MATRIX INCOME & GROWTH 4 VCT PLC

4

A VENTURE CAPITAL TRUST

REPORT & ACCOUNTS

Annual Report and Accounts
for the year ended 31 January 2009

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 2009

- Increase of 15.7% in year in cumulative dividends (paid and proposed)
- Within this, dividends paid and proposed in respect of 2009 have remained constant compared to the previous year
- Increase of 12.6% in shareholder total return (share price basis) in period since MPEP took over sole management of the Fund from 1 August 2006
- Decrease of 3.4% 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

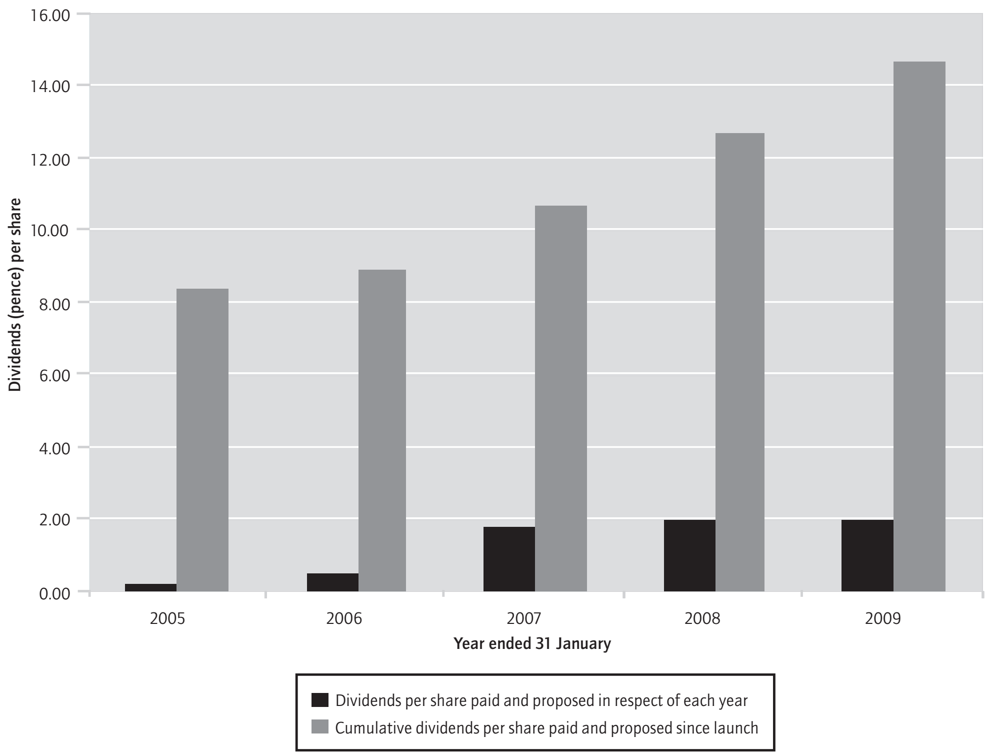
Year ended 31 January	Dividends per share paid and proposed in respect of each year (p)	Cumulative dividends per share paid and proposed since launch (p)
2009	2.00*	14.70*
2008	2.00	12.70
2007	1.80	10.70
2006	0.50	8.90
2005	0.20	8.40

Dividends paid include distributions from both income and capital.

***Dividends Proposed**

A final proposed dividend of 1 penny per share will be recommended to Shareholders at the AGM of the Company to be held on 21 May 2009 to be paid on 10 June 2009 and has been included in the above figures.

Dividends paid and proposed in respect of each year

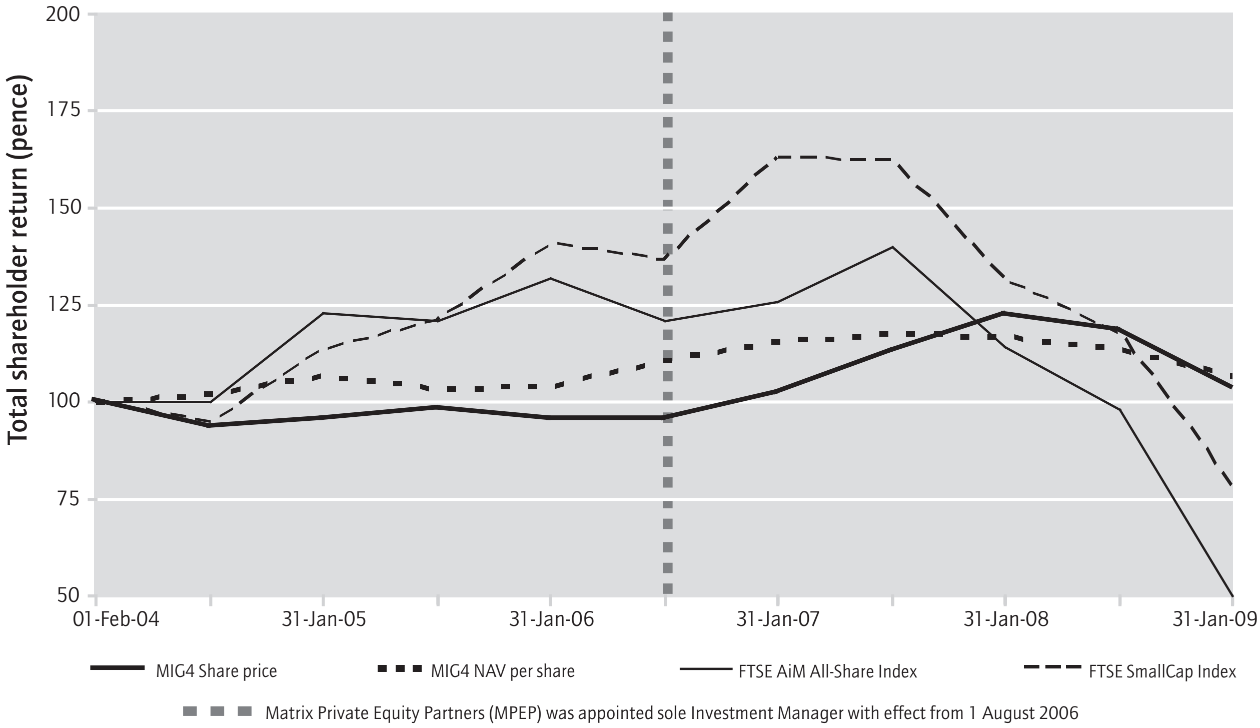


Performance Summary

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)
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
2005	10.1	110.3	118.5	85.0	93.4

[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 1 February 2004.

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 2009.

Performance

As at 31 January 2009, the Net Asset Value (NAV) per share (including current year income) was 104.6 pence (2008: 117.4 pence). Adjusted for the dividends totalling 2.25 pence paid to shareholders in the year, this represents a decrease of 9.0% over the period. The NAV total return per share fell in the year by 8.2% from 128.9 pence at 31 January 2008 to 118.3 pence at 31 January 2009.

In the light of the current economic uncertainty and turmoil in financial markets during the last twelve months, possibly the worst in the last fifty years, this has definitely not been an easy period for investment companies. This is clearly evidenced by the relevant stock market indices shown below, all of which fell significantly. In marked contrast, the outcome for the year, at a time when the Company's net assets per share have fallen only slightly, is encouraging given the difficult economic climate.

This encouraging outcome is supported by the fact that some 70% of our investee companies by value enjoyed profit growth in excess of 5% over the previous year*. May I temper this, however, by sounding a note of caution as a number of our investee companies, late in this financial period, have now started to notice the effect of the recession.

The stock market

During the same twelve-month period referred to above the total return of the FTSE All-Share Index fell by 27.8%, the FTSE Small Cap Index by 40.9% and the FTSE AiM All-Share Index by 57.6%.

It is helpful to observe the impact of the changes in the FTSE Sector Price Earnings Ratios over the past financial year in those sectors in which the Company is invested. Under the International Private Equity and Venture Capital Valuation (IPEVCV) guidelines, the Company is required to value its unquoted investments using, where appropriate, the most comparable sector multiple. As can be seen from the table shown below, even if an investment is trading equally as profitably as a year ago, it is likely that the investment will be reduced in value because of the generally significantly lower comparable price earning ratios.

One Year Change	31 January 2009	31 January 2008	% +/-
Construction and materials	7.54	12.29	-39
Food producers	11.18	12.21	-8
Media	9.97	16.16	-38
Personal goods	12.43	24.22	-49
Pharmaceuticals and biotechnology	15.19	13.59	12
Software and computer services	14.08	24.79	-43
Support services	10.81	15.69	-31
Technology, hardware and equipment	11.60	24.63	-53

* Based on the latest annual accounts of each investee company

Economic background

All UK investment portfolios have been and are being affected by the much harsher economic conditions which now exist. These are predicted to continue for the remainder of this calendar year. If the problems in the global financial community are not resolved and if confidence is not restored in our financial system quickly, the recession is likely to be very severe indeed. Today's economic and financial problems can be attributed to excessive lending by most banks and to the Government's imprudent growth in public spending and by its insatiable borrowing, both on and off balance sheet, over more than a decade. I cover our views below on the outlook for the economy and the Company's portfolio.

Inevitably this general climate has affected sentiment across all sectors of the economy. There are two important aspects of this which are related to the Company's business: whilst divestments have proved to be difficult to achieve over the past year, we do nevertheless expect acquisition prices to become more attractive. No exits have been achieved in the current financial year, but nevertheless the Board and the Investment Manager remain confident about the trading performances of most of our investments.

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 84.7% with 14.7% invested in development capital 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 support services at 24.2%. Media at 20.9% is the next largest investment sector. This spread of investments reflects the current investment strategy of spreading risks whilst trying to maintain a steady, if not increasing, dividend yield.

Within the portfolio, a partial loan stock repayment of £71,819 was made by VSI Holdings Limited in April 2008, but regrettably no realisations were achieved during the period.

A new investment of £458,837 was made in April 2008 in The Plastic Surgeon Holdings Limited to support the MBO of Plastic Surgeon Fine Finishers, which is engaged in the snagging and finishing of domestic and commercial properties. In October 2008, a new investment was also made into ATG Media Holdings Limited of £1 million to support the MBO of Metropress, publishers of the Antiques Trade Gazette. A further loan stock investment of £95,461 was made in November 2008 into PXP Holdings Limited and a further loan stock investment of £70,475 was made into Monsal Holdings Limited in January 2009. Inca Interiors Limited went into administration on 2 June 2008 and FH Ingredients was dissolved on 9 December 2008.

Cash available for investment

Cash and liquidity fund balances as at 31 January 2009 amounted to some £13.1 million. During this economic turmoil, the Board has worked hard to ensure that our cash deposits have remained 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 directly with individual banks, thereby reducing our exposure to any one particular bank.

Revenue account

The revenue account rose by £56,042 due to three main factors. First, total income rose by £28,922, being the net increase across the three main categories of income. There has been a further rise in loan stock interest of £49,193, as these loan stock investments yielded additional such income. Against this, income from liquidity funds fell by £20,483, due mainly to the sharp fall in interest rates over the final four months of the year, a trend which is continuing in the current year.

Secondly, revenue return was boosted by £13,500 of VAT recoverable as a result of the recent HM Revenue & Customs ("HMRC") ruling that means some of the past VAT on management fees can be recovered.

Finally, fund management fees charged to the revenue return have fallen by £31,843 as net assets have fallen and because the Investment Manager bears the expense cap that applies once running costs exceed 3.4% of closing net assets. Other costs have remained broadly constant.

Although there is no tax suffered overall by the Company, the higher revenue income increased the notional tax charge allocated to revenue by £24,066.

Dividend

The Company's revenue return per Ordinary Share was 2.35 pence (2008: 2.21 pence). Your Board will be recommending a final income dividend of 1 penny per Ordinary Share in respect of the year under review at the Annual General Meeting to be held on 21 May 2009. The dividend will be paid on 10 June 2009 to Shareholders on the Register on 15 May 2009.

In the light of present interest rate levels, dividends arising from revenue are likely to be severely limited in the forthcoming year.

Valuation Policy

As quoted stocks are valued at bid prices, rather than mid-market prices, it is worth commenting that the Fund does hold a small number of relatively early stage AiM-quoted stocks with limited marketability. In such cases, the price at which a sizeable block of shares could be traded, if at all, may vary significantly from the market price used.

VAT

Shareholders may be aware of recent HMRC announcements that could permit VCTs to recover VAT previously charged on fund management fees for at least the past three years. These accounts have recognised VAT recoverable of £85,459, based upon available information supplied by the Company's current and past Investment Managers, including £31,459 which has been set off against the current year's management expense. This figure contains a degree of estimation and it is possible that additional amounts of such VAT will be recoverable in due course although the Directors are unable at this stage to quantify such further amounts. £54,000 of this amount has been disclosed as a separate item of income in the Profit and Loss Account.

Appointment of corporate broker

On 13 October 2008, the London Stock Exchange announced that Landsbanki Securities (UK) Limited (Landsbanki) would no longer be able to act as a market maker. Landsbanki was therefore unable to quote prices or make a market in the Company's shares. The Directors understand that this action by the London Stock Exchange related to the Administration of Landsbanki's parent company, Landsbanki Islands hf, and resultant regulatory actions arising therefrom. I apologise for the inconvenience this may have caused to any shareholders.

The Board is pleased, therefore to have been able to announce the appointment of Matrix Corporate Capital LLP (MCC) as corporate broker to the Company on 3 December 2008. The team at MCC includes the core Investment Funds team who were formerly at Landsbanki.

Share buy-backs

During the year ended 31 January 2009 the Company continued to implement its buy-back policy and bought back 391,399 Ordinary Shares, representing 1.91% of the shares in issue at 1 February 2008 at a total cost of £376,481 (excluding expenses). 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.

***unquote"* British Private Equity 2008 Awards**

I am delighted to inform you that our Investment Manager, Matrix Private Equity Partners, won the award for "VCT Manager of the Year" at the recent *unquote"* British Private Equity Awards 2008. May I congratulate the team on this well earned reward and for their hard work on behalf of the Company throughout the year.

Outlook

It is highly probable that the current tougher economic conditions could endure for some time. Relatively small, early stage growth businesses will inevitably be tested in such an environment. However, many of our portfolio companies, which are in later stages of development, are continuing to trade positively and, in some cases, above the levels seen more than a year ago.

The Company has significant cash resources and this is crucially important at a time when many commercial banks have been announcing losses and are pursuing more cautious lending policies. Furthermore, it places the Company in an excellent position to take advantage of what are expected to be increasingly attractive purchase opportunities which are expected to become available later in the year. We have already recently seen one example where economic conditions enabled a renegotiation of the terms of investment.

Therefore, while short term valuations are likely to be subject to continuing pressure your Board looks to the mid-term future with more confidence.

Once again, I would like to take this opportunity to thank Shareholders for their continued support.

Colin Hook
Chairman
8 April 2009

Responsibility Statement of the Directors in respect of the Annual Financial Report

The Directors confirm that to the best of their knowledge:

(a) The financial statements, which have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice, 'Financial Statements of Investment Trust Companies' issued by the Association of Investment Companies in 2003 and revised in 2005, give a true and fair view of the assets, liabilities, financial position and loss of the Company; and

(b) The management report, comprising the Chairman's Statement, Investment Policy, Statement of Principal Risks, Management and Regulatory Environment, Investment Portfolio Summary and the Investment Managers' Review, 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 they face.

On behalf of the Board

Colin Hook
Chairman
8 April 2009

Principal Risks, Management and Regulatory Environment

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 that 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 55-60.

The Board seeks to mitigate the internal risks by setting policy 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.

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.

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 period 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 2009

	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-09 £	Valuation at 31-Jan-09 £	Cost at 31-Jan-09 £	Valuation at 31-Jan-09 £	Cost at 31-Jan-09 £	Valuation at 31-Jan-08 £	Additional investments £	Valuation at 31-Jan-09 £	£	£	£			
Matrix Private Equity Partners Portfolio														
DiGiCo Europe Limited Manufacturer of audio mixing desks	386,522	477,622	613,478	613,478	1,000,000	1,000,000	-	1,091,100	91,100	-	-	6.52%	13.98%	Variable rate secured loan stock 2012
ATG Media Holdings Limited Publisher and online auction platform operator	355,556	355,556	644,444	644,444	1,000,000	-	1,000,000	1,000,000	-	-	-	8.90%	12.81%	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	31,551	502,092	726,889	772,451	772,451	-	758,440	(14,011)	-	-	3.10%	9.73%	Secured loan stock 2012
Higher Nature Limited Mail order distributor of vitamins and natural medicines	500,127	708,597	-	-	500,127	1,243,246	-	708,597	(534,649)	-	-	10.69%	9.08%	
Tottel Publishing Limited Publisher specialising in legal and tax titles	58,800	377,837	176,400	238,336	235,200	382,173	-	616,173	234,000	-	-	6.27%	7.89%	9.6% secured subordinated loan stock 2009 and participating preference shares
Blaze Signs Holdings Limited Manufacturer and installer of signs	183,005	40,644	427,011	552,827	610,016	776,914	-	593,471	(183,443)	-	-	5.70%	7.60%	Secured loan stock 2010 and 2011 at 10%
Monsal Holdings Limited Supplier of engineering services to the water and waste sectors	214,596	160,947	490,175	367,631	704,771	634,296	70,476	528,578	(176,193)	-	-	9.80%	6.77%	8.62% fixed rate secured loan stock 2012
Youngman Group Limited Manufacturer of ladders and access towers	50,027	26,524	449,999	449,999	500,026	1,439,740	-	476,523	(963,217)	-	-	4.24%	6.11%	7.75% secured subordinated loan stock
Pastaking Holdings Limited Manufacturer and supplier of fresh pasta meals	53,222	313,394	79,833	95,950	133,055	351,877	-	409,344	57,467	-	-	2.10%	5.24%	Secured loan stock at 10%
Stortext FM Limited Provider of document management software and services	185,852	0	375,968	375,968	561,820	375,968	-	375,968	-	-	-	4.60%	4.82%	9% unsecured subordinated 'A' loan stock 2010
VSI Limited Provider of software for CAD and CAM vendors	17,726	202,170	94,202	103,529	111,928	346,034	-	305,699	31,483	-	71,819	4.56%	3.92%	Secured loan stock at 10%
British International Holdings Limited Helicopter service operator	56,250	14,888	193,750	232,450	250,000	251,075	-	247,338	(3,737)	-	-	2.50%	3.17%	Secured loan stock 2011 at 9%
The Plastic Surgeon Holdings Limted commercial properties	45,884	0	412,953	229,419	458,837	-	458,837	229,419	(229,418)			6.88%	2.94%	Secured loan stock 2012 at 7.8%
Vectair Holdings Limited Designer and distributor of washroom products	24,643	51,473	75,357	90,411	100,000	140,749	-	141,884	1,135	-	-	2.14%	1.82%	Variable rate secured loan stock 2010
PXP Holdings Limited Designer, manufacturer and supplier of timber frames for buildings	168,217	0	511,332	139,086	679,549	485,818	95,461	139,086	(442,193)	-	-	4.98%	1.78%	Secured loan stock 2011 and 2013 at 8%
SectorGuard plc [1] Provider of manned guarding, patrolling and alarm response services	150,102	64,323	-	-	150,102	75,044	-	64,323	(10,721)	-	-	1.08%	0.82%	
BG Consulting Group Limited/Duncary 4 Limite Provider of financial training services	22,041	51,397	208,755	1,667	230,796	101,162	-	53,064	(48,098)	-	-	See note 2	0.68%	Variable rate unsecured loan notes 2010 and preference shares
Campden Media Limited Magazine publisher and conference organiser	30,906	0	121,714	18,319	152,620	113,785	-	18,319	(95,466)	-	-	1.69%	0.23%	Variable rate unsecured loan notes 2010 and A ordinary shares
Racoon International Holdings Limited training	122,043	0	284,762	0	406,805	203,403	-	0	(203,403)	-	-	5.70%	0.00%	Secured loan stock at 8% and 10% participating preference shares
Letraset Limited Manufacturer and distributor of graphic art products	150,000	0	-	-	150,000	0	-	0	-	-	-	17.35%	0.00%	
Inca Interiors Limited (in liquidation) Designer, supplier and installer of contract kitchens	50,000	0	300,000	0	350,000	50,000	-	0	-	(50,000)	-	9.75%	0.00%	9% secured subordinated loan stock 2006 and preference shares
Maven Management Limited [3] Market research agency	-	-	-	-	-	-	-	-	-	28,701	28,701	-	0.00%	
Total	3,095,878	2,876,923	5,962,225	4,880,403	9,058,103	8,743,735	1,624,774	7,757,326	(2,489,364)	(21,299)	100,520		99.39%	

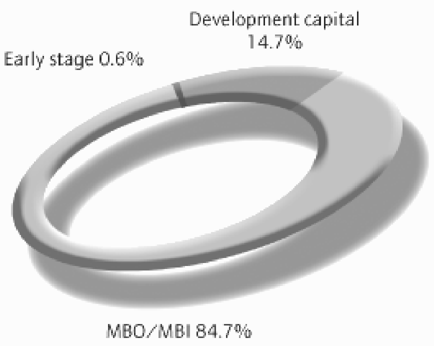
Investment Portfolio Summary
as at 31 January 2009

	Ordinary Shares Cost at 31-Jan-09	Ordinary Shares Valuation at 31-Jan-09	Other Investments (loan stock/preference shares) Cost at 31-Jan-09	Other Investments (loan stock/preference shares) Valuation at 31-Jan-09	Total Cost at 31-Jan-09	Total Valuation at 31-Jan-08	Total Additional investments	Total Valuation at 31-Jan-09	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
Former Elderstreet Private Equity Portfolio														
Cashfac Limited	260,101	38,168	-	-	260,101	86,372	-	38,168	(48,204)	-	-	3.42%	0.49%	-
Provider of virtual banking application software solutions to corporate customers														
Expansys plc [1]	31,000	9,971	-	-	31,000	46,923	-	9,971	(36,952)	-	-	0.58%	0.12%	
Retailer of handheld electrical products														
Sparesfinder Limited	250,000	0	-	-	250,000	0	-	0	-	-	-	2.19%	0.00%	
Supplier of industrial spare parts on-line														
Other investments in the portfolio [4]	374,973	0	-	-	374,973	0	-	0	-	-	-	-	0.00%	
Total	916,074	48,139	-	-	916,074	133,295	-	48,139	(85,156)	-	-		0.61%	
Investment Managers' Total	4,011,952	2,925,062	5,962,225	4,880,403	9,974,177	8,877,030	1,624,774	7,805,465	(2,574,520)	(21,299)	100,520		100.00%	

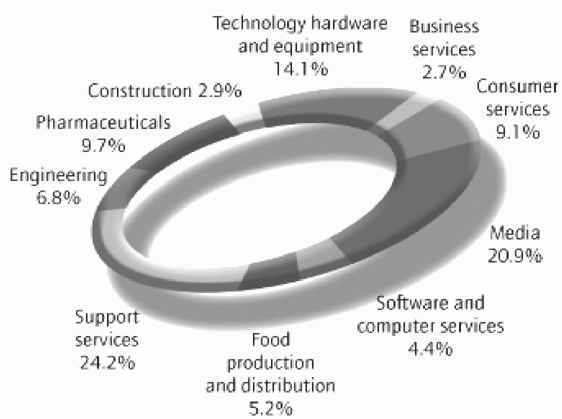
[1] Quoted on AiM
[2] The % of equity held in BG Consulting Group Limited is 2.6% and in Duncary 4 Limited is 6.64%.
[3] Maven Management was sold in 2007. Part of the consideration was contingent upon revenue thresholds being achieved, which generated further sale proceeds shown above.
[4] Other investments in the Elderstreet portfolio comprise those investments that have been valued at nil and from which the Directors only expect to receive small recoveries i.e. ComponentSource Holding Corporation and Sift Group Limited.

Investments at valuation as at 31 January 2009

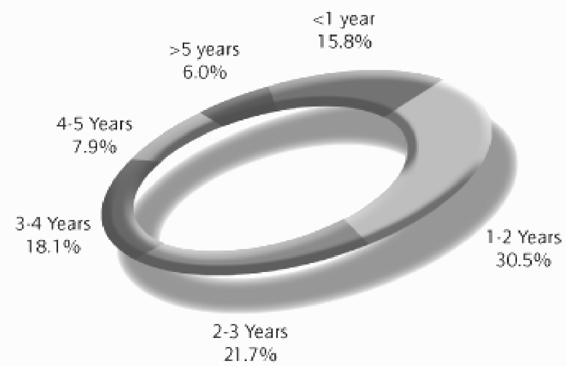
By stage of development



By market sector



By number of years held



Investment Manager’s Review

The opportunity to sell businesses at attractive prices peaked early on in the Company’s financial year driven by changes to the rules on capital gains tax for owner managers. Thereafter, the market stalled and it has not been generally possible to secure attractive realisations.

Over the year, deferred consideration was received from one previous investment and one partial divestment was made. In August, Munro Global, which acquired Maven Management in 2007, repaid £29k of a conditional loan stock after Maven successfully achieved a revenue target during the year. A further and final payment may be made during the current year. In April, an early repayment of loan stock was received from VSI. Proceeds of £71,819 produced a profit from the loan premium of £6,530 on the Company’s investment cost of £65,289

During 2008, the Company has pursued a highly cautious approach to new investment. This was based on our view that vendors’ price expectations would prove unsustainable. We also avoided transactions requiring high levels of bank borrowing, believing that economic conditions were deteriorating and that this would make over-leveraged companies much too vulnerable in a tougher environment.

Just two new investments were completed during the year; the first was in April, when £458,837 was invested in the MBO of Plastic Surgeon for loan stock and a 6.9% equity holding. The company offers snagging and finishing services to domestic and commercial properties and is based in Bovey Tracey, Devon.

The second was in ATG Media in early October. ATG Media acquired the publisher of the leading weekly newspaper serving the UK antiques trade, the Antiques Trade Gazette, via a MBO. This London-based business also offers an on-line auction capability. The Company now holds a £1,000,000 investment in ATG Media by way of loan stock and 8.9% of the equity.

The investment portfolio has not been immune to the wider deteriorating trading environment and appropriate provisions have been applied against those investments that have had to be reduced in response to falls in the value of comparable quoted companies. Some valuations have also been reduced where the investee company’s trading has been affected. However, other investments have continued to perform well. Of a total of twenty-one investments in the MPEP portfolio, one is currently held at cost, thirteen valued at below cost and seven above cost.

The Company’s investments in PXP, Youngman Group and Plastic Surgeon each have exposure to the house building and construction markets and all have suffered from the rapid decline of this sector during the year. Youngman has seen a sharp fall in revenues from its trade customers in particular although it has remained profitable and expects to continue to do so. PXP carried forward a strong order book into the year but the outlook for next year is more uncertain. In anticipation of this, the Company invested a further £95,461 as part of a £1 million funding round to provide capital to support PXP in what is expected to remain a difficult market.

Plastic Surgeon has made strong progress in reducing its dependence on the new housing market and into commercial property markets and has substantially reduced its direct and indirect cost base. Nevertheless, in view of the continuing difficult conditions in this sector we have deemed it appropriate to apply a 50% impairment provision against the Company's investment. Blaze Signs, having had a record year in 2007-8, is seeing the effects of a number of major retail clients deferring work.

Monsal too, has suffered from delays in new contract awards and a resultant deferral of construction work on both water and waste contracts; accordingly an impairment provision of 25% has been made. However, Monsal enters 2009 with an encouraging level of contracted revenue and in January shareholders advanced a further £500k, including £70,476 from the Company, to provide additional working capital.

Campden has also suffered from the uncertainties of the financial services clients of its growing US conference business which has led to a disappointing year. Racoon continued to struggle to grow revenues although it remains profitable. British International's helicopter service to the Scilly Isles from Penzance experienced possibly the worst summer weather in two decades which decimated the day trip market, but it has benefited from the solidity of its long-term military contract revenue.

Nevertheless, there have continued to be portfolio highlights. DiGiCo Europe has enjoyed a strong first year post-investment following the successful launch of its new digital audio mixing desk. PastaKing has posted its highest ever profits of £2.7 million for the year ended 30 June 2008, a year-on-year increase greater than 20%, despite increasing pressure on ingredient prices. Focus Pharma has also had a good first year since its MBO.

Vectair had another outstanding year, producing record profits and making inroads into potentially significant markets in India and the US. VSI is strongly profitable and cash-generative and is benefiting from the relative weakness of sterling as well as seeing increased customer demand for its software. ATG Media is performing in line with expectations, whilst SectorGuard has now been substantially re-organised following the acquisition of Manguard, a manned guarding business, in early 2008. SectorGuard's share price has recovered somewhat towards the year-end.

BG Consulting Group saw its profits fall in 2008 as a result of the difficulties experienced by its investment banking clients but continues to be profitable. Disappointingly, Inca Interiors went into administration in June, having failed to stem its losses over the past two years; no proceeds are expected to accrue to the Fund, The investment had been fully provided against. Letraset continues to struggle to halt its gradual revenue decline of marker pen sales. FH Ingredients was dissolved in December 2008.

Higher Nature has also suffered from lower consumer demand for its natural medicine products and has posted reduced profits. Stortext FM, however, has moved into profit on the back of a large contract with a new customer which looks set to continue through 2009. Finally, Tottel continues to perform strongly, recording its third year of increased profitability; the current year looks set to continue this trend.

The MPEP investment portfolio at 31 January 2009 comprises twenty-one investments with a cost of £9.1 million and valued at £7.8 million (85.7% of cost). Whilst the fall in valuations over the year is disappointing, the adverse movement in public market indices has made some decreases inevitable. It is important to recognise that all of the reduction in the year, with the exception of one small investment, has resulted from falls in unrealised valuations as opposed to any actual realised investment losses. This offers the prospect of significant future recovery as we continue to believe that the portfolio, taken as a whole, is resilient and of high quality.

Over the coming period, the need for additional investment to support portfolio companies may become a focus. We also anticipate much more attractive buying conditions emerging as the year progresses. Having retained significant uninvested cash, we believe 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, representing 66.4% by cost and 84.5% by value of the core MPEP portfolio, are set out below:

DiGiCo Europe Limited
Cost: £1,000,000
Valuation: £1,091,100
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: £56,449
Audited financial information:

7 months ended	Turnover	Operating profit	Net assets
31 December 2007	4,048,000	£329,000	£2,684,000

ATG Media Holdings Limited
Cost: £1,000,000
Valuation: £1,000,000
Basis of valuation: Cost
Equity % held: 8.9%
Business: Publisher and online auction platform operator
Location: London
History: Management buy-out
Income in year: £18,959
Audited financial information: First audited accounts will be for the period ended 31 March 2009

Focus Pharma Holdings Limited

Cost:	£772,451
Valuation:	£758,440
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:	£56,908
Audited financial information:	First audited accounts will be for the year ended 31 December 2008

Higher Nature Limited

Cost:	£500,127
Valuation:	£708,597
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:	£11,941

Audited financial information:

Year ended	Turnover	Operating profit	Net assets
31 March 2008	£9,906,000	£792,000	£4,019,000

Tottel Publishing Limited

Cost:	£235,200
Valuation:	£616,173
Basis of valuation:	Discounted earnings
Equity % held:	6.3%
Business:	Publisher specialising in legal and tax titles
Location:	Haywards Heath, West Sussex
History:	Management buy-out
Income in year:	£25,207

Audited financial information:

Year ended	Turnover	Operating profit	Net assets
28 February 2008	£5,084,000	£537,000	£1,045,000

Blaze Signs Holdings Limited

Cost:	£610,016
Valuation:	£593,471
Basis of valuation:	Discounted earnings
Equity % held:	5.7%
Business:	Manufacture and installation of signs
Location:	Broadstairs, Kent
History:	Management buy-out
Income in year:	£46,428

Audited financial information:

Year ended	Turnover	Operating profit	Net assets
31 March 2008	£22,214,000	£3,220,000	£4,567,000

Monsal Holdings Limited

Cost:	£704,771
Valuation:	£528,578
Basis of valuation:	Cost less impairment
Equity % held:	9.8%
Business:	Engineering services to water and waste sectors
Location:	Mansfield, Nottinghamshire
History:	Management buy-out
Income in year:	£36,593
Audited financial information:	First audited accounts will be for the period ended 30 September 2008

Youngman Group Limited

Cost:	£500,026
Valuation:	£476,523
Basis of valuation:	Discounted earnings
Equity % held:	4.2%
Business:	Manufacture of ladders and access towers
Location:	Maldon, Essex
History:	Management buy-in/buy-out from SGB Group
Income in year:	£45,671

Audited financial information:

Year ended	Turnover	Operating profit	Net assets
30 June 2008	£42,626,000	£3,603,000	£5,545,000

PastaKing Holdings Limited

Cost:	£133,055
Valuation:	£409,344
Basis of valuation:	Discounted earnings
Equity % held:	2.1%
Business:	Manufacturer and supplier of fresh pasta meals
Location:	Newton Abbot, Devon
History:	Management buy-out
Income in year:	£55,396

Audited financial information:

Year ended	Turnover	Operating profit	Net assets
30 June 2008	£11,456,000	£2,731,000	£2,573,000

Stortext FM Limited

Cost:	£561,820
Valuation:	£375,968
Basis of valuation:	Cost less impairment
Equity % held:	4.6%
Business:	Document management software and services
Location:	Houghton Regis, Bedfordshire
History:	Expansion capital
Income in year:	£nil

Audited financial information:

Year ended	Turnover	Operating loss	Net assets
31 March 2008	£5,051,000	£144,000	£3,761,000

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

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: 67

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.

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

*Number of Board and Committee meetings attended 2008/09:*14/14

Remuneration 2008/09: £30,334

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: 64

Date of appointment: 1 April 2002

Experience: Christopher has considerable experience of the venture capital industry. After a law degree and qualifying with Price Waterhouse, Christopher worked for Robert Fleming Inc., Lazard, Jardine Fleming and then Robert Fleming, latterly as a main board director for 9 years (1986-95). During this period he was involved in various unquoted and venture capital investments and remained chairman of Fleming Ventures Limited, an international technology venture capital fund, until 2003. He was also Chairman of Calderburn Plc from 1996 to 1999, and led a successful turnaround and sale of the group's businesses. His recent advisory roles included acting as senior adviser to the chairman of Lloyds, the insurance group, for 4½ years. Christopher was Chairman of Oxonica plc from February 2005 to September 2007 and is currently Chairman of Helveta plc, a software company. He is a non-executive director 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 2008/09:*14/14
Remuneration 2008/09: £25,333
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: 43
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 Chairman of British Smaller Companies VCT plc and provides consultancy services in the venture capital sector.

Last re-elected to the Board: May 2006. Standing for re-election at the Annual General Meeting on 21 May 2009
Committee memberships: Investment Committee (Chairman), Audit Committee, Nominations and Remuneration Committee
Number of Board and Committee meetings attended 2008/09: 9/12
Remuneration 2008/09: £25,333
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 2009.

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 2009. 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.

Business review
For a review of the Company's development and performance during the year, please see the Chairman's Statement on pages 3 - 7 and the Investment Manager's Review and Investment Portfolio Summary on pages 13 - 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 decreased during the year under review resulting in a 9.0% decrease in NAV per share (after adding-back dividends paid during the year) and a 8.2% decrease 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 £77,356 (2008:£nil) 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 3.6% (2008: 3.7%) which includes irrecoverable VAT of 0.2% (2008: 0.4%).

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 1985 Act as approved by Shareholders on 21 May 2008. For further details please see Note 15 to the accounts on page 54 of this Report. A resolution to renew this authority will be put to members at the Annual General Meeting to be held on 21 May 2009 (see below). During the year the Company bought back 391,399 Ordinary Shares of 1 penny each (representing 1.91% of the shares in issue at 1 February 2008 at a total cost of £376,481 (excluding expenses). These shares were subsequently cancelled by the Company.

The issued Ordinary Share capital of the Company as at 31 January 2009 was £201,078 and the number of Ordinary Shares in issue as at this date was 20,107,800.

Results and dividend

The revenue profit attributable to equity shareholders for the year to 31 January 2009 was £478,663 (2008: £422,621) after taxation. Your Board paid an interim dividend of 1 penny per Ordinary share on 7 November 2008 and will be recommending a final dividend of 1 penny per Ordinary Share in respect of the year under review at the Annual General Meeting to be held on 21 May 2009, payable on 10 June 2008 to Shareholders who are on the Register of Members at 6.00 pm on 15 May 2008.

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 2009 were:

Director	***Ordinary Shares held***	
	31 January 2009	***31 January 2008***
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.

Helen Sinclair will retire by rotation at the Annual General Meeting to be held on 21 May 2009 and being eligible, offers herself 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 a new 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 48.

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 26 November 2008. 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 13 - 19.

Matrix-Securities Limited acts as both Company Administrator and Company Secretary for which it received a fee of £95,049 (2008: £83,065).

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 21 May 2009.

Auditors' right to information

So far as the Directors in office at 31 January 2009 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 55 – 60 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 2009 the average credit period for trade creditors was 10 days (2008: 26 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.

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 page 38 of this Annual Report.

The report of the independent auditors is set out on pages 39 - 40 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.

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 21 May 2009 is set out on pages 61 - 64 of this Annual Report. The following explains the principal special business to be proposed. Proxy Forms for the AGM are enclosed with Shareholder's copies of this Annual Report.

Authorities for the Directors to allot shares (Resolution 7) and disapply pre-emption rights (Resolution 8) under sections 80 and 95 of the Companies Act 1985 ("the Act").

The authorities proposed under Resolutions 7 and 8 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 7, in accordance with section 80 of the 1985 Act and the new Association of British Insurers' (ABI) guidelines, will authorise directors to allot relevant securities up to a maximum nominal amount of £67,026, being one-third of the Company's issued share capital, and will allow the issue of a further £67,026 of equity securities in connection with a fully pre-emptive rights issue.

Under section 89 of the 1985 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 8 will enable this requirement to be disapplied in the specific circumstances set out in the Resolution. These circumstances are in relation to 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 2010, 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 the said sections 80 and 95 approved by Shareholders on 21 May 2008.

Authority for the Company to purchase its own Shares (Resolution 9)
This resolution will authorise the Company to purchase its own shares in the capital of the Company pursuant to section 166 of the 1985 Act. The authority is limited to a maximum number of Ordinary Shares of 3,014,159 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 2010. 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 penny, 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 2008 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.

Authorisation of situational conflict of interest (Resolution 10)
Resolution 10 to be proposed at the forthcoming Annual General Meeting requests shareholder approval to each of the Directors of the Company continuing to be directors of The Income & Growth VCT plc. Under the Companies Act 2006, from 1 October 2008 a director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the Company's interests. The Articles of Association of the Company permit the directors to authorise such conflicts of interest but as all of the Directors of the Company are also directors of The Income & Growth VCT plc they are unable to exercise the power to authorise.

Accordingly the Directors consider it appropriate to seek shareholder approval to continue as directors and further to act in such role notwithstanding any such conflict between the Company and The Income & Growth VCT plc which may arise, in particular, but without limitation, due to common existing investments with The Income & Growth VCT plc and due to participating in future investments with The Income & Growth VCT plc. This resolution will be proposed as a special resolution requiring the approval of 75% of those voting at the meeting.

By order of the Board

Matrix-Securities Limited
Company Secretary

8 April 2009

Directors' Remuneration Report

This report has been prepared by the Directors in accordance with the requirements of Schedule 7A of the Companies Act 1985. A resolution to approve the report will be proposed at the Annual General Meeting to be held on [21] May 2009. 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 39 - 40.

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 is paid to members of the Investment Committee. This was increased from £5,000 to £6,000 per annum with effect from 1 October 2008. 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.

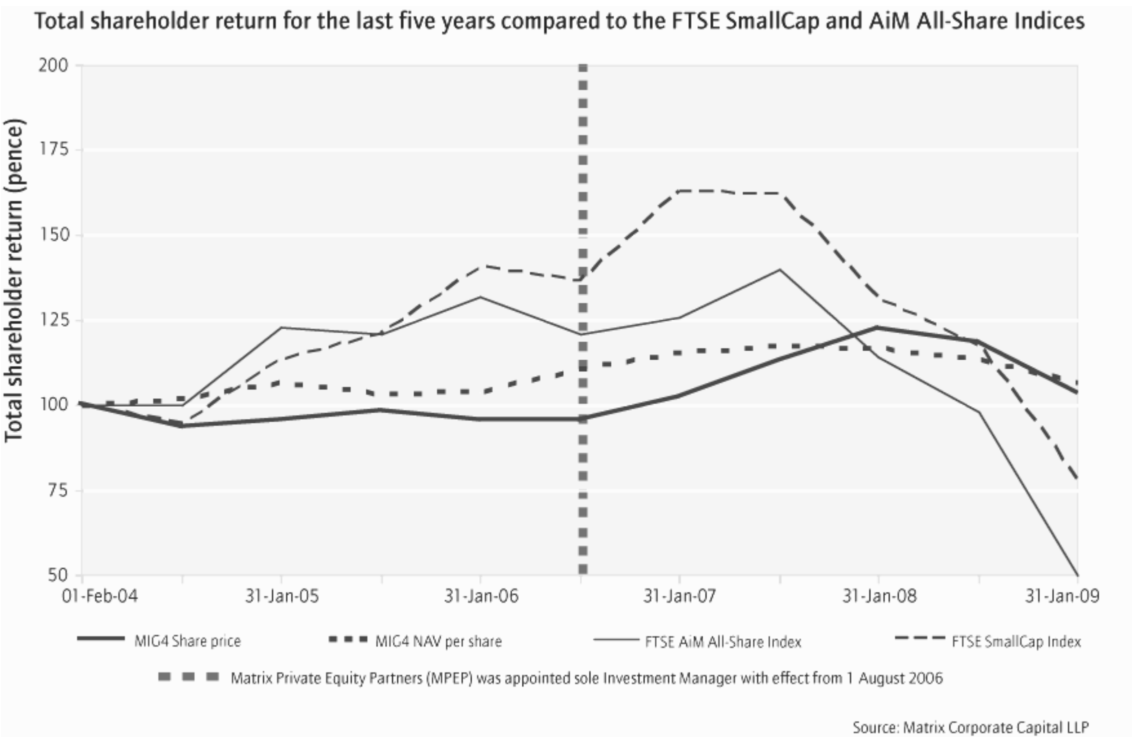
Details of individual emoluments and compensation **Audited information**

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 2009	31 January 2008
	£	£
Colin Hook	30,334	30,000
Christopher Moore	25,333	25,000
Helen Sinclair	25,333	25,000
Total emoluments	81,000	80,000

Aggregate emoluments in respect of qualifying services amounted to £81,000 (2008: £80,000).

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 1 February 2004. An explanation of the performance of the Company is given in the Chairman's Statement on pages 3 – 7 and Investment Manager's Review on pages 15 - 19.

The NAV 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
8 April 2009

Corporate Governance Statement

The Company is a member of the Association of Investment Companies (AIC) and the Directors have adopted the AIC Code of Corporate Governance ("the AIC Code") for the financial year ended 31 January 2009. 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/files/technical/AICCode.pdf.

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 29 - 31.

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 not be mandatory for the Company until 2010. The Board is giving this matter its full consideration in keeping with the spirit of the Combined Code and will report on it in succeeding years.

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 seven formal meetings during the year with full attendance from each of the Directors at six 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.

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 29 - 31.

Helen Sinclair has been nominated for re-election to the Board at the forthcoming AGM. Her contribution to the Board as Chairman of the Investment Committee is highly respected and the Board has no hesitation in recommending her re-election to Shareholders.

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

Board committees

The Audit Committee comprises all three Directors: Christopher Moore (Chairman), Colin Hook and Helen Sinclair. The Committee 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 six formal meetings during the year with full attendance from each of the three Directors on four out of six of those occasions, and met informally on other occasions.

The Nominations and Remuneration Committee comprises all three Directors: Colin Hook (Chairman), Christopher Moore and Helen Sinclair. All members of the Committee are independent of the Investment Manager. The Committee 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 two out of three 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.

The Investment Committee comprises all three Directors: Helen Sinclair (Chairman), Colin Hook and Christopher Moore. The Committee 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.

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 27 March 2009. 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

A Directors' Remuneration Report, prepared in compliance with the Directors' Remuneration Report Regulations 2002, is contained on pages 29 - 31 of this Annual 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

8 April 2009

Statement of Directors’ Responsibilities

The Directors are responsible for preparing the Annual 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). The financial statements are required to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing 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 proper accounting records that 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 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for 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.

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 2009 which comprise the Profit & Loss Account, the Balance Sheet, the Reconciliation of Movement in Shareholders' Funds, the Cash Flow Statement and the related notes. These Financial Statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an 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

The Directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the Financial Statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the Financial Statements give a true and fair view and whether the Financial Statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion the information given in the Directors' Report is consistent with the Financial Statements. The information in the Directors' Report includes that specific information presented in the Chairman's Statement, Investment Manager's Review and Investment Portfolio Summary that is cross referenced from the business review section of the Directors' Report.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of the 2006 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited Financial Statements. The other information comprises only the Chairman's Statement, the Investment Manager's Review, the Investment Portfolio Summary, the Directors' Report, the unaudited part of the Directors' Remuneration Report, the Corporate Governance Statement and the rest of the unaudited information in the Annual Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Financial Statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the Financial Statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary, in order to provide us with sufficient evidence to give reasonable assurance that the Financial Statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Financial Statements and the part of the Directors' Remuneration Report to be audited.

Opinion

In our opinion:

- the Financial Statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 January 2009 and of its loss for the year then ended;

- the Financial Statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985; and

- the information given in the Directors' Report is consistent with the Financial Statements.

PKF (UK) LLP
Registered Auditors
London, UK
8 April 2009

Profit and Loss Account

for the year ended 31 January 2009

		Year ended 31 January 2009			Year ended 31 January 2008		
	Notes	**Revenue**	**Capital**	**Total**	**Revenue**	**Capital**	**Total**
		£	**£**	**£**	**£**	**£**	**£**
Unrealised losses on investments held at fair value	10	-	(2,574,520)	(2,574,520)	-	(36,523)	(36,523)
Realised (losses)/gains on investments held at fair value	10	-	(21,299)	(21,299)	-	463,591	463,591
Income	2	1,068,647	30,915	1,099,562	1,039,725	-	1,039,725
Recoverable VAT	3	13,500	40,500	54,000	-	-	-
Investment management fees	4	(100,303)	(300,909)	(401,212)	(132,146)	(396,439)	(528,585)
Other expenses	5	(350,868)	-	(350,868)	(356,711)	-	(356,711)
Profit/(loss) on ordinary activities before taxation		630,976	(2,825,313)	(2,194,337)	550,868	30,629	581,497
Taxation on ordinary activities	7	(152,313)	152,313	-	(128,247)	128,247	-
Profit/(loss) for the year		478,663	(2,673,000)	(2,194,337)	422,621	158,876	581,497
Basic and diluted earnings per ordinary share	9	2.35p	(13.14)p	(10.79)p	2.21p	0.83p	3.04p

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

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

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

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 45 - 60 form part of these financial statements.

Balance Sheet
as at 31 January 2009

	Notes	as at 31 January 2009 £	£	£	as at 31 January 2008 £	£	£
Fixed assets							
Investments at fair value	10			7,805,465			8,877,030
Current assets							
Debtors and prepayments	12	240,016			221,203		
Investments at fair value	13,19	13,113,111			15,124,308		
Cash at bank	19	15,256			23,865		
			13,368,383			15,369,376	
Creditors: amounts falling due within one year	14		(138,150)			(179,089)	
Net current assets				13,230,233			15,190,287
Net assets				**21,035,698**			**24,067,317**
Capital and reserves							
Called up share capital	15			201,078			204,992
Capital redemption reserve	16			883,743			879,829
Revaluation reserve	16			(1,537,950)			743,099
Special distributable reserve	16			16,968,144			30,141,575
Profit and loss account	16			4,520,683			(7,902,178)
Equity shareholders' funds				**21,035,698**			**24,067,317**
Net asset value per Ordinary Share	17			**104.61p**			**117.41p**

The notes on pages 45 - 60 form part of these financial statements.

The financial statements on pages 41 - 44 and the notes on pages 45 - 60 were approved and authorised for issue by the Board of Directors on 8 April 2009 and were signed on its behalf by:

C P Hook
Director

Reconciliation of Movements in Shareholders' Funds

for the year ended 31 January 2009

	Notes	Year ended 31 January 2009 £	Year ended 31 January 2008 £
Opening shareholders' funds		24,067,317	9,772,148
Share capital subscribed		-	14,869,624
Share capital bought back	15	(379,254)	(846,932)
(Loss)/profit for the year		(2,194,337)	581,497
Dividends paid in year	8	(458,028)	(309,020)
Closing shareholders' funds		21,035,698	24,067,317

The notes on pages 45 - 60 form part of these financial statements.

Cash Flow Statement

for the year ended 31 January 2009

	Notes	Year ended 31 January 2009 £	Year ended 31 January 2008 £
Interest income received		304,782	265,744
Dividend income		814,332	722,262
Other income		5,098	-
Investment management fees paid		(516,689)	(509,142)
Cash payments for other expenses		(386,878)	(276,845)
Net cash inflow from operating activities	18	**220,645**	**202,019**
Investing activities			
Sale of investments		227,615	1,225,594
Purchase of investments	10	(1,624,774)	(2,857,505)
Net cash outflow from investing activities		**(1,397,159)**	**(1,631,911)**
Dividends			
Equity dividends paid	8	**(458,028)**	**(155,032)**
Cash outflow before financing and liquid resource management		**(1,634,542)**	**(1,584,924)**
Management of liquid resources			
Decrease/(increase) in monies held in money market funds	19	**2,011,197**	**(14,429,782)**
Financing			
Issue of own shares		-	14,869,624
Purchase of own shares		(385,264)	(871,495)
		(385,264)	**13,998,129**
Decrease in cash for the year	19	**(8,609)**	**(2,016,577)**

The notes on pages 45 - 60 form part of these financial statements.

Notes to the Accounts
for the year ended 31 January 2009

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' issued by the Association of Investment Companies in January 2003, revised December 2005 ("the SORP").

As a result of the Directors' decision to distribute capital profits by way of a dividend, the Company revoked its investment company status as defined under section 833 of the Companies Act 2006, on 28 July 2008.

Consequently, the financial statements have been drawn up to include a statutory Profit and Loss Account in accordance with Schedule 4 of the Companies Act 1985 and Financial Reporting Standard 3 "Reporting Financial Performance" and the comparatives have been re-stated on a consistent basis. This has no effect on total returns or net assets per share.

These statements, however, differ from the Income Statement previously presented in that unrealised gains on investments are now reported within the revaluation reserve in the balance sheet, rather than included in a separate unrealised capital reserve and realised gains are included within the profit and loss reserve rather than a separate realised capital reserve.

b) Presentation of the Profit and Loss Account
In order to better reflect the activities of a VCT and in accordance with the SORP, supplementary information which analyses the Profit and Loss Account between items of a revenue and capital nature has been presented alongside the Profit and Loss Account. The amount shown in the revenue column of the return 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
Investments are recognised on a trade date basis. All investments held by the Company are classified as "fair value through profit and loss" 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.

Investments are stated at "fair value through profit and loss", in accordance with the International Private Equity and Venture Capital Valuation ("IPEVCV") guidelines.

Unquoted investments are stated at fair value by the Directors in accordance with the following rules, which are consistent with the International Private Equity Venture Capital Valuation (IPEVCV) guidelines:

(i) Investments which have been made in the last twelve months are held at fair value which, unless another methodology gives a better indication of fair value, will be at cost.

(ii) Investments in companies at an early stage of their development are also valued at fair value which, unless another methodology gives a better indication of fair value, will be at cost.

(iii) Where investments have been held for more than twelve months or have gone beyond the stage in their development in (i) or (ii) above, 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 discounted to reflect points of difference identified by the Investment Manager compared to the sector, as well as to reflect lack of marketability). Where overriding factors apply, alternative methods of valuation will be used. These will include the application of a material arms-length transaction by an independent third party, cost less provision for impairment, discounted cash flow, or a net asset basis.

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

(v) Unquoted investments will not normally be re-valued upwards for a period of at least twelve months from the date of acquisition. 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 become permanently impaired 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 has become permanently impaired. 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.

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

d) 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 rights to receive payment is established and there is no reasonable doubt that payment will be received. Fixed returns on non-equity shares and on debt securities are recognised on a time apportionment basis so as to reflect the effective yield, provided there is no reasonable doubt that payment will be received in due course.

e) Expenses

All expenses are accounted for on an accruals basis. 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 Profit and Loss Account, and with the further exception that 75% of the fees payable to the Investment Manager are charged against capital. This is in line with the Board's expected long-term split of returns from the investment portfolio of the Company. IFA trail commission is expensed in the year in which it is incurred.

f) 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.

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.

g) Liquid resources

Liquid resources are the current investments disclosed in Note 13, such funds are regarded as mainly available for investment, unless required to fund any shortfall between income and running expenses. The current investments are valued at the year-end closing fund prices.

2 Income

	2009 £	2008 £
Income from bank deposits	2,605	12,611
Income from investments		
– from equities	85,896	49,861
– from overseas based OEICs	696,194	716,677
– from loan stock	309,769	260,576
	1,091,859	1,027,114
Other income	5,098	-
Total income	**1,099,562**	1,039,725
Total income comprises		
Dividends	782,090	766,538
Interest	312,374	273,187
Other	5,098	-
	1,099,562	1,039,725
Income from investments comprises		
Listed overseas securities	696,194	716,677
Unlisted UK securities	85,896	49,861
Loan stock interest	309,769	260,576
	1,091,859	1,027,114

Loan stock interest above is stated after deducting an amount of £18,085 (2008: £nil), 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 £142,726 (2008: £38,411).

3 Recoverable VAT

	Revenue 2009 £	Capital 2009 £	Total 2009 £	Revenue 2008 £	Capital 2008 £	Total 2008 £
Recoverable VAT	13,500	40,500	54,000	-	-	-

On the basis of information supplied by the Company's current and past Investment Managers, 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, the Directors consider it reasonably certain that the Company will in the foreseeable future obtain a repayment of VAT of not less than £85,459 as disclosed in Note 12. £31,459 of this amount relates to 2008 and has been set off against the total management fees for 2009 disclosed in Note 4 below, leaving the net amount disclosed above. This amount has been recognised as a separate item in the Profit and Loss Account, allocated 25% to revenue and 75% to capital return and is the same proportion as that in which the irrecoverable VAT was originally charged. It is possible that additional amounts of VAT will be recoverable in due course but the Directors are unable at this stage to quantify the sums involved.

4 Investment management fees

	Revenue 2009 £	Capital 2009 £	Total 2009 £	Revenue 2008 £	Capital 2008 £	Total 2008 £
Matrix Private Equity Partners LLP	100,303	300,909	401,212	132,146	396,439	528,585

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 three 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% 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 £77,356 this year (2008: £nil).

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% 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% 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

	2009 £	2008 £
Directors' remuneration (including NIC) (see Note 6)	89,281	88,236
IFA trail commission	66,958	68,656
Administration fees	95,049	83,065
Broker's fees	3,917	5,875
Auditors' fees – audit	21,071	21,803
– other services supplied relating to taxation	1,960	1,938
– other services supplied pursuant to legislation	5,581	4,121
Registrar's fees	15,301	13,495
Printing	15,541	10,566
Legal and professional fees	4,700	11,396
VCT monitoring fees	10,326	11,632
Director's insurance	4,287	9,975
Listing and regulatory fees	15,084	22,914
Sundry	1,812	3,039
	350,868	356,711

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

Directors' emoluments	2009 £	2008 £
Colin Hook	30,334	30,000
Christopher Moore	25,333	25,000
Helen Sinclair	25,333	25,000
	81,000	80,000
Employer's NIC	8,281	8,236
	89,281	88,236

No pension scheme contributions or retirement benefit contributions were paid. 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 ordinary activities

	2009 £	2008 £
a) Analysis of tax charge:		
-revenue charge	152,313	128,247
-credited to capital return	(152,313)	(128,247)
-current and total tax charge (note 7b)	-	-
b) Factors affecting tax charge for the year:		
(Loss)/profit on ordinary activities before tax	(2,194,337)	581,497
Add: non-taxable realised losses/(gains)	21,299	(463,591)
Add: unrealised losses	2,574,520	36,523
Add: transaction costs and investment management expense charged to capital	300,909	396,439
Less: Income treated as capital return	(71,415)	-
Profit on ordinary activities before taxation	630,976	550,868
Corporation tax @ 20.83 % (2008: 19.83%)	131,453	109,237
Non-taxable UK dividends	(11,454)	(9,886)
Non-allowable expenditure	-	2,033
Effect of marginal relief	32,314	26,863
Taxation on revenue return	152,313	128,247
Taxation on allowable expenditure charged to capital return	(62,679)	(78,614)
Utilisation of previous tax losses	(57,320)	(22,770)
Effect of marginal relief	(32,314)	(26,863)
Credited to capital return	(152,313)	(128,247)
Tax charge for period (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 (2008: nil). There is an unrecognised deferred tax asset of £78,851 (2008: £129,320).

8 Dividends paid and payable

	2009	2008
	£	£
Amounts recognised as distributions to equity holders in the year:		
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	-
Interim dividend for the year ended 31 January 2008 of 0.75 of a penny per Ordinary Share of 1 pence paid 11 November 2007	-	155,032
Interim dividend for the year ended 31 January 2007 of 1.8 pence per Ordinary Share of 1 pence paid 26 October 2006 and ratified on 16 April 2007	-	153,988
	458,028	309,020
Proposed distributions to equity holders at the year-end:		
Final income dividend for the year ended 31 January 2009 of 1p (2008: 1.25p) per Ordinary share	201,078	256,240
	201,078	256,240

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.

	2009	2008
	£	£
Revenue available for distribution by way of dividends for the year	478,663	422,621
Interim income dividend paid during the year of 1p (2008: 0.75p) per Ordinary Share	203,179	155,032
Proposed final income dividend for the year ended 31 January 2009 of 1p (2008: 1.25p) per Ordinary Share	201,078	256,240
	404,257	411,272

9 Basic and diluted earnings per share

	2009	2008
	£	£
Total earnings after taxation:	(2,194,337)	581,497
Basic and diluted earnings per share (note a)	**(10.79)p**	**3.04p**
Net revenue from ordinary activities after taxation	478,663	422,621
Basic and diluted revenue return per share (note b)	**2.35p**	**2.21p**
Net realised capital (losses)/gains	(21,299)	463,591
Net unrealised capital losses	(2,574,520)	(36,523)
Dividends treated as capital	30,915	-
VAT recoverable	40,500	-
Capital expenses (net of taxation)	(148,596)	(268,192)
Total capital return	**(2,673,000)**	**158,876**
Basic and diluted capital return per share (note c)	**(13.14)p**	**0.83p**
Weighted average number of shares in issue in the year	20,338,366	19,094,986

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 loss 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 2008	181,102	3,990,696	125,369	4,824,419	9,121,586
Unrealised (losses)/gains at 31 January 2008	(59,135)	1,170,158	(100,581)	(267,343)	743,099
Permanent impairment in value of investments	-	(811,259)	(862)	(175,534)	(987,655)
Valuation at 31 January 2008	121,967	4,349,595	23,926	4,381,542	8,877,030
Purchases at cost	-	401,440	1,339	1,221,995	1,624,774
Sale proceeds	-	-	-	(100,520)	(100,520)
Realised losses	-	-	-	(21,299)	(21,299)
Decrease in unrealised appreciation	(47,673)	(1,900,267)	(1,296)	(625,284)	(2,574,520)
Closing valuation at 31 January 2009	74,294	2,850,768	23,969	4,856,434	7,805,465
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

The major components of the decrease in unrealised valuations of £2,574,520 in the year were falls of £963,217 in Youngman Group Limited, £534,649 in Higher Nature Limited, £442,193 in PXP Holdings Limited £229,418 in The Plastic Surgeon Holdings Limited and £203,403 in Racoon International Holdings Limited.

Sale proceeds in the Cash Flow Statement differ, because £127,095 received during the year was in respect of a sale of BBI Holdings plc completed in the prior year.

11 Significant interests

At 31 January 2009 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
	£	£	£	
Letraset Limited	150,000	-	150,000	17.4%
Higher Nature Limited	500,127	-	500,127	10.7%
Inca Interiors Limited	50,000	300,000	350,000	9.8%
Monsal Holdings Limited	214,596	490,175	704,771	9.8%
ATG Media Holdings Limited	355,556	644,444	1,000,000	8.9%
The Plastic Surgeon Holdings Limited	45,884	412,953	458,837	6.9%
Duncary 4 Limited	7	207,088	207,095	6.6%
DiGiCo Europe Limited	386,522	613,478	1,000,000	6.5%
Tottel Publishing Limited	58,800	176,400	235,200	6.3%
Blaze Signs Holdings Limited	183,005	427,011	610,016	5.7%
Racoon International Holdings	122,043	284,762	406,805	5.7%
PXP Holdings Limited	168,217	511,332	679,549	5.0%
Stortext FM Limited	185,852	375,968	561,820	4.6%
VSI Limited	17,726	94,202	111,928	4.6%
Youngman Group Limited	50,027	449,999	500,026	4.2%
CASHFAC Limited	260,101	-	260,101	3.4%
Focus Pharma Holdings Limited	270,359	502,092	772,451	3.1%

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 who have investments as at 31 January 2009 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
DiGiCo Europe Limited	656,900	1,000,000	1,000,000	943,100	3,600,000	30.0
ATG Media Holdings Limited	1,000,000	859,640	863,895	776,465	3,500,000	30.0
British International Holdings Limited	500,000	1,000,000	1,000,000	750,000	3,250,000	34.9
Racoon International Holdings Limited	550,852	874,199	878,527	789,617	3,093,195	49.0
Youngman Group Limited	1,000,000	1,000,052	1,000,000	-	3,000,052	29.7
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
PastaKing Holdings Limited	292,405	464,047	466,344	419,148	1,641,944	27.5
The Plastic Surgeon Holdings Limited	406,082	390,289	392,264	352,528	1,541,163	30.0
VSI Limited	245,585	390,367	308,628	143,514	1,088,094	48.9
Duncary 4 Limited	1,035,474	-	-	-	1,035,474	39.8
Vectair Holdings Limited	215,914	560,302	243,784	-	1,020,000	24.0
Letraset Limited	650,000	-	-	-	650,000	34.7
Tottel Publishing Limited	514,800	-	-	-	514,800	20.0
SectorGuard plc	150,000	150,106	150,106	-	450,212	4.3
Stortext FM Limited	380,435	-	-	-	380,435	5.8
Inca Interiors Limited	350,000	-	-	-	350,000	19.5
BG Consulting Group Limited	118,502	-	-	-	118,502	15.6

12 Debtors

	2009	2008
	£	£
Amounts due within one year:		
Accrued income	66,116	90,456
Prepayments	11,085	3,343
Other debtors	162,815	127,404
	240,016	221,203

Other debtors are £85,459 of VAT recoverable from VAT already paid upon previous management fee charges.

13 Current asset investments

	2009	2008
	£	£
Monies held pending investment	13,113,111	15,124,308

These comprise investments in six Dublin based OEIC money market funds. £13,102,841 (2008: £15,114,381) of this sum is subject to same-day access while £10,270 (2008: £9,927) 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

	2009	2008
	£	£
Trade creditors	29,309	63,326
Other creditors	10,715	10,716
Accruals	98,126	105,047
	138,150	179,089

15 Called up share capital

	2009	2008
	£	£
Authorised:		
Ordinary Shares of 1p each: 400,000,000 (2008: 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: 20,107,800 (2008: 20,499,199)	201,078	204,992
	201,078	204,992

Purchased	Date of purchase	Nominal value
		£
111,274	on 2 May 2008	1,113
35,000	on 4 June 2008	350
35,000	on 25 July 2008	350
70,126	on 1 October 2008	701
66,499	on 16 December 2008	665
38,500	on 23 December 2008	385
35,000	on 26 January 2009	350
391,399	Nominal value	3,914

During the year the Company purchased 391,399 (2008: 906,331) of its own shares for cash (representing 1.9% (2008: 4.4%) of the shares in issue at the year-end) at the prevailing market price for a total cost of £379,254 (2008: £846,932).

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 2008	204,992	879,829	743,099	30,141,575	(7,902,178)	24,067,317
Share buybacks	(3,914)	3,914	-	(379,254)	-	(379,254)
Transfer of realised losses to Special distributable reserve (note)	-	-	-	(12,794,177)	12,794,177	-
Realisation of previously unrealised appreciation	-	-	293,471	-	(293,471)	-
Dividends paid	-	-	-	-	(458,028)	(458,028)
Loss for the year	-	-	(2,574,520)	-	380,183	(2,194,337)
As at 31 January 2009	201,078	883,743	(1,537,950)	16,968,144	4,520,683	21,035,698

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 (confirmed 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 £12,794,177 has been made from the Special Reserve to the Profit and Loss Account, representing the total of current and historic realised losses.

17 Net asset value per share

Net asset value per Ordinary Share is based on net assets at the end of the year, and on 20,107,800 (2008: 20,499,199) Ordinary Shares, being the number of Ordinary Shares in issue on that date.

18 Reconciliation of loss on ordinary activities before taxation to net cash inflow from operating activities

	2009	**2008**
	£	**£**
(Loss)/profit on ordinary activities before taxation	(2,194,337)	581,497
Net losses/(gains) on realisations of investments	21,299	(463,591)
Net unrealised losses on investments	2,574,520	36,523
Increase in debtors	(145,908)	(24,995)
(Decrease)/increase in creditors and accruals	(34,929)	72,689
Transaction costs charged to capital	-	(104)
Net cash inflow from operating activities	220,645	202,019

19 Analysis of changes in net funds

	Cash	**Liquid resources**	**Total**
	£	**£**	**£**
At beginning of year	23,865	15,124,308	15,148,173
Cash flows	(8,609)	(2,011,197)	(2,019,806)
At 31 January 2009	15,256	13,113,111	13,128,367

20 Financial instruments

The Company's financial instruments in both years comprise:

- Equity and preference shares and fixed and floating rate interest securities that are held in accordance with the Company's investment objective.
- 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 2009:

	2009 (Book value) £	2009 (Fair value) £	2008 (Book value) £	2008 (Fair value) £
Assets at fair value through profit and loss:				
Investment portfolio	7,805,465	7,805,465	8,877,030	8,877,030
Current investments	13,113,111	13,113,111	15,124,308	15,124,308
Cash at bank	15,256	15,256	23,865	23,865
Loans and receivables				
Accrued income	66,116	66,116	90,456	90,456
Other debtors	77,356	77,356	127,404	127,404
Other creditors	(138,150)	(138,150)	(179,089)	(179,089)
Total for financial instruments	20,939,154	20,939,154	24,063,974	24,063,974
Non financial instruments	96,544	96,544	3,343	3,343
Total net assets	21,035,698	21,035,698	24,067,317	24,067,317

The investment portfolio principally consists of unquoted investments 99.0% (2008: 98.6%). The investment portfolio has a 100% (2008:100%) concentration of risk towards small UK based, sterling denominated companies, and represents 37.1% (2008: 36.9%) of net assets at the year-end.

Current investments are money market funds, discussed under credit risk below, which represent 62.3% (2008: 62.8%) 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 £7,805,465 at the year-end. It represents the potential gain or loss that the Company might benefit or suffer from 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% (2008:15%) 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% (2008: 15%), 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.

	2009	**2008**
	£	**£**
	Profit and net assets	**Profit and net assets**
If overall share prices fell by 20% (2008: 15%), with all other variables held constant – decrease	(1,561,093)	(1,331,555)
Decrease in earnings, and net asset value, per Ordinary share (in pence)	(7.76)p	(6.50)p

	2009	**2008**
	£	**£**
	Profit and net assets	**Profit and net assets**
If overall share prices increase by 20% (2008:15%), with all other variables held constant – increase	1,561,093	1,331,555
Increase in earnings, and net asset value, per Ordinary share (in pence)	7.76p	6.50p

The impact of a change of 20% (2008:15%) 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. The range in equity prices is considered reasonable given the historic changes that have been observed.

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:

	2009	**2008**
	£	**£**
Loan stock investments	4,856,434	4,381,542
Money market funds	13,113,111	15,124,308
Accrued income and other debtor	143,472	217,860
Cash at bank	15,256	23,865
	18,128,273	19,747,575

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.

	2009	**2008**
Repayable within	**£**	**£**
0 to 1 year	235,200	50,000
1 to 2 years	927,466	235,200
2 to 3 years	690,468	932,610
3 to 4 years	2,104,528	1,630,103
4 to 5 years	898,772	1,533,629
Total	4,856,434	4,381,542

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 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**	**2009 Total**
	£	**£**	**£**	**£**
Loans to investee companies past due	44,339	232,200	489,034	765,573

	0-6 months	**6-12 months**	**over 12 months**	**2008 Total**
	£	**£**	**£**	**£**
Loans to investee companies past due	-	298,615	-	298,615

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 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		

The interest rate profile of the Company's financial net assets at 31 January 2008 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	4,471,562	-	-	4,471,562		
Preference shares	-	23,926	-	23,926	3.47	
Loan stocks	-	3,944,826	436,716	4,381,542	7.75	3.2
Money market funds	-	-	15,124,308	15,124,308	5.53	
Cash	-	-	23,865	23,865		
Debtors	217,860	-	-	217,860		
Creditors	(179,089)	-	-	(179,089)		
Total for financial instruments	4,510,333	3,968,752	15,584,889	24,063,974		
Non-financial instruments	3,343	-	-	3,343		
Total net assets	4,513,676	3,968,752	15,584,889	24,067,317		

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:

	2009 £ Profit and net assets	2008 £ Profit and net assets
If interest rates fell by 1%, with all other variables held constant – decrease	(107,270)	(123,321)
Decrease in earnings, and net asset value, per Ordinary share (in pence)	(0.53)p	(0.60)p

	2009 £ Profit and net assets	2008 £ Profit and net assets
If interest rates rose by 1%, with all other variables held constant – increase	107,270	123,321
Increase in earnings, and net asset value, per Ordinary share (in pence)	0.53p	0.60p

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.

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 Related party transactions
Matrix Group Limited has a significant interest in Matrix Corporate Capital LLP ("MCC"), who became the Company's brokers shortly before the year-end. Three share buybacks were undertaken by MCC on the Company's instruction, costing £116,135 (2008: nil). An amount of £35,811 (2008: nil) was due to MCC at the year-end.

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, 21 May 2009 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 7 will be proposed as ordinary resolutions and resolutions numbered 8 to 10 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 2009 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 2009 which is set out in the Annual Report of the Company for the year ended 31 January 2009.

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 Helen Sinclair as a Director of the Company.

6. To approve a final dividend for the year ended 31 January 2009 of 1 penny per share.

7. **THAT** in substitution for any existing authorities pursuant to section 80 of the Companies Act 1985 (the “1985 Act”) for the purpose of the said section 80 (and so that expressions used in this resolution shall bear the same meanings as in the said section 80) 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 £67,026 to such persons and at such times and on such terms as they think proper; and

   (ii) equity securities (as defined in section 94 of the 1985 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 £67,026 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 2010, 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:

8. **THAT** in substitution for any existing authorities pursuant to section 95 of the Companies Act 1985 (“the 1985 Act”) the Directors be and are empowered in accordance with section 95 of the 1985 Act to sell treasury shares (as defined in section 162 of the 1985 Act) and, subject to the

passing of Resolution 7 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 94 of the 1985 Act) for cash, pursuant to the authority conferred on them to allot relevant securities and/or equity securities (as defined in Section 80 of the 1985 Act) by that resolution, in each case as if section 89(1) and sub-sections (1)-(6) of section 90 did not apply to any such sale or allotment, provided that the power conferred by this resolution shall be limited to:-

(i) 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;

(ii) 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;

(iii) the allotment of equity securities (otherwise than pursuant to sub-paragraphs (i) and (ii) 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;

(iv) the allotment of equity securities (otherwise than pursuant to sub-paragraphs (i), (ii) and (iii) 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 2010 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:

9. **THAT** the Company be and is hereby generally and unconditionally authorised for the purpose of section 166 of the Companies Act 1985 (“the Act”) to make a market purchase or market purchases (as defined in section 163 of the said 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 3,014,159;

(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 2010.

10. That each of the directors of the Company be and hereby are authorised to hold office and continue to hold office and to act in such office as a director of The Income & Growth VCT plc notwithstanding that, by holding such office and acting in such office, a director has, or may have, a direct or indirect interest, duty or duties that conflict or possibly may conflict with the interests of the Company, in particular, but without limitation, in relation to existing common investments with The Income & Growth VCT plc and participating in future investment opportunities in which The Income & Growth VCT plc may also participate in. In particular, but without limitation, the provisions of article 121A.4 of the Articles of Association of the Company shall apply as if this authority had been given by the board of directors in accordance with article 121A.1 and any breach of duty by the directors or any of them arising from their holding office as directors of The Income & Growth VCT plc prior to the date of the passing of this resolution be and hereby is ratified and approved for all purposes.

BY ORDER OF THE BOARD

Matrix-Securities Limited,
Company Secretary

Registered Office
One Vine Street
London W1J 0AH
Dated: 8 April 2009

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 19 May 2009 (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 2006 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 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 19 May 2009 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 8 April 2009 (being the last business day prior to the publication of this notice), the Company's issued share capital consisted of 20,107,800 Ordinary Shares of 1p, carrying one vote each. Therefore, the total voting rights in the Company as at 8 April 2009 were 20,107,800.

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. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives - *www.icsa.org.uk* - for further details of this procedure. The guidance includes a sample form of representation letter if the chairman is being appointed as described in (i) above.

Corporate Information

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

Secretary
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Company Registration Number
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