

MATRIX INCOME &  
GROWTH 4 VCT PLC **4**  
A VENTURE CAPITAL TRUST

SUMMARY REPORT & ACCOUNTS



Summary Annual Report and Accounts  
for the year ended 31 January 2010

[www.mig4vct.co.uk](http://www.mig4vct.co.uk)

MATRIX

# Investment Objective

## Strategy

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

## Investment Objective

The VCT's objective is to provide investors with a regular income stream by way of tax free dividends and to generate capital growth through portfolio realisations which can be distributed by way of additional tax free dividends.

## Dividend Policy

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

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This Summary Financial Statement has been prepared voluntarily by the Directors in accordance with the relevant requirements of section 428 of the Companies Act 2006. It does not contain sufficient information to allow a full understanding of the results and state of affairs of the Company. For further information, the full Annual Financial Statements, the Auditors' Report on those financial statements and the Directors' Report should be consulted. A copy of the Annual Report, which may be obtained free of charge from the Company Secretary, will be delivered to the Registrar of Companies after the Annual General Meeting. Shareholders wishing to receive the full Annual Report in future years may elect to do so by sending signed, written notice to the Company Secretary. This Summary Financial Statement contains additional information derived from the Directors' Report. It does not however contain the full text of that Report. PKF (UK) LLP have reported on the Company's statutory accounts for the year ended 31 January 2010. This report was unqualified and contained no statement under section 498 (2) and (3) of the Companies Act 2006.

# Financial Highlights

as at 31 January 2010

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

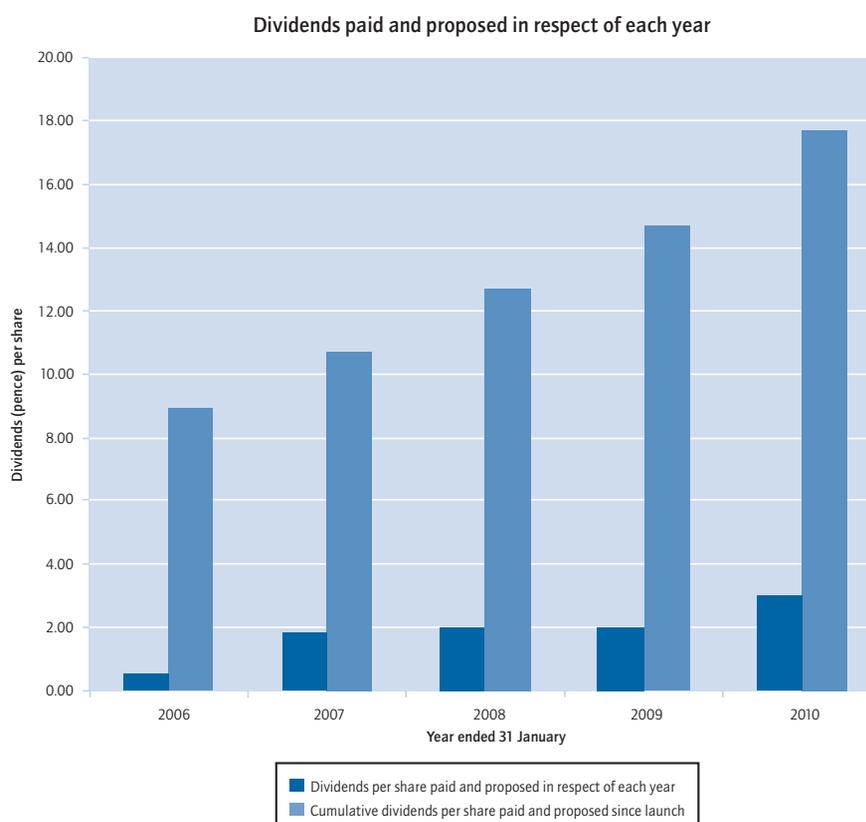
## Dividends paid

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

Dividends paid include distributions from both income and capital.

## \*Dividends Proposed

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



## Performance Summary

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

<sup>1</sup>Source: London Stock Exchange

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



Source: Matrix Corporate Capital LLP

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

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

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

# Chairman's Statement

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

## Performance

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

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

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

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

Cumulative dividends paid to date have been 15.70 pence per Share

## Economic background

Investors have moved stock markets up a long way in the last twelve months but the economic outlook is still extremely tough, particularly in the manufacturing and retail sectors. The situation is exacerbated, with a run up to an election, by a lack of clarity on how and when, excessive UK government expenditure and debt will be curbed. The Budget did nothing to dispel these

doubts. Persistent concerns over the problems of peripheral Eurozone countries, such as Greece, testify to this. But the problems do not lie alone with Europe as President Obama also struggles to get the US budget deficit under control whilst still trying to stimulate the US economy.

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

## The portfolio

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

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

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

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

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

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

A £1 million investment was made in December 2009 into CB Imports Group Limited to support the MBO of Country Baskets, an established importer and distributor of floral sundries. In the same month, an £878,249 investment was made into Iglu.com Holidays Limited, the UK's largest specialist ski holiday travel agent and fastest growing cruise holiday travel agent.

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

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

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

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

### Top-up offer

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

### Cash available for investment

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

### Revenue account

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

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

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

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

# Chairman's Statement

## Dividend

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

## Dividend Investment Scheme

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

## VAT

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

## Share buy-backs

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

## MIG4 website

May I remind you that the Company has its own website which is available at [www.mig4vct.co.uk](http://www.mig4vct.co.uk).

## Chairmanship

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

during my tenure as Chairman. I am more than happy to continue as a Shareholder in the Company.

Following my resignation later this year, I am pleased to announce that Christopher Moore, currently Chairman of the Audit Committee, will become Chairman. A brief biography of Christopher is contained on page 13 of this Report.

## Outlook

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

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

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

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

**Colin Hook**  
*Chairman*

12 April 2010

# Ten Largest Investments

## DiGiCo Europe Limited



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

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

## CB Imports Group Limited



CB Imports plc

**Cost:** £1,000,000  
**Valuation:** £1,000,000  
**Basis of valuation:** Price of recent investment  
**Equity % held:** 6.0%  
**Business:** Importer and distributor of artificial flowers, floral sundries and home décor products  
**Location:** East Ardsley, West Yorkshire  
**History:** Management buy-out  
**Income in year:** £10,261  
**Audited financial information:** First audited accounts will be for the period ended 31 December 2009

## ATG Media Holdings Limited



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

## Focus Pharma Holdings Limited



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

Year ended <sup>1</sup>	Turnover	Operating profit	Net assets
31 December 2008	£13,205,000	£530,000	£99,000

<sup>1</sup>Financial information relates to the operating subsidiary.

# Ten Largest Investments

## Iglu.com Holidays Limited

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



## Higher Nature Limited

Cost:	£500,127
Valuation:	£682,568
Basis of valuation:	Discounted earnings
Equity % held:	10.7%
Business:	Mail order distribution of vitamins and natural medicines
Location:	Burwash Common, East Sussex
History:	Expansion capital
Income in year:	£23,883
Audited financial information:	



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

## Monsal Holdings Limited

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



Year ended	Turnover	Operating profit	Net assets
30 September 2009	£6,743,000	£475,000	£1,397,000 <sup>1</sup>

<sup>1</sup>Unaudited figure taken from the consolidated group accounts of Monsal Holdings Limited.

## MC 440 Limited (Westway Cooling)

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



**Stortext FM Limited**

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



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

**VSI Limited**

Cost: £111,928  
 Valuation: £382,667  
 Basis of valuation: Discounted earnings  
 Equity % held: 4.42%  
 Business: Provider of software for CAD and CAM vendors  
 Location: Sheffield  
 History: Management buy-out  
 Income in year: £15,087  
 Audited financial information:



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

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

Further details of the investments in the MPEP portfolio may be found on MPEP's website: [www.matrixpep.co.uk](http://www.matrixpep.co.uk)

# Investment Portfolio Summary

as at 31 January 2010

	Cost at 31 Jan 10	Valuation at 31 Jan 09	Additional investments	Valuation at 31 Jan 10	% of equity held	% of portfolio by value
	£	£	£	£		
<b>Matrix Private Equity Partners Portfolio</b>						
<b>DiGiCo Europe Limited</b> Manufacturer of audio mixing desks	565,217	1,091,100	–	1,697,193	6.52%	11.10%
<b>Backbarrow Limited</b> Food manufacturing, distribution and brand management	1,000,000	–	1,000,000	1,000,000	49.00%	6.54%
<b>Bladon Castle Management Limited</b> Brand management, consumer products and retail	1,000,000	–	1,000,000	1,000,000	25.00%	6.54%
<b>CB Imports Group Limited</b> Importer and distributor of artificial flowers, floral sundries and home décor products	1,000,000	–	1,000,000	1,000,000	6.00%	6.54%
<b>Fullfield Limited</b> Food manufacturing, distribution and brand management	1,000,000	–	1,000,000	1,000,000	25.00%	6.54%
<b>Rusland Management Limited</b> Brand management, consumer products and retail	1,000,000	–	1,000,000	1,000,000	49.00%	6.54%
<b>Torvar Limited</b> Database management, mapping, data mapping and management services to legal and building industries	1,000,000	–	1,000,000	1,000,000	16.67%	6.54%
<b>Vanir Consultants Limited</b> Database management, mapping, data mapping and management services to legal and building industries	1,000,000	–	1,000,000	1,000,000	16.67%	6.54%
<b>ATG Media Holdings Limited</b> Publisher and online auction platform operator	1,000,000	1,000,000	–	905,295	8.89%	5.92%
<b>Focus Pharma Holdings Limited</b> Licensor and distributor of generic pharmaceuticals	772,451	758,440	–	885,606	3.14%	5.79%
<b>Iglu.com Holidays Limited</b> Online ski and cruise travel agent	878,249	–	878,249	878,249	7.15%	5.74%
<b>Higher Nature Limited</b> Mail order distributor of vitamins and natural medicines	500,127	708,597	–	682,568	10.69%	4.46%
<b>Monsal Holdings Limited</b> Supplier of engineering services to the water and waste sectors	704,771	528,578	–	675,928	9.83%	4.42%
<b>MC 440 Limited (Westway Cooling)</b> Installation, service and maintenance of air conditioning systems	327,616	–	373,376	526,041	3.15%	3.44%
<b>Stortext FM Limited</b> Provider of document management software and services	561,820	375,968	–	445,866	5.40%	2.92%
<b>VSI Limited</b> Provider of software for CAD and CAM vendors	111,928	305,699	–	382,667	4.42%	2.50%
<b>Youngman Group Limited</b> Manufacturer of ladders and access towers	500,026	476,523	–	349,983	4.24%	2.29%
<b>British International Holdings Limited</b> Helicopter service operator	295,455	247,338	45,455	191,887	2.50%	1.25%

	Cost at 31 Jan 10	Valuation at 31 Jan 09	Additional investments	Valuation at 31 Jan 10	% of equity held	% of portfolio by value
	£	£	£	£		
<b>Vectair Holdings Limited</b> Designer and distributor of washroom products	100,000	141,884	–	170,535	2.14%	1.12%
<b>The Plastic Surgeon Holdings Limited</b> Snagging and finishing of domestic and commercial properties	458,837	229,419	–	114,709	6.88%	0.75%
<b>Blaze Signs Holdings Limited</b> Manufacturer and installer of signs	610,016	593,471	–	110,681	5.72%	0.72%
<b>Legion Group plc (formerly Sectorguard plc)<sup>1</sup></b> Provider of manned guarding, patrolling and alarm response services	150,102	64,323	–	64,323	1.08%	0.42%
<b>Racoon International Holdings Limited</b> Supplier of hair extensions, hair care products and training	406,805	–	–	59,138	5.70%	0.39%
<b>Campden Media Limited</b> Magazine publisher and conference organiser	152,620	18,319	–	34,024	1.75%	0.22%
<b>BG Consulting Group Limited/ Duncary 4 Limited</b> Provider of financial training services	230,796	53,064	–	33,725	See note 2	0.22%
<b>Letraset Limited</b> Manufacturer and distributor of graphic art products	150,000	–	–	–	17.35%	0.00%
<b>Inca Interiors Limited (in liquidation)</b> Designer, supplier and installer of contract kitchens	350,000	–	–	–	9.75%	0.00%
<b>PXP Holdings Limited</b> Designer, manufacturer and supplier of timber frames for buildings	679,549	139,086	–	–	4.98%	0.00%
<b>Maven Management Limited<sup>3</sup> (Munro Global Limited)</b> Market research agency	–	–	–	–	N/A	0.00%
<b>Pastaking Holdings Limited</b> Manufacturer and supplier of fresh pasta meals	–	409,344	–	–	2.10%	0.00%
<b>Tottel Publishing Limited</b> Publisher specialising in legal and tax titles	–	616,173	–	–	6.27%	0.00%
<b>Total</b>	<b>16,506,385</b>	<b>7,757,326</b>	<b>8,297,080</b>	<b>15,208,418</b>		<b>99.45%</b>

# Investment Portfolio Summary

as at 31 January 2010

	Cost at 31 Jan 10	Valuation at 31 Jan 09	Additional investments	Valuation at 31 Jan 10	% of equity held	% of portfolio by value
	£	£	£	£		
<b>Former Elderstreet Private Equity Portfolio</b>						
<b>Cashfac Limited</b> Provider of virtual banking application software solutions to corporate customers	260,101	38,168	–	63,125	3.42%	0.41%
<b>Sparesfinder Limited</b> Supplier of industrial spare parts on-line	250,000	–	–	19,197	2.19%	0.13%
<b>Sift Group Limited</b> Developer of business-to-business internet communities	130,116	–	5,116	1,226	0.63%	0.01%
<b>eXpansys plc<sup>1</sup></b> Retailer of handheld electrical products	–	9,971	–	–	0.58%	0.00%
<b>ComponentSource Holding Corporation</b>	–	–	–	–	0.61%	0.00%
<b>Total</b>	<b>640,217</b>	<b>48,139</b>	<b>5,116</b>	<b>83,548</b>		<b>0.55%</b>
<b>Investment Managers' Total</b>	<b>17,146,602</b>	<b>7,805,465</b>	<b>8,302,196</b>	<b>15,291,966</b>		<b>100.00%</b>

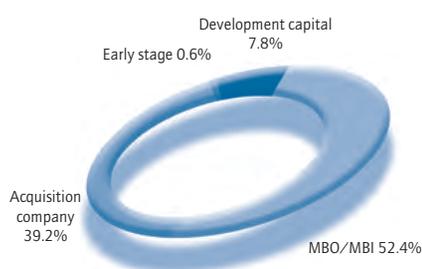
<sup>1</sup> Quoted on AiM

<sup>2</sup> The % of equity held in BG Consulting Group Limited is 2.6% and in Duncary 4 Limited is 6.64%.

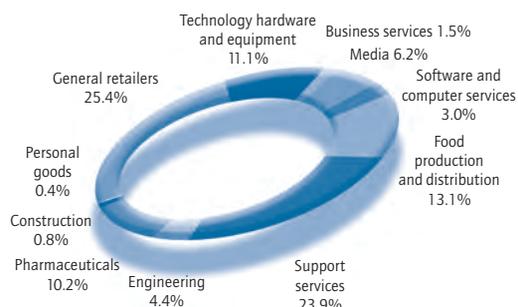
<sup>3</sup> Maven Management was sold in 2007. Part of the consideration was contingent upon revenue thresholds being achieved, which generated further sale proceeds.

## Investments at valuation as at 31 January 2010

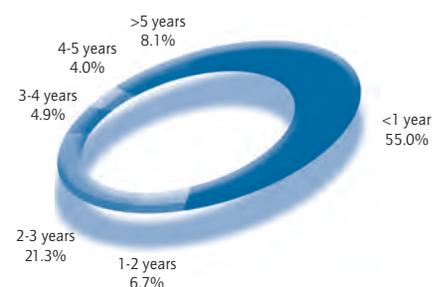
By stage of development



By market sector



By number of years held



# Board of Directors

## Colin Hook

*Status:* Independent, Non-Executive Chairman

*Age:* 68

*Date of appointment:* 4 February 1999

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

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

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

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

*Remuneration 2009/10:* £31,000

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

*Shareholding in the Company:* 22,793 Ordinary Shares

## Christopher Moore

*Status:* Independent, Non-Executive Director

*Age:* 65

*Date of appointment:* 1 April 2002

*Experience:* Christopher has considerable experience of the venture capital industry. After a law degree and qualifying as an accountant with Price Waterhouse he worked for Robert Fleming Inc., Lazards, Jardine Fleming and then Robert Fleming, latterly as a main board director from 1986 to 1995. During this period he was involved in various unquoted and venture capital investments and remained chairman of Fleming Ventures Limited, an international venture capital fund, until the fund's final distribution in 2003. His roles have included acting as senior adviser to the chairman of Lloyds and chairing the successful turn-around of a public industrial group. Christopher is currently on the boards of Matrix Income & Growth VCT plc, Matrix Income & Growth 3 VCT plc and The Income & Growth VCT plc.

*Last re-elected to the Board:* May 2008

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

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

*Remuneration 2009/10:* £26,000

*Relevant relationships with the Investment Manager or other service providers:* Director of Matrix Income & Growth VCT plc, Matrix Income & Growth 3 VCT plc and The Income & Growth VCT plc which are also advised by Matrix Private Equity Partners LLP

*Shareholding in the Company:* 26,690 Ordinary Shares

## Helen Sinclair

*Status:* Independent, Non-Executive Director

*Age:* 44

*Date of appointment:* 1 February 2003

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

*Last re-elected to the Board:* May 2009

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

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

*Remuneration 2009/10:* £26,000

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

*Shareholding in the Company:* 6,672 Ordinary Shares

# Summary Directors' Report

## Business and principal activities

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

The Company's Ordinary Shares in the capital of the Company were first admitted to the Official List of the UK Listing Authority and to trading on the London Stock Exchange on 9 March 1999. The Company has satisfied the requirements for full approval as a Venture Capital Trust by HM Revenue & Customs (HMRC) under section 274 of the Income Tax Act 2007 (the "ITA") throughout the year ended 31 January 2010. It is the Directors' intention to continue to manage the Company's affairs in such a manner so as to comply with section 274 and remain as a Venture Capital Trust.

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

## Business review

For a review of the Company's development and performance during the year, please see the Chairman's Statement on pages 4 – 6 and Investment Portfolio Summary and information on the Company's ten largest investments on pages 7 – 12 of this Report. The Financial Highlights on pages 2 – 3 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 IPEVVCV guidelines. The Company's net assets increased during the year under review resulting in a 3.57% increase in NAV per share (after adding-back dividends paid during the year) and a 3.1% increase in total NAV return per share.

### ■ Total expense ratio (TER)

Under the terms of the management agreement, the total management and administration expenses of the VCT, excluding any irrecoverable VAT and exceptional items, are capped at 3.4% of closing net assets. The resulting excess expenses of £25,194 (2009: £77,356) will, therefore, be borne by the Investment Manager by way of a deduction from their management fees after these accounts have been approved. Hence, the TER of the Company for the year

under review was 3.5% (2009: 3.6%) which includes irrecoverable VAT of 0.1% (2009: 0.2%).

## 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

During the year the Company bought back 150,228 Ordinary Shares of 1 penny each (representing 0.75% of the shares in issue at 1 February 2009 at a total cost of £124,256. These shares were subsequently cancelled by the Company. The issued Ordinary Share capital of the Company as at 31 January 2010 was £199,576 and the number of Ordinary Shares in issue as at this date was 19,957,572.

## Results and dividend

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

## Directors' and their interests

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

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

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

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

### **Going concern**

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

### **Annual general meeting**

The Notice of the Annual General Meeting (AGM), which will be held on 27 May 2010, is set out on pages 26 - 28 of this Summary Annual Report. Proxy Forms for the AGM are enclosed with Shareholder's copies of this Summary Annual Report. The following explains the principal special business to be proposed:

#### **Authority to introduce a Dividend Investment Scheme (Resolution 7)**

The Board is seeking the approval of shareholders at the AGM for the introduction of a Dividend Investment Scheme and the allotment of ordinary shares under the Dividend Investment Scheme at a price below net asset value.

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

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

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

allow the issue of a further £71,472 of equity securities in connection with a fully pre-emptive rights issue.

Under section 561 of the Act, if the Directors wish to allot any of the unissued share capital for cash they must first offer such shares to existing shareholders in proportion to their current holdings. Resolution 9 will enable this requirement to be disapplied in the specific circumstances set out in the Resolution. These circumstances are in relation to (an) offer(s) for subscription, a rights issue, any dividend investment scheme that may be introduced by the VCT in the future, to fund a purchase of shares and also pursuant to any future 5 per cent "top-up" offer. This resolution is being proposed as a special resolution requiring the approval of at least 75% of the votes cast.

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

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

#### **Authority for the Company to purchase its own shares (Resolution 10)**

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

# Summary Directors' Report

Shareholders should note however, that the Directors do not intend to exercise this authority unless in the light of prevailing market conditions, to do so would result in an increase in net asset value per share and would be in the interests of Shareholders generally. Any shares so purchased will be cancelled and the number of shares in issue reduced accordingly. The cancellation of the share premium account of the Company has provided the Company with a special reserve (which is distributable) which can be used, inter alia, to fund buy-backs of the Company's Ordinary Shares. All VCTs experience restricted market liquidity in their shares. The Board believes that it is in the best interests of the Company and Shareholders for the Company to be in a position to make occasional market purchases of its Ordinary Shares. This resolution, to be proposed as a Special Resolution, requiring the approval of at least 75% of the votes cast, will enable the Directors to carry out this policy.

## **Adoption of new articles of association (Resolution 11)**

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

### **1. Articles which duplicate statutory provisions**

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

### **2. Form of resolution**

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

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

### **3. Variation of class rights**

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

### **4. Convening extraordinary and annual general meetings**

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

### **5. Notice of board meetings**

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

### **6. Records to be kept**

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

### **7. Distribution of assets otherwise than in cash**

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

### **8. Electronic and web communications**

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

relevant document or information is placed on the website and a member can always request a hard copy version of the document or information.

#### **9. Directors' indemnities and loans to fund expenditure**

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

#### **10. The Company's objects**

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

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

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

#### **11. Change of name**

Under the Companies Act 1985, a company could only change its name by special resolution. Under the Companies Act 2006 a

company will be able to change its name by other means provided for by its articles. To take advantage of this provision, the New Articles will enable the directors to pass a resolution to change the Company's name.

#### **12. Authorised share capital and unissued shares**

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

#### **13. Redeemable shares**

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

#### **14. Use of seals**

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

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

#### **15. Suspension of registration of share transfers**

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

#### **16. Vacation of office by directors**

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

# Summary Directors' Report

## 17. Voting by proxies on a show of hands

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

## 18. Voting by corporate representatives

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

## 19. Electronic conduct of meetings

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

## 20. Chairman's casting vote

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

## 21. Notice of general meetings

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

## 22. Adjournments for lack of quorum

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

## 23. Voting record date

Under the Companies Act 2006 as amended by the Shareholders' Rights Regulations the company must determine the right of members to vote at a general meeting by reference to the register not more than 48 hours before the time for the

holding of the meeting, not taking account of days which are not working days. The Current Articles are being amended to reflect this requirement.

## 24. Life of the Company

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

## 25. General

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

### Notice of general meetings (Resolution 12)

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

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

### Amendment to the Investment Policy (Resolution 13)

It is proposed that the current policy relating to uninvested funds being held in cash and lower risk money market funds be replaced with the following:

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

If approved by Shareholders, the amended investment policy will allow the Company to invest uninvested funds in a wider range of instruments to achieve a higher rate of income return which may include instruments associated with higher risks. It is not, however,

# Summary Directors' Remuneration Report

the Board's current intention to increase the level of risk associated with higher levels of income albeit having this authority.

## Nominations and Remuneration Committee

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

## Remuneration policy

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

## Audited information

### Details of individual emoluments and compensation

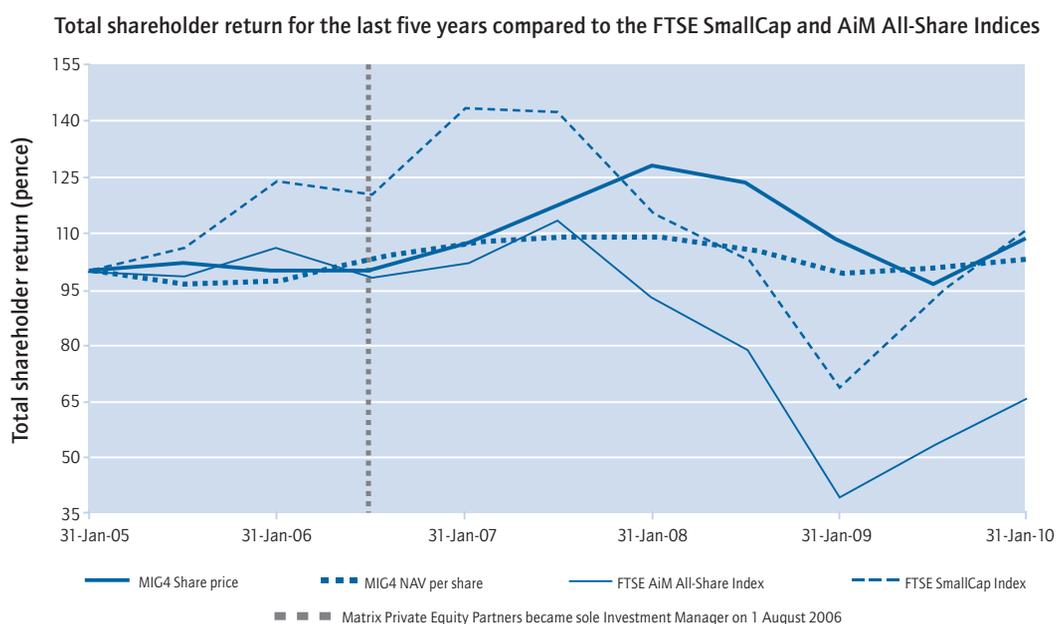
The emoluments in respect of qualifying services of each person who served as a Director during the year were as set out in the table below. The Company does not have any schemes in place to pay any of the Directors bonuses or benefits in addition to their Directors' fees:

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

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

## 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 AiM All-share Indices. These indices are industry recognised indices of listed companies. The FTSE SmallCap index comprises companies with the smallest capitalisation of the capital and industry segments and represents approximately 2% of the UK market capitalisation. All data has been re-based to 100p with affect from 31 January 2005. An explanation of the performance of the Company is given in the Chairman's Statement on pages 4 – 6.



Source: Matrix Corporate Capital LLP

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

# Summary Corporate Governance Statement

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

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

## Compliance with the Combined Code

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

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

## Compliance with the AIC Code

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

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

The AIC Code stipulates that directors who sit on the boards of more than one company managed by the same manager will not be regarded as independent for either the purpose of fulfilling the requirement that there must be an independent majority or

for serving as chairman. This provision is currently subject to the transitional arrangements of the Listing Rules, and will become mandatory from September 2010. The Board is in the process of reviewing its structure to comply with these provisions and further details will be provided in the Half-Yearly Report for the six months ended 31 July 2010.

## The Board

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

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

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

## Internal control

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

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

The Board has put in place procedures for identifying, evaluating and managing the significant risks faced by the Company. As part of this process an annual review of the control systems is carried out in accordance with the Turnbull guidelines for internal control. The review covers a consideration of the key

business, operational, compliance and financial risks facing the Company. Each risk is considered with regard to: the controls exercised at Board level; reporting by service providers; controls relied upon by the Board; exceptions for consideration by the Board; responsibilities for each risk and its review period; and risk rating. As part of this process, investment risk is spread by means of a diverse investment portfolio, as more fully described in the Investment Manager's Review in the Annual Report.

### **Investor relations**

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

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

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

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

We have examined the summary financial statement for the year ended 31 January 2010 set out on pages 23 – 25.

This statement is made solely to the Company's members, as a body, in accordance with Section 428 of the Companies Act 2006. Our work has been undertaken so that we might state to the company's members those matters we are required to state to them in such a statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our work, for this statement, or for the opinions we have formed.

## **Respective responsibilities of Directors and Auditors**

The directors are responsible for preparing the Summary Annual Report in accordance with United Kingdom law.

Our responsibility is to report to you our opinion on the consistency of the summary financial statement within the Summary Annual Report with the full annual financial statements, the Directors' Report and the Directors' Remuneration Report, and its compliance with the relevant requirements of section 428 of the Companies Act 2006 and the regulations made thereunder.

We also read the other information contained in the Summary Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material

inconsistencies with the summary financial statement. The other information comprises only the Financial Highlights, Chairman's Statement, Ten Largest Investments, Investment Portfolio Summary, Board of Directors and the Summary Corporate Governance Statement.

## **Basis of opinion**

We conducted our work in accordance with Bulletin 2008/3 issued by the Auditing Practices Board. Our report on the company's full annual financial statements describes the basis of our audit opinion on those financial statements, the Directors' Report and the Directors' Remuneration Report.

## **Opinion**

In our opinion the summary financial statement is consistent with the full annual financial statements, the Directors' Report and the Directors' Remuneration Report of Matrix Income & Growth 4 VCT plc for the year ended 31 January 2010 and complies with the applicable requirements of section 428 of the Companies Act 2006, and the regulations made thereunder.

## **PKF (UK) LLP**

Statutory Auditors  
London UK  
12 April 2010

# Income Statement

for the year ended 31 January 2010

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

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

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

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

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

# Balance Sheet

as at 31 January 2010

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

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

Colin Hook  
Chairman

## Reconciliation of Movements in Shareholders' Funds for the year ended 31 January 2010

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

# Cash Flow Statement

for the year ended 31 January 2010

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

# MATRIX INCOME & GROWTH 4 VCT PLC

(Registered in England and Wales No. 3707697)

## NOTICE of the ANNUAL GENERAL MEETING

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

### ORDINARY BUSINESS

1. To receive the audited annual accounts of the Company for the financial year ended 31 January 2010 together with the Directors' Report and the Auditors' report on those accounts and on the auditable part of the Directors' Remuneration Report.
2. To approve the Directors' Remuneration Report for the year ended 31 January 2010 which is set out in the Annual Report of the Company for the year ended 31 January 2010.
3. To appoint PKF (UK) LLP as Auditors to the Company until the conclusion of the next Annual General Meeting.
4. To authorise the Directors to determine the remuneration of the Auditors.
5. To re-elect Colin Hook as a Director of the Company.
6. To approve a final dividend for the year ended 31 January 2010 of 2 pence per share.
7. That the Directors be and are hereby authorised to introduce a dividend investment scheme on such terms and conditions as they shall see fit from time to time ("Dividend Investment Scheme") and without prejudice to Resolutions 8 and 9 below the Directors be and are hereby generally and unconditionally authorised to exercise all the powers of the Company to allot equity securities (which expression shall have the meaning ascribed to it in section 560 of the Companies Act 2006) pursuant to any Dividend Investment Scheme operated by the Company from time to time at a subscription price per share which is less than the net asset value of shares of that class.
8. That in substitution for any existing authorities pursuant to section 551 of the Companies Act 2006 (the "Act") for the purpose of the said section 551 (and so that expressions used in this resolution shall bear the same meanings as in the said section 551) the Directors be and are generally and unconditionally authorised to exercise all the powers of the Company to allot:
  - (i) relevant securities up to a maximum nominal amount of £171,472 to such persons and at such times and on such terms as they think proper; and
  - (ii) equity securities (as defined in section 560 of the Act) in connection with a rights issue in favour of the holders of equity securities and any other persons entitled to participate in such issue where the equity securities respectively attributable to the interests of such holders and persons are proportionate (as nearly as maybe) to the respective number of equity securities held by them up to an aggregate nominal amount of £71,472 subject only to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws or requirements of any recognised regulatory body or stock exchange in any territory,

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

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

9. That in substitution for any existing authorities pursuant to sections 570 and 573 of the Act the Directors be and are empowered in accordance with sections 570 and 573 of the Act to sell treasury shares (as defined in section 560(3) of the Act) and, subject to the passing of Resolution 8 set out in the Notice convening this Meeting, make other allotments of equity securities (and the expression "allotment of equity securities" and like expressions used in this resolution shall have the meaning given to them by virtue of section 560 of the Act) for cash, pursuant to the authority conferred on them to allot relevant securities and/or equity securities (as defined in Section 560 of the Act) by that resolution, in each case as if section 561 did not apply to any such sale or allotment, provided that the power conferred by this resolution shall be limited to:-
  - (i) the allotment and issue of equity securities up to an aggregate nominal value representing £100,000 in connection with offer(s) for subscription;
  - (ii) the allotment of equity securities in connection with a rights issue where the Ordinary Shares offered to all shareholders are proportionate (as nearly as may be) to the respective numbers of Ordinary Shares held by them, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with legal or practical problems in respect of overseas shareholders, fractional entitlements or directions from any holders of Ordinary Shares to deal in some other manner with

# NOTICE of the ANNUAL GENERAL MEETING

- their respective entitlements, or the requirements of any recognised regulatory body or any stock exchange in any territory;
- (iii) the allotment of equity securities with an aggregate nominal value of up to but not exceeding 10 per cent of the issued Ordinary Share capital of the Company at the date hereof in connection with any dividend investment scheme or similar scheme as may be introduced by the Company from time to time;
  - (iv) the allotment of equity securities (otherwise than pursuant to sub-paragraphs (i),(ii) and (iii) above) up to an aggregate nominal amount of 10 per cent of the issued Ordinary Share capital of the Company at the date hereof where the proceeds of the allotment may be used in whole or in part to purchase the Company's Ordinary Shares in the market;
  - (v) the allotment of equity securities (otherwise than pursuant to sub-paragraphs (i), (ii), (iii) and (iv) above) from time to time with an aggregate nominal value of up to 5 per cent of the issued Ordinary Share capital of the Company at the date hereof.
- This power, unless previously renewed or revoked, shall expire on the conclusion of the Annual General Meeting of the Company to be held in 2011 save that the Company may, before expiry of this power, make offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors may allot securities in pursuance of any such offers or agreements as if the power conferred hereby had not expired.

## SPECIAL BUSINESS

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

10. That the Company be and is hereby generally and unconditionally authorised for the purpose of section 701 of the Act to make a market purchase or market purchases (as defined in section 693(4) of the Act) of Ordinary Shares of 1 pence each in the capital of the Company ("Ordinary Shares") at any time or times provided that:-
- (i) the maximum aggregate number of Ordinary Shares authorised to be purchased is 3,214,077;
  - (ii) the minimum price which may be paid for such Ordinary Shares is 1 penny per Ordinary Share, being the nominal value of an Ordinary Share;
  - (iii) the maximum price which may be paid for any Ordinary Share shall be the higher of (a) an amount equal to five per cent above the average of the middle market quotations for such shares taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day the Ordinary Share is contracted to be purchased and (b) the price stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation (EC 2273/2003);
  - (iv) the Company may make a contract or contracts to purchase its own Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of its own Ordinary Shares in pursuance of any such contract; and
  - (v) any purchase by the Company of its own shares does not prejudice the ability of the Company to disregard, to the fullest possible extent pursuant to section 274 of the Income Tax Act 2007 ("the ITA"), the use to which money raised pursuant to a share issue is put, for the purposes of complying with the 70% test and the 30% test, as those terms are defined in the ITA.

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

11. That the regulations contained in the document produced to the meeting (for the purpose of identification marked "A" and signed by the Chairman of the meeting) be approved and adopted with effect from the termination of this meeting as the Articles of Association of the Company in substitution for and to the exclusion of the existing Articles of Association of the Company.
12. That a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice.

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

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

**BY ORDER OF THE BOARD**

Matrix-Securities Limited  
Company Secretary

Registered Office  
One Vine Street  
London W1J 0AH

12 April 2010

## NOTES:

1. To be entitled to attend and vote at the meeting (and for the purposes of the determination by the Company of the votes they may cast), members must be registered in the Register of Members of the Company at 6.00 pm on 25 May 2010 (or, in the event of any adjournment, 6.00 pm on the date which is two days before the time of the adjourned meeting). Changes to the Register of Members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak, with the permission of the Chairman, and vote on his or her behalf. A proxy need not also be a member but must attend the meeting to represent you. Details of how to appoint the chairman of the meeting or another person as your proxy using the form of proxy are set out in the notes on the form of proxy. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the chairman) and give your instructions directly to them.
3. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, (an) additional form(s) of proxy may be obtained by contacting Capita Registrars on 020 8639 2000. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given.
4. The statement of the rights of members in relation to the appointment of proxies in paragraphs 1 to 3 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by members of the Company.
5. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 (the "Act") to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the Shareholder as to the exercise of voting rights.
6. A personal reply paid form of proxy is enclosed with this document. To be valid, it should be lodged, together with the power of attorney or other authority, if any, under which it is signed or a notarially certified or office copy thereof, at the offices of the Company's registrar, Capita Registrars, Northern House, Woodsome Park, Fennyay Bridge, Huddersfield, West Yorkshire HD8 0LA, so as to be received not later than 12.00 noon on 25 May 2010 or 48 hours before the time appointed for any adjourned meeting or, in the case of a poll taken subsequent to the date of the meeting or adjourned meeting, so as to be received no later than 24 hours before the time appointed for taking the poll.
7. Appointment of a proxy will not preclude a member from subsequently attending and voting at the meeting should he or she subsequently decide to do so. You can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy.
8. As at 12 April 2010 (being the last business day prior to the publication of this notice), the Company's issued share capital consisted of 21,441,473 Ordinary Shares of 1p, carrying one vote each. Therefore, the total voting rights in the Company as at 12 April 2010 were 21,441,473.
9. The Register of Directors' Interests and Directors' appointment letters will be available for inspection at the Company's registered office during normal business hours on any weekday (excluding Saturdays, Sundays and public holidays) until the end of the Annual General Meeting and will also be available for inspection at the place of the Annual General Meeting for at least fifteen minutes prior to and during the meeting. The Directors do not have any service contracts with the Company.
10. If you have been nominated to receive general shareholder communications directly from the Company, it is important to remember that your main contact in terms of your investment remains as it was (so the registered shareholder, or perhaps custodian or broker, who administers the investment on your behalf). Therefore any changes or queries relating to your personal details and holding (including any administration thereof) must continue to be directed to your existing contact at your investment manager or custodian. The Company cannot guarantee dealing with matters that are directed to us in error. The only exception to this is where the Company, in exercising one of its powers under the Companies Act 2006, writes to you directly for a response.
11. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
12. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by 12 noon on 25 May 2010. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
13. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
14. If a corporate shareholder has appointed a corporate representative, the corporate representative will have the same powers as the corporation could exercise if it were an individual member of the Company. If more than one corporate representative has been appointed, on a vote on a show of hands on a resolution, each representative will have the same voting rights as the corporation would be entitled to. If more than one authorised person seeks to exercise a power in respect of the same shares, if they purport to exercise the power in the same way, the power is treated as exercised; if they do not purport to exercise the power in the same way, the power is treated as not exercised.
15. Under section 527 of the Act members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Act. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's auditor no later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the Companies Act to publish on a website.
16. At the meeting shareholders have the right to ask questions relating to the business of the meeting and the Company is obliged to answer such questions, unless; to do so would interfere unduly with the preparation of the meeting or would involve the disclosure of confidential information, if the information has been given on the Company's website, [www.mig4vct.co.uk](http://www.mig4vct.co.uk) in the form of an answer to a question, or if it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
17. Further information regarding the meeting is available on the Company's website, [www.mig4vct.co.uk](http://www.mig4vct.co.uk).

# Corporate Information

## **Directors (Non-executive)**

Colin Hook (Chairman)  
Christopher Moore  
Helen Sinclair

## **Secretary**

Matrix-Securities Limited  
One Vine Street  
London W1J 0AH

## **Company's Registered Office and Head Office**

One Vine Street  
London W1J 0AH

## **Company Registration Number**

3707697

## **Investment Manager**

Matrix Private Equity Partners LLP  
One Vine Street  
London W1J 0AH  
*[www.matrixgroup.co.uk](http://www.matrixgroup.co.uk)*

**Website:** [www.mig4vct.co.uk](http://www.mig4vct.co.uk)

## **Promoter and Administrator**

Matrix-Securities Limited  
One Vine Street  
London W1J 0AH

## **Solicitors**

Travers Smith  
10 Snow Hill  
London EC1A 2AL

## **Registrars**

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

## **Stockbroker**

Matrix Corporate Capital LLP  
One Vine Street  
London W1J 0AH

## **Independent Auditors**

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

## **VCT Status Adviser**

PricewaterhouseCoopers LLP  
1 Embankment Place  
London WC2N 6RH

## **Bankers and Custodians**

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

