MATRIX INCOME & GROWTH 4 VCT PLC

REPORT & ACCOUNTS

For the year ended 31 January 2007

Investment Objective

Matrix Income & Growth 4 VCT plc ("MIG 4") is a Venture Capital Trust (VCT) advised by Matrix Private Equity Partners LLP ("MPEP") investing in a diverse selection of established profitable unquoted companies.

The Company's objective is to provide investors with a regular and growing 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.

Contents

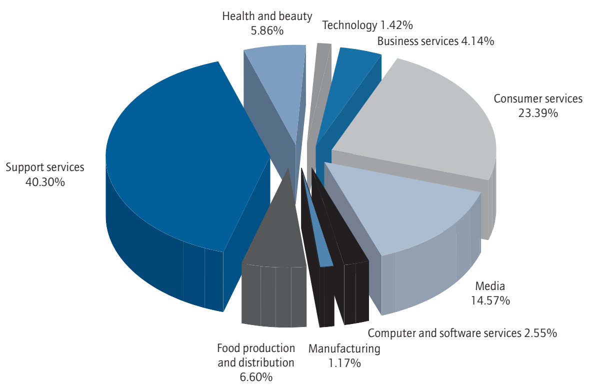
Financial Highlights
as at 31 January 2007

	31 January 2007	31 January 2006 (restated)	Change (%)
Net assets (£000s)	9,772	9,287	5.22
Net asset value per share (p)	116.34	106.57	9.17
Discount (%)	21.78	20.24	(7.61)
Cumulative dividends paid since launch per share (p)	8.90	8.40	5.95
Total return to shareholders since launch per share (p)[1]	125.24	114.97	8.93
Share price (p)[2]	91.00	85.0	7.06

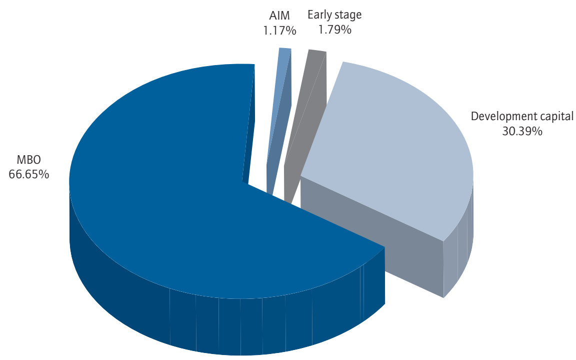
All figures have been restated to incorporate the restructuring of the share capital that occurred on 18 October 2006 under which all existing Shareholders received one Ordinary Share of 1 pence for every two Ordinary Shares of 5 pence held before the restructuring.

[1] Net asset value per share plus cumulative net dividends paid to date [2] Source: London Stock Exchange

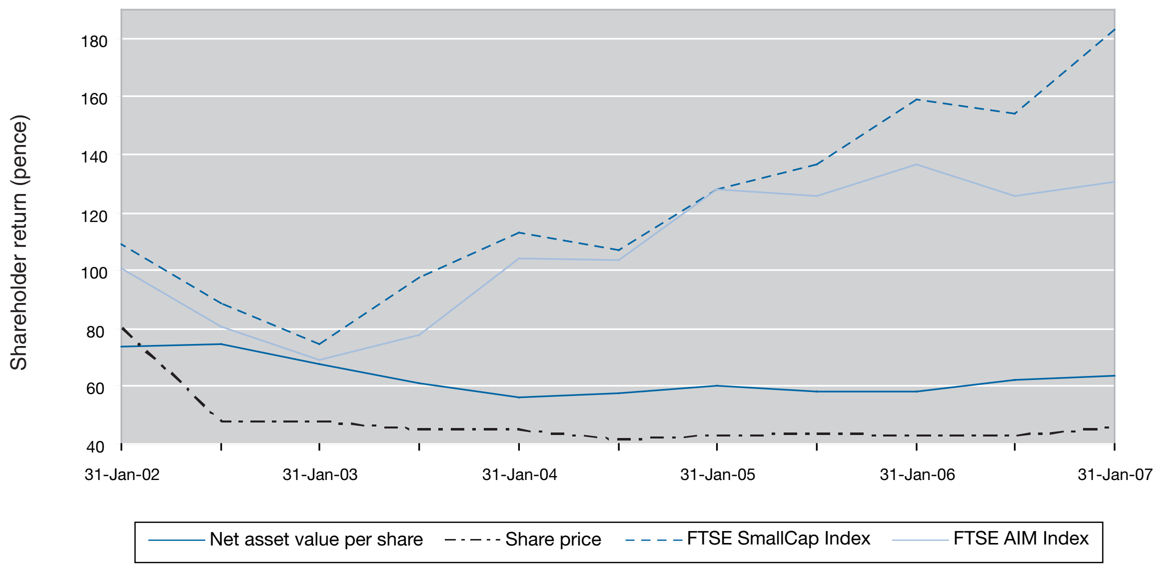
Investments by market sector



Investments by stage of development



Total shareholder return for the last five years compared to the FTSE SmallCap and FTSE AIM indices



Source: Teather & Greenwood Limited
All data has been re-based to 100p with effect from 9 March 1999, the date on which the Company's shares were first admitted to trading.

Chairman's Statement

I am pleased to present to Shareholders the Annual Report of the Company for the year ended 31 January 2007 - the first in the Company's new form as a single manager VCT.

Inevitably, for the Company, this year has been dominated by the changeover from being a multi-manager VCT to a single manager VCT, the capital restructuring and name change from TriVen VCT plc to Matrix Income & Growth 4 VCT plc to reflect this, and the subsequent Offer for Subscription by the Company. I will comment in more detail about these events below. Suffice it to say at this stage that the Board has been much encouraged by the positive Shareholder reaction received.

Net asset value

At 31 January 2007, the Company's Net Asset Value (NAV) per share was 116.34 pence (2006: 106.57 pence (restated)). Net Assets rose by 5.22% to £9.77m from £9.29m. The Company has now distributed accumulated dividends of 8.90 pence per share (restated) since launch.

Economic and stock market background

During the six-month period ended 31 January 2007 the FTSE 100 Index rose by 6.08% and the FTSE All Share Index rose by 8.32% whilst the AIM Index rose by 3.60%. The AIM new issue market has been much less active during this period with a good number of IPO prices being substantially lower at the end of the period as compared with the beginning of the year.

On the investment side there is no shortage of equity and debt providers looking for good propositions, and competition to finance such situations continues to remain strong. The Investment Manager is wary of some high valuations being placed on businesses in the current market, but continues to remain confident of sourcing good quality new investments. Looking ahead in the short term, it appears that the markets may have temporarily learned to live with the current global security position, the prospect of higher energy prices and the possibility of a return to higher inflation and interest rates. However, since the year end global stock markets have experienced some nervousness, which if it continues, could spill over into the wider financial markets.

The portfolio

When considered by stage of development, the portfolio is dominated by investments in management buy-out ("MBO") situations at some 66.65% with 30.39% invested in development capital companies and the remaining 2.96% of the portfolio invested in AIM stocks and early stage investments. Following the change in investment strategy, the portfolio is now invested in a wider range of market sectors with the largest of those being support services at 40.30%. This spread of investments reflects the current investment strategy of spreading risks whilst trying to maintain a steady, if not growing, dividend yield.

Seven new investments have been made in the year. In December 2006, new investments of £584,088 and of £406,803 were made in PXP Holdings Limited (Pinewood Structures), a supplier of timber frame houses, and Castlegate 435 Limited (Racoon International), a supplier of hair extensions.

Within the previous Elderstreet portfolio, the investment in Computer Software Group plc was sold in June 2006 and those in Mediasurface plc and Netstore plc were disposed of in August 2006. In

January 2007, an additional investment of £4,871 was committed to Mobile & Wireless Group plc, which took place just after the year-end.

It is worth commenting that the Company now holds only 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.

Revenue account

Income, excluding the capital dividend of £250,000 received last year, has risen by £17,854 over the last year. Interest from liquidity funds fell by £87,294 as funds were invested in new qualifying investments, but this contributed to an increase in loan interest income of £51,368. There was also a rise in dividend income of £53,429.

Fund management fees were constant compared to last year. Overhead costs were at similar levels to last year, but there were exceptional professional fees and costs of £63,000 relating to the cost of the Company's restructuring.

Dividend

The Company's revenue gain per Ordinary Share was 0.35 pence per share (2006: 0.67 pence per share restated). Your Board paid an interim dividend of 0.9 pence per share (equivalent to 1.8 pence per share after the capital restructuring) on 26 October 2006. Although no further dividend is proposed in respect of the year under review, the Board aims to distribute income to Shareholders twice-yearly and to include payments from capital when investments are successfully realised.

Change from TriVen VCT plc to Matrix Income & Growth 4 VCT plc

In my Report to you last year I said that "…. *The Board are looking actively at ways of improving the performance of the portfolio and of increasing the value to shareholders*. …." The decision to move to being a single manager VCT reflected the realisation by the Board, after considering a wide variety of options, that with its size and 5-year performance history it was not going to be easy to grow TriVen as a multi-manager VCT. MPEP had been the most successful of TriVen's three Investment Managers and are currently one of the top VCT managers in the marketplace (please see the paragraph on Awards below).

MPEP became the sole Investment Manager of the Company on 1 August 2006 when the other two Investment Managers resigned. I would like to take this opportunity to thank both these Investment Managers for their efforts to rectify earlier problems and create value for shareholders subsequently. The proposals to restructure the Company were put to Shareholders at an Extraordinary General Meeting on 18 October 2006 and all Resolutions were passed. A total of 130 Shareholders, representing 13.15% of the Company, submitted proxy votes on the proposals. The Board was encouraged by this response and, on behalf of the Board, I would like to thank all Shareholders for their support.

Offer for Subscription

On 2 November 2006, the Offer for Subscription for MIG 4 was launched. The reaction from independent commentators and the leading IFAs has been positive and, I am pleased to report, subsequent to the Company's financial year end, the Company has allotted a total of 13,006,193 new shares having raised £15.4 million. This outcome is particularly pleasing as the Company has more than doubled its size.

Share buy-backs

During the year ended 31 January 2007 the Company continued to implement its buy-back policy and bought back 280,000 Ordinary Shares of 5p before the capital restructuring and 175,000 Ordinary Shares of 1p following the capital restructuring, representing 3.61% of the shares in issue at 1 February 2006 at a total cost of £278,975 (excluding expenses). These shares were subsequently cancelled by the Company.

Investor Allstars 2006 Awards

At the Investor Allstars 2006 Awards ceremony, I am delighted to inform you that Matrix Private Equity Partners won the award for the second year running for the Venture Capital Trust Manager of the Year which included a review of the performance of the MPEP portfolio within MIG4. The judging panel commented " Matrix is one of the few VCs that has successfully defended its title. ….. What differentiated Matrix (*from the other finalists*) was the quality of the exits they achieved."

This has been a particularly busy year for the Board. Most importantly, the Board continues to be pleased with the recent progress that the portfolio has made and we look forward to the opportunities potentially offered from investing from a larger pool of funds. Once again I would like to take this opportunity to welcome new Shareholders and thank existing Shareholders for their continued support.

Colin Hook
Chairman
16 April 2007

Investment Manager's Review

Matrix Private Equity Partners LLP was appointed sole adviser of the Company's investment portfolio with effect from 1 August 2006. In addition to the eighteen investments it managed at that date it assumed responsibility for ten additional investments, previously managed by Elderstreet Private Equity, valued at £863k. Three of these, European Telecommunications & Technology, Netstore and Mediasurface, were realised by the end of October for proceeds of £610k compared with cost of £648k and the valuation of £560k at 31 January 2006. The remaining seven investments are now valued at a total of £125k.

The Company's new strategy is to invest in established, profitable, unquoted companies. Typically these investee companies are cash-generative and therefore capable of producing dividend income, as well as capital returns to Shareholders on their ultimate sale or flotation. The Company focuses principally on investments in MBOs.

Two MBO investments were completed in December 2006. The first was into PXP Holdings Limited (Pinewood Structures), a leading supplier of timber frame sections to the UK building sector, in which the Company invested £584k. This was followed by an investment of £407k into the MBO of Castlegate 435 Limited (Racoon International), the UK's largest supplier of hair extensions and related products.

During the year MPEP invested £1.77 million on behalf of the Company into seven companies across a range of industrial and commercial sectors, bringing the cost of its current investments to £5.39 million; six of these investments were MBOs, reflecting the success of the Company's focus on this type of investment.

The overall portfolio continues to mature and the more recent investments are already beginning to demonstrate good performance which is expected to translate into increases in valuation if progress is maintained during the next year. Youngman Group, in particular, has enjoyed very strong trading conditions and looks set to continue to grow. Higher Nature has generated record profits and has recently acquired additional property in order to increase its capacity. Letraset repaid the Company's £350k loan stock investment in January.

However, the investment in FH Ingredients has proved very disappointing. Poor implementation of a major capital expenditure programme soon after the investment led to cash pressures and efforts to re-finance the company proved unsuccessful; the company entered into administration on 26 January 2007.

Details of the Company's ten largest investments by value are set out below:

Higher Nature Limited

Cost: £500,000
Valuation: £1,574,137
Basis of valuation: Discounted earnings
Equity % held and voting rights: 10.7%
Business: Mail order distributor of vitamins and natural medicines
Location: Burwash Common, East Sussex
History: Expansion capital
Income receivable in year: £35,825
Audited financial information:

Period ended	Turnover	Operating profit	Net assets
31 March 2006	£9,958,000	£1,878,000	£3,627,000

Youngman Group Limited

Cost: £500,026
Valuation: £1,372,182
Basis of valuation: Discounted earnings
Equity % held and voting rights: 4.3%
Business: Manufacturer of ladders and access towers
Location: Maldon, Essex
History: Management buy-in/buy-out from SGB Group
Income receivable in year: £35,277
Audited financial information:

Period ended	Turnover	Operating profit	Net assets
30 June 2006	£30,858,000	£2,720,000	£1,698,000

PXP Holdings Limited (Pinewood Structures)

Cost: £584,088
Valuation: £584,088
Basis of valuation: Cost
Equity % held and voting rights: 5.0%
Business: Designer, manufacturer and supplier of timber frames for buildings
Location: Sandy, Bedfordshire
History: MBO
Income receivable in year: £3,803
Audited financial information: First audited accounts will be for the period ending 31 December 2007

Maven Management Limited

Cost: £175,000
Valuation: £482,206
Basis of valuation: Discounted earnings
Equity % held and voting rights: 32.7%
Business: Market research agency
Location: High Wycombe, Buckinghamshire
History: MBO
Income receivable in year: £33,927
Audited financial information:

Year ended	Turnover	Operating profit	Net assets
31 July 2006	£2,973,000	£78,000	£1,058,000

Castlegate 435 Limited (Racoon International)

Cost:	£406,805
Valuation:	£406,805
Basis of valuation:	Cost
Equity % held and voting rights:	5.7%
Business:	Supplier of hair extensions, hair care products and training
Location:	Leamington Spa, Warwickshire
History:	MBO
Income receivable in year:	£3,737
Audited financial information:	First audited accounts will be for the year ending 31 March 2007

Stortext FM Limited

Cost:	£561,820
Valuation:	£375,968
Basis of valuation:	Cost less impairment
Equity % held and voting rights:	5.4%
Business:	Provider of document management software and services
Location:	Houghton Regis, Bedfordshire
History:	Expansion capital
Income receivable in year:	£Nil

Audited financial information:

Year ended	Turnover	Operating loss	Net assets
31 March 2006	£5,086,000	£724,000	£2,959,000

Tottel Publishing Limited

Cost:	£235,200
Valuation:	£375,664
Basis of valuation:	Discounted earnings
Equity % held and voting rights:	6.3%
Business:	Publisher specialising in legal and tax titles
Location:	Haywards Heath, West Sussex
History:	MBO
Income receivable in year:	£18,441

Audited financial information:

Period ended	Turnover	Operating profit	Net assets
28 February 2006	£5,136,000	£709,000	£960,000

Ministry of Cake (Holdings) Limited

Cost:	£328,720
Valuation:	£325,635
Basis of valuation:	Discounted earnings
Equity % held and voting rights:	5.6%
Business:	Manufacturer of frozen cakes and desserts for the foodservice industry
Location:	Taunton, Somerset
History:	Management buy-in/buy-out from private ownership
Income receivable in year:	£20,036
Audited financial information:	First audited accounts will be for the period ended 30 June 2006

British International Holdings Limited

Cost:	£250,000
Valuation:	£250,000
Basis of valuation:	Cost
Equity % held and voting rights:	2.5%
Business:	Helicopter service operator
Location:	Sherborne, Dorset
History:	MBO
Income receivable in year:	£11,928
Audited financial information:	First audited accounts will be for the period ended 31 December 2006

VSI Limited

Cost:	£177,213
Valuation:	£177,213
Basis of valuation:	Cost
Equity % held and voting rights:	4.6%
Business:	Provider of software for CAD and CAM vendors
Location:	Sheffield
History:	MBO
Income receivable in year:	£13,098
Audited financial information:	First audited accounts will be for the year ended 31 December 2006

Note: Where relevant, operating profit is stated before charging amortisation of goodwill

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

Investment Portfolio Summary
as at 31 January 2007

	Ordinary Shares		Other Investments (loan stock/preference shares)		Total									
	Cost at 31-Jan-07 £	Valuation at 31-Jan-07 £	Cost at 31-Jan-07 £	Valuation at 31-Jan-07 £	Cost at 31-Jan-07 £	Valuation at 31-Jan-06 £	Additional investments	Valuation at 31-Jan-07 £	Unrealised gains/(losses) in year £	Realised gains/(losses) in year £	Proceeds in year £	% of equity held	% of portfolio by value	Description of loan stock/ preference shares
Matrix Private Equity Partners LLP														
Higher Nature Limited Mail order distributor of vitamins and natural medicines	500,000	1,574,137	-	-	500,000	1,433,675	-	1,574,137	140,462	-	-	10.69%	22.67%	
Youngman Group Limited Manufacturer of ladders and access towers	50,027	922,183	449,999	449,999	500,026	500,000	26	1,372,182	872,156	-	-	4.29%	19.76%	7.75% secured subordinated loan stock
PXP Holdings Limited (Pinewood Structures) Designer, manufacturer and supplier of timber frames for buildings	168,217	168,217	415,871	415,871	584,088	-	584,088	584,088	-	-	-	4.98%	8.41%	Secured loan stock at 12%
Maven Management Limited Market research agency	175,000	482,206	-	-	175,000	594,726	-	482,206	(112,520)	-	-	32.65%	6.94%	
Castlegate 435 Limited (Racoon International) Supplier of hair extensions, hair care products and training	122,043	122,043	284,762	284,762	406,805	-	406,805	406,805	-	-	-	5.70%	5.86%	Secured loan stock at 8% and 10% participating preference shares
Stortext FM Limited Provider of document management software and services	185,852	-	375,968	375,968	561,820	375,968	-	375,968	-	-	-	5.42%	5.41%	9% unsecured subordinated 'A' loan stock 2010 and 5% unsecured subordinated 'B' loan stock 2010
Tottel Publishing Limited Publisher specialising in legal and tax titles	58,800	199,264	176,400	176,400	235,200	400,163	-	375,664	(24,499)	-	-	6.27%	5.41%	9.6% secured loan stock 2009 and participating preference shares
Ministry of Cake (Holdings) Limited Manufacturer of frozen cakes and desserts for the foodservice industry	40,088	37,003	288,632	288,632	328,720	328,720	-	325,635	(3,085)	-	-	5.60%	4.69%	7% subordinated secured loan stock
British International Holdings Limited Helicopter service operator	56,250	56,250	193,750	193,750	250,000	-	250,000	250,000	-	-	-	2.50%	3.60%	Secured loan stock at 9%
VSI Limited Provider of software for CAD and CAM vendors	17,722	17,722	159,491	159,491	177,213	-	177,213	177,213	-	-	-	4.56%	2.55%	Secured loan stock at 10%
Blaze Signs Holdings Limited Manufacturer and installer of signs	49,353	49,353	115,157	115,157	164,510	-	164,510	164,510	-	-	-	4.63%	2.37%	Secured loan stock at 10%
SectorGuard plc [1] Provider of manned guarding, patrolling and alarm response services	150,000	160,714	-	-	150,000	135,000	-	160,714	25,714	-	-	1.38%	2.31%	
Campden Media Limited Magazine publisher and conference organiser	30,906	32,326	121,714	121,714	152,620	152,620	-	154,040	1,420	-	-	1.69%	2.22%	Variable rate unsecured loan notes 2010 and A ordinary shares
Pastaking Holdings Limited Manufacturer and supplier of fresh pasta meals	53,222	53,222	79,833	79,833	133,055	-	133,055	133,055	-	-	-	2.10%	1.92%	Secured loan stock at 10%
Vectair Holdings Limited Designer and distributor of washroom products	24,643	25,461	75,357	75,357	100,000	100,000	-	100,818	818	-	-	2.14%	1.45%	Variable rate secured loan stock
BBI Holdings plc [1] Manufacturer of gold conjugate for the medical diagnostics industry	57,528	81,034	-	-	57,528	-	57,528	81,034	23,506		-	0.23%	1.17%	
BG Consulting Group Limited/Duncary 4 Limited Provider of financial training services	22,041	50,716	208,755	1,667	230,796	27,967	-	52,383	24,416	-	-	See note 3 below	0.75%	Variable rate unsecured loan notes 2010 and preference shares
Inca Interiors Limited Designer, supplier and installer of contract kitchens	50,000	-	300,000	50,000	350,000	200,000	-	50,000	(150,000)	-	-	9.75%	0.72%	9% secured subordinated loan stock 2006 and preference shares
Letraset Limited Manufacturer and distributor of graphic art products	150,000	-	-	-	150,000	291,268	-	-	-	58,732	350,000	17.35%	0.00%	
F H Ingredients Limited Processor of frozen herbs to the food processing industry	38,197	-	145,607	-	183,804	183,804	-	-	(183,804)	-	-	8.04%	0.00%	12% secured loan stock
Total	1,999,889	4,031,851	3,391,296	2,788,601	5,391,185	4,723,911	1,773,225	6,820,452	614,584	58,732	350,000	-	98.21%	

Investment Portfolio Summary

as at 31 January 2007

	Ordinary Shares		Other Investments (loan stock/preference shares)		Total									
	Cost at 31-Jan-07	Valuation at 31-Jan-07	Cost at 31-Jan-07	Valuation at 31-Jan-07	Cost at 31-Jan-07	Valuation at 31-Jan-06	Additional investments	Valuation at 31-Jan-07	Unrealised gains/(losses) in year	Realised gains/(losses) in year	Proceeds in year	% of equity held	% of portfolio by value	Description of loan stock/ preference shares
Former Elderstreet Private Equity Limited Portfolio														
Mobile and Wireless Group Limited	26,129	65,773	-	-	26,129	-	26,129	65,773	39,644	-	-	1.02%	0.94%	
Retailer of handheld electrical products														
Cashfac Limited	260,101	33,163	-	-	260,101	49,397	-	33,163	(16,234)	-	-	3.42%	0.48%	
Provider of virtual banking application software solutions to corporate customers														
Sparesfinder Limited	250,000	25,683	-	-	250,000	-	-	25,683	25,683	-	-	2.19%	0.37%	
Supplier of industrial spare parts on-line														
Computer Software Group plc [1]	-	-	-	-	0	590,784	-	-	-	165,102	755,886	1.42%	0.00%	
Software vendor														
European Telecommunications & Technology Limited	-	-	-	-	-	300,244	-	-	-	76,734	376,978	4.66%	0.00%	
Telecom service integrator providing enterprise network														
Mediasurface plc [1]	-	-	-	-	-	246,456	-	-	-	(25,149)	221,307	2.63%	0.00%	
Developer of web content management software														
Netstore plc [1]	-	-	-	-	-	13,500	-	-	-	(1,667)	11,833	0.03%	0.00%	
Provider of enterprise-managed IT services														
Sift Group Limited	125,000	-	-	-	125,000	62,500	-	-	(62,500)	-	-	0.63%	0.00%	
Developer of on-line community software and services														
Other investments in the portfolio [2]	773,062	-	-	-	773,062	-	-	-	-	-	-	-	0.00%	
Total	1,434,292	124,619	-	-	1,434,292	1,262,881	26,129	124,619	(13,407)	215,020	1,366,004	-	1.79%	
Investment Managers' Total	**3,434,181**	**4,156,470**	**3,391,296**	**2,788,601**	**6,825,477**	**5,986,792**	**1,799,354**	**6,945,071**	**601,177**	**273,752**	**1,716,004**	-	100.00%	

[1] Quoted on AIM

[2] 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, Sapphire International Limited, and Shopcreator plc.

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

Board of Directors

Colin Hook

Status: Independent, Non-Executive Chairman

Age: 65

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 & Sime plc. He is currently the non-executive Chairman of TriVest 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 2004. Standing for re-election at the Annual General Meeting on 13 June 2007

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

Number of Board and Committee meetings attended 2006/07: 17/17

Remuneration 2006/07: £30,000

Relevant relationships with the Investment Managers or other service providers: Chairman of TriVest VCT plc which is also partly advised by Matrix Private Equity Partners LLP.

Shareholding in the Company: 22,793 Ordinary Shares

Shareholding in investee companies: 3,616 ordinary 1p shares in Mediasurface plc, an investment sold by the VCT during August 2006

Christopher Moore

Status: Independent, Non-Executive Director

Age: 62

Experience: After qualifying as a Chartered Accountant with Price Waterhouse, Christopher worked for Robert Fleming Inc., Lazards, Jardine Fleming and then Robert Fleming, latterly as a main board director for nine 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. His recent advisory roles included acting as senior adviser to the Chairman of Lloyds, the insurance group, for 4 years. He was also Chairman of Calderburn Plc from 1996 to 1999, and led a successful turnaround and sale of the group's businesses. He is a non-executive director of TriVest VCT plc, Matrix Income & Growth VCT plc and Matrix Income & Growth 3 VCT plc and Chairman of Oxonica plc.

Last re-elected to the Board: May 2005

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

Number of Board and Committee meetings attended 2006/07: 16/17

Remuneration 2006/07: £25,000

Relevant relationships with the Investment Managers or other service providers:

Director of Matrix Income & Growth VCT plc and Matrix Income & Growth 3 VCT plc which are both advised and TriVest VCT plc which is partly advised by Matrix Private Equity Partners LLP.

Shareholding in the Company: 26,690 Ordinary Shares

Helen Sinclair

Status: Independent, Non-Executive Director

Age: 41

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. Helen is also a non-executive director of TriVest VCT plc and Hotbed Fund Managers Limited.

Last re-elected to the Board: May 2006

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

Number of Board and Committee meetings attended 2006/07: 16/17

Remuneration 2006/07: £25,000

Relevant relationships with the Investment Managers or other service providers: Director of TriVest VCT plc which is also partly 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 2007.

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 9 March 1999.

The Company is an Investment Company as defined by section 266 of the Companies Act 1985 ("the Act"). It has satisfied the requirements for full approval as a Venture Capital Trust by HM Revenue & Customs (HMRC) under section 842AA of the Income and Corporation Taxes Act 1988 throughout the year ended 31 January 2007. It is the Directors' intention to continue to manage the Company's affairs in such a manner as to comply with this section.

Details of the principal investments made by the Company are given in the Investment Manager's Review and Investment Portfolio Summary on pages 5-10, of this Annual Report. A review of the Company's business activities during the year is contained in the Chairman's Statement on pages 2-4.

All the businesses of the investee companies are within the United Kingdom with the exception of ComponentSource Holding Corporation which is in 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 2-4 and the Investment Manager's Review and Investment Portfolio Summary on pages 5-10 of this Report. The Financial Highlights on page 1 provides data on the Company's key performance indicators.

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

- **Total return**

  The total return per share is the key measure of performance for the Company which comprises NAV plus cumulative dividends paid per share. NAV is calculated quarterly in accordance with the IPEVCV guidelines. The Company's net assets increased during the year under review resulting in a 9.17% increase in NAV per share and an 8.93% (restated) increase in total return per share.

- **Total expense ratio (TER)**

  Under the terms of the Investment Services Agreement in place until 18 October 2006, annual expenses were capped at 3.5% of opening net assets. Under the new Investment Adviser's Agreement, annual expenses, excluding any exceptional items and irrecoverable VAT are capped at 3.4% of closing net assets. Any expenses in excess of the 3.4% cap are borne wholly by the Investment Manager.

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

Following the Extraordinary General Meeting held on 18 October 2006 the existing issued and unissued Ordinary Shares of 5 pence each in the capital of the Company were consolidated on the basis of one Ordinary Share of 10 pence each for every two Ordinary Shares of 5 pence each. The issued and unissued Ordinary Shares of 10 pence each were then sub-divided into one Ordinary Share of 1 pence each and nine Deferred Shares of 1 pence each. In accordance with the Articles of Association the Deferred Shares were subsequently acquired for a nominal consideration and cancelled by the Company.

The Ordinary Shares of 1 pence each in the capital of the Company were first admitted to the Official List of the UK Listing Authority and to trading on 20 October 2006.

The Company has authority to purchase its own shares pursuant to section 166 of the Companies Act 1985 as approved by Shareholders on 18 October 2006. For further details please see Note 14 to the accounts on page 41 of this Report. A resolution to renew this authority will be put to members at the Annual General Meeting to be held on 13 June 2007. During the year the Company bought back 280,000 Ordinary Shares of 5 pence each and 175,000 Ordinary Shares of 1 pence each (representing 3.61% of the shares in issue at 1 February 2006 at a total cost of £278,975 (excluding expenses). These shares were subsequently cancelled by the Company.

On 2 November 2006 the Company launched an Offer for Subscription ("the Offer") to raise additional funds for investment. As at the year-end no additional Ordinary Shares had been allotted under the Offer.

The issued Ordinary Share capital of the Company as at 31 January 2007 was £83,994 and the number of Ordinary Shares in issue as at this date was 8,399,337.

Subsequent to the year-end, the Company has allotted a total of 13,006,193 new Ordinary Shares pursuant to the Offer. The issued Ordinary Share capital as at the date of this Report has therefore increased to £214,055 and the number of Ordinary Shares in issue as at this date is 21,405,530.

Results and dividend

The revenue profit attributable to equity shareholders for the year to 31 January 2007 was £30,369 (2006: £58,829) after taxation. Your Board paid an interim dividend of 0.9 pence (equivalent to 1.8 pence per share after the capital restructuring) on 26 October 2006 and no further dividend is proposed in respect of the year under review. This is deemed to be the prudent course of action following discovery of a technical breach in not filing interim accounts before payment of the £153,988 dividend. The Company has now taken the steps necessary to rectify this technical breach, and there should be no effect on the tax relief available in respect of this dividend.

The balance sheet as at 31 January 2007 showed the amount of £153,988 still held in revenue reserves. Revenue reserves have since been reduced to nil by a sum equal to the interim dividend paid.

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 2007 were:

Director	***Ordinary Shares of 1p held 31 January 2007***	***Ordinary Shares of 5p held 31 January 2006***
Colin Hook	5,000	10,000
Christopher Moore	-	-
Helen Sinclair	-	-

Since 31 January 2007 the Directors' have subscribed for and have been allotted a total of 51,155 Ordinary Shares as follows:

Colin Hook	17,793
Christopher Moore	26,690
Helen Sinclair	6,672

Colin Hook will retire by rotation at the Annual General Meeting to be held on 13 June 2007 and being eligible offers himself for re-election.

Colin Hook held 3,616 ordinary 1p shares of Mediasurface plc, an investment disposed of by the Company in August 2006. It is the policy of the Directors not to participate in decisions concerning investee companies in which they hold an interest.

Management

On 31 July 2006 two of the Company's three original Investment Managers, Elderstreet Private Equity Limited and Nova Capital Management Limited resigned as Investment Managers to the Company. On 1 August 2006 Matrix Private Equity Partners Limited assumed responsibility for the entire portfolio. On 23 October 2006 Matrix Private Equity Partners Limited transferred its business to Matrix Private Equity Partners LLP. 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 3 on page 35.

Matrix-Securities Limited was initially appointed as Company Secretary and Administrator to the Company under an agreement dated 8 February 1999. This agreement was replaced by a new agreement on 1 November 2006. The agreement is for an initial period of three years and may be terminated thereafter by either party by giving not less than 12 months' notice in writing. Fees are payable quarterly in arrears, initially based on 0.3% of the net assets of the Company as at 31 October

2006 and subsequently based upon 0.3% of the aggregate amount raised pursuant to the Offer for Subscription.

Independent auditors

PricewaterhouseCoopers LLP have expressed their willingness to continue in office and resolutions to reappoint them as auditors to the Company and to authorise the Directors to determine their remuneration will be proposed at the Annual General Meeting. The Audit Committee regularly reviews and monitors the external auditor's independence and objectivity and as part of this it reviews the nature and extent of services supplied by the auditors to ensure that independence is maintained.

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.

Auditors' right to information

So far as the Directors in office at 31 January 2007 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 price risk, credit risk and liquidity risk please see Note 19 of the Notes to the Accounts on pages 42-44 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 2007 the average credit period for trade creditors was 36 days (2006: 21 days). This figure is exceptionally high due to the receipt of a large invoice just before the year-end.

Directors' and officers' liability insurance

The Company maintains a Directors and Officers' liability insurance policy.

Annual general meeting

Notice of the Annual General Meeting, which will be held on 13 June 2007 is set out on pages 45-47 of this Annual Report. The following explains the principal business to be proposed.

Authorities for the Directors to allot shares (Resolution 6) and disapply pre-emption rights (Resolution 7) under sections 80 and 95 of the Companies Act 1985 ("the Act").

The authorities proposed under Resolutions 6 and 7 will grant the Directors the authority to allot Ordinary Shares for cash to a limited and defined extent otherwise than pro rata to existing Shareholders. Resolution 6 will authorise the Directors to allot relevant securities generally, in accordance with section 80 of the Act, up to a nominal amount of £74,919 (representing approximately 35 per cent. of the Company's issued share capital at the date of the Notice of the Meeting). The authority conferred by resolution 6 will expire on the fifth anniversary of the passing of the resolution.

Under section 89 of the Act, if the Directors wish to allot any of the unissued share capital for cash they must first offer such shares to existing shareholders in proportion to their current holdings. Resolution 7 will enable this requirement to be disapplied in the specific circumstances named in the Resolution. These are in relation to a rights issue, any dividend investment scheme that may be introduced by the Company in the future and to fund any future further issues of up to 5 per cent of the issued share capital, being the maximum that could be issued without issuing a new prospectus.

This resolution is proposed as a special resolution and unless previously renewed or revoked, will expire on the earlier of the Annual General Meeting of the Company to be held in 2008 and the date which is fifteen months after the date on which this resolution is passed.

The Directors have no immediate intention of exercising these authorities. Both resolutions replace similar authorities approved on 18 October 2006.

Authority for the Company to purchase its own Shares (Resolution 8)

This resolution will authorise the Company to purchase its own shares in the capital of the Company pursuant to section 166 of the Act. The authority is limited to a maximum number of Ordinary Shares as is equal to 14.99% of the issued Ordinary Share capital of the Company at the date of the resolution. It will expire on the earlier of the conclusion of the Annual General Meeting to be held in 2008 and the date which is fifteen months after the date on which this resolution is passed. The maximum price that may be paid for an Ordinary Share will be 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 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 replace the existing authority granted at the Extraordinary General Meeting held on 18 October 2006 that expires at the conclusion of this Annual General Meeting. The Company has the ability to hold in treasury any shares purchased by it using its distributable profits; in such event such shares will remain in issue and capable of being re-sold by the Company. However, the Company has no immediate plans to hold such shares in treasury and intends to continue its practice of cancelling any shares which are re-purchased.

The cancellation of the share premium account of the Company confirmed by an Order of the High Court dated 5 September 2001 has provided the Company with a special reserve which is distributable and can now be used, inter alia, to fund buy-backs of Ordinary Shares. During the year the special reserve has been utilised to offset a loss on the revenue reserve.

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, will enable the Directors to carry out this policy.

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.

Adoption of new Articles of Association of the Company (Resolution 9)

The current Articles of Association of the Company allow the Company to take advantage of the Electronic Communications Act 2000 which permits companies to communicate with its shareholders using electronic means, provided that individual shareholders have given their specific consent. The regime introduced by the Electronic Communications Act has been revised and enhanced by the Companies Act 2006, parts of which came into force earlier this year. Under the new Act, companies may make communications with shareholders available to view on a website rather than send them to shareholders in hard copy form.

The regime introduced by the Companies Act 2006 allows the Company to use electronic communications as the default method of communicating with shareholders unless shareholders notify the Company that they wish to receive hard copies of communications from the Company. Notwithstanding any prior request or deemed consent to receive communications electronically, a shareholder may at any time tell the Company that he or she wishes to receive all or specific information in hard copy form.

To enable the Company to benefit from the enhanced regime, it is necessary to amend the Company's Articles of Association to update references to relevant legislation, introduce provisions permitting the Company to communicate with shareholders via a website and make other consequential changes.

The Company will subsequently contact shareholders to ask them to specify whether they wish to receive communications from the Company via a website or in hard copy form.

By order of the Board

Matrix-Securities Limited
Secretary

16 April 2007

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 13 June 2007. 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 28-29.

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. Details of the Directors’ remuneration are disclosed below and in the Notes to the Accounts. The Company does not have any employees.

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 Remuneration and Nominations 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. Expenses paid to the Directors during the year amounted to £1,165 (2006: £456) in total.

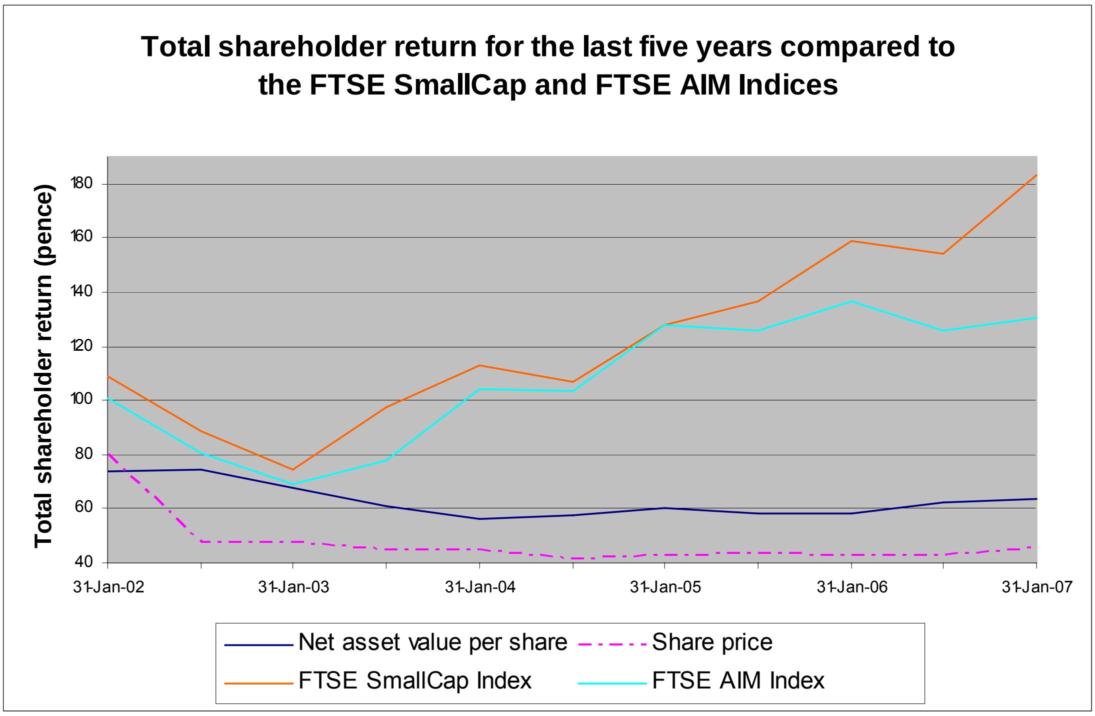
	Total emoluments year to: 31 January 2007 £	31 January 2006 £
Colin Hook	30,000	30,000
Christopher Moore	25,000	25,000
Helen Sinclair	25,000	18,750
Fees paid to Matrix-Securities Limited in respect of Helen Sinclair's services	Nil	6,250
Total emoluments	80,000	80,000

Aggregate emoluments in respect of qualifying services amounted to £80,000 (2006: £80,000).

Total shareholder return

The following 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 FTSE AIM Indices. These indices are both 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. An explanation of the performance of the Company is given in the Chairman's Statement and Investment Manager's Review.

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



Source: Teather & Greenwood Limited

All data has been re-based to 100p with effect from 9 March 1999, the date on which the Company's shares were first admitted to trading

By order of the Board

Matrix-Securities Limited
Secretary
16 April 2007

Corporate Governance Statement

The Board has adopted the 2003 FRC Combined Code ("the Combined Code") in respect of the year ended 31 January 2007. It has considered the principles detailed in the Combined Code and believes that, insofar as they are relevant to the Company's business, the Company has complied or explained any non-compliance with the provisions of the Combined Code throughout the financial year ended 31 January 2007 as detailed below.

The Company has recently become a member of the Association of Investment Companies (AIC) and the Directors have adopted the AIC Code of Corporate Governance with effect from 1 February 2007. The AIC Code was endorsed by the FRC on 3 February 2006, which has confirmed that in complying with the AIC Code listed companies will meet their obligations in relation to the Combined Code and paragraph 9.8.6 of the Listing Rules.

The Board

The Company has a Board of three non-executive Directors who are all considered to be independent of the Investment Manager. 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. In particular, the Board has assessed the independence of the Chairman and notwithstanding the Combined Code's assumption that the Chairman is not independent, has concluded that Colin Hook remains an independent Director. Christopher Moore and Helen Sinclair are also regarded as independent.

It is the policy of the Directors not to participate in decisions concerning investee companies in which they hold an interest. The Company does not employ a chief executive. The Board has not appointed a senior independent director, as required by the Combined Code, as it does not believe that such an appointment is necessary when the Board is comprised solely of 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 and met informally on numerous 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 agreed a schedule of matters specifically reserved for decision by the Board. These include compliance with the requirements of the Companies Acts 1985 and 2006, applicable accounting standards in the United Kingdom and the Statement of Recommended Practice, 'Financial Statements of Investment Trust Companies', the UK Listing Authority and the London Stock Exchange; changes relating 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; material contracts of the Company and contracts of the Company not in the ordinary course of business. A procedure has been adopted for individual Directors, in the furtherance of their duties, to take independent professional advice where necessary 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 is a matter for the Board as a whole. Where Directors have concerns about the running of the Company or a proposed action which cannot be resolved, it is their responsibility 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 Directors, are 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 19-21. The Directors are therefore not appointed for specific terms.

The Chairman's other significant directorships are disclosed on page 11.

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 Board has delegated, contractually to third parties, management of the investment portfolio, custodial services, the day-to-day accounting, company secretarial and administration functions and the share 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 these contracts on an ongoing basis as required and carries out a formal review of the contracts and performance of the service providers at least once a year. The Audit Committee and the Board regularly review performance as part of the internal control process instigated by the Board. The Board receives and considers regular reports from the Investment Manager and ad hoc reports and information are supplied to the Board as required. It remains the role of the Board to keep under review the terms of the Investment Adviser's Agreement with the Investment Manager and to take action to rectify any issues should they arise.

The Directors are responsible for the internal control systems of the Company and for reviewing their effectiveness. The 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 ongoing 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.

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 was conducted on the basis of reports from the relevant service providers. The last review took place on 2 April 2007. The Board has identified no significant problems with the Company's internal control mechanisms that warrant disclosure in the Annual Report.

Board committees

The Investment Committee comprises all three Directors, Helen Sinclair (Chairman), Colin Hook, and Christopher Moore. The Committee meets as necessary to discuss the investment proposals put forward by the Investment Manager. Investment guidelines have been issued to the Investment Manager and the Committee ensures that these guidelines are adhered to. The Committee held two formal meetings during the year and met informally on numerous other occasions.

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 interim and annual financial statements before submission to the Board, including meeting 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 four formal meetings during the year and met informally on other occasions.

The Nominations & Remuneration Committee comprises the full Board and is chaired by Colin Hook, who is also Chairman of the Board. Although this is not in compliance with the Combined Code, the Board believes this to be the most appropriate structure as the Board is comprised solely of non-executive directors and given the nature of its business at the present time. All of the committee members are regarded as 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 of the Directors. The Committee held one formal meeting during the year 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 effectiveness of the Board and the Chairman is reviewed regularly as part of the internal control process led by the Audit Committee. The Committee has not, therefore, considered that a formal system of performance evaluation was appropriate to the Company during the year ended 31 January 2007 but it is keeping this under review and will consider the introduction of such a scheme when appropriate.

On 13 September 2006 it was agreed that the Management Engagement Committee would be dissolved with immediate effect and that the responsibilities of the Committee would be added to the schedule of matters specifically reserved for decision by the Board. Going forward therefore, the Board will annually review, and at other times as and when necessary, the Investment Adviser's Agreement and the performance of the Investment Manager.

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. Terms of reference for the Audit and Nominations and Remuneration Committees may be found on the Company Secretary's website at www.matrixgroup.co.uk in accordance with the Combined Code.

Directors' remuneration

A Directors' Remuneration Report, prepared in compliance with the Directors' Remuneration Report Regulations 2002, is contained on pages 19-21 of this Annual Report.

Investor relations

The Company communicates with Shareholders and solicits their views where it is appropriate to do so. All Shareholders are welcome at the Annual General Meeting which provides a forum for Shareholders to ask questions of the Directors and to discuss with them issues affecting the Company. Shareholders may contact the Chairman of the Audit Committee 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 Chairman's Statement and the Investment Manager's Review which form part of the Annual and Interim Reports to Shareholders in order to ensure that they present a balanced and understandable assessment of the Company's position and future prospects.

Notice of the Annual General Meeting accompanies this Annual Report, which is sent to Shareholders allowing a minimum of 20 working days before the 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.

Accountability and audit

The Statement of Directors' Responsibilities in respect of the accounts is set out on page 27 of this report.

The report of the independent auditors is set out on pages 28-29 of this Annual Report.

Internal audit

The Board reviews annually the need for an internal audit function. It has decided in respect of the year ended 31 January 2007 that the systems and procedures employed by the Investment Manager and the Administrator provide sufficient assurance that a sound system of internal financial control, which safeguards Shareholders' investments and the Company's assets, is maintained. An internal audit function, specific to the Company, is, therefore, not considered necessary and would be uneconomic given the relatively small size of the Company's operations.

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.

By order of the Board

Matrix-Securities Limited
Secretary

16 April 2007

Statement of Directors' Responsibilities

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the return for that year. In preparing such statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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 accounts on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records which 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 have responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are responsible for ensuring that the Directors' Report, the Directors' Remuneration Report and the other information included in the Annual Report is prepared in accordance with Company Law in the United Kingdom. They are also responsible for ensuring that the Annual Report includes information required by the Listing Rules of the Financial Service Authority.

The financial statements may be published on websites that are managed by organisations other than the Company. In particular, they may be published on the websites of the Investment Manager, the Company Secretary or the Promoter. The Auditors have represented to your Board that their work does not involve any consideration of the maintenance and integrity of such websites and accordingly the Auditors accept no responsibility for any changes that may have occurred to the financial statements since they were approved. Visitors to any website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in their jurisdiction.

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 2007 which comprise the Income Statement, the Statement Total Recognised Gains and Losses, the Reconciliation of Movements in Shareholders' Funds, the Balance Sheet, the Cash Flow Statement and the related notes. These Financial Statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

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 Directors' Statement of 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).

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the Financial Statements give a true and fair view and whether the Financial Statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Directors is not consistent with the Financial Statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance statement reflects the Company's compliance with the nine provisions of the 2003 FRC 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 and the Corporate Governance statement. 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 2007 and of its net return and cash flows 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.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
16 April 2007

Income Statement

for the year ended 31 January 2007

	Notes	Year ended 31 January 2007 Revenue £	Capital £	Total £	Year ended 31 January 2006 Revenue £	Capital £	Total £
Unrealised gains on investments held at fair value	9	-	601,177	601,177	-	44,589	44,589
Realised gains/(losses) on investments held at fair value	9	-	270,668	270,668	-	(725,431)	(725,431)
Income	2	354,141	-	354,141	336,287	250,000	586,287
Investment management fees	3	(32,072)	(96,215)	(128,287)	(31,774)	(95,322)	(127,096)
Other expenses	4	(288,581)	-	(288,581)	(232,828)	-	(232,828)
Return on ordinary activities before taxation		33,488	775,630	809,118	71,685	(526,164)	(454,479)
Taxation on ordinary activities	6	(3,119)	3,119	-	(12,856)	12,856	-
Return on ordinary activities after taxation		30,369	778,749	809,118	58,829	(513,308)	(454,479)
Return per Ordinary Share (basic and diluted)	8	0.35p	9.06p	9.41p	0.67p	(5.81)p	(5.14)p

The total column of this statement is the profit and loss account of the Company. All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued in the year.

The revenue return as stated does not differ materially from that under the historical cost basis of accounting.

The notes on pages 33 to 44 form part of these financial statements

Statement of Total Recognised Gains and Losses

for the year ended 31 January 2007

		Year ended 31 January 2007 Revenue £	Capital £	Total £	Year ended 31 January 2006 Revenue £	Capital £	Total £
Return attributable to ordinary shareholders		30,369	778,749	809,118	58,829	(513,308)	(454,479)
Creditor for previously capitalised fees no longer payable		-	-	-	-	7,510	7,510
Total recognised gains/(losses) in the year		30,369	778,749	809,118	58,829	(505,798)	(446,969)
Total recognised gain/(loss) per Ordinary Share	8	0.35p	9.06p	9.41p	0.67p	(5.73)p	(5.06)p

Reconciliation of Movements in Shareholders' Funds

for the year ended 31 January 2007

	Notes	Year ended 31 January 2007 £	Year ended 31 January 2006 £
Opening shareholders' funds as previously reported		9,286,678	10,089,417
Prior year adjustment		-	51,280
Opening shareholders' funds (restated)		9,286,678	10,140,697
Purchase of own shares	15	(280,076)	(388,721)
Total recognised gains and losses before dividends		809,118	(446,969)
Dividends paid	7	(43,572)	(18,329)
Closing shareholders' funds		9,772,148	9,286,678

Balance Sheet

as at 31 January 2007

	Notes	£	as at 31 January 2007 £	£	as at 31 January 2006 £	£
Non-current assets						
Investments at fair value	9			6,945,071		5,986,792
Current assets						
Debtors and prepayments	10	223,072			67,469	
Investments at fair value	11	694,526			2,038,915	
Cash at bank	18	2,040,442			1,449,729	
			2,958,040		3,556,113	
Creditors: amounts falling due within one year						
Other creditors	12	69,435			159,634	
Accruals	12	61,528			96,593	
			(130,963)		(256,227)	
Net current assets				2,827,077		3,299,886
Net assets				**9,772,148**		**9,286,678**
Capital and reserves						
Called up share capital	14			83,994		871,434
Capital redemption reserve	15			870,765		83,325
Special reserve	15			16,248,945		16,536,695
Capital reserve - realised	15			(7,735,927)		(6,048,574)
Capital reserve - unrealised	15			150,383		(2,315,719)
Revenue reserve	15			153,988		159,517
Equity shareholders' funds				**9,772,148**		**9,286,678**
Net asset value per Ordinary Share	16			**116.34p**		**106.57p**

The financial statements on pages 30 to 32 and the notes on pages 33 to 44 were approved and authorised for issue by the Board of Directors on 16 April 2007 and were signed on its behalf by:

C P Hook
Director

Cash Flow Statement

for the year ended 31 January 2007

	Notes	Year ended 31 January 2007 £	Year ended 31 January 2006 £
Operating activities			
Interest income received		257,875	303,108
Dividend income		90,573	263,571
Other income		-	2,446
Investment management fees paid		(164,838)	(95,671)
Cash payments for other expenses		(439,056)	(220,538)
Non-cash movement		-	5,170
Net cash (outflow)/inflow from operating activities	17	**(255,446)**	**258,086**
Investing activities			
Sale of investments	9	1,716,004	144,569
Purchase of investments	9	(1,799,354)	(1,519,870)
Acquisitions and disposals		**(83,350)**	**(1,375,301)**
Cash outflow before financing and liquid resource management		**(338,796)**	**(1,117,215)**
Dividends			
Equity dividends paid	7	**(43,572)**	**(18,329)**
Financing			
Purchase of own shares		(217,320)	(263,020)
Payment to Ordinary shareholders		(153,988)	-
		(371,308)	**(263,020)**
Management of liquid resources			
Decrease in monies held in money market funds		1,344,389	2,145,168
Increase in cash	**18**	**590,713**	**746,604**

The notes on pages 33 to 45 form part of these financial statements

Notes to the Accounts
For the year ended 31 January 2007

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 the fair value rules of the Companies Act 1985, in accordance with applicable accounting standards in the United Kingdom and with the Statement of Recommended Practice, 'Financial Statements of Investment Trust Companies', revised December 2005.

In order to better reflect the activities of a VCT and in accordance with the SORP, supplementary information which analyses the income statement between items of a revenue and capital nature has been presented alongside the income statement. The net revenue is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in Section 842 AA Income and Corporation Taxes Act 1988.

b) Investments

Investments are stated at "fair value through profit and loss", in accordance with the International Private Equity and Venture Capital Valuation ("IPEVCV") guidelines. Purchase and sales of quoted investments are recognised on the trade date where a contract of sale exists whose terms require delivery within a time frame determined by the relevant market. Purchases and sales of unlisted investments are recognised when the contract for acquisition or sale becomes unconditional.

The fair value of quoted investments is the bid price value of those investments at the close of business on 31 January 2007.

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

(i) Investments which have been made in the last 12 months are 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 12 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 earnings (the ratio used being based on a comparable listed company or sector but the resulting value being discounted 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, 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) Where fair value cannot be reliably measured under paragraphs (i)-(iv) above, an investment is held at the most recent carrying value, reduced where there is evidence of impairment by the estimated extent of impairment.

Capital gains and losses on investments, whether realised or unrealised, are dealt with in the capital reserve – realised and unrealised respectively, and shown in the Income Statement.

Although the Company holds more than 20% of the equity of certain companies, it is considered that the investments are held as part of an investment portfolio. Accordingly, and as permitted by FRS 9 'Associate and Joint Ventures', their value to the Company lies in their marketable value as part of that portfolio. It is not considered that any of our holdings represents investments in associated companies.

c) Capital reserves

Realised
The following are accounted for in this reserve:

- Gains and losses on realisation of investments;
- Transaction costs incurred in the acquisition of investments;
- 75% of the management fee expense, together with the related tax effect to this reserve in accordance with the policies; and
- Realised gains and losses on transactions undertaken to hedge an exposure of a capital nature.

Unrealised
Increases and decreases in the valuation of investments held at the period-end are accounted for in this reserve.

In accordance with stating all investments at fair value though profit and loss, all such movements are also recorded in the Income Statement.

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 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. Fixed returns on debt securities are recognised on a time-apportioned basis so as to reflect the effective yield. Provisions are made against such income receivable as soon as it is considered doubtful that such income will be received.

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 realised capital reserve as noted in 1(c) above or deducted from the disposal proceeds as appropriate, and with the further exception that 75% of the fees payable to the Investment Managers are charged against the realised capital reserve. This is in line with the Board's intended long-term split of returns from the investment portfolio of the Company.

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.

Deferred tax is measured at the average tax rates that are expected to apply in the periods 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.

Deferred tax assets are recognised where it is more likely than not there will be sufficient profits to recover against.

g) Functional and presentational currency
The accounts are presented in sterling which is the functional and presentational currency of the Company. Sterling is the functional currency because it is the currency most closely related to the primary economic environment in which the Company invests.

2 Income

	2007	2006
Interest receivable	£	£
– from loan stock	184,335	132,967
– from bank deposits	3,336	539
Total interest receivable	187,671	133,506
Dividends		
- from investments – all unlisted securities	79,180	275,751
- from OEIC money market funds – listed overseas	87,290	174,584
Total dividends	166,470	450,335
Other income		
- arrangement fees	-	2,446
Total income	354,141	586,287

3 Investment management fees

	Revenue 2007 £	Capital 2007 £	Total 2007 £	Revenue 2006 £	Capital 2006 £	Total 2006 £
Matrix Private Equity Partners LLP	26,689	80,069	106,758	26,648	79,945	106,593
Nova Capital Management Limited	-	-	-	92	273	365
Elderstreet Private Equity Limited	5,383	16,146	21,529	5,034	15,104	20,138
	32,072	96,215	128,287	31,774	95,322	127,096

Included in the above is irrecoverable VAT of £19,107 (2006: 18,929).

At the start of the financial year, the Investment Managers operated under a revised Investment Services Agreement dated 19 November 2003. Under this Agreement, fees equal to one quarter of 1.6% of the amount of their respective allocation values (which usually equates to carrying value) were payable quarterly in arrears to each of the Investment Managers. The amount of the fees payable to the Investment Managers could not exceed an aggregate amount of 2% of the net asset value at the start of the financial year, adjusted for funds allocated to the Investment Managers in any one year. The fees payable did not exceed this limit this year. However, they were reduced in aggregate by £36,374 (2006: £16,741), being the Investment Managers' aggregate share of the expense cap referred to in Note 4.

Elderstreet Private Equity Limited (Elderstreet) and Nova Capital Management Limited (Nova) resigned with effect from 31 July 2006. The Company made a final payment of £19,148 to Elderstreet in August 2006, a sum calculated as equivalent to the fees that Elderstreet would have received had they worked the twelve months' notice period provided for in the Investment Services Agreement. No payment was made to Nova because no fees would have become due under its management contract.

Matrix Private Equity Partners Limited (MPEP) assumed responsibility for the entire portfolio with effect from 1 August 2006 and was paid fees that would have been due to Nova or Elderstreet from that date. In order to reduce the costs incurred by the Company from this change, MPEP agreed to waive its fees to the extent and limit of the payment in lieu of notice made by the Company to Elderstreet. On 23 October 2006 Matrix Private Equity Partners Limited transferred its entire business to Matrix Private Equity Partners LLP (MPEP LLP)

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

MPEP LLP is entitled to an annual advisory fee of 2 per cent of the closing net assets attributable to the Fund. The annual management fees are calculated and payable quarterly in advance, together with any applicable VAT. This fee has been reduced by an amount equivalent to the excess total annual expenses (excluding irrecoverable VAT and exceptional costs) over 3.4 per cent of closing net assets at the start of each quarter, being the agreed cap on the management fee. From the period since the start of the new agreement to the year-end, the investment management fee has been reduced by an expense cap of £8,516.

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

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

4 Other expenses

	2007	2006
	£	£
Directors' remuneration including NIC (see Note 5)	88,054	88,454
IFA trail commission	20,548	21,731
Administration fees	27,855	37,410
Broker's fees	6,365	5,875
Auditors' fees – audit	22,208	23,318
– other services	11,751	11,750
Professional fees	60,336	882
Registrar's fees	11,792	6,710
Printing	7,385	8,724
Sundry	27,804	27,974
Provision against loan interest and dividends receivable	4,483	-
	288,581	232,828

Fees for other services earned by the auditors were VCT status monitoring fees of £7,500 excluding VAT (2006: £7,000 excluding VAT), tax services of £2,500 excluding VAT (2006: £2,500 excluding VAT) and nil (2005: £500 excluding VAT for other services). The audit fee also includes VAT of £3,308.

The expenses disclosed in Notes 3 and 4 were struck after applying a cap on annual expenses set at 3.5% of opening net assets up to 18 October 2006 and borne 75% between each of the three Investment Managers pro rata to each Investment Managers' share of the fees and 25% by the promoter. Under the new agreement the excess of annual expenses excluding any exceptional items and irrecoverable VAT over 3.4% of closing net assets is borne wholly by the MPEP LLP as Investment Manager. The total excess of expenses under both agreements that prevailed in the year is £57,014 (2006: £22,321), of which £44,890 was borne by the Investment Managers and £12,124 by the promoter via a reduction in administration fees.

5 Directors' remuneration

	2007	2006
	£	£
Directors' emoluments		
Colin Hook	30,000	30,000
Christopher Moore	25,000	25,000
Helen Sinclair	25,000	18,750
	80,000	73,750
Amounts paid and payable to third parties for the services of:		
Helen Sinclair (appointed to the Board with effect from 1 May 2005)	-	6,250
	80,000	80,000
Employer's NIC or irrecoverable VAT on above (as appropriate)	8,054	8,454
	88,054	88,454

Details of the Directors' remuneration are disclosed in the Directors' Remuneration Report.

The Company has no employees other than Directors.

6 Taxation on ordinary activities

Note a: Current tax charge/(credit relief)

	Revenue 2007 £	Capital 2007 £	Total 2007 £	Revenue 2006 £	Capital 2006 £	Total 2006 £
Current year						
UK Corporation tax on profits for the year*	3,119	(3,119)	-	12,856	(12,856)	-
Total current tax charge/(credit)	3,119	(3,119)	-	12,856	(12,856)	-

*Corporation tax is based on a rate of 19% (2006: 19%)

Note b: Factors affecting tax charge for the year

	Revenue 2007 £	Capital 2007 £	Revenue 2006 £	Capital 2006 £
Return on ordinary activities before tax	33,488	775,630	71,685	(526,164)
Return on ordinary activities multiplied by standard small company rate of corporation tax in the UK of 19% (2006:19%)	6,363	147,370	13,620	(99,971)
Effect of:				
Expenses/losses not deductible for tax purposes	11,800	-	4,129	-
UK dividends	(15,044)	-	(4,893)	(47,500)
(Gains)/losses not taxable for tax purposes	-	(165,650)	-	129,360
Unrelieved expenses	-	15,161	-	5,255
Current tax charge/(relief) for year	3,119	(3,119)	12,856	(12,856)

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 (2006: nil). There is an unrecognised deferred tax asset of £145,731 (2006: £130,570). The deferred tax asset relates to the current and prior year unutilised expenses. It is considered more likely than not that there will be insufficient taxable profits in the future against which the deferred tax asset can be offset and, therefore, in accordance with FRS19, the asset has not been recognised.

7 Dividends

	2007 £	2006 £
Amounts recognised as distributions to Shareholders in the year:		
Final dividend for the year ended 31 January 2005 of 0.1 of a penny (0.2 of a penny as restated) per Ordinary Share of 5 pence paid 6 June 2005	-	18,329
Final dividend for the year ended 31 January 2006 of 0.25 of a penny (0.5 of penny as restated) per Ordinary Share of 5 pence paid 7 June 2006	43,572	-
	43,572	18,329
Proposed final dividend for the year – nil pence (2006: 0.25 of a penny (0.5 of a penny as restated) per Ordinary Share of 5 pence)	-	43,572

Interim dividend for the year ended 31 January 2007 of 0.9 of a penny (1.8 pence as restated) per Ordinary Share of 5 pence paid 26 October 2006	153,988	-

The dividend per share figures are based upon the number of Ordinary Shares of 5 pence in issue before the consolidation. The figures shown in brackets are the equivalent figures after the 2 for 1 share consolidation.

It has come to the Company's attention that, when the Company paid its interim dividend on 26 October 2006, appropriate interim accounts showing the requisite level of distributable profits were not filed with the Registrar of Companies. The interim statement for the six month period ended 31 July 2007 showed a revenue reserve of £160,894 out of which the aggregate interim dividends of £153,988 were paid. The omission to file the appropriate interim accounts with the Registrar of Companies before the payment of the dividend means the dividend was paid in technical infringement of the Companies Act 1985, the relevant sum so being paid being £153,988 The Company has now taken the steps necessary to rectify this technical breach, including the transfer of the sum of £7,674 from the Special Reserve to the revenue reserve so as to eliminate the potential deficit on revenue reserve.

The accounts for the year ended 31 January 2007 accordingly show a sum of £153,988 (representing sums receivable from recipients of the interim dividend as shown in note 10 analysing debtors) in its revenue reserves for the period. The Directors have taken all steps to rectify this breach, and to ensure that all Shareholders who received the payment on 26 October 2006 can retain it as an interim dividend.

Set out below are the total dividends payable in respect of the financial year, which is the basis on which requirements of Section 842AA of the Income and Corporation Taxes Act 1988 are considered.

	2007	**2006**
	£	£
Revenue available for distribution for the year	30,369	58,829
Proposed interim income dividend paid for the year of 0.9 of a penny (1.8 pence) per share	153,988	-
Proposed final dividend for the year - nil (2006: 0.25 (0.5) of a penny per share)	-	43,572
Total dividend	153,988	43,572

The interim dividend for this year will be paid principally out of brought forward revenue reserves.

8 Return per share

The returns per Ordinary Share are based on:

(i) a numerator being either of:

		2007		**2006**
	Revenue	**Capital**	**Revenue**	**Capital**
	£	£	£	£
Return attributable to Ordinary Shareholders	30,369	778,749	58,829	(513,308)
Total recognised gains/(losses) in the year	30,369	778,749	58,829	(505,798)

Divided by (ii) a denominator being a specific number of shares as follows:

	2007	**2006 (restated)**
Weighted average number of shares in issue in the year	8,594,860	8,834,477

The 2006 number of shares has been restated to show the equivalent number of shares that would have existed if the two for one share consolidation had taken place in 2006, to aid comparison.

There is no difference between basic earnings per share and diluted earnings per share as there are no instruments that are potentially dilutive.

9 Investments

Movements in investments during the year are summarised as follows:

	Traded on AIM	Unlisted or traded on OFEX	Preference shares	Qualifying loans	Total
	£	£	£	£	£
Valuation at 31 January 2006	985,740	2,874,440	14,500	2,112,112	5,986,792
Purchases at cost	57,528	492,962	5,263	1,243,601	1,799,354
Sales – proceeds	(989,026)	(376,978)	-	(350,000)	(1,716,004)
Realised gains	138,286	76,734	-	58,732	273,752
Unrealised gains/(losses)	49,220	847,564	(862)	(294,745)	601,177
Valuation at 31 January 2007	241,748	3,914,722	18,901	2,769,700	6,945,071
Book cost at 31 January 2007	207,528	3,226,653	119,763	3,271,533	6,825,477
Unrealised gains/(losses) at 31 January 2007	34,220	688,069	(100,862)	(501,833)	119,594
Valuation at 31 January 2007	241,748	3,914,722	18,901	2,769,700	6,945,071

All qualifying investments within the portfolios are based in the UK. A full list of the portfolio holdings by their aggregate market value is shown in the Investment Portfolio Summary on pages 9-10.

Realised gains in the year were £270,668, as reported in the Income Statement. This figure is net of realised gains of £273,752 above less purchase transaction costs of £3,084 incurred in the year.

10 Debtors and prepayments

	2007	2006
	£	£
Amounts due within one year:		
Receivable from shareholders (see note 7)	153,988	-
Accrued interest	39,045	37,834
Prepayments	25,168	29,635
Other debtors	4,871	-
	223,072	67,469

11 Investments at fair value

	2007	2006
	£	£
Investments	694,526	2,038,915

These comprise investments in two Dublin based OEIC money market funds, managed by The Royal Bank of Scotland and Goldman Sachs. £563,685 (2006: £1,199,996) of this sum is subject to same day access while £130,841 (2006: £838,919) is subject to two day access. These sums are regarded as monies held pending investment.

12 Creditors: amounts falling due within one year

	2007	2006
	£	£
Other creditors	69,435	159,634
Accruals	61,528	96,593
	130,963	256,227

13 Significant interests

At 31 January 2007 the Company held significant investments, amounting to 3% or more of the equity capital of an undertaking, in the following companies:

Company	Equity investment	Investment in loan stock and preference shares	Total investment	Percentage of investee company's total equity
	£	£	£	
Maven Management Limited	175,000	-	175,000	32.65%
Letraset Limited	150,000	-	150,000	17.35%
Higher Nature Limited	500,000	-	500,000	10.69%
Inca Interiors Limited	50,000	300,000	350,000	9.75%
F H Ingredients Limited	38,197	145,607	183,804	8.04%
Duncary 4 Limited	7	207,088	207,095	6.64%
Tottel Publishing Limited	58,800	176,400	235,200	6.27%
Castlegate 435 Limited	122,043	284,762	406,805	5.70%
Ministry of Cake (Holdings) Limited	40,088	288,632	328,720	5.60%
Stortext FM Limited	185,852	375,968	561,820	5.42%
PXP Holdings Limited	168,217	415,871	584,088	4.98%
Blaze Signs Holdings Limited	49,353	115,157	164,510	4.63%
VSI Limited	17,722	159,491	177,213	4.56%
Youngman Group Limited	50,027	449,999	500,026	4.29%
Cashfac Limited	260,101	-	260,101	3.42%

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

Matrix Private Equity Partners LLP also advises Matrix Income & Growth VCT plc who have made investments to 31 January 2007 in FH Ingredients Limited (£212,893), Ministry of Cake Limited (£1,000,000), SectorGuard plc (£150,106), BBI Holdings plc (£382,113), Blaze Signs Holdings Limited (£537,750), British International Holdings Limited (£1,000,000), Campden Media Limited (£975,000), Pastaking Holdings Limited (£464,047), Vectair Holdings Limited (£560,302), VSI Limited (£618,053), Youngman Group Limited (£1,000,052), Castlegate 435 Limited (£874,201) and PXP Holdings Limited (£1,000,000).

Matrix Private Equity Partners LLP also advises Matrix Income & Growth 2 VCT plc who have made investments to 31 January 2007 in SectorGuard plc (£150,106), BBI Holdings plc (£201,744), Blaze Signs Holdings Limited (£398,498), British International Holdings Limited (£1,000,000), Campden Media Limited (£975,000), Pastaking Holdings Limited (£466,344), Vectair Holdings Limited (£243,784), VSI Limited (£557,484), Youngman Group Limited (£1,000,052), Castlegate 435 Limited (£361,177) and PXP Holdings Limited (£411,114).

Matrix Private Equity Partners LLP also advises Matrix Income & Growth 3 VCT plc who have made investments to 31 January 2007 in Blaze Signs Holdings Limited (£102,273), British International Holdings Limited (£750,000), Pastaking Holdings Limited (£419,148), VSI Limited (£227,231), Castlegate 435 Limited (£789,618) and PXP Holdings Limited (£1,000,000).

14 Called up share capital

	2007	2006
	£	£
Authorised:		
Ordinary Shares of 1 pence each: 400,000,000 (2006: Ordinary shares of 5 pence each :80,000,000)	4,000,000	4,000,000
Issued: (allotted and fully paid)		
Ordinary Shares of 1 pence each: 8,399,337 (2006: Ordinary shares of 5 pence each: 17,428,679)	83,994	871,434

At an Extraordinary General Meeting held on 18 October 2006 the issued and unissued share capital of the Company was consolidated on the basis of one Ordinary Share of 10 pence each for every two existing Ordinary Shares of 5 pence each and subsequent to this each issued and unissued Ordinary Share of 10 pence each was sub-divided into one Ordinary Share of 1 pence each and nine deferred shares of 1 pence each. Pursuant to the restructuring, application was made to the UK Listing Authority for 8,574,337 Ordinary Shares to be admitted to the Official List and these shares were listed and issued to Shareholders on 20 October 2006. In accordance with the Articles of Association the deferred shares were subsequently acquired for a nominal consideration and cancelled by the Company. Following the cancellation, the unissued Ordinary Shares were re-designated as Ordinary Shares of 1 pence.

During the year the Company purchased 455,000 (2006: 900,000) of its own shares for cash (representing 3.1% (2006: 5.16%) of the shares in issue at the year end) at the prevailing market price for a total cost of £280,076 (2006: £388,721).

			£
Purchased:			
70,000	– Ordinary Shares of 5 pence	on 19 April 2006	3,500
70,000	– Ordinary Shares of 5 pence	on 9 May 2006	3,500
70,000	– Ordinary Shares of 5 pence	on 2 June 2006	3,500
70,000	– Ordinary Shares of 5 pence	on 3 July 2006	3,500
105,000	– Ordinary Shares of 1 pence	on 13 November 2006	1,050
70,000	– Ordinary Shares of 1 pence	on 31 January 2007	700
455,000		Nominal value	15,750

15 Reserves

	Capital Redemption reserve	Special reserve (see below)	Capital reserve (realised)	Capital reserve (unrealised)	Revenue reserve
	£	£	£	£	£
At 31 January 2006	83,325	16,536,695	(6,048,574)	(2,315,719)	159,517
Realisation of previously unrealised depreciation	-	-	(1,864,925)	1,864,925	-
Gains on disposal of investments	-	-	273,752	-	-
Increase in unrealised appreciation	-	-	-	601,177	-
Capitalised management fees less tax charge	-	-	(93,096)	-	-
Redemption of deferred shares	771,690	-	-	-	-
Own shares purchased during the year	15,750	(280,076)	-	-	-
Transaction costs	-	-	(3,084)	-	
Transfer from Special reserve to Revenue reserve	-	(7,674)	-	-	7,674
Dividends paid	-	-	-	-	(43,572)
Net revenue for the year	-	-	-	-	30,369
At 31 January 2007	870,765	16,248,945	(7,735,927)	150,383	153,988

The revenue reserve represents the only reserve from which payment of dividends is funded. During the year the Company transferred the sum of £7,674 from Special Reserve to Revenue Reserve to eliminate the potential deficit on revenue reserve and enable the steps to be taken to rectify payment of the interim dividend on 26 October 2006.

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) has provided the Company with a special reserve out of which it can inter alia, fund buy-backs of Ordinary Shares as and when it is considered by the Board to be in the interests of the Shareholders. Shareholders authorised the Company to purchase its own shares pursuant to section 166 of the Companies Act 1985 by a Special Resolution passed at the Extraordinary General Meeting held on 18 October 2006. This authority is limited to an amount equal to 14.99 per cent of the issued share capital of the Company immediately following the close of the Offer for Subscription launched on 2 November 2006 and will unless previously revoked or renewed expire on the earlier of the conclusion of the next Annual General Meeting of the Company and the date which is fifteen months after the date on which this resolution was passed. The maximum price that may be paid for an Ordinary Share will be 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 London Stock Exchange for the five business days preceding such purchase. The authority provides that the Company may make a contract or contracts to purchase its own shares prior to the expiry of the authority which may be executed in whole or part after the expiry of such authority and may purchase its shares in pursuance of any such contract. A resolution to renew this authority will be proposed at the Annual General Meeting to be held on 13 June 2007.

16 Net asset value per share

Net asset value per Ordinary Share is based on net assets at the end of the year and on 8,399,337 Ordinary Shares of 1 pence (2006: 8,714,340 restated), being the number of Ordinary Shares in issue on that date. To aid comparison of the net asset value, the number of Ordinary Shares in issue at 31 January 2006 has been restated as if this year's two for one share consolidation had taken place last year.

There is no difference between basic net asset value per Ordinary Share and diluted net asset value per Ordinary Share as there are no instruments that are potentially dilutive.

17 Reconciliation of return on ordinary activities before taxation to net cash inflow/(outflow) from operating activities

	2007	**2006**
	£	£
Return on ordinary activities before taxation	809,118	(454,479)
Unrealised gains on investments held at fair value	(601,177)	(44,589)
Realised (gains)/losses on investments held at fair value	(270,668)	725,431
(Increase)/decrease in debtors	(1,615)	17,109
(Decrease)/increase in creditors and accruals	(188,020)	9,448
Transaction costs charged to capital	(3,084)	-
Other non-cash movements	-	5,166
Net cash (outflow)/inflow from operating activities	(255,446)	258,086

18 Analysis of changes in net funds

	Cash	**Liquid funds**	**Total**
	£	£	£
At 1 February 2006	1,449,729	2,038,915	3,488,644
Cash flows	590,713	(1,344,389)	(753,676)
At 31 January 2007	2,040,442	694,526	2,734,968

19 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. Note 1 sets out the accounting policies, including criteria for recognition and the basis of measurement applied for significant financial instruments excluding cash at bank which is carried at fair value. Note 1 also includes the basis on which income and expenses arising from financial assets and liabilities are recognised and measured.

It is, and has been throughout the year under review, the Company's policy that no trading in other types of financial instruments and derivatives shall be undertaken to hedge any of its investments.

The main risks arising from the Company's financial instruments are due to fluctuations in market prices and interest rates. The Board regularly reviews and agrees policies for managing each of these risks and they are summarised below. These risks and the Board's approach to the management of the risks are unchanged from the prior year.

Risk
Credit risk: Failure by counter-parties to deliver securities which the Company has paid for, or pay for securities which the Company has delivered.

Market price risk: Market price risk arises from uncertainty about the future prices of financial instruments held in accordance with the Company's investment objectives. It represents the potential loss that the Company might suffer through holding market positions in the face of market movements.

The investments in equity and fixed interest stocks of unlisted and AIM quoted companies the Company holds are thinly traded and as such the prices are more volatile than those of more widely traded securities. In addition, 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 ability of the Company to purchase or sell investments is also constrained by the requirements set down for VCTs.

Interest rate risk: The Company's fixed interest securities, its equity and non-equity investments and net revenue may be affected by interest rate movements. Investments are often in start up 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 fixed rate investments, it may not be possible to re-invest in assets which provide the same rates as those currently held.

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

Management of risk
Credit risk: All transactions are settled on the basis of delivery against payment.

Market price risk: The Board manages the market price risk inherent in the Company's portfolio by maintaining an appropriate spread of market risk, and by ensuring full and timely access to relevant information from the Investment Manager. The Investment Committee meets regularly and reviews the investment performance and financial results, as well as compliance with Company's objectives. The Board seeks to ensure that an appropriate proportion of the Company's portfolio is invested in cash and readily realisable securities, which are sufficient to meet any funding commitments that may arise. The Company does not use derivative instruments to hedge against market risk.

Interest rate risk: The Company's assets include fixed interest stocks, the values of which are regularly reviewed by the Board, as referred to above.

Financial assets
The interest rate profile of the Company's financial assets at 31 January 2007 was:

	Financial 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	4,156,470	-	-	4,156,470	-	-
Preference shares	-	18,901	-	18,901	5.23	-
Loan stocks	-	2,769,700	-	2,769,700	8.85	4.0
OEIC money market funds	-	-	694,526	694,526	5.01	-
Cash	-	-	2,040,442	2,040,442	-	-
Debtors	223,072	-	-	223,072		
Creditors	(130,963)	-	-	(130,963)		
Total	4,248,579	2,788,601	2,734,968	9,772,148		

The interest rate profile of the Company's financial assets at 31 January 2006 was:

	Financial 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	3,860,180	-	-	3,860,180	-	-
Preference shares	-	14,500	-	14,500	7.00	-
Loan stocks	-	2,112,112	-	2,112,112	9.05	3.5
OEIC money market funds	-	-	2,038,915	2,038,915	4.48	-
Cash	-	-	1,449,729	1,449,729	-	-
Debtors	67,469	-	-	67,469		
Creditors	(256,227)	-	-	(256,227)		
Total	3,671,422	2,126,612	3,488,644	9,286,678		

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.

All financial assets and liabilities are carried at fair value as determined by the Board of Directors in accordance with the methods detailed in Note 1 on accounting policies on page 33. There is no material difference between the fair value of financial assets and liabilities and their book value at the Balance Sheet date. The Company has no undrawn committed borrowings for 2007 (2006: nil).

20 Segmental analysis

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

21 Post balance sheet events

After the year-end the Company has allotted 13,006,193 Ordinary Shares for a total consideration of £15.4 million under the Offer for Subscription dated 2 November 2006.

In order to rectify the technical breach relating to the payment of the interim dividend, as described in note 7, a further dividend has been declared by the Board on 16 April 2007. This enabled shareholders to retain the interim dividend paid on 26 October 2006. Following this, the Company's revenue reserves were reduced by the aggregate amount of the interim dividend of £153,988.

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 11.00 am on Wednesday, 13 June 2007 at One Jermyn Street, London SW1Y 4UH for the purpose of considering and, if thought fit, passing the following resolutions of which, resolutions numbered 1 to 6 will be proposed as ordinary resolutions and resolutions numbered 7 to 9 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 2007 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 2007 which is set out in the Annual Report of the Company for the year ended 31 January 2007.

3. To re-appoint PricewaterhouseCoopers LLP as Auditors to the Company until the conclusion of the next Annual General Meeting.

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

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

6. THAT for the purpose of section 80 of the Companies Act 1985 (the "Act") (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 relevant securities up to a maximum nominal amount of £74,919 to such persons and at such times and on such terms as they think proper during the period expiring on the fifth anniversary of the date of the passing of this resolution 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) and all other authorities under the said section 80 are hereby revoked.

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

7. THAT in substitution for any existing authorities pursuant to section 95 of the Act the Directors be and are empowered in accordance with section 95 of the Companies Act 1985 ("the Act") to sell treasury shares (as defined in section 162 of the Act) and, subject to the passing of Resolution 6 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 Act) for cash, pursuant to the authority conferred on them to allot relevant securities (as defined in Section 80 of the 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 with an aggregate nominal value of up to but not exceeding ten per cent of the issued share capital of the Company immediately following the passing of this resolution in connection with the issue or offering in favour of holders of equity securities and any other persons entitled to participate in such issue or offering (other than the Company itself in respect of any shares held by it as treasury shares) where the equity securities respectively attributable to the interests of such holders and persons are proportionate (as nearly as may be) to the respective numbers of equity securities held by or deemed to be held by them on the record date of such allotment, 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;

(ii) the allotment of equity securities with an aggregate nominal value of up to but not exceeding ten per cent of the issued Ordinary Share capital of the Company immediately following the passing of this resolution in connection any dividend investment scheme that may be introduced by the Company in the future;

(iii) the allotment, otherwise than pursuant to sub-paragraphs (i) and (ii) above, of equity securities with an aggregate nominal value of up to but not exceeding ten per cent. of the issued ordinary share capital of the Company immediately following the passing of this resolution .

This power, unless previously renewed or revoked, shall expire on the earlier of the end of the next Annual General Meeting of the Company and the date which is fifteen months after the date on which this resolution is passed 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:

8. 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 an amount equal to 14.99% of the issued ordinary share capital of the Company immediately following the passing of this resolution;

(ii) the minimum price (exclusive of expenses) 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 (exclusive of expenses) which may be paid for any Ordinary Share shall be 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 on which the purchase is made;

(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 842AA (5B) of the Income and Corporation Taxes Act 1988, 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 Venture Capital Trust (Winding up and Mergers) (Tax) Regulations 2004.

The authority hereby conferred shall (unless previously renewed or revoked) expire on the earlier of the end of the next Annual General Meeting of the Company and the date which is fifteen months after the date on which this resolution is passed.

9. THAT, pursuant to section 9 of the Companies Act 1985, the Articles of Association of the

Company be deleted in their entirety and the regulations contained in the document submitted to the meeting, and, for the purpose of identification, signed by the Chairman, be approved and adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association of the Company.

BY ORDER OF THE BOARD
Matrix-Securities Limited, Secretary

Registered Office
One Jermyn Street
London SW1Y 4UH

Dated: 16 April 2007

NOTES:

(i) A person entitled to receive notice of, attend and vote at the above meeting is entitled to appoint one or more proxies to attend and on a poll, vote in his place. A proxy need not be a member of the Company.

(ii) To be valid the enclosed Form of Proxy for the Annual General Meeting, together with the power of attorney or other authority, if any, under which it is signed or a notarially certified or office copy thereof must be deposited by 11.00 am on 11 June 2007 at the offices of the Company's Registrars, Capita Registrars, Proxy Processing Centre, Telford Road, Bicester OX26 4LD.

(iii) Completion and return of the enclosed Form of Proxy will not prevent a Shareholder from attending and voting in person at the Annual General Meeting.

(iv) The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those Shareholders registered in the Register of Members of the Company as at midnight on 11 June 2007 or, in the event that the Meeting is adjourned, in the Register of Members 48 hours before the time of any adjourned meeting, shall be entitled to attend or vote at the Annual General Meeting in respect of the number of shares registered in their name at the relevant time. Changes to entries in the Register of Members after midnight on 11 June 2007 or, in the event that the Meeting is adjourned, in the Register of Members less than 48 hours before the time of any adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.

(v) In the case of joint holders, the vote of the senior holder who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the Register of Members of the Company in respect of the relevant joint holding.

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

Corporate Information

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

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

Company's Registered Office and Head Office
One Jermyn Street
London SW1Y 4UH

Company Registration Number
3707697

Investment Manager
Matrix Private Equity Partners LLP
(formerly Matrix Private Equity Partners Limited)
One Jermyn Street
London SW1Y 4UH
www.matrixgroup.co.uk

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

Solicitors
Travers Smith
10 Snow Hill
London EC1A 2AL

Registrars
Capita Registrars
Northern House
Woodsome Park
Fennay Bridge
Huddersfield
West Yorkshire HD8 0LA

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

Independent Auditors
PricewaterhouseCoopers LLP
32 London Bridge Street
London SE1 9SY

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

Bankers
National Westminster Bank plc
City of London Office
PO Box 12264
Princes Street
London EC2R 8PB