poor. Interest from money-market funds has fallen by £600,134 compared to the year ended 31 January 2009. Such interest is likely to continue to remain low for the rest of the current year.

However, loan stock interest from investee companies has held up well compared to 2009. This was in spite of several investee companies, most notably Blaze, PXP and Youngman, breaching their bank covenants, so that that interest is no longer being recognised in respect of these investments. This has, however, been offset by additional loan stock interest being received from ATG Media, Westway Cooling, and now IGLU and CB Imports.

Dividends from the portfolio have fallen by £35,706 to £50,190. Last year, this source benefited from two unusually high dividends from PastaKing. Interest of £6,544 has been received on VAT recoverable in respect of past investment management fees.

Fund management fees charged to revenue have fallen by £3,099 during the year. Other expenses have increased by £9,951, where printing costs rose although trail commission declined.

Dividend

The Company's revenue return per Ordinary Share was 0.16 pence per share (2009: 2.35 pence per share). In view of this small return, your Board will not be recommending a final income dividend in respect of the year under review. The Board will, however, be recommending a final capital dividend of 2 pence per Ordinary Share in respect of the year under review at the Annual General Meeting to be held on 27 May 2010. This dividend will be paid, subject to Shareholder approval, on 9 June 2010 to Shareholders on the Register on 14 May 2010.

Dividend Investment Scheme

We are proposing to offer shareholders the opportunity to reinvest all or part of their dividends into new Ordinary Shares of the Company at the closing share price on higher of an amount equivalent to (i) the mid-market share price (averaged over the last 5 business days) and (ii) a 30% discount to the unaudited last published NAV per share. It provides a convenient, easy and cost effective way for Shareholders to build their shareholding in the

Company. Full details, including the terms and conditions of the scheme, will be sent to shareholders shortly.

VAT

As noted in the Annual Report for the year ended 31 January 2009, the Company has been seeking to reclaim VAT that it had paid on past investment management fees. During the year a repayment of £89,665 plus interest was received. Further details can be found in Note 3 to the Accounts on page 55. Further repayments are possible, although any further receipt is likely to have a negligible impact on the financial statements.

Share buy-backs

During the year ended 31 January 2010 the Company continued to implement its buy-back policy and bought back 150,228 Ordinary Shares, representing 0.75% of the shares in issue at 1 February 2009 at a total cost of £124,256. These shares were subsequently cancelled by the Company.

MIG 4 Website

May I remind you that the Company continues to have its own website which is available at www.mig4vct.co.uk.

Chairmanship

Under the provisions of the AIC Code and the revised Listing Rules for VCTs which will come into effect later this year, I will be required to stand down as Chairman and as a Director of your Company. I would like to take this opportunity to thank all Shareholders for their support and encouragement over many years. At the same time I would like to thank my fellow Board members, Matrix Private Equity Partners (our Manager) and our other advisers for their commitment, support and loyalty to me during my tenure as Chairman. I am more than happy to continue as a Shareholder in the Company.

Following my resignation later this year, I am pleased to announce that Christopher Moore, currently Chairman of the Audit Committee, will become Chairman. A brief biography of Christopher is contained on page 20 of this Report.

Outlook

The recent pre-Election Budget - the last before the impending general election - was, unsurprisingly, much in line with expectations. It suggested an unwillingness by the Government to address at this time the key economic issues. The focus of the Budget appeared to be on trying to shore up support from key potential Government voters rather than tackling the more important financial and economic problems facing the country at this time. The effects of a Budget are not always easy to work out, and this was no exception. This alone could fuel doubts within financial markets over the coming weeks.

In the UK, mixed economic data released recently means the outlook continues to remain somewhat cloudy and unsure - a point made by Bank of England governor, Mervyn King. “Even if growth rebounds, the level of activity is still very likely to remain weak for a considerable period. The economic environment is likely to continue to feel far from normal for some time" he said. Figures showed that business investment fell in the final quarter of last year despite a recovery in growth, although there was better news from the high street where retail sales showed a better than expected rise of 2.1% last month. There was, however, one piece of good news, namely that the Consumer Price Index fell from 3.5% to 3% last month. It probably means that interest rates are unlikely to be increased at the next MPC meeting.

The Company overall retains its significant cash position. The recent Top-up Offer has added to this. This position continues to place the Company in an excellent position to take advantage of what are expected to be increasingly attractive purchase opportunities which should become available as the economy climbs out of recession. Therefore, while short term valuations may be subject to continuing pressures, your Board still expects to see attractive investment opportunities and a recovery in performance and portfolio values over the longer term.

The current level of interest rates in the United Kingdom means that it will be difficult for the Company to pay a dividend from revenue in the forthcoming year. Moreover, it is too early to say whether it will be possible for the Company to pay further dividends from capital reserves.

Colin Hook
Chairman
12 April 2010

Investment Policy

The Company's policy is to invest primarily in a diverse portfolio of UK unquoted companies. Investments are structured as part loan and part equity in order to receive regular income and to generate capital gains from trade sales and flotations of investee companies.

Investments are made selectively across a number of sectors, primarily in management buyout transactions (MBOs) i.e. to support incumbent management teams in acquiring the business they manage but do not yet own. Investments are primarily made in companies that are established and profitable.

The Company has a small legacy portfolio of investments in companies from its period prior to 1 August 2006, when it was a multi-manager VCT. This includes investments in early stage and technology companies.

Uninvested funds are held in cash and lower risk money market funds.

UK companies
The companies in which investments are made must have no more than £15 million of gross assets at the time of investment to be classed as a VCT qualifying holding. The £14.9 million of Funds raised by the Company after 6 April 2006 are subject to a £7 million gross assets test for an investment to be VCT qualifying.

VCT regulation
The investment policy is designed to ensure that the Company continues to qualify and is approved as a VCT by HMRC. Amongst other conditions, the Company may not invest more than 15% of its investments in a single company and must have at least 70% by value of its investments throughout the year in shares or securities comprised in VCT qualifying holdings, of which a minimum overall of 30% by value must be ordinary shares which carry no preferential rights. In addition, although the Company can invest less than 30% of an investment in a specific company in ordinary shares it must have at least 10% by value of its total investments in each VCT qualifying company in ordinary shares which carry no preferential rights.

Asset mix
The Company initially holds its funds in a portfolio of readily realisable interest bearing investments and deposits. The investment portfolio of qualifying investments is built up over a three year period with the aim of investing and maintaining at least 80% of net funds raised in qualifying investments.

Risk diversification and maximum exposures
Risk is spread by investing in a number of different businesses across different industry sectors. To reduce the risk of high exposure to equities, each qualifying investment is structured using a significant proportion of loan stock (up to 70% of the total investment in each VCT qualifying company). Initial investments in VCT qualifying companies are

generally made in amounts ranging from £200,000 to £1 million at cost. No holding in any one company will represent more than 10% of the value of the Company's investments at the time of investment. Ongoing monitoring of each investment is carried out by the Investment Manager, generally through taking a seat on the board of each VCT qualifying company.

Co-investment

The Company aims to invest in larger, more mature unquoted companies through investing alongside the four other VCTs advised by the Investment Manager with a similar investment policy. This enables the Company to participate in combined investments advised on by the Investment Manager of up to £5 million.

Borrowing

The Company has no current plans to undertake any borrowing.

Management

The Board has overall responsibility for the Company's affairs including the determination of its investment policy. Investment and divestment proposals are originated, negotiated and recommended by the Investment Manager and are then subject to formal approval by the Board of Directors. Matrix-Securities Limited provides Company Secretarial and Accountancy services to the Company.

Investment Portfolio Summary
as at 31 January 2010

	Ordinary Shares		Other Investments (loan stock/preference shares)		Total									
	Cost at 31-Jan-10 £	Valuation at 31-Jan-10 £	Cost at 31-Jan-10 £	Valuation at 31-Jan-10 £	Cost at 31-Jan-10 £	Valuation at 31-Jan-09 £	Additional investments £	Valuation at 31-Jan-10 £	Unrealised gains/ (losses) and (impairments) in the year £	Realised gains/ (losses) in the year £	Proceeds in the year £	% of equity held	% of portfolio by value	Description of loan stock/ preference shares
Matrix Private Equity Partners Portfolio														
DiGiCo Europe Limited Manufacturer of audio mixing desks	386,522	1,505,222	178,695	191,971	565,217	1,091,100	-	1,697,193	1,040,876	32,377	467,160	6.52%	11.10%	Variable rate secured loan stock 2012
Backbarrow Limited Food manufacturing, distribution and brand management	400,000	400,000	600,000	600,000	1,000,000	-	1,000,000	1,000,000	-	-	-	49.00%	6.54%	Secured loan stock 2015
Bladon Castle Management Limited Brand management, consumer products and retail	400,000	400,000	600,000	600,000	1,000,000	-	1,000,000	1,000,000	-	-	-	25.00%	6.54%	Secured loan stock 2015
CB Imports Group Limited Importer and distributor of artificial flowers, floral sundries and home décor products	175,000	175,000	825,000	825,000	1,000,000	-	1,000,000	1,000,000	-	-	-	6.00%	6.54%	8.73% secured loan stock 2014
Fullfield Limited Food manufacturing, distribution and brand management	400,000	400,000	600,000	600,000	1,000,000	-	1,000,000	1,000,000	-	-	-	25.00%	6.54%	Secured B loan stock 2015
Rusland Management Limited Brand management, consumer products and retail	400,000	400,000	600,000	600,000	1,000,000	-	1,000,000	1,000,000	-	-	-	49.00%	6.54%	Secured loan stock 2015
Torvar Limited Database management, mapping, data mapping and management services to legal and building industries	400,000	400,000	600,000	600,000	1,000,000	-	1,000,000	1,000,000	-	-	-	49.00%	6.54%	Secured B loan stock 2015
Vanir Consultants Limited Database management, mapping, data mapping and management services to legal and building industries	400,000	400,000	600,000	600,000	1,000,000	-	1,000,000	1,000,000	-	-	-	16.67%	6.54%	Secured loan stock 2015
ATG Media Holdings Limited Publisher and online auction platform operator	355,556	154,407	644,444	750,888	1,000,000	1,000,000	-	905,295	(94,705)	-	-	8.89%	5.92%	10% secured subordinated A loan stock and variable rate secured B loan stock
Focus Pharma Holdings Limited Licensor and distributer of generic pharmaceuticals	270,359	158,717	502,092	726,889	772,451	758,440	-	885,606	127,166	-	-	3.14%	5.79%	Secured loan stock 2012
Iglu.com Holidays Limited Online ski and cruise travel agent	131,737	131,737	746,512	746,512	878,249	-	878,249	878,249	-	-	-	7.15%	5.74%	8% secured loan stock 2014
Higher Nature Limited Mail order distributor of vitamins and natural medicines	500,127	682,568	-	-	500,127	708,597	-	682,568	(26,029)	-	-	10.69%	4.46%	
Monsal Holdings Limited Supplier of engineering services to the water and waste sectors	214,596	185,753	490,175	490,175	704,771	528,578	-	675,928	147,350	-	-	9.83%	4.42%	8.62% fixed rate secured loan stock 2012
MC 440 Limited (Westway Cooling) Installation, service and maintenance of air conditioning systems	38,688	105,836	288,928	420,205	327,616	-	373,376	526,041	198,425	2,288	48,048	3.15%	3.44%	10.70% loan stock
Stortext FM Limited Provider of document management software and services	185,852	-	375,968	445,866	561,820	375,968	-	445,866	69,898	-	-	5.40%	2.92%	9% unsecured subordinated 'A' loan stock 2010
VSI Limited Provider of software for CAD and CAM vendors	17,726	274,474	94,202	108,193	111,928	305,699	-	382,667	76,968	-	-	4.42%	2.50%	Secured loan stock at 10%
Youngman Group Limited Manufacturer of ladders and access towers	50,027	-	449,999	349,983	500,026	476,523	-	349,983	(126,540)	-	-	4.24%	2.29%	7.75% secured subordinated loan stock
British International Holdings Limited Helicopter service operator	56,250	-	239,205	191,887	295,455	247,338	45,455	191,887	(100,906)	-	-	2.50%	1.25%	Secured loan stock 2011 at 9%
Vectair Holdings Limited Designer and distributor of washroom products	24,643	80,124	75,357	90,411	100,000	141,884	-	170,535	28,651	-	-	2.14%	1.12%	Variable rate secured loan stock 2010
The Plastic Surgeon Holdings Limted Snagging and finishing of domestic and commercial properties	45,884	-	412,953	114,709	458,837	229,419	-	114,709	(114,710)			6.88%	0.75%	Secured loan stock 2012 at 7.8%
Blaze Signs Holdings Limited Manufacturer and installer of signs	183,005	-	427,011	110,681	610,016	593,471	-	110,681	(482,790)	-	-	5.72%	0.72%	Secured loan stock 2010 and 2011 at 10%
Legion Group plc (formerly Sectorguard plc) [1] Provider of manned guarding, patrolling and alarm response services	150,102	64,323	-	-	150,102	64,323	-	64,323	-	-	-	1.08%	0.42%	
Racoon International Holdings Limited Supplier of hair extensions, hair care products and training	122,043	-	284,762	59,138	406,805	-	-	59,138	59,138	-	-	5.70%	0.39%	Secured loan stock at 8% and 10% participating preference shares
Campden Media Limited Magazine publisher and conference organiser	30,906	-	121,714	34,024	152,620	18,319	-	34,024	15,705	-	-	1.75%	0.22%	Variable rate unsecured loan notes 2010 and A ordinary shares
BG Consulting Group Limited/Duncary 4 Limited Provider of financial training services	22,041	32,058	208,755	1,667	230,796	53,064	-	33,725	(19,339)	-	-	See note 2	0.22%	Variable rate unsecured loan notes 2010 and preference shares
Letraset Limited Manufacturer and distributor of graphic art products	150,000	-	-	-	150,000	-	-	-	-	-	-	17.35%	0.00%	
Inca Interiors Limited (in liquidation) Designer, supplier and installer of contract kitchens	50,000	-	300,000	-	350,000	-	-	-	-	-	-	9.75%	0.00%	9% secured subordinated loan stock 2006 and preference shares
PXP Holdings Limited Designer, manufacturer and supplier of timber frames for buildings	168,217	-	511,332	-	679,549	139,086	-	-	(139,086)	-	-	4.98%	0.00%	Secured loan stock 2011 and 2013 at 8%

Investment Portfolio Summary

as at 31 January 2010

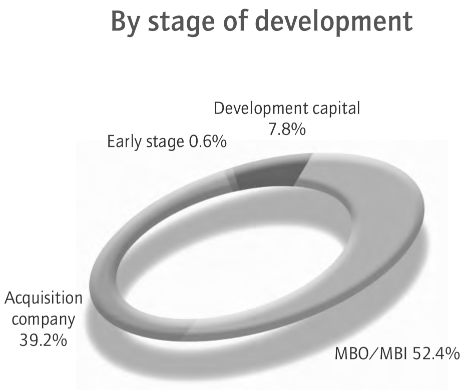
	Ordinary Shares		Other Investments (loan stock/preference shares)		Total				Unrealised gains/ (losses) and (impairments) in the year	Realised gains/ (losses) in the year	Proceeds in the year	% of equity held	% of portfolio by value	Description of loan stock/ preference shares
	Cost at 31-Jan-10	Valuation at 31-Jan-10	Cost at 31-Jan-10	Valuation at 31-Jan-10	Cost at 31-Jan-10	Valuation at 31-Jan-09	Additional investments	Valuation at 31-Jan-10						
Maven Management Limited [3] (Munro Global Limited) Market research agency	-	-	-	-	-	-	-	-	-	38,286	38,286	N/A	0.00%	
Pastaking Holdings Limited Manufacturer and supplier of fresh pasta meals	-	-	-	-	-	409,344	-	-	-	(48,152)	361,192	2.10%	0.00%	Secured loan stock at 10%
Tottel Publishing Limited Publisher specialising in legal and tax titles	-	-	-	-	-	616,173	-	-	-	246,347	862,520	6.27%	0.00%	9.6% secured subordinated loan stock 2009 and participating preference shares
Total	5,729,281	5,950,219	10,777,104	9,258,199	16,506,385	7,757,326	8,297,080	15,208,418	660,072	271,146	1,777,206		99.45%	
Former Elderstreet Private Equity Portfolio														
Cashfac Limited Provider of virtual banking application software solutions to corporate customers	260,101	63,125	-	-	260,101	38,168	-	63,125	24,957	-	-	3.42%	0.41%	
Sparesfinder Limited Supplier of industrial spare parts on-line	250,000	19,197	-	-	250,000	-	-	19,197	19,197	-	-	2.19%	0.13%	
Sift Group Limited Developer of business-to-business internet communities	130,116	1,226	-	-	130,116	-	5,116	1,226	(3,890)	-	-	0.63%	0.01%	
eXpansys plc [1] Retailer of handheld electrical products	-	-	-	-	-	9,971	-	-	-	6,452	16,423	0.58%	0.00%	
ComponentSource Holding Corporation	-	-	-	-	-	-	-	-	-	8,029	8,029	0.61%	0.00%	
Total	640,217	83,548	-	-	640,217	48,139	5,116	83,548	40,264	14,481	24,452		0.55%	
Investment Managers' Total	**6,369,498**	**6,033,767**	**10,777,104**	**9,258,199**	**17,146,602**	**7,805,465**	**8,302,196**	**15,291,966**	**700,336**	**285,627**	**1,801,658**		100.00%	

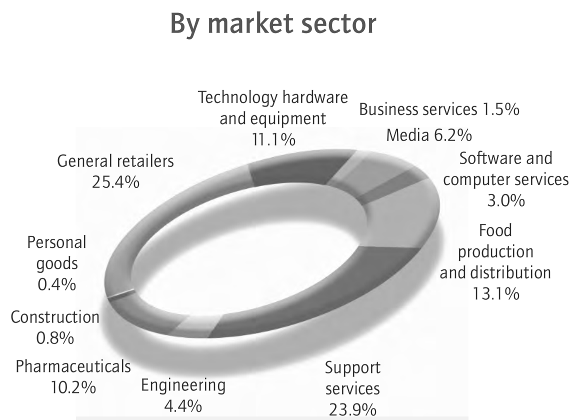
[1] Quoted on AiM

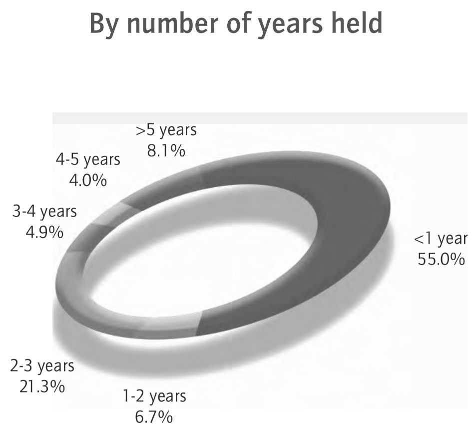
[2] The % of equity held in BG Consulting Group Limited is 2.6% and in Duncary 4 Limited is 6.64%.

[3] Maven Management was sold in 2007. Part of the consideration was contingent upon revenue thresholds being achieved, which generated further sale proceeds shown above.

Investments at valuation at 31 January 2010







Investment Manager's Review

Overview

The continued economic deterioration in the UK and worldwide has made this a challenging year for the Company. We have continued to remain cautious and selective when considering new deals. We have avoided transactions that require high levels of bank borrowing, believing that over-leveraged companies will be particularly vulnerable. In addition, we have viewed vendors' price expectations as likely to be unsustainable in the medium term.

The predominance in the investment portfolio of management buy-out (MBO) investments reflects our strategy of seeking to capitalise companies properly at the time of investment so that they are well positioned to contend with difficult times. Only two investments have received very modest additional funding of £51,000 during the year. 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.

Our cautious approach has meant that only one new investment and one divestment were completed in the first six months of the year. The second half of the year saw more encouraging signs of deal activity returning, with your Company completing two new investments and three divestments. The increase in deal activity can, in part, be attributed to vendors becoming more realistic in their price expectations to stimulate interest from buyers. It is too soon to tell whether the increased level of activity will be sustained. Your Company maintains a strong cash position and is well positioned to take advantage of increased deal activity.

The Portfolio

The MPEP investment portfolio at 31 January 2010 comprises twenty-eight investments (2009: twenty-one) with a cost of £16.5 million (2009: £9.1 million) and valued at £15.2 million (2009: £7.8 million), representing 92.1% of cost (2009: 85.7%). Realisations during the year generated cash proceeds of £1.8 million.

As reported in the Half-Yearly Report, the first six months of the year saw one new investment made 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.

The Company also successfully realised its investment in Tottel Publishing during the first half of the year, earning an overall return to the Company of 4.0x the original investment costs by returning £901,000 over the life of the investment. The Company's original investment cost of £235,200 had already been reduced in March 2009 to £148,568 when Tottel repaid 50% of the Company's loan stock investment.

The second half of the year saw an increase in activity. In December, the Company completed two new investments. The first of these was an investment of £1 million in

CB Imports Group Limited to support the MBO of Country Baskets. The investment comprises loan stock of £825,000 and a 6% equity stake. Founded in 1990 and operating from a national distribution centre in Leeds, the company has a turnover of circa £20 million. It is a leading importer and distributor of artificial flowers, floral sundries, glassware, giftware, basket ware and Christmas decorations. The company is planning to roll out further outlets across the UK as part of a new growth phase funded by this investment.

The second new investment was into Iglu.com Holidays Limited, the UK's largest specialist ski and fastest growing cruise holiday travel agent. The Company invested £878,249 comprising loan stock of £744,470 and an equity stake of 7%. Based in Wimbledon, Iglu.com is a profitable and cash generative business with a strong management team that has a successful track record of building a profitable niche business.

A follow-on investment was made in November 2009 into British International, in the form of loan stock of £45,455, as part of a working capital injection by shareholders.

Your Company has also invested £1 million into each of six acquisition companies: Backbarrow, Bladon Castle Management, Fullfield, Rusland Management, Torvar and Vanir Consultants. Each company is part of our Operating Partner programme, having an experienced Operating Partner who has direct management experience and a wide range of contacts in their particular sector of expertise. We have established these companies to provide time for us to identify and invest in suitable target companies at sufficiently attractive prices. The Operating Partner programme has already been successful for other Matrix-advised VCTs, leading the investments in Country Baskets and Iglu.com, although MIG 4 VCT had not originally invested in these particular acquisition companies. Your Company's investments in Bladon Castle Management, Fullfield and Vanir join those of other Matrix-advised VCTs and each company is already considering a number of opportunities.

The demand for high quality investments led to your Company selling its investment in PastaKing Holdings, the manufacturer of fresh pasta meals, to NBGI Private Equity in November 2009 for net proceeds of £356,968. This realisation contributed to an overall return to the Company of 3.27x cost of the original investment by returning proceeds of some £435,000 to the Company over the life of the investment. The Company's original investment cost was £133,055.

Munro Global made a further and final payment of £38,286 to the Company, following its acquisition of Maven Management from the Company in 2007, after Maven again met a revenue target during the year.

Shortly after the year end, your Company sold its investment in Stortext FM Limited, realising cash proceeds of some £488,000 plus loan notes in the acquirer with a value of some £25,000. This compared to the valuation at 31 January 2010 of some £445,866.

Over the year, the value of the portfolio has increased overall, although this is mainly due to one strong performing investment, but a number of other investments have continued to trade well. However, the qualifying investment portfolio has not been immune to the wider deteriorating trading environment and provisions have been applied against those investments where the investee company's trading has been affected. A number of valuations have also had to be reduced in response to falls in the value of comparable quoted companies and/or falling earnings. We are hopeful that value will continue to return to some of these investments in the portfolio during 2010 if trading conditions start to improve.

DiGiCo Europe is currently trading very strongly and has been the strongest performer in the portfolio. It has repaid a total of £467,160 of its loan stock in two instalments, in May and December, which included a premium of £32,377. Westway Cooling has already repaid £45,760 of its loan stock in October 2009 following the Company's investment in June 2009 and is performing ahead of initial expectations.

The performance of Monsal during the year has also improved materially and the outlook is 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 performed in line with expectations over last year and the progress of its online auction platform looks particularly promising.

Higher Nature has successfully cut costs and is trading ahead of its budget and its previous financial year. Campden had a much better than expected year, finishing ahead of budget.

Those companies in the portfolio with either direct or indirect exposure to the construction and housebuilding sectors have continued to suffer from weakness in their markets. These include: Youngman, which has substantially de-geared since investment and is well positioned to benefit from an upturn in its markets; Plastic Surgeon, which has diversified into commercial property and insurance markets to reduce its dependence on new housing; and PXP, which has responded similarly, moving away from its dependence on private sector house building towards public sector funded housing associations.

Blaze continued to experience a fall in activity arising from much reduced levels of new signage rollouts from its major customers. It has responded by reducing its cost base and management is confident it will meet its forecasts for the year to March 2010. SectorGuard acquired Legion Group in March 2009 following the acquisition of Manguard in 2008 and subsequently changed its name to Legion Group plc.

BG Consulting Group/Duncary 4 is in the process of reconstructing its business which should strengthen the company's position in the marketplace and enhance the value of the VCT's investment. Earlier this year, Letraset underwent a capital reorganisation to address its recent decline in revenue and re-align itself for the future.

The rise in valuations for the year is encouraging although the reduction in profitability of some portfolio companies has made some decreases inevitable. It is important to recognise that all of the falls in the year have been in unrealised valuations as opposed to any actual realised investment losses. We aim to invest in strong, profitable companies and believe that the prospect of significant future recovery over the medium term is good as we continue to believe that the portfolio, taken as a whole, is resilient and of high quality.

The investments originally made by Elderstreet have also experienced some changes. Your Company participated in a small rights issue by Sift, to provide additional working capital, and after the year end has made a small purchase of shares in sparesFinder for £854.

Towards the end of the financial year the Company took the opportunity to realise its investments in eXpansys plc and ComponentSource for £16,423 and £8,029 respectively.

We remain hopeful that value will be realised from the remaining investments, although their impact on the Company as a whole is now very small.

Over the next year, the need for additional investment to support certain portfolio companies may emerge. We also anticipate much more attractive buying conditions emerging as the year progresses. We feel the Company is well placed to cover both the portfolio needs that may arise and the new investment opportunities presented.

Details of the Company's ten largest investments by value (excluding the six acquisition companies), representing 37.5% by cost and 52.8% by value of the core MPEP portfolio, are set out below:

DiGiCo Europe Limited
Cost: £565,217
Valuation: £1,697,193
Basis of valuation: Discounted earnings
Equity % held: 6.5%
Business: Manufacturer of digital sound mixing consoles
Location: Chessington, Surrey
History: Management buy-out
Income in year: £32,248
Audited financial information:

Year ended	Turnover	Operating profit	Net assets
31 December 2008	£10,061,000	£1,673,000	£3,707,000

CB Imports Group Limited
Cost: £1,000,000
Valuation: £1,000,000
Basis of valuation: Price of recent investment
Equity % held: 6.0%
Business: Importer and distributor of artificial flowers, floral sundries and home décor products
Location: East Ardsley, West Yorkshire
History: Management buy-out

Income in year: £10,261
Audited financial information: First audited accounts will be for the period ended 31 December 2009

ATG Media Holdings Limited
Cost: £1,000,000
Valuation: £905,295
Basis of valuation: Discounted earnings
Equity % held: 8.9%
Business: Publisher and online auction platform operator
Location: London
History: Management buy-out
Income in year: £47,947
Audited financial information: First audited accounts will be for the period ended 30 September 2009

Focus Pharma Holdings Limited
Cost: £772,451
Valuation: £885,606
Basis of valuation: Discounted earnings
Equity % held: 3.1%
Business: Licensing and distribution of generic pharmaceuticals
Location: Burton upon Trent, Staffordshire
History: Management buy-out
Income in year: £63,999
Audited financial information:

Year ended[1]	Turnover	Operating profit	Net assets
31 December 2008	£13,205,000	£530,000	£99,000

[1] Financial information relates to the operating subsidiary.

Iglu.com Holidays Limited
Cost: £878,249
Valuation: £878,249
Basis of valuation: Price of recent investment
Equity % held: 7.2%
Business: Online ski and cruise travel agent
Location: Wimbledon
History: Management buy-out
Income in year: £7,180
Audited financial information: First audited accounts will be for the year ending 31 May 2010

Higher Nature Limited
Cost: £500,127
Valuation: £682,568
Basis of valuation: Discounted earnings
Equity % held: 10.7%
Business: Mail order distribution of vitamins and natural medicines
Location: Burwash Common, East Sussex

History: Expansion capital
Income in year: £23,883
Audited financial information:

Year ended	Turnover	Operating profit	Net assets
31 March 2009	£8,676,000	£345,000	£4,462,000

Monsal Holdings Limited
Cost: £704,771
Valuation: £675,928
Basis of valuation: Discounted earnings
Equity % held: 9.8%
Business: Engineering services to water and waste sectors
Location: Mansfield, Nottinghamshire
History: Management buy-out
Income in year: £41,732
Audited financial information:

Year ended	Turnover	Operating profit	Net assets
30 September 2009	£6,743,000	£475,000	£1,397,000[1]

[1] Unaudited figure taken from the consolidated group accounts of Monsal Holdings Limited.

MC 440 Limited (Westway Cooling)
Cost: £327,616
Valuation: £526,041
Basis of valuation: Discounted earnings
Equity % held: 3.2%
Business: Installation, service and maintenance of air conditioning systems
Location: Greenford, Middlesex
History: Management buy-out
Income in year: £21,039
Audited financial information: First audited accounts will be for the year ending 28 February 2010

Stortext FM Limited
Cost: £561,820
Valuation: £445,866
Basis of valuation: Realisation proceeds
Equity % held: 5.4%
Business: Document management software and services
Location: Houghton Regis, Bedfordshire
History: Expansion capital
Income in year: £51,593
Audited financial information:

Year ended	Turnover	Operating profit	Net assets
31 March 2009	£6,180,000	£333,000	£3,596,000

VSI Limited
Cost: £111,928
Valuation: £382,667
Basis of valuation: Discounted earnings
Equity % held: 4.42%

Business: Provider of software for CAD and CAM vendors
Location: Sheffield
History: Management buy-out
Income in year: £15,087
Audited financial information:

Year ended	Turnover	Operating profit	Net assets
31 December 2008	£4,474,000	£480,000	£968,000

Note: Operating profit for each of the above investments is stated before charging amortisation of goodwill.

Further details of the investments in the MPEP portfolio may be found on MPEP's website: www.matrixpep.co.uk

Board of Directors

Colin Hook

Status: Independent, Non-Executive Chairman

Age: 68

Date of appointment: 4 February 1999

Experience: Colin has wide industrial and commercial experience. He has directed fund management operations for more than ten years and his City involvement includes flotations, mergers and acquisitions and general corporate finance. From 1994 to 1997 he was Chief Executive of Ivory and Sime plc. He is currently the non-executive Chairman of The Income & Growth VCT plc and Chairman of Pole Star Space Applications Limited, a leading provider of real-time tracking information for maritime applications via a global web-based satellite enabled solution.

Last re-elected to the Board: May 2007. Standing for re-election at the Annual General Meeting on 27 May 2010

Committee memberships: Nominations and Remuneration Committee (Chairman), Audit Committee, Investment Committee

*Number of Board and Committee meetings attended 2009/10:*12/12

Remuneration 2009/10: £31,000

Relevant relationships with the Investment Manager or other service providers: Chairman of The Income & Growth VCT plc which is also advised by Matrix Private Equity Partners LLP.

Shareholding in the Company: 22,793 Ordinary Shares

Christopher Moore

Status: Independent, Non-Executive Director

Age: 65

Date of appointment: 1 April 2002

Experience: Christopher 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 roles have included acting as senior adviser to the chairman of Lloyds and chairing the successful turn-around of a public industrial group. Christopher is currently on the boards of Matrix Income & Growth VCT plc, Matrix Income & Growth 3 VCT plc and The Income & Growth VCT plc.

Last re-elected to the Board: May 2008;

Committee memberships: Audit Committee (Chairman), Investment Committee, Nominations and Remuneration Committee

*Number of Board and Committee meetings attended 2009/10:*11/12

Remuneration 2009/10: £26,000

Relevant relationships with the Investment Manager or other service providers:

Director of Matrix Income & Growth VCT plc, Matrix Income & Growth 3 VCT plc and The Income & Growth VCT plc which are also advised by Matrix Private Equity Partners LLP.

Shareholding in the Company: 26,690 Ordinary Shares

Helen Sinclair

Status: Independent, Non-Executive Director

Age: 44

Date of appointment: 1 February 2003

Experience: Helen has extensive experience of investing in a wide range of small and medium sized businesses. She graduated in economics from Cambridge University and began her career in banking. After an MBA at INSEAD business school, Helen worked from 1991 to 1998 at 3i plc based in their London office. She was a founding director of Matrix Private Equity Limited when it was established in early 2000 and has since raised two funds, Matrix Income & Growth 2 VCT plc (formerly Matrix e-Ventures VCT plc) and Matrix Enterprise Fund. She is a non-executive director of The Income & Growth VCT plc and Spark Ventures plc and is Chairman of British Smaller Companies VCT plc.

Last re-elected to the Board: May 2009.

Committee memberships: Investment Committee (Chairman), Audit Committee, Nominations and Remuneration Committee

Number of Board and Committee meetings attended 2009/10: 12/12

Remuneration 2009/10: £26,000

Relevant relationships with the Investment Manager or other service providers: Director of The Income & Growth VCT plc which is also advised by Matrix Private Equity Partners LLP.

Shareholding in the Company: 6,672 Ordinary Shares

Directors' Report

The Directors present the Annual Report and Audited Accounts of the Company for the year ended 31 January 2010.

Business and principal activities

The principal activity of the Company during the year was the investment in unlisted or AiM-quoted companies in the United Kingdom.

The Company's Ordinary Shares in the capital of the Company were first admitted to the Official List of the UK Listing Authority and to trading on the London Stock Exchange on 9 March 1999.

The Company has satisfied the requirements for full approval as a Venture Capital Trust by HM Revenue & Customs (HMRC) under section 274 of the Income Tax Act 2007 (the "ITA") throughout the year ended 31 January 2010. It is the Directors' intention to continue to manage the Company's affairs in such a manner so as to comply with section 274 and remain as a Venture Capital Trust.

To enable capital profits to be distributed by way of dividends, the Company revoked its status as an investment company as defined by section 833 of the Companies Act 2006 ("the 2006 Act") on 28 July 2008.

All the businesses of the investee companies are within the United Kingdom with the exception of ComponentSource Holding Corporation which is incorporated in the USA. The Company's shareholding in ComponentSource Holding Corporation was disposed of during the financial year.

Business review

For a review of the Company's development and performance during the year, please see the Chairman's Statement on pages 3 – 8 and the Investment Manager's Review and Investment Portfolio Summary on pages 11 – 19 of this Report. The Financial Highlights on pages 1 – 2 provides data on the Company's key performance indicators.

The Board reviews performance by reference to various measures, taking account of the long term nature of the assets in which the Company invests:

- **Total return**
  The total return per share is the key measure of performance for the Company which comprises NAV plus cumulative dividends paid per share. NAV is calculated quarterly in accordance with the IPEVCV guidelines. The Company's net assets increased during the year under review resulting in a 3.6% increase in NAV per share (after adding-back dividends paid during the year) and a 3.1% increase in total NAV return per share.

- **Total expense ratio (TER)**
  Under the terms of the management agreement, the total management and administration expenses of the VCT, excluding any irrecoverable VAT and

exceptional items, are capped at 3.4% of closing net assets. The resulting excess expenses of £25,194 (2009: £77,356) will, therefore, be borne by the Investment Manager by way of a deduction from their management fees after these accounts have been approved. Hence, the TER of the Company for the year under review was 3.5% (2009: 3.6%) which includes irrecoverable VAT of 0.1% (2009: 0.2%).

Principal risks

The Board believes that the principal risks faced by the Company are:

- **Economic risk** – events such as an economic recession and movement in interest rates could affect trading conditions for smaller companies and consequently the value of the Company's qualifying investments.

- **Loss of approval as a Venture Capital Trust** – the Company must comply with section 274 of the Income Tax Act 2007 ("ITA") which allows it to be exempted from capital gains tax on investment gains. Any breach of these rules may lead to the Company losing its approval as a Venture Capital Trust (VCT), qualifying shareholders who have not held their shares for the designated holding period having to repay the income tax relief they obtained and future dividends paid by the Company becoming subject to tax. The Company would also lose its exemption from corporation tax on capital gains.

- **Investment and strategic** – inappropriate strategy or consistently weak VCT qualifying investment recommendations might lead to underperformance and poor returns to shareholders.

- **Regulatory** – the Company is required to comply with the Companies Acts 1985 and 2006 ("the Companies Acts"), the listing rules of the UK Listing Authority and United Kingdom Accounting Standards. Breach of any of these might lead to suspension of the Company's Stock Exchange listing, financial penalties or a qualified audit report.

- **Financial and operating risk** – inadequate controls might lead to misappropriation of assets. Inappropriate accounting policies might lead to misreporting or breaches of regulations. Failure of the Investment Manager's and Administrator's accounting systems or disruption to its business might lead to an inability to provide accurate reporting and monitoring.

- **Market risk** – Investment in unquoted companies, by its nature, involves a higher degree of risk than investment in companies traded on the London Stock Exchange main market. In particular, smaller companies often have limited product lines, markets or financial resources and may be dependent for their management on a smaller number of key individuals.

- **Asset liquidity risk** – The Company's investments may be difficult to realise, especially in the current economic climate.

- **Market liquidity risk** – Shareholders may find it difficult to sell their shares at a price which is close to the net asset value.

- **Counterparty risk** – A counterparty may fail to discharge an obligation or commitment that it has entered into with the Company.

For further information on the last four risks, please see Note 20 to the accounts on pages 63 – 70.

The Board seeks to mitigate the internal risks by setting policies and by undertaking a key risk management review at each quarterly Board meeting. Performance is regularly reviewed and assurances in respect of adequate internal controls and key risks are sought and received from the Investment Manager and Administrator on a six monthly basis. In mitigation and the management of these risks, the Board applies rigorously the principles detailed in the AIC Code of Corporate Governance. The Board also has a Share Buy Back policy which seeks to mitigate the Market Liquidity risk. This policy is reviewed at each quarterly Board Meeting.

Future developments

The objective of the Company continues to be to provide Shareholders with an attractive investment return, principally by maximising the stream of dividend distributions from the income and capital gains generated by a portfolio of investments in a wide variety of unquoted companies in the United Kingdom. The Directors intend to continue to pursue this objective throughout the coming year.

Share capital

The Company currently has authority to purchase its own shares pursuant to section 166 of the Companies Act 1985 (subsequently re-enacted under the Companies Act 2006 section 701) as approved by Shareholders on 21 May 2009. For further details please see Note 15 to the accounts on page 62 of this Report. A resolution to renew this authority will be put to members at the Annual General Meeting to be held on 27 May 2010 (see below). During the year the Company bought back 150,228 Ordinary Shares of 1 penny each (representing 0.75% of the shares in issue at 1 February 2009) at a total cost of £124,256. These shares were subsequently cancelled by the Company.

The issued Ordinary Share capital of the Company as at 31 January 2010 was £199,576 and the number of Ordinary Shares in issue as at this date was 19,957,572.

Each shareholder has one vote on a show of hands, and on a poll one vote per share held, at a general meeting of the Company. No member shall be entitled to vote or exercise any rights at a general meeting unless all shares have been paid up in full. Any instrument of proxy must be deposited at the place specified by the directors no later than 48 hours before the time for holding the meeting.

Shareholders may, if they so wish, arrange for their shares to be held via a nominee or depository where they retain the financial rights carried by the Company's shares.

Results and dividend

The revenue profit attributable to equity shareholders for the year to 31 January 2010 was £32,781 (2009: £478,663) after taxation. Your Board paid a final dividend of 1 penny per share in respect of the year ended 31 January 2009 on 10 June 2009. Following the realisation of your Company's investment in Tottel Publishing, an interim dividend of 1 penny per Ordinary share was paid on 7 November 2009. Your Board will be recommending a final dividend of 2 pence per Ordinary Share in respect of the year under review at the Annual General Meeting to be held on 27 May 2010, payable on 9 June 2010 to Shareholders who are on the Register of Members at 6.00 pm on 14 May 2010.

Directors and their interests
The Directors who held office throughout the year under review and their interests in the issued Ordinary Shares of the Company as at 31 January 2010 were:

Director	***Ordinary Shares held***	
	31 January 2010	***31 January 2009***
Colin Hook	22,793	22,793
Christopher Moore	26,690	26,690
Helen Sinclair	6,672	6,672

There have been no changes to the Directors' share interests between the year-end and the date of this Report.

Colin Hook will retire by rotation at the Annual General Meeting to be held on 27 May 2010 and being eligible, offers himself for re-election.

It is the policy of the Directors not to participate in decisions concerning investee companies in which they hold an interest. None of the Directors held interests in investee companies throughout the year.

Management
Under an Investment Adviser's Agreement dated 1 November 2006 (effective from 18 October 2006) MPEP is the sole adviser to the Company on investments in qualifying companies. For further information on this agreement please see note 4 on page 56.

The Directors believe that the continuing appointment of MPEP as the Investment Manager on the terms currently agreed is in the interests of its shareholders as a whole and this was approved by the Board on 7 April 2010. The Company remains satisfied with the investment performance to date and will continue to strive for the achievement of excellence. MPEP is one of the best performing VCT managers in the market, a fact which is additionally demonstrated by the performance of the Company's portfolio over the past year during this period of economic uncertainty. Summaries of the performances of the Company's investments are contained in the Investment Manager's Review and in the Investment Portfolio Summary on pages 11 – 19.

Matrix-Securities Limited acts as both Company Administrator and Company Secretary for which it received a fee of £94,091 (2009: £95,049).

VCT Status monitoring
The Company has retained PricewaterhouseCoopers LLP as its VCT status adviser. PricewaterhouseCoopers LLP review at the request of the Investment Manager, for VCT

status purposes, new investment opportunities as appropriate and carry out regular reviews of the Company's investment portfolio.

Independent auditors
Resolutions to re-appoint PKF (UK) LLP as auditors to the Company and to authorise the Directors to determine their remuneration will be proposed at the Annual General Meeting of the Company to be held on 27 May 2010.

Auditors' right to information
So far as the Directors in office at 31 January 2010 are aware, there is no relevant audit information of which the auditors are unaware. They have individually taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Substantial interests
As at the date of this Report the Company had not been notified of any beneficial interest exceeding 3% of the issued share capital.

Financial instruments
The Company's financial instruments comprise its investment portfolio, cash balances, liquid resources, debtors and creditors that arise directly from its operations, such as, sales and purchases awaiting settlement and accrued income. For an explanation of the Board's risk management objectives and policies and the Company's exposure to market price risk, credit risk and liquidity risk please see Note 20 of the Notes to the Accounts on pages 63 – 70 of this Annual Report.

Creditors' payment policy
It is the Company's policy to pay all creditors' invoices within 30 days of the invoice date, or as otherwise agreed. At 31 January 2010 the average credit period for trade creditors was 22 days (2009: 10 days).

Environmental and social responsibility
The Board seeks to conduct the Company's affairs responsibly and considers relevant social and environmental matters when appropriate, particularly with regard to investment decisions. The Company uses mixed sources paper from well-managed forests and recycled wood and fibre as endorsed by the Forest Stewardship Council for the printing of its Annual and Half-Yearly Reports.

Directors' conflicts of interest
In accordance with section 175 of the Companies Act 2006 which became effective on 1 October 2008, the Directors have declared any existing conflicts of interest and, where appropriate, these have been authorised by the Board. The Nominations and Remuneration Committee will regularly review authorisations approved by the Board. The Committee is responsible for conducting an annual performance review of Board members and this will in future include a review of each Director's conflict authorisations.

Directors' and officers' liability insurance

The Company maintains a Directors' and Officers' Liability Insurance policy. The policy does not provide cover for fraudulent or dishonest actions by the Directors.

Accountability and audit

The Statement of Directors' Responsibilities in respect of the accounts is set out on pages 45 – 46 of this Annual Report.

The report of the independent auditors is set out on pages 47 – 48 of this Annual Report.

The Board regularly reviews and monitors the external auditor's independence and objectivity. As part of this it reviews the nature and extent of services supplied by the auditors to ensure that independence is maintained. The non-audit services provided by the auditors relate to the provision of tax compliance work and a review of the Half-Yearly Report. The Directors consider the auditors were best placed to provide these services.

Going concern

The Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the accounts as the Company has adequate financial resources to continue in operational existence for the foreseeable future.

Annual general meeting

The Notice of the Annual General Meeting (AGM), which will be held on 27 May 2010, is set out on pages 71 – 75 of this Annual Report. Proxy Forms for the AGM are enclosed with Shareholder's copies of this Annual Report. The following explains the principal special business to be proposed:

Authority to introduce a Dividend Investment Scheme (Resolution 7)

The Board is seeking the approval of shareholders at the AGM for the introduction of a Dividend Investment Scheme and the allotment of ordinary shares under the Dividend Investment Scheme at a price below net asset value. In order to provide Shareholders with the opportunity to increase their shareholdings in the Company without incurring dealing costs, issue costs or stamp duty, the Board believes that it would be in the best interests of the Company and its Shareholders to establish a Dividend Investment Scheme. The Dividend Investment Scheme will allow Shareholders to elect to re-invest dividends in new Ordinary Shares in the Company instead of receiving cash dividends. Ordinary Shares issued pursuant to the Dividend Investment Scheme will be issued at 70% of the latest published net asset value or the mid-market share price averaged over the last 5 business days, whichever is greater, of an existing Ordinary Share, and will, as new shares and subject to an individual Shareholder's particular circumstances, attract VCT tax reliefs applicable for the tax year in which such Ordinary Shares are issued. Further details of the Dividend Investment Scheme will be sent to shareholders shortly.

Authorities for the Directors to allot shares (Resolution 8) and disapply pre-emption rights (Resolution 9) under sections 551 and 561 of the Companies Act 2006 ("the Act").

The authorities proposed under Resolutions 8 and 9 will grant the Directors the authority to allot Ordinary Shares and, in respect of allotments for cash, to a limited and defined extent otherwise than pro rata to existing Shareholders. Resolution 8, in accordance with section 551 of the Act and the Association of British Insurers' (ABI) guidelines, will authorise directors to allot relevant securities up to a maximum nominal amount of £171,472, being £100,000 in respect of (an) offer(s) for subscription of shares in the Company and £71,472 (one-third) of the Company's issued share capital. Resolution 8 will also allow the issue of a further £71,472 of equity securities in connection with a fully pre-emptive rights issue.

Under section 561 of 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. Resolution 9 will enable this requirement to be disapplied in the specific circumstances set out in the Resolution. These circumstances are in relation to (an) offer(s) for subscription, a rights issue, any dividend investment scheme that may be introduced by the VCT in the future, to fund a purchase of shares and also pursuant to any future 5 per cent "top-up" offer. This resolution is being proposed as a special resolution requiring the approval of at least 75% of the votes cast.

Both of these authorities, unless previously renewed or revoked, will expire on the conclusion of the Annual General Meeting of the Company to be held in 2011, except that the Directors may allot securities after this date in pursuance of offers or agreements made prior to the expiration of these authorities.

The Directors have no immediate intention of exercising these authorities. Both resolutions replace previous authorities under sections 80 and 95 of the Companies Act 1985, approved by Shareholders on 21 May 2009.

Authority for the Company to purchase its own Shares (Resolution 10)
This resolution will authorise the Company to purchase its own shares in the capital of the Company pursuant to section 701 of the Act. The authority is limited to a maximum number of Ordinary Shares of 3,214,077 representing 14.99 per cent of the issued ordinary share capital of the Company at the date of the Notice of the Meeting. It will expire on the conclusion of the Annual General Meeting to be held in 2011. The maximum price that may be paid for an Ordinary Share will be the higher of (i) an amount that is not more than five per cent above the average of the middle market quotations of the Ordinary Shares as derived from the Daily Official List of the UK Listing Authority for the five business days preceding such purchase and (ii) the higher of the price of the last independent trade and the highest current independent bid at the time the purchase is carried out. The minimum price that may be paid for an Ordinary Share is 1 pence, being the nominal value of an Ordinary Share. This resolution will renew an existing authority granted at the Annual General Meeting held on 21 May 2009 that will expire at the conclusion of this Annual General Meeting. The Company has no immediate plans to hold shares in treasury and intends to continue its practice of cancelling any shares which are re-purchased.

Shareholders should note however, that the Directors do not intend to exercise this authority unless in the light of prevailing market conditions, to do so would result in an increase in net asset value per share and would be in the interests of Shareholders generally. Any shares so purchased will be cancelled and the number of shares in issue reduced accordingly.

The cancellation of the share premium account of the Company has provided the Company with a special reserve (which is distributable) which can be used, inter alia, to fund buy-backs of the Company's Ordinary Shares. All VCTs experience restricted market liquidity in their shares. The Board believes that it is in the best interests of the Company and Shareholders for the Company to be in a position to make occasional market purchases of its Ordinary Shares. This resolution, to be proposed as a Special Resolution, requiring the approval of at least 75% of the votes cast, will enable the Directors to carry out this policy.

Adoption of new articles of association (Resolution 11)

It is proposed that new articles of association of the Company ("New Articles") will be adopted in substitution of the current articles of association of the Company ("Current Articles") to reflect the changes in company law brought in by the Companies Act 2006. The key changes reflected in the New Articles are set out below.

1. Articles which duplicate statutory provisions

Provisions in the Current Articles, which replicate provisions contained in the Companies Act 2006, are in the main amended to bring them into line with the Companies Act 2006.

2. Form of resolution

The Current Articles contain a provision that, where for any purpose an ordinary resolution is required, a special or extraordinary resolution is also effective and that, where an extraordinary resolution is required, a special resolution is also effective. This provision is being amended, as the concept of extraordinary resolutions has not been retained under the Companies Act 2006.

The Current Articles enable members to act by written resolution. Under the Companies Act 2006 public companies can no longer pass written resolutions. These provisions are therefore being removed in the New Articles.

3. Variation of class rights

The Current Articles contain provisions regarding the variation of class rights. The proceedings and specific quorum requirements for a meeting convened to vary class rights are contained in the Companies Act 2006. The relevant provisions are therefore being amended in the New Articles.

4. Convening extraordinary and annual general meetings

The provisions in the Current Articles dealing with the convening of general meetings and the length of notice required to convene general meetings are being amended to conform to new provisions in the Companies Act 2006. In particular an extraordinary general meeting to consider a special resolution can be convened on 14 days' notice whereas previously 21 days' notice was required.

5. Notice of board meetings

Under the Current Articles, it is not required to give notice to a director if he is abroad. This provision is being removed, as modern communications mean that there may be no particular obstacle to giving notice to a director who is abroad. It is being replaced with a more general provision that a director is treated as having waived his entitlement to notice, unless he supplies the Company with the information necessary to ensure that he receives notice of a meeting before it takes place.

6. Records to be kept

The provision in the Current Articles requiring the Board to keep accounting records is being removed as this requirement is now contained in the Companies Act 2006.

7. Distribution of assets otherwise than in cash

The Current Articles contain provisions dealing with the distribution of assets in kind in the event of the Company going into liquidation. These provisions are being removed in the New Articles on the grounds that a provision about the powers of liquidators is a matter for insolvency law rather than the articles and that the Insolvency Act 1986 confers powers on the liquidator which would enable it to do what is envisaged by the Current Articles.

8. Electronic and web communications

Provisions of the Companies Act 2006 came into force in January 2007 to enable companies to communicate with members by electronic and/or website communications. The New Articles will continue to allow communications to members in electronic form and, in addition, they will also permit the Company to take advantage of the new provisions relating to website communications. Before the Company can communicate with a member by means of website communication, the relevant member must be asked individually by the Company to agree that the Company may send or supply documents or information to him by means of a website, and the Company must either have received a positive response or have received no response within the period of 28 days beginning with the date on which the request was sent. The Company will notify the member (either in writing, or by other permitted means) when a relevant document or information is placed on the website and a member can always request a hard copy version of the document or information.

9. Directors' indemnities and loans to fund expenditure

The Companies Act 2006 has in some areas widened the scope of the powers of a company to indemnify directors and to fund expenditure incurred in connection with certain actions against directors. The existing exemption allowing a company to provide money for the purpose of funding a director's defence in court proceedings now expressly covers regulatory proceedings and applies to associated companies. The New Articles will also provide that a director can vote and form part of the quorum when the board is considering whether to indemnify him or fund his expenditure pursuant to the powers in the New Articles.

10. The Company's objects

The provisions regulating the operations of the Company are currently set out in the Company's memorandum and articles of association. The Company's memorandum contains, among other things, the objects clause which sets out the scope of the activities the Company is authorised to undertake. This is drafted to give a wide scope.

The Companies Act 2006 significantly reduces the constitutional significance of a company's memorandum. The Companies Act 2006 provides that a memorandum will record only the names of subscribers and the number of shares each subscriber has agreed to take in the company. Under the Companies Act 2006 the objects clause and all other provisions which are contained in a company's memorandum, for existing companies at 1 October 2009, are deemed to be contained in the company's articles of association but the company can remove these provisions by special resolution.

Further the Companies Act 2006 states that unless a company's articles provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have objects clauses. For this reason the Company is proposing to remove its objects clause together with all other provisions of its memorandum which, by virtue of the Companies Act 2006, are treated as forming part of the Company's articles of association as of 1 October 2009. Resolution 11 will confirm the removal of these provisions for the Company. As the effect of this resolution will be to remove the statement currently in the Company's memorandum of association regarding limited liability, the New Articles will also contain an express statement regarding the limited liability of shareholders.

11. Change of name
Under the Companies Act 1985, a company could only change its name by special resolution. Under the Companies Act 2006 a company will be able to change its name by other means provided for by its articles. To take advantage of this provision, the New Articles will enable the directors to pass a resolution to change the Company's name.

12. Authorised share capital and unissued shares
The Companies Act 2006 abolishes the requirement for a company to have an authorised share capital and the New Articles will reflect this. Directors will still be limited as to the number of shares they can at any time allot because allotment authority continues to be required under the Companies Act 2006, save in respect of employee share schemes.

13. Redeemable shares
Under the Companies Act 1985, if a company wished to issue redeemable shares, it had to include in its articles the terms and manner of redemption. The Companies Act 2006 enables directors to determine such matters instead provided they are so authorised by the articles. The New Articles will contain such an authorisation. The Company has no plans to issue redeemable shares but if it did so the directors would need shareholders' authority to issue new shares in the usual way.

14. Use of seals
Under the Companies Act 1985, a company required authority in its articles to have an official seal for use abroad. Under the Companies Act 2006, such authority will no longer be required. Accordingly, the relevant authorisation is being removed in the New Articles.

The New Articles will provide an alternative option for execution of documents (other than share certificates). Under the New Articles, when the seal is affixed to a document it may be signed by one authorised person in the presence of a witness, whereas previously the requirement was for signature by either a director and the secretary or two directors or such other person or persons as the directors may approve.

15. Suspension of registration of share transfers

The Current Articles permit the directors to suspend the registration of transfers. Under the Companies Act 2006 share transfers must be registered as soon as practicable. The power in the Current Articles to suspend the registration of transfers is inconsistent with this requirement. Accordingly, this power is being removed in the New Articles.

16. Vacation of office by directors

The Current Articles specify the circumstances in which a director must vacate office. The New Articles are updating these provisions to reflect the approach taken on mental and physical incapacity in the model articles for public companies produced by the Department for Business, Innovation and Skills.

17. Voting by proxies on a show of hands

The Shareholders' Rights Regulations have amended the Companies Act 2006 so that it now provides that each proxy appointed by a member has one vote on a show of hands unless the proxy is appointed by more than one member in which case the proxy has one vote for and one vote against if the proxy has been instructed by one or more members to vote for the resolution and by one or more members to vote against the resolution. The Current Articles are being amended to reflect these changes.

18. Voting by corporate representatives

The Shareholders' Rights Regulations have amended the Companies Act 2006 in order to enable multiple representatives appointed by the same corporate member to vote in different ways on a show of hands and a poll. The New Articles will contain provisions that reflect these amendments.

19. Electronic conduct of meetings

Amendments made to the Companies Act 2006 by the Shareholders' Rights Regulations specifically provide for the holding and conducting of electronic meetings. The Current Articles are being amended to reflect more closely the relevant provisions.

20. Chairman's casting vote

The New Articles will remove the provision giving the chairman a casting vote in the event of an equality of votes as this is no longer permitted under the Companies Act 2006.

21. Notice of general meetings

The Shareholders' Rights Regulations amend the Companies Act 2006 to require the company to give 21 clear days' notice of general meetings unless the company offers members an electronic voting facility and a special resolution reducing the period of notice to not less than 14 days has been passed. Annual general meetings must be held on 21 clear days' notice. The New Articles will amend the provisions of the Current Articles to be consistent with the new requirements.

22. Adjournments for lack of quorum
Under the Companies Act 2006 as amended by the Shareholders' Rights Regulations, general meetings adjourned for lack of quorum must be held at least 10 clear days after the original meeting. The Current Articles are being changed to reflect this requirement.

23. Voting record date
Under the Companies Act 2006 as amended by the Shareholders' Rights Regulations the company must determine the right of members to vote at a general meeting by reference to the register not more than 48 hours before the time for the holding of the meeting, not taking account of days which are not working days. The Current Articles are being amended to reflect this requirement.

24. Life of the Company
It was originally intended to review the continuation of the Company at the tenth annual general meeting expected to take place in 2012. In order to provide the Company with flexibility to be able to raise further funds in the future, the Directors propose that any such review should take place at the annual general meeting falling after the fifth anniversary of the then latest allotment of Shares made by the Company (and thereafter at five yearly intervals). This will provide the Company sufficient time to invest any such new funds raised by the Company. It will also provide potential investors with the ability to hold their Shares for the holding period required to maintain VCT tax reliefs obtainable on investment.

25. General
Generally the opportunity is being taken to bring clearer language into the New Articles and in some areas to conform the language of the New Articles with that used in the model articles for public companies produced by the Department for Business, Innovation and Skills.

Notice of general meetings (Resolution 12)
Changes made to the 2006 Act by the Shareholders' Rights Regulations have increased the notice period required for general meetings of the Company, other than annual general meetings, from 14 days to 21 days unless shareholders approve a shorter notice period, which cannot be less than 14 clear days. Under the Act annual general meetings will continue to be held on at least 21 clear days' notice. Resolution 12, which will be proposed as a special resolution, will enable general meetings other than annual general meetings to be called on not less than 14 clear days' notice.

The approval will be effective until the Company's next annual general meeting, when it is intended that a similar resolution will be proposed.

Amendment to the Investment Policy (Resolution 13)
It is proposed that the current policy relating to uninvested funds being held in cash and lower risk money market funds be replaced with the following:

"The Company's cash and liquid resources be invested to maximise income returns in a range of instruments of varying maturities, subject to the overriding criterion that the risk of loss of capital be minimised".

If approved by Shareholders, the amended investment policy will allow the Company to invest uninvested funds in a wider range of instruments to achieve a higher rate of income return which may include instruments associated with higher risks. It is not, however, the Board's current intention to increase the level of risk associated with higher levels of income albeit having this authority.

By order of the Board

Matrix-Securities Limited
Company Secretary

12 April 2010

Directors' Remuneration Report

This report has been prepared by the Directors in accordance with the requirements of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI2008/410) and the Companies Act 2006. A resolution to approve the report will be proposed at the Annual General Meeting to be held on 27 May 2010. The Company's independent Auditors are required to give their opinion on the information provided in respect of Directors' emoluments and this is clearly identified as audited information below. This is explained further in their report to Shareholders on pages 47 – 48.

Nominations and Remuneration Committee

The remuneration of individual Directors is determined by the Nominations and Remuneration Committee within the framework set by the Board. The Committee comprises the full Board and is chaired by Colin Hook. The Committee meets at least once a year and is responsible for reviewing the remuneration of the Directors. It held one formal meeting during the year under review. The Committee has access to independent advice where it considers it appropriate. However, it was not considered necessary to take any such advice during the year under review.

Remuneration policy

The remuneration policy is set by the Board. The Directors' fees are reviewed annually by the Nominations and Remuneration Committee which determines the amount of fees to be paid to the Directors. When considering the level of Director's fees, the Committee takes account of remuneration levels elsewhere in the VCT industry and other relevant information. The Company's Articles of Association state that the aggregate of the remuneration (by way of fees) of all the Directors shall not exceed £120,000 per annum. The Directors fees have remained at £25,000 (Chairman) and £20,000 (Director) per annum since 1 June 2003. A supplement of £6,000 is paid to members of the Investment Committee. Details of the Directors' remuneration are disclosed below and in the Notes to the Accounts. The Company does not have any employees, except for its Directors.

Terms of appointment

The Articles of Association provide that Directors may be appointed either by an ordinary resolution of the Company or by the Board based on the advice of the Nominations and Remuneration Committee provided that a person appointed by the Board shall be subject to election at the first Annual General Meeting following their appointment. One-third of the Directors retire from office by rotation at each Annual General Meeting and the retiring Directors then become eligible for re-election in accordance with the Articles of Association.

All Directors receive a formal letter of appointment setting out the terms of their appointment and their specific duties and responsibilities. All of the Directors are non-executive and none of the Directors has a service contract with the Company. No portion of the fees paid to any of the Directors is related to performance. A Director's appointment may be terminated on three month's notice being given by the Company and in certain other circumstances. The Company does not provide pension benefits to any of the Directors; it has not granted any Director any options over the share capital of the Company; and it does not operate any long-term incentive plans for the Directors. No arrangements have been entered into between the Company and the Directors to entitle any of the Directors to compensation for loss of office.

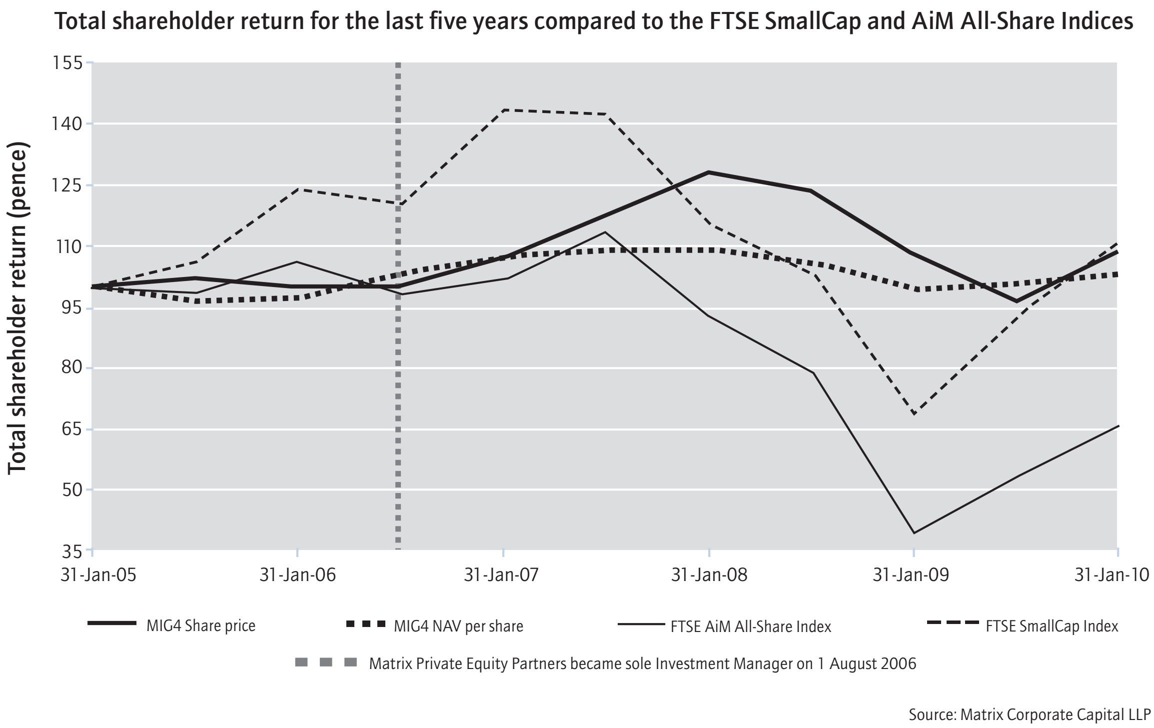
Details of individual emoluments and compensation **(Audited information)**

The emoluments in respect of qualifying services of each person who served as a Director during the year were as set out in the table below. The Company does not have any schemes in place to pay any of the Directors bonuses or benefits in addition to their Directors' fees.

	Total emoluments year to:	
	31 January 2010	**31 January 2009**
	£	**£**
Colin Hook	31,000	30,334
Christopher Moore	26,000	25,333
Helen Sinclair	26,000	25,333
Total emoluments	83,000	81,000

Aggregate emoluments in respect of qualifying services amounted to £83,000 (2009: £81,000).

Total shareholder return



The above graph charts the total cumulative shareholder return of the Company (assuming all dividends had been re-invested) for the last five years compared to the FTSE SmallCap and AiM All-share Indices. These indices are industry recognised indices of listed companies. The FTSE SmallCap index comprises companies with the smallest capitalisation of the capital and industry segments and represents approximately 2% of the UK market capitalisation. All data has been re-based to 100p with affect from 31 January 2005. An explanation of the performance of the Company is given in the Chairman's Statement on pages 3 – 8 and Investment Manager's Review on pages 13 – 19.

The NAV total return per share has been shown separately in addition to the information required by law because the Directors believe it is a more accurate reflection of the Company's performance.

By order of the Board

Matrix-Securities Limited
Company Secretary
12 April 2010

Corporate Governance Statement

The Company is a member of the Association of Investment Companies (AIC) and the Directors have continued to adopt the AIC Code of Corporate Governance ("the AIC Code"), as revised in March 2009 for the financial year ended 31 January 2010. The AIC Code addresses all the principles set out in section 1 of the Combined Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company. The Financial Reporting Council (FRC) has confirmed that in complying with the AIC Code the Company will meet its obligations in relation to the Combined Code and paragraph 9.8.6 of the Listing Rules.

The Board considers that reporting against the principles and recommendations of the AIC Code will provide more relevant information to shareholders. The AIC Code is available online at www.theaic.co.uk.

This statement has been compiled in accordance with the FSA's Disclosure and Transparency Rule 7.2 on Corporate Governance Statements.

Compliance with the Combined Code

There are certain areas of the Combined Code that the AIC feels are not relevant to investment companies, and with which the Company does not specifically comply, and for which the AIC Code provides dispensation. These areas are: the role of the chief executive; executive directors' remuneration; and the need for an internal audit function.

As an externally managed investment company, the Company does not employ a chief executive nor any executive directors. The systems and procedures of the Investment Manager and the Administrator, the provision of VCT monitoring services by PricewaterhouseCoopers LLP, as well as the size of the Company's operations, give the Board full confidence that an internal audit function is not necessary. The Company is therefore not reporting further in respect of these areas.

Compliance with the AIC Code

The Board has not appointed a Senior Independent Director, as it does not believe that such an appointment is necessary when the Board is comprised solely of non-executive directors. The Chairman of the Audit Committee fulfills this role where appropriate.

As is common practice among Venture Capital Trusts, the Directors are not appointed for fixed terms, as the AIC Code requires. A Director's appointment may be terminated on three months' notice being given by the Company. For further information please see the Directors' Remuneration Report on pages 35 – 37.

The AIC Code stipulates that directors who sit on the boards of more than one company managed by the same manager will not be regarded as independent for either the purpose of fulfilling the requirement that there must be an independent majority or for serving as chairman. This provision is currently subject to the transitional arrangements of the Listing Rules, and will become mandatory from September 2010. The Board is in the process of reviewing its structure to comply with these provisions and further details will be provided in the Half-Yearly Report for the six months ended 31 July 2010.

The Board

The Company has a Board of three non-executive Directors. The Board meets at least quarterly and is in regular contact with the Investment Manager between these meetings. The Board held six formal meetings during the year with full attendance from each of the Directors at five of those meetings, and has met informally on many other occasions.

All the Directors are equally responsible under the law for the proper conduct of the Company's affairs. In addition, the Directors are responsible for ensuring that their policies and operations are in the best interests of all the Company's Shareholders and that the best interests of creditors and suppliers to the Company are properly considered.

The Board has considered whether each Director is independent in character and judgement and whether there are any relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgement. It has concluded that all three Directors are independent except in respect of the contracts or investee companies in which they have declared an interest and that all the Directors are independent of the Investment Manager.

The Board has given consideration to Christopher Moore's directorships of The Income & Growth VCT plc, of Matrix Income & Growth VCT plc and of Matrix Income & Growth 3 VCT plc and has concluded that in the circumstances the independence of this director has not been materially prejudiced.

Helen Sinclair was a director of Matrix Private Equity Limited (a predecessor of Matrix Private Equity Partners LLP) and a director and shareholder of Matrix Group Limited until May 2005. The Board considers that these appointments no longer affect her independence materially and that she is therefore not required to stand for re-election annually.

The Board has assessed the independence of the Chairman and concluded that he fully met the independence criteria as identified in the Combined Code, as re-stated in principle 1 of the AIC Code.

For the reasons given and bearing in mind the relationships referred to above, the Board has no hesitation in emphasizing the personal integrity, experience and professionalism of the individual Directors, and their overall independence in character and judgement.

It is the policy of the Directors not to participate in decisions concerning investee companies in which they hold an interest. However, none of the Directors was a director of any of the investee companies in respect of the year under review.

The Board has considered a policy on tenure and agreed that for a Company of this size and structure, it is not appropriate to insist on a director's period of service being limited to a set number of years or to set an age limit for the retirement of directors. The AIC Code does not explicitly make recommendations on the overall length of tenure for directors. Some market practitioners feel that considerable length of service (which has generally been defined as a limit of 9 years) may lead to the compromise of a Director's independence and the Board is aware that this is a recommendation of the Combined Code. The Board, however, concurs with the arguments put forward by the AIC that investment companies are more likely than most to benefit from having Directors with lengthy service.

As part of its annual performance review, the Board has come to the conclusion that the length of service, experience and ability of its Directors enhances its performance. It does not believe that the length of service of any of the Directors has a negative effect on their independence and is satisfied with the balance of experience on the current Board. In particular, the Board considers that the Chairman's service of ten years as a Director of Company is an asset that he brings to the Board.

The Board has agreed a schedule of matters specifically reserved for decision by the Board. These include: compliance with the requirements of the Companies Act, the UK Listing Authority and the London Stock Exchange; changes to the Company's capital structure or its status as a plc; Board and Committee appointments as recommended by the Nominations and Remuneration Committee and terms of reference of Committees; and material contracts of the Company and contracts of the Company not in the ordinary course of business.

The primary focus at each quarterly Board meeting is overall strategy and a review of investment performance. The Board monitors the investments made by the Investment Manager to ensure that the overall investment portfolio is in line with the Company's Investment Policy. The Board also considers peer group performance, asset allocation and wider industry and economic issues in reviewing investment performance and strategy.

A procedure has been adopted for individual Directors, in the furtherance of their duties, to take independent professional advice at the expense of the Company. The Directors have access to the advice and services of the Company Secretary who is responsible to the Board for ensuring board procedures are followed. Both the appointment and removal of the Company Secretary are matters for the Board as a whole. Where Directors have concerns about the running of the Company or about a proposed action which cannot be resolved, they are asked to ensure that their concerns are recorded in the Board minutes. On resignation, a Director who has any such concerns should provide a written statement to the Chairman for circulation to the

Board. The Board has satisfied itself that each of its Committees has sufficient resources to undertake their duties.

A formal training programme has not been required during the year under review as all the Directors are experienced directors of listed companies.

The individual Directors are appraised/reviewed separately as part of the internal control processes led by the Audit Committee. In discussion with the Audit Committee, the Board has also kept under review its own performance and that of its various Committees and can confirm its satisfaction with their composition and efficiency.

The Directors were subject to election by Shareholders at the first Annual General Meeting after their appointment, and retire by rotation thereafter. For further details please see the Directors' Remuneration Report on pages 35 – 37.

Colin Hook has been nominated for re-election to the Board at the forthcoming AGM. His contribution to the Board as Chairman is highly respected and the Board has no hesitation in recommending his re-election to Shareholders.

The Chairman's other significant directorships and time commitments are disclosed on page 20.

Board committees

Given the size of the Board and the independence of each of the Directors, each Committee comprises the full Board.

The Audit Committee is chaired by Christopher Moore and meets at least twice a year to review the half-year and annual financial statements before submission to the Board, and meets with the independent auditors. The Committee makes recommendations to the Board on the appointment, re-appointment and removal of the external auditors. It is responsible for monitoring the effectiveness of the Company's internal control systems and for reviewing the scope and results of the audit and ensuring its cost effectiveness. The Audit Committee held five formal meetings during the year with full attendance from each of the three Directors on all of those occasions, and met informally on other occasions.

The Nominations and Remuneration Committee is chaired by Colin Hook. It meets at least once a year and is responsible for proposing candidates for appointment to the Board and for reviewing the remuneration policy to ensure that it reflects the duties, responsibilities and value of time spent by the Directors on the business of the Company and makes recommendations to the Board accordingly. The Committee held one formal meeting during the year, attended by all of the Directors, and met informally on other occasions. Appointment letters for new directors will include an assessment of the expected time commitment for each Board position and new directors will be asked to give an indication of their other significant time commitments. Although the AIC Code recommends that the Chairman does not chair the Remuneration Committee, the

Board does not consider that Colin Hook's appointment to this role is detrimental to the Company's combined Nominations and Remuneration Committee's effectiveness.

The Investment Committee is chaired by Helen Sinclair and meets as necessary to discuss and, if appropriate, to approve investment recommendations from the Investment Manager. New investments and divestments are generally approved by written resolution of the Committee following discussion between committee members. Investment matters are discussed extensively at Board meetings. The Committee and the Investment Manager endeavour to operate in a supportive, co-operative and open environment. The Committee met informally on numerous occasions during the year.

All of the above Committees have written terms of reference, which detail their authority and duties. Shareholders may obtain copies of these by making a written request to the Company Secretary or via the Company's website: www.mig4vct.co.uk.

Internal control

The Board acknowledges that it is responsible for the Company's system of internal control. Internal control systems are designed to manage the particular needs of the Company and the risks to which it is exposed and can by their nature only provide reasonable and not absolute assurance against material misstatement or loss.

The internal control systems aim to ensure the maintenance of proper accounting records, the reliability of the financial information used for publication and upon which business decisions are made, and that the assets of the Company are safeguarded. The financial controls operated by the Board include the authorisation of the investment strategy and regular reviews of the financial results and investment performance.

The Board has put in place procedures for identifying, evaluating and managing the significant risks faced by the Company. As part of this process an annual review of the control systems is carried out in accordance with the Turnbull guidelines for internal control. The review covers a consideration of the key business, operational, compliance and financial risks facing the Company. Each risk is considered with regard to: the controls exercised at Board level; reporting by service providers; controls relied upon by the Board; exceptions for consideration by the Board; responsibilities for each risk and its review period; and risk rating. As part of this process, investment risk is spread by means of a diverse investment portfolio, as more fully described in the Investment Manager's Review.

The main aspects of the internal controls which have been in place throughout the year in relation to financial reporting are:

- the valuations prepared by the Manager are entered into the accounting system and reconciled by the Administrator. Controls are in place to ensure the effective segregation of these two tasks;
- independent reviews of the valuations of investments within the portfolio are undertaken quarterly by the Board and annually by the external auditors;

- bank and money-market fund reconciliations are carried out monthly by the Administrator;
- the Board has procedures in place for the approval of expenses and payments to third parties;
- the Directors review quarterly management accounts and underlying notes to those accounts, and other announcements as necessary;
- the information contained in the Annual Report and other financial reports is reviewed separately by the Audit Committee prior to consideration by the Board; and
- the Board reviews all financial information prior to publication.

Both the Administrator and Investment Manager report by exception on matters that may be of relevance to financial reporting and on other matters as appropriate on a quarterly basis. The auditors review the accounting processes in place at the Administrator and Investment Manager as part of the annual audit and report any concerns to the Audit Committee. The Audit Committee reviews the independence of the auditors each year.

This system of internal controls and the procedure for the review of control systems referred to above has been in place and operational throughout the year under review and up to the date of this Report. The assessment of the effectiveness of internal controls in managing risk included consideration of reports from the relevant service providers. The last review took place on 7 April 2010. The Board has not identified any issues with the Company's internal control mechanisms that warrant disclosure in the Annual Report.

Third party service providers

The Board has delegated, contractually to third parties, the management of the investment portfolio, the custodial services (the safeguarding of the documents of title of the Company's assets), the day-to-day accounting, company secretarial and administration requirements, VCT status advice and the registration services. Each of these contracts was entered into after full and proper consideration by the Board of the quality and cost of services offered, including the financial control systems in operation in so far as they relate to the affairs of the Company.

The Board reviews annually, and at other times as and when necessary, the terms of the Investment Services Agreement and the performance of the Investment Manager and agrees policies with the Investment Manager on key operational matters. The Board receives and considers regular reports from the Investment Manager, and ad hoc reports and information are supplied to the Board as required. Particular emphasis is placed on reviewing the Investment Manager, in terms of investment performance, quality of information provided to the Board and remuneration.

The Board has considered the appointment of a management engagement committee and has concluded that this is not necessary because the Board is comprised entirely of independent non-executive directors.

Directors' remuneration and appointment
A Directors' Remuneration Report, prepared in compliance with the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI2008/410) and the Companies Act 2006, is contained on pages 35 – 37 of this Annual Report and provides details on the appointment and replacement of the Directors.

Share capital
Details of the Company's share capital and substantial shareholdings can be found in the Directors' Report on pages 24 – 26.

Powers of the Directors
In addition to the powers granted to the Directors by Company law and the Articles of Association, the Directors maintain shareholder authorities to issue a limited number of shares, disapply pre-emption rights and purchase the Company's own shares. Further details can be found in the Directors' Report.

Investor relations
The Company communicates regularly with its Shareholders by means of periodic performance reporting, newsletters, and its website. The Board welcomes feedback from Shareholders who are encouraged to attend the Annual General Meeting. The Directors and the Investment Manager are present and available to answer questions and discuss any issues at this meeting. Shareholders may contact the Chairman of the Audit Committee, Christopher Moore, if they have concerns which contact through the Chairman or Investment Manager has failed to resolve or for which such contact is inappropriate.

The Board as a whole approves the content of its communications to Shareholders including the Annual and Half-Yearly Reports in order to ensure that they present a balanced and understandable assessment of the Company's position and future prospects.

The notice of the Annual General Meeting accompanies this Annual Report, which is normally sent to shareholders allowing a minimum of 20 working days before each meeting. Separate resolutions are proposed for each substantive issue. The number of proxy votes received for each resolution is announced after each resolution has been dealt with on a show of hands and is published on the Company's website: www.mig4vct.co.uk.

By order of the Board

Matrix-Securities Limited
Company Secretary
12 April 2010

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations. They are also responsible for ensuring that the Annual Report includes information required by the Listing Rules of the Financial Services Authority.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they 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 year. In preparing these 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;
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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 the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

The Directors confirm to the best of their knowledge that:

(a) the financial statements, prepared in accordance with UK Generally Accepted Accounting Practice and the 2009 Statement of Recommended Practice, 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (SORP), give a true and fair view of the assets, liabilities, financial position and the profit of the Company.

(b) the management report, comprising the Chairman's Statement, Investment Portfolio Summary, Investment Manager's Review and Directors' Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

The names and functions of the Directors are stated on pages 20 – 21.

On behalf of the Board

Colin Hook
Chairman
12 April 2010

Independent Auditors' Report to the Members of Matrix Income & Growth 4 VCT plc

We have audited the financial statements of Matrix Income & Growth 4 VCT plc for the year ended 31 January 2010 which comprise the Income Statement, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditors' 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

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate for the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 January 2010 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion :

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the Corporate Governance Statement in compliance with rules 7.2.5 and 7.2.6 of the Disclosure Rules and Transparency Rules sourcebook issued by the Financial Services Authority (information about internal control and risk management systems in relation to financial reporting processes and about share capital structures) is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 27, in relation to going concern; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

Rosemary Clarke (Senior statutory auditor)

for and on behalf of PKF (UK) LLP, Statutory auditors

12 April 2010

Income Statement
for the year ended 31 January 2010

	Notes	Revenue	Capital	Total	Revenue	Capital	Total
			Year ended 31 January 2010			Year ended 31 January 2009	
		£	£	£	£	£	£
Unrealised gains/(losses) on investments	**10**	-	700,336	700,336	-	(2,574,520)	(2,574,520)
Gains/(losses) on investments realised	**10**	-	268,469	268,469	-	(21,299)	(21,299)
Income	**2**	489,753	-	489,753	1,068,647	30,915	1,099,562
Recoverable VAT	**3**	1,051	3,155	4,206	13,500	40,500	54,000
Investment management fees	**4**	(97,204)	(291,610)	(388,814)	(100,303)	(300,909)	(401,212)
Other expenses	**5**	(360,819)	-	(360,819)	(350,868)	-	(350,868)
Profit/(loss) on ordinary activities before taxation		32,781	680,350	713,131	630,976	(2,825,313)	(2,194,337)
Taxation on ordinary activities	**7**	-	-	-	(152,313)	152,313	-
Profit/(loss) for the year		**32,781**	**680,350**	**713,131**	**478,663**	**(2,673,000)**	**(2,194,337)**
Basic and diluted earnings per ordinary share	**9**	0.16p	3.40p	3.56p	2.35p	(13.14)p	(10.79)p

All the items in the above statement derive from continuing operations.

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

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

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

The notes on pages 53 - 70 form part of these financial statements.

Balance Sheet

as at 31 January 2010

	Notes	£	£	£	£	£	£
			as at 31 January 2010			**as at 31 January 2009**	
Fixed assets							
Investments at fair value	**10**			15,291,966			7,805,465
Current assets							
Debtors and prepayments	**12**	139,702			240,016		
Current investments	**13,19**	5,975,819			13,113,111		
Cash at bank	**19**	70,404			15,256		
			6,185,925			13,368,383	
Creditors: amounts falling due within one year	**14**		(255,349)			(138,150)	
Net current assets				5,930,576			13,230,233
Net assets				**21,222,542**			**21,035,698**
Capital and reserves							
Called up share capital	**15**			199,576			201,078
Capital redemption reserve	**16**			885,245			883,743
Revaluation reserve	**16**			(1,473,847)			(1,537,950)
Special distributable reserve	**16**			16,540,857			16,968,144
Profit and loss account	**16**			5,070,711			4,520,683
Equity shareholders' funds	**16**			**21,222,542**			**21,035,698**
Basic and diluted net asset value per Ordinary Share	**17**			**106.34p**			**104.61p**

The notes on pages 53 - 70 form part of these financial statements.

The financial statements on pages 49 - 70 were approved and authorised for issue by the Board of Directors on 12 April 2010 and were signed on its behalf by:

Colin Hook
Chairman

Reconciliation of Movements in Shareholders' Funds

for the year ended 31 January 2010

	Notes	Year ended 31 January 2010 £	Year ended 31 January 2009 £
Opening shareholders' funds		21,035,698	24,067,317
Purchase of own shares	15	(124,256)	(379,254)
Profit/(loss) for the year		713,131	(2,194,337)
Dividends paid in year	8	(402,031)	(458,028)
Closing shareholders' funds	16	21,222,542	21,035,698

The notes on pages 53 - 70 form part of these financial statements.

Cash Flow Statement

for the year ended 31 January 2010

	Notes	Year ended 31 January 2010 £	Year ended 31 January 2009 £
Interest income received		281,147	304,782
Dividend income		156,673	814,332
VAT received and interest thereon	3	100,239	5,098
Other income		14,901	-
Investment management fees paid		(224,334)	(516,689)
Cash payments for other expenses		(334,604)	(386,878)
Net cash (outflow)/inflow from operating activities	18	**(5,978)**	**220,645**
Investing activities			
Sale of investments	10	1,784,500	227,615
Purchase of investments	10	(8,302,196)	(1,624,774)
Net cash outflow from investing activities		**(6,517,696)**	**(1,397,159)**
Dividends			
Equity dividends paid	8	**(402,031)**	**(458,028)**
Cash outflow before liquid resource management and financing		**(6,925,705)**	**(1,634,542)**
Management of liquid resources			
Decrease in monies held in current investments	19	**7,137,292**	**2,011,197**
Financing			
Purchase of own shares		(156,439)	(385,264)
Increase/(decrease) in cash for the year	19	**55,148**	**(8,609)**

The notes on pages 53 - 70 form part of these financial statements.

Notes to the Accounts
for the year ended 31 January 2010

1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year, is set out below.

a) **Basis of accounting**

The accounts have been prepared under UK Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice, 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' ("the SORP") issued by the Association of Investment Trust Companies in January 2009.

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 updated in September 2009, which have not materially changed the results reported last year. This classification is followed 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.

For investments actively traded in organised financial markets, fair value is generally determined by reference to Stock Exchange market quoted bid prices at the close of business on the balance sheet date. 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.

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

All investments are held at the price of a recent investment for an appropriate period where there is considered to have been no change in fair value. Where such a basis is no longer considered appropriate, the following factors will be considered:

(i) Where a value is indicated by a material arms-length transaction by an independent third party in the shares of a company, this value will be used.

(ii) In the absence of i), and depending upon both the subsequent trading performance and investment structure of an investee company, the valuation basis will usually move to either:-

a) an earnings multiple basis. The shares may be valued by applying a suitable price-earnings ratio to that company's historic, current or forecast post-tax earnings before interest and amortisation (the ratio used being based on a comparable sector but the resulting value being adjusted to reflect points of difference identified by the Investment Manager compared to the sector including, inter alia, a lack of marketability).

or:-

b) 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 fallen permanently 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 loss has become realised. 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.

(iii) Premiums on loan stock investments are accrued at fair value when the Company receives the right to the premium and when considered recoverable.

(iv) Where an earnings multiple or cost less impairment basis is not appropriate and overriding factors apply, discounted cash flow or net asset valuation bases may be applied.

d) **Current Investments**

Monies held pending investment are invested in financial instruments with same day or two-day access and as such are treated as current investments, and have been valued at fair value.

e) **Income**

Dividends receivable on quoted equity shares are brought into account on the ex-dividend date. Dividends receivable on unquoted equity shares are brought into account when the Company's right to receive payment is established and there is no reasonable doubt that payment will be received.

f) **Capital reserves**

(i) Realised (included within the Profit and Loss Account reserve)

The following are accounted for in this reserve:

- Gains and losses on realisation of investments;
- Permanent diminution in value of investments;
- Transaction costs incurred in the acquisition of investments; and
- 75% of management fee expense, together with the related tax effect to this reserve in accordance with the policies.

(ii) Revaluation reserve (Unrealised capital reserve)

Increases and decreases in the valuation of investments held at the year-end are accounted for in this reserve, except to the extent that the diminution is deemed permanent.

In accordance with stating all investments at fair value through profit and loss, all such movements through both revaluation and realised capital reserves are now shown within the Income Statement for the year.

(iii) Special distributable reserve

The cost of share buybacks are charged to this reserve. In addition, any realised losses on the sale of investments, and 75% of the management fee expense, and the related tax effect, are transferred from the Profit and Loss Account reserve to this reserve.

g) **Expenses**

All expenses are accounted for on an accruals basis.

25% of the Investment Managers' fees are charged to the revenue column of the Income Statement, while 75% is charged against the capital column of the Income Statement. This is in line with the Board's expected long-term split of returns from the investment portfolio of the Company.

100% of any performance incentive fee payable for the period is charged against the capital column of the Income Statement, as it is based upon the achievement of capital growth.

Expenses are charged wholly to revenue, with the exception of expenses incidental to the acquisition or disposal of an investment, which are written off to the capital column of the Income Statement or deducted from the disposal proceeds as appropriate.

h) **Taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in the tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the years in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantially enacted at the balance sheet date. Deferred tax is measured on a non-discounted basis.

A deferred tax asset is recognised only to the extent that it is more likely than not that future taxable profits will be available against which the asset can be utilised.

Any tax relief obtained in respect of management fees allocated to capital is reflected in the capital reserve – realised and a corresponding amount is charged against revenue. The tax relief is the amount by which corporation tax payable is reduced as a result of these capital expenses.

2 Income

	2010	2009
	£	£
Income from bank deposits	354	2,605
Income from investments		
– from equities	50,190	85,896
– from overseas based OEICs	96,060	696,194
– from loan stock	327,454	309,769
– from VAT recoverable	6,544	-
	480,248	1,091,859
Other income	9,151	5,098
Total income	489,753	1,099,562
Total income comprises		
Dividends	146,250	782,090
Interest	334,352	312,374
Other income	9,151	5,098
	489,753	1,099,562
Income from investments comprises		
Listed overseas securities	96,060	696,194
Unlisted UK securities	50,190	85,896
Loan stock interest	327,454	309,769
	473,704	1,091,859

Loan stock interest above is stated after deducting an amount of £2,601 (2009: £18,085), being a provision made against loan stock interest regarded as collectable in previous years.

Total loan stock interest due but not recognised in the year was £208,063 (2009: £142,726).

3 Recoverable VAT

	Revenue 2010	Capital 2010	Total 2010	Revenue 2009	Capital 2009	Total 2009
	£	£	£	£	£	£
Recoverable VAT	1,051	3,155	4,206	13,500	40,500	54,000

As at 31 January 2009 the Directors considered it reasonably certain that the Company would obtain a repayment of VAT of not less than £85,459. Last year's accounts recognised this amount as income of £54,000 above, and £31,459 deducted from last year's investment manager's fees, in note 4 below. This estimate was based upon information supplied by the Company's Investment Manager, and discussions with the Company's professional advisors as a result of the European Court of Justice ruling and subsequent HMRC briefing that management fees be exempt for VAT purposes. During the year, a total of £93,695 of VAT recoverable has been received. Of the excess of £8,236 over the £85,459 recognised in 2009's accounts, £4,206 has been further 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, but £4,030 has not been recognised as it may be repayable to a previous investment manager or service provider as it relates to VAT charged during a period when an expense cap was applied to their fees and is therefore held within other creditors per note 14.

The £93,695 of income recognised in both the 2009 and current year accounts, together with related interest of £6,544 shown in note 2 above, equals the sum of £100,239 shown in the cash flow statement as part of cash flow from operating activities.

4 Investment management fees

	Revenue 2010 £	Capital 2010 £	Total 2010 £	Revenue 2009 £	Capital 2009 £	Total 2009 £
Matrix Private Equity Partners LLP	97,204	291,610	388,814	100,303	300,909	401,212

Under the investment management agreement dated 1 November 2006, but effective from 18 October 2006, Matrix Private Equity Partners LLP (MPEP LLP) is the sole adviser to the Company on investments in qualifying companies. The agreement is for an initial period of 3 years and thereafter until the appointment is terminated by not less than one year's notice in writing at any time after the initial period.

MPEP LLP is entitled to an annual advisory fee of 2 per cent of the closing net assets attributable to the Fund. The annual management fees are calculated and payable quarterly in advance one month after the end of the quarter. This fee is subject to a reduction by an amount equivalent to the excess total annual expenses (excluding irrecoverable VAT and exceptional costs) over 3.4% of closing net assets, being the agreed cap on the management fee. The expense cap is £25,194 this year (2009: £77,356). Last year's fees were reduced by £31,459 of VAT no longer chargeable.

Under the terms of a separate agreement dated 1 November 2006, from the end of the accounting period ending on 31 January 2009 and in each subsequent accounting period throughout the life of the company, the Investment Manager will be entitled to receive a performance related incentive fee of 20% of the excess above 6 per cent of the net asset value per share of the annual dividends paid to Shareholders. The performance fee will be payable annually, with any cumulative shortfalls below the 6 per cent hurdle having to be made up in later years. The incentive payment will be shared between the Investment Manager 75% and the Promoter 25%.

The Company is responsible for external costs such as legal and accounting fees, incurred on transactions that do not proceed to completion ("abort expenses") subject to the cap on total annual expenses referred to above. In line with common practice, MPEP LLP retain the right to charge arrangement and syndication fees and Directors' or monitoring fees ("deal fees") to companies in which the Company invests.

5 Other expenses

	2010 £	2009 £
Directors' remuneration (including NIC) (see note 6)	91,104	89,281
IFA trail commission	57,429	66,958
Administration fees	94,091	95,049
Broker's fees	10,518	3,917
Auditors' fees – audit	20,334	21,071
– other services supplied relating to taxation	1,998	1,960
– other services supplied pursuant to legislation	3,853	5,581
Registrar's fees	14,226	15,301
Printing	27,511	15,541
Legal & professional fees	4,827	4,700
VCT monitoring fees	10,713	10,326
Director's insurance	7,350	4,287
Listing and regulatory fees	15,869	15,084
Sundry	996	1,812
	360,819	350,868

The Directors consider the auditors were best placed to provide the other services disclosed above. The Audit Committee reviews the nature and extent of these services to ensure that auditor independence is maintained.

6 Directors' emoluments and national insurance

	2010	2009
Directors' emoluments	**£**	**£**
Colin Hook	31,000	30,334
Christopher Moore	26,000	25,333
Helen Sinclair	26,000	25,333
	83,000	81,000
Employer's NIC	8,104	8,281
	91,104	89,281

No pension scheme contributions or retirement benefit contributions were paid (2009: £nil). There are no share option contracts held by the Directors. Since all the Directors are non-executive, the other disclosures required by the Listing Rules are not applicable. The Company has no employees other than Directors.

7 Taxation on profit/(loss) on ordinary activities

	2010	2009
	£	**£**
a) Analysis of tax charge:		
-revenue charge	-	152,313
-credited to capital return	-	(152,313)
-current and total tax charge (note 7b)	-	-
b) Factors affecting tax charge for the year:		
Profit/(loss) on ordinary activities before tax	713,131	(2,194,337)
Add: non-taxable realised (gains)/losses	(268,469)	21,299
Add: non-taxable unrealised (gains)/losses	(700,336)	2,574,520
Add: investment management expense charged to capital	291,610	300,909
Less: Income treated as capital return	(3,155)	(71,415)
Profit on ordinary activities before taxation	32,781	630,976
Corporation tax @ 21% (2009: 20.83%)	6,884	131,453
Non-taxable UK dividends	(10,540)	(11,454)
Unrelieved expenditure	3,656	-
Effect of marginal relief	-	32,314
Taxation on revenue return	-	152,313
Taxable income credited to capital	663	-
Taxation on allowable expenditure charged to capital return	(61,238)	(62,679)
Utilisation of previous tax losses	-	(57,320)
Unrelieved expenditure	60,575	-
Effect of marginal relief	-	(32,314)
Credited to capital return	-	(152,313)
Tax charge for year (note 7a)	-	-

Tax relief relating to investment management fees is allocated between revenue and capital where such relief can be utilised.

No asset or liability has been recognised for deferred tax in relation to capital gains or losses on revaluing investments as the Company is exempt from corporation tax in relation to capital gains or losses as a result of qualifying as a Venture Capital Trust.

There is no potential liability to deferred tax (2009: £nil). There is an unrecognised deferred tax asset of £134,464 (2009: £78,851).

8 Dividends paid and payable

	2010	2009
	£	£
Amounts recognised as distributions to equity holders in the year:		
Final income dividend for the year ended 31 January 2009 of 1 pence per Ordinary Share of 1 pence paid 10 June 2009	201,078	-
Interim capital dividend for the year ended 31 January 2010 of 1.0 pence per Ordinary Share of 1 pence paid 7 November 2009	200,953	-
Final dividend for the year ended 31 January 2008 of 1.25 pence per Ordinary Share of 1 pence paid 11 June 2008	-	254,849
Interim dividend for the year ended 31 January 2009 of 1.0 pence per Ordinary Share of 1 pence paid 7 November 2008	-	203,179
	402,031	458,028
Proposed distributions to equity holders at the year-end:		
Final income dividend for the year ended 31 January 2010 of nil pence (2009: 1p) per Ordinary share	-	201,078
	-	201,078

Any proposed final dividend is subject to approval by Shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

Set out below are the total income dividends payable in respect of the financial year, which is the basis on which the requirements of section 274 of the Income Tax Act 2007 are considered.

	2010	2009
	£	£
Revenue available for distribution by way of dividends for the year	32,781	478,663
Interim income dividend paid during the year of nil (2009: 1p) per Ordinary share	-	203,179
Proposed final income dividend for the year ended 31 January 2010 of nil pence (2009: 1p) per Ordinary Share	-	201,078
	-	404,257

9 Basic and diluted earnings per share

	2010	2009
	£	£
Total earnings after taxation:	713,131	(2,194,337)
Basic and diluted earnings per share (note a)	**3.56p**	**(10.79)p**
Net revenue from ordinary activities after taxation	32,781	478,663
Basic and diluted revenue return per share (note b)	**0.16p**	**2.35p**
Net unrealised capital gains/(losses)	700,336	(2,574,520)
Net realised capital gains/(losses)	268,469	(21,299)
Dividends treated as capital	-	30,915
VAT recoverable	3,155	40,500
Capital expenses (net of taxation)	(291,610)	(148,596)
Total capital return	**680,350**	**(2,673,000)**
Basic and diluted capital return per share (note c)	**3.40p**	**(13.14)p**
Weighted average number of shares in issue in the year	20,032,743	20,338,366

Notes:

a) Basic earnings per share is total earnings after taxation divided by the weighted average number of shares in issue.

b) Revenue earnings per share is the revenue return after taxation divided by the weighted average number of shares in issue.

c) Capital earnings per share is the total capital profit after taxation divided by the weighted average number of shares in issue.

d) There are no instruments that will increase the number of shares in issue in future. Accordingly, the above figures currently represent both basic and diluted returns.

10 Investments at fair value

Movements in investments during the year are summarised as follows:

	Traded on AIM	Unquoted equity Shares	Unquoted preference Shares	Loan stock	Total
	£	£	£	£	£
Cost at 31 January 2009	181,102	3,830,850	125,846	5,836,379	9,974,177
Unrealised losses at 31 January 2009	(106,808)	(680,109)	(1,877)	(749,156)	(1,537,950)
Permanent impairment in value of investments	-	(299,973)	(100,000)	(230,789)	(630,762)
Valuation at 31 January 2009	74,294	2,850,768	23,969	4,856,434	7,805,465
Purchases at cost	-	2,750,541	2,132	5,549,523	8,302,196
Sale proceeds	(16,423)	(897,455)	(3,511)	(884,269)	(1,801,658)
Realised gains	6,452	206,224	-	72,951	285,627
Increase/(decrease) in unrealised appreciation	-	1,059,366	(15,018)	(344,012)	700,336
Closing valuation at 31 January 2010	64,323	5,969,444	7,572	9,250,627	15,291,966
Cost at 31 January 2010	150,102	6,219,396	124,467	10,652,637	17,146,602
Unrealised losses at 31 January 2010	(85,779)	(199,952)	(16,895)	(1,171,221)	(1,473,847)
Permanent impairment in value of investments	-	(50,000)	(100,000)	(230,789)	(380,789)
Valuation at 31 January 2010	64,323	5,969,444	7,572	9,250,627	15,291,966

The major components of the increase in unrealised valuations of £700,336 in the year were increases of £1,040,876 in DigiCo Europe Limited and £198,425 in Westway Cooling Limited. These gains were partly offset by large falls in Blaze Signs Holdings Limited (£482,790), PXP Holdings Limited (£139,086) and British International Holdings Limited (£100,906).

Sale proceeds in the Cash Flow Statement of £1,784,500 are less than the £1,801,658 shown above due to transaction costs amounting to £17,158. This is also the difference between the realised gains of £285,627 shown above and £268,469 shown in the Income Statement.

11 Significant interests

At 31 January 2010 the Company held significant investments, amounting to 3% or more of the equity capital of an undertaking, in the following companies:

	Equity investment (Ordinary Shares)	Investment in loan stock and preference shares	Total investment (at cost)	Percentage of investee company's total equity
	£	£	£	
Backbarrow Limited	400,000	600,000	1,000,000	49.00%
Rusland Management Limited	400,000	600,000	1,000,000	49.00%
Torvar Limited	400,000	600,000	1,000,000	49.00%
Bladon Castle Management Limited	400,000	600,000	1,000,000	25.00%
Fullfield Limited	400,000	600,000	1,000,000	25.00%
Vanir Consultants Limited	400,000	600,000	1,000,000	16.67%
Higher Nature plc	500,127	-	500,127	10.69%
Monsal Holdings Limited	214,596	490,175	704,771	9.83%
Inca Interiors Limited	50,000	300,000	350,000	9.75%
ATG Media Holdings Limited	355,556	644,444	1,000,000	8.89%
IGLU.com Holidays Limited	131,737	746,512	878,249	7.15%
Plastic Surgeon Holdings Limited	45,884	412,953	458,837	6.88%
Duncary 4 Limited	7	207,088	207,095	6.64%
DiGiCo Europe Limited	386,522	178,695	565,217	6.52%
CB Imports Group Limited	175,000	825,000	1,000,000	6.00%
Blaze Signs Holdings Limited	183,005	427,011	610,016	5.72%
Racoon International Holdings Limited	122,043	284,762	406,805	5.70%
Letraset Limited	150,000	-	150,000	5.00%
PXP Holdings Limited	168,217	511,332	679,549	4.98%
Stortext FM Limited	185,852	375,968	561,820	4.56%
VSI Limited	17,726	94,202	111,928	4.42%
Youngman Group Limited	50,027	449,999	500,026	4.24%
CASHFAC Limited	260,101	-	260,101	3.42%
MC 440 Limited (trading as Westway Cooling)	38,688	288,928	327,616	3.15%
Focus Pharma Holdings Limited	270,359	502,092	772,451	3.14%

It is considered that, as permitted by FRS9, "Associates and Joint Ventures", the above investments are held as part of an investment portfolio, and that, accordingly, their value to the Company lies in their marketable value as part of that portfolio. In view of this, it is not considered that any of the above represent investments in associated undertakings.

All of the above companies are incorporated in the United Kingdom.

Matrix Private Equity Partners LLP also advises The Income and Growth VCT plc, Matrix Income and Growth VCT plc, Matrix Income and Growth 2 VCT plc, and Matrix Income and Growth 3 VCT plc which have investments as at 31 January 2010 in the following:

	The Income and Growth VCT plc	**Matrix Income and Growth VCT plc**	**Matrix Income and Growth 2 VCT plc**	**Matrix Income and Growth 3 VCT plc**	**Total**	**% of equity held by funds managed by MPEP**
	at cost	**at cost**	**at cost**	**at cost**	**at cost**	
	£	**£**	**£**	**£**	**£**	**%**
Blaze Signs Holdings Limited	1,338,500	1,573,750	1,398,498	379,236	4,689,984	52.5
PXP Holdings Limited	920,176	1,163,436	1,163,436	1,163,436	4,410,484	37.3
British International Holdings Limited	590,909	1,181,818	1,160,000	886,364	3,819,091	34.9
ATG Media Holdings Limited	1,000,000	859,640	863,895	776,465	3,500,000	40.0

IGLU.com Holidays Limited	1,000,000	747,014	1,000,000	674,736	3,421,750	35.0
Racoon International Holdings Limited	550,852	874,199	878,527	789,617	3,093,195	49.0
Youngman Group Limited	1,000,052	1,000,052	1,000,052	-	3,000,156	29.7
CB Imports Group Limited	1,000,000	1,000,000	-	1,000,000	3,000,000	24.0
Monsal Holdings Limited	471,605	684,351	854,450	618,156	2,628,562	46.5
Focus Pharma Holdings Limited	516,900	656,987	660,238	593,424	2,427,549	13.0
Campden Media Limited	334,880	975,000	975,000	-	2,284,880	28.4
DiGiCo Europe Limited	371,291	565,218	565,218	533,056	2,034,783	30.0
Vanir Consultants Limited	-	-	1,000,000	1,000,000	2,000,000	49.9
The Plastic Surgeon Holdings Limited	406,082	390,289	392,264	352,528	1,541,163	30.0
VSI Limited	245,596	390,367	308,643	143,521	1,088,127	47.4
Duncary 4 Limited	1,035,474	-	-	-	1,035,474	39.8
MC440 Limited (trading as Westway Cooling Limited)	490,653	278,661	-	251,699	1,021,013	13.0
Vectair Holdings Limited	215,914	560,302	243,784	-	1,020,000	24.0
Bladon Castle Management Limited	-	-	-	1,000,000	1,000,000	49.9
Fullfield Limited	-	-	-	1,000,000	1,000,000	49.0
Letraset Limited	650,000	-	-	-	650,000	10.0
Legion Group plc (formerly SectorGuard plc)	150,000	150,106	150,106	-	450,212	2.7
Stortext FM Limited	380,435	-	-	-	380,435	5.0
Inca Interiors Limited	350,000	-	-	-	350,000	19.5
BG Consulting Group Limited	118,502	-	-	-	118,502	15.6

12 Debtors

	2010	2009
	£	£
Amounts due within one year:		
Accrued income	102,353	66,116
Prepayments	12,155	11,085
Other debtors	25,194	162,815
	139,702	240,016

13 Current asset investments

	2010	2009
	£	£
Monies held pending investment	5,975,819	13,113,111

These comprise investments in six Dublin based and one UK based OEIC money market funds. £5,965,431 (2009: £13,102,841) of this sum is subject to same day access while £10,388 (2009: £10,270) is subject to two day access. These sums are regarded as monies held pending investment and are treated as liquid resources in the Cash Flow Statement and in note 19.

14 Creditors: amounts falling due within one year

	2010	2009
	£	£
Trade creditors	145,636	29,309
Other creditors	14,745	10,715
Accruals	94,968	98,126
	255,349	138,150

15 Called up share capital

	2010	2009
	£	£
Authorised:		
Ordinary Shares of 1p each: 400,000,000 (2009: 400,000,000)	4,000,000	4,000,000
	4,000,000	4,000,000
Allotted, called-up and fully paid:		
Ordinary Shares of 1p each: 19,957,572 (2009: 20,107,800)	199,576	201,078
	199,576	201,078

Purchased	Date of purchase	Nominal value
		£
57,000	on 27 April 2009	570
12,500	on 30 June 2009	125
27,500	on 28 August 2009	275
12,500	on 7 October 2009	125
33,228	on 9 November 2009	332
7,500	on 21 December 2009	75
150,228	Nominal value	1,502

During the year the Company purchased 150,228 (2009: 391,399) of its own shares for cash (representing 0.8% (2009: 1.9%) of the shares in issue at the year end) at the prevailing market price for a total cost of £124,256 (2009: £379,254).

16 Movement in share capital and reserves

	Called up Share capital	Capital redemption reserve	Revaluation reserve	Special distributable reserve *	Profit and loss account *	Total
	£	£	£	£	£	£
At 1 February 2009	201,078	883,743	(1,537,950)	16,968,144	4,520,683	21,035,698
Share buybacks	(1,502)	1,502	-	(124,256)	-	(124,256)
Transfer of realised losses to Special distributable reserve (note)	-	-	-	(303,031)	303,031	-
Realisation of previously unrealised appreciation	-	-	(636,233)	-	636,233	-
Dividends paid	-	-	-	-	(402,031)	(402,031)
Profit for the year	-	-	700,336	-	12,795	713,131
As at 31 January 2010	199,576	885,245	(1,473,847)	16,540,857	5,070,711	21,222,542

* - These reserves total £21,611,568 (2009: £21,488,827) and are regarded as distributable reserves for the purpose of assessing the Company's ability to pay dividends to shareholders.

The cancellation of the Company's Share Premium Account (as approved by a Special Resolution of the Company passed on 20 June 2001 and confirmed by an Order of the Court dated 5 September 2001) and the cancellation of the share premium on the further allotted shares (by an Order of the Court dated 19 December 2007) has provided the Company with a special reserve. One of the purposes of the special reserve is to be treated as distributable profits for the purposes of funding purchases of the Company's own shares.

The Company is also able to write off existing and future realised capital losses against this reserve, now that the Company has revoked its investment company status and is obliged to take into account capital losses in determining distributable reserves. Accordingly, a transfer of £303,031 has been made from the Special Reserve to the Profit and Loss account, representing current year realised losses.

17 Basic and diluted net asset value per share

Net asset value per Ordinary Share is based on net assets at the end of the year, and on 19,957,572 (2009: 20,107,800) Ordinary Shares, being the number of Ordinary Shares in issue on that date.

18 Reconciliation of profit/(loss) on ordinary activities before taxation to net cash (outflow)/inflow from operating activities

	2010	2009
	£	£
Profit/(loss) on ordinary activities before taxation	713,131	(2,194,337)
Net (gains)/losses on realisations of investments	(268,469)	21,299
Net unrealised (gains)/losses on investments	(700,336)	2,574,520
Decrease/(increase) in debtors	100,314	(145,908)
Increase/(decrease) in creditors and accruals	149,382	(34,929)
Net cash (outflow)/inflow from operating activities	(5,978)	220,645

19 Analysis of changes in net funds

	Cash	Liquid resources	Total
	£	£	£
At beginning of year	15,256	13,113,111	13,128,367
Cash flows	55,148	(7,137,292)	(7,082,144)
At 31 January 2010	70,404	5,975,819	6,046,223

20 Financial instruments

The Company's financial instruments in both years comprised :

- Equity and preference shares and fixed and floating rate interest securities that are held in accordance with the Company's investment objective; and
- Cash, liquid resources and short-term debtors and creditors that arise directly from the Company's operations.

The principal purpose of these financial instruments is to generate revenue and capital appreciation for the Company's operations. The Company has no gearing or other financial liabilities apart from short-term creditors. It is, and has been throughout the year under review, the Company's policy that no trading in derivative financial instruments shall be undertaken.

Classification of financial instruments
The Company held the following categories of financial instruments at 31 January 2010:

	2010 (Book value) £	2010 (Fair value) £	2009 (Book value) £	2009 (Fair value) £
Assets at fair value through profit and loss:				
Investment portfolio	15,291,966	15,291,966	7,805,465	7,805,465
Current investments	5,975,819	5,975,819	13,113,111	13,113,111
Loans and receivables				
Accrued income	102,353	102,353	66,116	66,116
Other debtors	25,194	25,194	77,356	77,356
Cash at bank	70,404	70,404	15,256	15,256
Liabilities at amortised cost or equivalent				
Other creditors	(255,349)	(255,349)	(138,150)	(138,150)
Total for financial instruments	21,210,387	21,210,387	20,939,154	20,939,154
Non financial instruments	12,155	12,155	96,544	96,544
Total net assets	21,222,542	21,222,542	21,035,698	21,035,698

The investment portfolio principally consists of unquoted investments 99.6% (2009: 99.0%). The investment portfolio has a 100% (2009:100%) concentration of risk towards small UK based, sterling denominated companies, and represents 72.1% (2009: 36.9%) of net assets at the year-end.

Current investments are money market funds, discussed under credit risk below, which represent 28.2% (2009: 62.3%) of net assets at the year-end.

The main risks arising from the Company's financial instruments are due to fluctuations in market prices (market price risk), credit risk and cash flow interest rate risk, although liquidity risk and currency risk are also discussed below. The Board regularly reviews and agrees policies for managing each of these risks and they are summarised below. These have been in place throughout the current and preceding years.

Market price risk
Market price risk arises from uncertainty about the future valuations of financial instruments held in accordance with the Company's investment objectives. These future valuations are determined by many factors but include the operational and financial performance of the underlying investee companies, as well as market perceptions of the future performance of the UK economy and its impact upon the economic environment in which these companies operate. This risk represents the potential loss that the Company might suffer through holding its investment portfolio in the face of market movements, which was a maximum of £15,291,966 at the year-end (2009: £7,805,465). It represents the potential gain or loss that the Company might benefit or suffer through holding its investment portfolio in the face of market movements.

The investments in equity and fixed interest stocks of unquoted companies that the Company holds are not traded and as such the prices are more uncertain than those of more widely traded securities. As, in a number of cases, the unquoted investments are valued by reference to price earnings ratios prevailing in quoted comparable sectors, their valuations are exposed to changes in the price earnings ratios that exist in the quoted markets.

The Board's strategy in managing the market price risk inherent in the Company's portfolio of equities and loan stock investments is determined by the requirement to meet the Company's Investment Objective, as set out on the inside front cover. As part of the investment management process, the Board seeks to maintain an appropriate spread of market risk, and also has full and timely access to relevant information from the Investment Manager. No single investment is permitted to exceed 15% of total investment assets at the point of investment. The Investment Committee meets regularly and reviews the investment performance and financial results, as well as compliance with the Company's objectives. The Company does not use derivative instruments to hedge against market risk.

Market price risk sensitivity
The Board believes that the Company's assets are mainly exposed to market price risk, as the Company is required to hold most of its assets in the form of sterling denominated investments in small companies.

Although a small part of these assets are quoted on AiM, nearly all of these assets are unquoted. All of the investments made by the Investment Manager in unquoted companies, irrespective of the instruments the Company actually holds, (whether shares, preference shares or loan stock) carry a full market risk, even though some of the loan stocks may be secured on assets, but behind any prior ranking bank debt in the investee company.

The Board considers that the value of investments in equity and loan stock instruments are ultimately sensitive to changes in quoted share prices, insofar as such changes eventually affect the enterprise value of unquoted companies. The table below shows the impact on profit and net assets if there were to be a 20% (2009: 20%) movement in overall share prices, which might in part be caused by changes in interest rate levels. However, it is not considered possible to evaluate separately the impact of changes in interest rates upon the value of the Company's portfolios of investments in small, unquoted companies.

The sensitivity analysis below assumes that each of these sub categories of investments (shares, preference shares and loan stocks) held by the Company produces a movement overall of 20% (2009: 20%), and that the actual portfolio of investments held by the Company is perfectly correlated to this overall movement in share prices. However, Shareholders should note that this level of correlation is unlikely to be the case in reality, particularly in the case of the loan stock instruments. This is because loan stock instruments would not share in the impact of any increase in share prices to the same extent as the equity instruments, as the returns are set by reference to interest rates and premiums agreed at the time of initial investment. Similarly, where share prices are falling, the equity instrument could fall in value before the loan stock instrument. It is not considered practical to assess the sensitivity of the loan stock instruments to market price risk in isolation.

	2010 **£** **Profit and net assets**	**2009** **£** **Profit and net assets**
If overall share prices fell by 20% (2009: 20%), with all other variables held constant – decrease	(3,058,393)	(1,561,093)
Decrease in earnings, and net asset value, per Ordinary share (in pence)	(15.32)p	(7.76)p

	2010 **£** **Profit and net assets**	**2009** **£** **Profit and net assets**
If overall share prices increase by 20% (2009: 20%), with all other variables held constant – increase	3,058,393	1,561,093
Increase in earnings, and net asset value, per Ordinary share (in pence)	15.32p	7.76p

The impact of a change of 20% (2009: 20%) has been selected as this is considered reasonable given the current level of volatility observed both on a historical basis and market expectations for future movement.

Credit risk
Credit risk is the risk that a counterparty will fail to discharge an obligation or commitment that it has entered into with the Company.

The Company's maximum exposure to credit risk is:

	2010 **£**	**2009** **£**
Loan stock investments	9,250,627	4,856,434
Money market funds	5,975,819	13,113,111
Accrued income and other debtor	127,547	143,472
Cash at bank	70,404	15,256
	15,424,397	18,128,273

The Company has an exposure to credit risk in respect of the loan stock investments it has made into investee companies, most of which have no security attached to them, and where they do, such security ranks beneath any bank debt that an investee company may owe.

The accrued income shown above was all due within three months of the year-end.

The following table shows the maturity of the loan stock investments referred to above. In some cases, the loan maturities are not the contractual ones, but are the best estimate using management's expectations of when it is likely that such loans maybe repaid.

	2010	2009
Repayable within	**£**	**£**
0 to 1 year	1,409,787	235,200
1 to 2 years	491,268	927,466
2 to 3 years	4,325,682	690,468
3 to 4 years	838,764	2,104,528
4 to 5 years	2,185,126	898,772
Total	9,250,627	4,856,434

No loans have as yet gone past their due repayment date. These loan stock investments are made as part of the qualifying investments within the investment portfolio, and the risk management processes applied to the loan stock investments have already been set out under market price risk above.

An aged analysis of the value of loan stock investments included above, which are past due but not individually impaired, is set out below. For this purpose, these loans are considered to be past due when any payment due under the loan's contractual terms (such as payment of interest) is received late or missed.

	0-6 months	6-12 months	over 12 months	2010 Total
	£	£	£	£
Loans to investee companies past due	-	460,664	640,005	1,100,669

	0-6 months	6-12 months	over 12 months	2009 Total
	£	£	£	£
Loans to investee companies past due	44,339	232,200	489,034	765,573

There is a risk of default by the money market funds above, which could suffer defaults within their underlying portfolios that could affect the values at which the Company could sell its holdings. The Board manages credit risk in respect of these money market funds and cash by ensuring a spread of such investments such that none should exceed 15% of the Company's total investment assets. These money market funds are all triple A rated funds, and so credit risk is considered to be relatively low in current circumstances.

There could also be a failure by counter-parties to deliver securities which the Company has paid for, or pay for securities which the Company has delivered. This risk is considered to be small as most of the Company's investment transactions are in unquoted investments, where investments are conducted through solicitors, to ensure that payment matches delivery. In respect of any quoted investment transactions that are undertaken, the Company uses brokers with a high credit quality, and these trades usually have a short settlement period. Accordingly, counterparty risk is considered to be relatively low.

Cash flow interest rate risk

The Company's fixed and floating rate interest securities, its equity and preference equity investments and net revenue may be affected by interest rate movements. Investments are often in relatively small businesses, which are relatively high risk investments sensitive to interest rate fluctuations.

Due to the short time to maturity of some of the Company's floating rate investments, it may not be possible to re-invest in assets which provide the same rates as those currently held.

The Company's assets include fixed and floating rate interest instruments, as shown below. The rate of interest earned is regularly reviewed by the Board, as part of the risk management processes applied to these instruments, already disclosed under market price risk above.

The interest rate profile of the Company's financial net assets at 31 January 2010 was:

	Financial net assets on which no interest paid	Fixed rate financial assets	Variable rate financial assets	Total	Weighted average interest rate	Average period to maturity
		£	£	£	%	(years)
Equity shares	6,033,767	-	-	6,033,767		
Preference shares	-	7,572	-	7,572	-	2.58
Loan stocks	-	5,347,532	3,903,095	9,250,627	4.41	2.99
Money market funds	-	-	5,975,819	5,975,819	0.53	
Cash	-	-	70,404	70,404		
Debtors	127,547	-	-	127,547		
Creditors	(255,349)	-	-	(255,349)		
Total for financial instruments	5,905,965	5,355,104	9,949,318	21,210,387		
Non-financial instruments	12,155	-	-	12,155		
Total net assets	5,918,120	5,355,104	9,949,318	21,222,542		

The interest rate profile of the Company's financial net assets at 31 January 2009 was:

	Financial net assets on which no interest paid	Fixed rate financial assets	Variable rate financial assets	Total	Weighted average interest rate	Average period to maturity
		£	£	£	%	(years)
Equity shares	2,925,062	-	-	2,925,062		
Preference shares	-	23,969	-	23,969	2.98	1.92
Loan stocks	-	4,419,609	436,825	4,856,434	7.46	3.04
Money market funds	-	-	13,113,111	13,113,111	1.89	
Cash	-	-	15,256	15,256		
Debtors	143,472	-	-	143,472		
Creditors	(138,150)	-	-	(138,150)		
Total for financial instruments	2,930,384	4,443,578	13,565,192	20,939,154		
Non-financial instruments	96,544	-	-	96,544		
Total net assets	3,026,928	4,443,578	13,565,192	21,035,698		

Note: Weighted average interest rates above are derived by calculating the expected annual income that would be earned on each asset (but only for those sums that are currently regarded as collectible and would therefore be recognised), divided by the values for each asset class at the balance sheet date.

Floating rate cash earns interest based on LIBOR rates.

The Company's investments in equity shares and similar instruments have been excluded from the interest rate risk profile as they have no maturity date and would thus distort the weighted average period information.

Cash flow interest rate sensitivity

Although the Company holds investments in loan stocks that pay interest, the Board does not consider it appropriate to assess the impact of interest rate changes in isolation upon the value of the unquoted investment portfolio, as interest rate changes are only one factor affecting the market price movements that are discussed above under market price risk. However, as the Company has a substantial proportion of its assets in money market funds, the table below shows the sensitivity of income earned to changes in interest rates:

	2010 £ Profit and net assets	2009 £ Profit and net assets
If interest rates fell by 1%, with all other variables held constant – decrease	(78,043)	(107,270)
Decrease in earnings, and net asset value, per Ordinary share (in pence)	(0.39)p	(0.53)p

	2010 £ Profit and net assets	2009 £ Profit and net assets
If interest rates rose by 1%, with all other variables held constant – increase	78,043	107,270
Increase in earnings, and net asset value, per Ordinary share (in pence)	0.39p	0.53p

Liquidity risk

The investments in equity and fixed interest stocks of unquoted companies that the Company holds are not traded, and thus they are not readily realisable. The ability of the Company to realise the investments at their carrying value may at times not be possible if there are no willing purchasers. The Company's ability to sell investments may also be constrained by the requirements set down for VCTs. The maturity profile of the Company's loan stock investments disclosed within the consideration of credit risk above indicates that these assets are also not readily realisable until dates up to five years from the year-end.

To counter these risks to the Company's liquidity, the Investment Manager maintains sufficient cash and money market funds to meet running costs and other commitments. The Company invests its surplus funds in high quality money market funds which are, as reported in Note 13, nearly all accessible on an immediate basis.

Currency risk

All assets and liabilities are denominated in sterling and therefore there is no currency risk.

Fair value hierarchy

The table below sets out fair value measurements using FRS29 fair value hierarchy. The Company has one class of assets, being at fair value through profit and loss.

Financial assets at fair value through profit and loss
At 31 January 2010

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	64,323	-	5,969,444	6,033,767
Preference shares	-	-	7,572	7,572
Loan stock investments	-	-	9,250,627	9,250,627
Money market funds	5,975,819	-	-	5,975,819
Total	6,040,142	-	15,227,643	21,267,785

There are currently no financial liabilities at fair value through profit and loss.

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset as follows:

Level 1 – valued using quoted prices in active markets for identical assets
Level 2 – valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1.
Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data.

The valuation techniques used by the company are explained in the accounting policies in note 1.

There have been no transfers during the year between Levels 1 and 2. A reconciliation of fair value measurements in Level 3 is set out on below:

	Equity investments £'000	Preference shares £'000	Loan stock investments £'000	Total £'000
Opening balance at 1 February 2009	2,925,062	23,969	4,856,434	7,805,465
Purchases	2,750,541	2,132	5,549,523	8,302,196
Sales	(913,878)	(3,511)	(884,269)	(1,801,658)
Total gains/(losses) included in gains/(losses) on investments in the Income Statement:				-
- on assets sold	212,676	-	72,951	285,627
- on assets held at the year end	1,059,366	(15,018)	(344,012)	700,336
Closing balance at 31 January 2010	6,033,767	7,572	9,250,627	15,291,966

As detailed in the accounting policies note, where investments are valued on an earnings-multiple basis, the main input used for this basis of valuation is a suitable price-earnings ratio taken from a comparable sector on the quoted market. These ratios are correlated to the share prices and so any change in share prices will have a significant effect on the fair value measurements of the investments classified as Level 3 investments.

Level 3 unquoted equity and loan stock investments are valued in accordance with the IPEVCV guidelines as follows:

	31 January 2010 £	31 January 2009 £
Investment methodology		
Cost (reviewed for impairment)	6,114,709	1,133,965
Asset value supporting security held	349,983	-
Recent investment price	1,878,249	1,000,000
Earnings multiple	6,438,836	5,597,206
Realisation proceeds	445,866	-
	15,227,643	7,731,171

The unquoted equity and loan stock investments had the following movements between valuation methodologies between 31 January 2009 and 31 January 2010:

Change in investment methodology (2009 to 2010)	**Carrying value as at 31 January 2010 £**	**Explanatory note**
Recent investment price to earnings multiple	905,295	More appropriate basis for determining fair value

Cost (reviewed for impairment) to earnings multiple	675,928	More appropriate basis for determining fair value
Earnings multiple to Asset value supporting security held	349,983	More appropriate basis for determining fair value
Cost (reviewed for impairment) to realisation proceeds	445,866	Investment sold shortly after the year end.

The valuation will be the most appropriate valuation methodology for an investment within its market, with regard to the financial health of the investment and the September 2009 IPEVCV guidelines. The directors believe that, within these parameters, there are no other possible methods of valuation which would be reasonable as at 31 January 2010.

The Standard requires disclosure, by class of financial instruments, if the effect of changing one or more inputs to reasonably possible alternative assumptions would result in a significant change to the fair value measurement. The information used in determination of the fair value of Level 3 investments is chosen with reference to the specific underlying circumstances and position of the investee company. The portfolio has been reviewed and both downside and upside reasonable possible alternative assumptions have been identified and applied to the valuation of each of the unquoted investments. Applying the downside alternatives, the value of the unquoted investments would be £615k or 4.0% lower. Using the upside alternatives the value would be increased by £847k or 5.5%. In arriving at both these figures, a 5% change to earnings multiples was applied. In addition, for the upward alternative only, the earnings of three investee companies were increased where it was considered reasonable to do so.

21 Management of capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and to provide an adequate return to shareholders by allocating its capital to assets commensurate with the level of risk.

By its nature, the Company has an amount of capital, at least 70% (as measured under the tax legislation) of which is and must be, and remain, invested in the relatively high risk asset class of small UK companies within three years of that capital being subscribed. The Company accordingly has limited scope to manage its capital structure in the light of changes in economic conditions and the risk characteristics of the underlying assets. Subject to this overall constraint upon changing the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets if so required to maintain a level of liquidity to remain a going concern.

Although, as the Investment Policy implies, the Board would consider levels of gearing, there are no current plans to do so. It regards the net assets of the Company as the Company's capital, as the level of liabilities are small and the management of them is not directly related to managing the return to shareholders. There has been no change in this approach from the previous year.

22 Segmental analysis

The operations of the Company are wholly in the United Kingdom, from one class of business.

23 Post balance sheet events

Following the year end, 1,483,901 shares were issued on 31 March and 3 April 2010 as part of a top up offer raising £1.64 million for the Company.

Matrix Income & Growth 4 VCT PLC
(Registered in England and Wales No. 3707697)

NOTICE of the ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Annual General Meeting of the Company will be held at 12.00 noon on Thursday, 27 May 2010 at One Vine Street, London W1J 0AH for the purpose of considering and, if thought fit, passing the following resolutions of which, resolutions numbered 1 to 8 and 13 will be proposed as ordinary resolutions and resolutions numbered 9 to 12 will be proposed as special resolutions:

ORDINARY BUSINESS

1. To receive the audited annual accounts of the Company for the financial year ended 31 January 2010 together with the Directors' Report and the Auditors' report on those accounts and on the auditable part of the Directors' Remuneration Report.

2. To approve the Directors' Remuneration Report for the year ended 31 January 2010 which is set out in the Annual Report of the Company for the year ended 31 January 2010.

3. To appoint PKF (UK) LLP as Auditors to the Company until the conclusion of the next Annual General Meeting.

4. To authorise the Directors to determine the remuneration of the Auditors.

5. To re-elect Colin Hook as a Director of the Company.

6. To approve a final dividend for the year ended 31 January 2010 of 2 pence per share.

7. That the Directors be and are hereby authorised to introduce a dividend investment scheme on such terms and conditions as they shall see fit from time to time ("Dividend Investment Scheme") and without prejudice to Resolutions 8 and 9 below the Directors be and are hereby generally and unconditionally authorised to exercise all the powers of the Company to allot equity securities (which expression shall have the meaning ascribed to it in section 560 of the Companies Act 2006) pursuant to any Dividend Investment Scheme operated by the Company from time to time at a subscription price per share which is less than the net asset value of shares of that class.

8. That in substitution for any existing authorities pursuant to section 551 of the Companies Act 2006 (the "Act") for the purpose of the said section 551 (and so that expressions used in this resolution shall bear the same meanings as in the said section 551) the Directors be and are generally and unconditionally authorised to exercise all the powers of the Company to allot:

   (i) relevant securities up to a maximum nominal amount of £171,472 to such persons and at such times and on such terms as they think proper; and

   (ii) equity securities (as defined in section 560 of the Act) in connection with a rights issue in favour of the holders of equity securities and any other persons entitled to participate in such issue where the equity securities respectively attributable to the interests of such holders and persons are proportionate (as nearly as maybe) to the respective number of equity securities held by them up to an aggregate nominal amount of £71,472 subject only to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws or requirements of any recognised regulatory body or stock exchange in any territory,

   in each case so that the authority hereby conferred shall expire on the conclusion of the Annual General Meeting of the Company to be held in 2011, unless renewed, revoked or varied by the Company in general meeting (except that the Company may, before such expiry, make offers or agreements which would or might require relevant securities to be allotted after such expiry and notwithstanding such expiry the Directors may allot relevant securities in pursuance of such offers or agreements).

To consider and, if thought fit, to pass the following resolution as a special resolution:

9. That in substitution for any existing authorities pursuant to sections 570 and 573 of the Act the Directors be and are empowered in accordance with sections 570 and 573 of the Act to sell treasury shares (as defined in section 560(3) of the Act) and, subject to the passing of Resolution 8 set out in the Notice convening this Meeting, make other allotments of equity securities (and the expression "allotment of equity securities" and like expressions used in this resolution shall have the meaning given to them by virtue of section 560 of the Act) for cash, pursuant to the authority conferred on them to allot relevant securities and/or equity securities (as defined in Section 560 of the Act) by that resolution, in each case as if section 561 did not apply to any such sale or allotment, provided that the power conferred by this resolution shall be limited to:-

    (i) the allotment and issue of equity securities up to an aggregate nominal value representing £100,000 in connection with offer(s) for subscription;

    (ii) the allotment of equity securities in connection with a rights issue where the Ordinary Shares offered to all 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) the allotment of equity securities with an aggregate nominal value of up to but not exceeding 10 per cent of the issued Ordinary Share capital of the Company at the date hereof in connection with any dividend investment scheme or similar scheme as may be introduced by the Company from time to time;

    (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 at the date hereof 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 5 per cent of the issued Ordinary Share capital of the Company at the date hereof.

    This power, unless previously renewed or revoked, shall expire on the conclusion of the Annual General Meeting of the Company to be held in 2011 save that the Company may, before expiry of this power, make offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors may allot securities in pursuance of any such offers or agreements as if the power conferred hereby had not expired.

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions as special resolutions:

10. That the Company be and is hereby generally and unconditionally authorised for the purpose of section 701 of the Act to make a market purchase or market purchases (as defined in section 693(4) of the Act) of Ordinary Shares of 1 pence each in the capital of the Company ("Ordinary Shares") at any time or times provided that:-

    (i) the maximum aggregate number of Ordinary Shares authorised to be purchased is 3,214,077;

    (ii) the minimum price which may be paid for such Ordinary Shares is 1 penny per Ordinary Share, being the nominal value of an Ordinary Share;

(iii) the maximum price which may be paid for any Ordinary Share shall be the higher of (a) an amount equal to five per cent above the average of the middle market quotations for such shares taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day the Ordinary Share is contracted to be purchased and (b) the price stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation (EC 2273/2003);

(iv) the Company may make a contract or contracts to purchase its own Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of its own Ordinary Shares in pursuance of any such contract; and

(v) any purchase by the Company of its own shares does not prejudice the ability of the Company to disregard, to the fullest possible extent pursuant to section 274 of the Income Tax Act 2007 ("the ITA"), the use to which money raised pursuant to a share issue is put, for the purposes of complying with the 70% test and the 30% test, as those terms are defined in the ITA.

The authority hereby conferred shall (unless previously renewed or revoked) expire on the conclusion of the next Annual General Meeting of the Company to be held in 2011.

11. That the regulations contained in the document produced to the meeting (for the purpose of identification marked "A" and signed by the Chairman of the meeting) be approved and adopted with effect from the termination of this meeting as the Articles of Association of the Company in substitution for and to the exclusion of the existing Articles of Association of the Company.

12 That a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice.

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

13. The investment policy of the Company in respect of the uninvested funds be amended to provide that the Company's cash and liquid resources be invested to maximise income returns in a range of instruments of varying maturities, subject to the overriding criterion that the risk of loss of capital be minimised.

BY ORDER OF THE BOARD

Matrix-Securities Limited,
Company Secretary

Registered Office
One Vine Street
London W1J 0AH

Dated: 12 April 2010

Notes:

1. To be entitled to attend and vote at the meeting (and for the purposes of the determination by the Company of the votes they may cast), members must be registered in the Register of Members of the Company at 6.00 pm on 25 May 2010 (or, in the event of any adjournment, 6.00 pm on the date which is two days before the time of the adjourned meeting). Changes to the Register of Members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak, with the permission of the Chairman, and vote on his or her behalf. A proxy need not also be a member but must attend the meeting to represent you. Details of how to appoint the chairman of the meeting or another person as your proxy using the form of proxy are set out in the notes on the form of proxy. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the chairman) and give your instructions directly to them.

3. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, (an) additional form(s) of proxy may be obtained by contacting Capita Registrars on 020 8639 2000. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given.

4. The statement of the rights of members in relation to the appointment of proxies in paragraphs 1 to 3 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by members of the Company.

5. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 (the "Act") to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the Shareholder as to the exercise of voting rights.

6. A personal reply paid form of proxy is enclosed with this document. To be valid, it should be lodged, together with the power of attorney or other authority, if any, under which it is signed or a notarilly certified or office copy thereof, at the offices of the Company's registrar, Capita Registrars, Northern House, Woodsome Park, Fennay Bridge, Huddersfield, West Yorkshire HD8 0LA, so as to be received not later than 12.00 noon on 25 May 2010 or 48 hours before the time appointed for any adjourned meeting or, in the case of a poll taken subsequent to the date of the meeting or adjourned meeting, so as to be received no later than 24 hours before the time appointed for taking the poll.

7. Appointment of a proxy will not preclude a member from subsequently attending and voting at the meeting should he or she subsequently decide to do so. You can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy.

8. As at 12 April 2010 (being the last business day prior to the publication of this notice), the Company's issued share capital consisted of 21,441,473 Ordinary Shares of 1p, carrying one vote each. Therefore, the total voting rights in the Company as at 12 April 2010 were 21,441,473.

9. The Register of Directors' Interests and Directors' appointment letters will be available for inspection at the Company's registered office during normal business hours on any weekday (excluding Saturdays, Sundays and public holidays) until the end of the Annual General Meeting and will also be available for inspection at the place of the Annual General Meeting for at least fifteen minutes prior to and during the meeting. The Directors do not have any service contracts with the Company.

10. If you have been nominated to receive general shareholder communications directly from the Company, it is important to remember that your main contact in terms of your investment remains as it was (so the registered shareholder, or perhaps custodian or broker, who administers the investment on your behalf). Therefore any changes or queries relating to your personal details and holding (including any administration thereof) must continue to be directed to your existing contact at your investment manager or custodian. The Company cannot guarantee dealing with matters that are directed to us in error. The only exception to this is where the Company, in exercising one of its powers under the Companies Act 2006, writes to you directly for a response.

11. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

12. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by 12 noon on 25 May 2010. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

13. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a

CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

14. If a corporate shareholder has appointed a corporate representative, the corporate representative will have the same powers as the corporation could exercise if it were an individual member of the Company. If more than one corporate representative has been appointed, on a vote on a show of hands on a resolution, each representative will have the same voting rights as the corporation would be entitled to. If more than one authorised person seeks to exercise a power in respect of the same shares, if they purport to exercise the power in the same way, the power is treated as exercised; if they do not purport to exercise the power in the same way, the power is treated as not exercised.

15. Under section 527 of the Act members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Act. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's auditor no later then the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the Companies Act to publish on a website.

16. At the meeting shareholders have the right to ask questions relating to the business of the meeting and the Company is obliged to answer such questions, unless; to do so would interfere unduly with the preparation of the meeting or would involve the disclosure of confidential information, if the information has been given on the Company's website, www.mig4vct.co.uk in the form of an answer to a question, or if it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

17. Further information regarding the meeting is available on the Company's website, www.mig4vct.co.uk.

Corporate Information

Directors (Non-executive)
Colin Hook (Chairman)
Christopher Moore
Helen Sinclair

Secretary
Matrix-Securities Limited
One Vine Street
London W1J 0AH

Company's Registered Office and Head Office
One Vine Street
London W1J 0AH

Company Registration Number
3707697

Investment Manager
Matrix Private Equity Partners LLP
One Vine Street
London W1J 0AH
www.matrixgroup.co.uk

Website: www.mig4vct.co.uk

Promoter and Administrator
Matrix-Securities Limited
One Vine Street
London W1J 0AH

Solicitors
Travers Smith
10 Snow Hill
London EC1A 2AL

Registrars
Capita Registrars
Northern House
Woodsome Park
Fenay Bridge
Huddersfield
West Yorkshire HD8 0GA

Stockbroker
Matrix Corporate Capital LLP
One Vine Street
London W1J 0AH

Independent Auditors
PKF (UK) LLP
Farringdon Place
20 Farringdon Road
London EC1M 3AP

VCT Status Adviser
PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH

Bankers and Custodians
National Westminster Bank plc
Financial Institutions Team
First Floor
Mayfair Commercial Banking Centre
Piccadilly
London W1A 2PP