



**Unaudited Half-Yearly Financial Report**  
for the six month period ended 30 September 2012



# Foresight 4 VCT

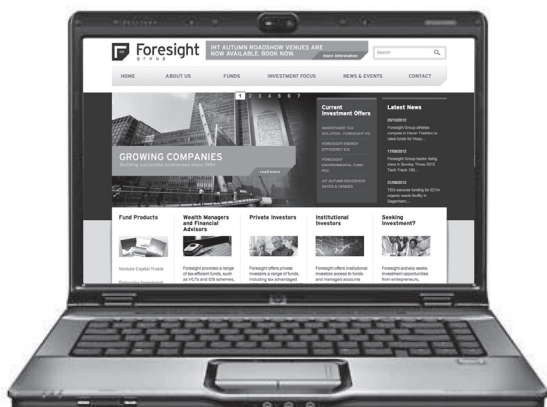
## Objective

### Ordinary Shares

To provide private investors with attractive returns from a portfolio of investments in fast-growing unquoted companies in the United Kingdom. It is the intention to maximise tax-free income available to investors from a combination of dividends and interest received on investments and the distribution of capital gains arising from trade sales or flotations.

### C Shares

To achieve capital gains and maximise UK tax-free income to its shareholders from dividends and capital distributions. It is intended that this objective will be achieved by investing the majority of the funds in a portfolio of qualifying investments.



For further information go to  
[www.foresightgroup.eu](http://www.foresightgroup.eu)

## VCT Tax Benefit for Shareholders beyond 6 April 2006

To obtain VCT tax reliefs on subscriptions up to £200,000 per annum, a VCT investor must be a 'qualifying' individual over the age of 18 with UK taxable income. The tax reliefs for subscriptions from 6 April 2006 are:

- Income tax relief of 30% on subscription into new shares, which is retained by shareholders if the shares are held for more than five years.
- VCT dividends (including capital distributions of realised gains on investments) are not subject to income tax.
- Capital gains on disposal of VCT shares are tax free, whenever the disposal occurs.

### Summary

#### Ordinary Share Fund

- Net asset value per Ordinary Share at 30 September 2012 decreased by 1.9% to 95.1p compared to 96.9p as at 31 March 2012.
- The Fund made one new and nine follow-on investments totalling £914,938.
- Proceeds of £2,168,905 were received from two investments.

#### C Share Fund

- Net asset value per C share at 30 September 2012 decreased by 1.5% to 93.0p compared to 94.4p at 31 March 2012.
- The Fund made three new and one follow-on investment totalling £4,995,645.
- Proceeds of £1,050,970 were received from two investments.

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	Six months ended 30 September 2012		Year ended 31 March 2012	
	Ordinary Shares	C Shares	Ordinary Shares	C Shares
Net asset value per Ordinary share	95.1p	93.0p	96.9p	94.4p
Net asset value per Ordinary share (including all dividends)	187.4p	93.0p	189.2p	94.4p
Share price per Ordinary Share	86.3p	54.0p	91.5p	62.0p
Share price total return per Ordinary Share (including all dividends paid)*	178.6p	54.0p	183.8p	62.0p

\* Since the date of the merger on 6 February 2012, for the C Shares Fund



## Chairman's Statement

**“The non-environmental portfolio benefited from the strong performances of several investments, in particular Autologic Diagnostics Group, Adepra, Datapath Group, Ixaris Systems and TFC Europe, several of which have seen increases in valuation or improved trading during the last six months. Overall, we expect these companies to drive net asset value performance and generate liquidity through realisations in the coming months as well as see the environmental portfolio start to recover value.”**

Philip Stephens Chairman

### Performance and Dividends

The period under review continued to be one of considerable market volatility and extreme concern about the state of government finances in many parts of Europe. In the UK, economic activity was patchy, leading to a double-dip recession and bank lending to SMEs was severely constrained.

These factors affected portfolio companies in a variety of ways. Some companies that needed to maintain or increase their borrowing to pursue development projects or to expand their activities had difficulty in doing so; others, with more established businesses, were able to find growth opportunities, particularly via exports.

Against this background, I can report that the net asset value of the Ordinary Share portfolio as at 30 September 2012 decreased by 1.9% to 95.1p (31 March 2012: 96.9p). The net asset value of the C Share portfolio at 30 September 2012 decreased 1.5% to 93.0p (31 March 2012: 94.4p)

This performance reflects the continued robust performance of the private equity portfolio but also a more stable performance in the environmental portfolio, where those companies with real future potential have been identified and continue to be supported by the Foresight VCTs and those that were struggling to make progress, as detailed in the annual report and accounts, have received no further support and have either been placed into administration or sold for nominal consideration.

The non-environmental portfolio benefited from the strong performances of several investments, in particular Autologic Diagnostics Group, Adepra, Datapath Group, Ixaris Systems and TFC Europe, several of which have seen increases in valuation or improved trading during the last six months. Overall, we expect these companies to drive net asset value (NAV) performance and generate liquidity through realisations in the coming months as well as see the environmental portfolio start to recover value.

Other companies are making progress but at the same time have encountered delays in project implementation and in building their businesses in a very difficult environment. AIM-listed Zoo Digital Group suffered a sharp decline in its share price following disappointing results, but more recently has confirmed that it is trading profitably and is optimistic about the outlook for the remainder of its financial year to 31 March 2013.

A total of £1,546,648 was received from the realisation of Adepra in September 2012, £621,410 from the sale of the investment in Infrared Integrated Systems, as well as £847 of proceeds received from Autologic Diagnostics Group.

Foresight remains positive about the prospects for this portfolio and the recent positive trend in net asset value is expected to continue over the medium to longer-term.

A summary of how the differing elements of the portfolio impacted the movement in NAV for both the Ordinary and C Share funds in the period is detailed in the Investment Managers Report.

Over the last two or so years, weak economic conditions and lack of availability of bank and equity finance have adversely affected the performances of and hindered the planned expansion of the environmental investments. As these poor macro economic conditions are expected to continue for some time, the Board and Investment Manager previously agreed that, within the existing investment policy, greater emphasis should, for the foreseeable future, be placed on private equity investments where Foresight Group are seeing an increase in deal flow, and less emphasis on environmental infrastructure investments and this continues to be the case.

Depending on the patterns of disposals, the Board expects to declare a dividend in the first quarter of 2013 of not less than 3.0p per Ordinary Share.

### Share Issues and Share Buy-backs

The Company launched a top-up offer on 3 March 2012 alongside its enhanced buyback offer to Shareholders. During the period from 1 April 2012 until 30 September 2012, 634,876 Ordinary Shares were allotted at prices ranging from 99.9p to 105.2p per share raising £0.6 million of funds. 193,264 C Shares were allotted at prices ranging from 97.4p to 100.3p per share raising £0.2 million of funds.

It continues to be the Board's policy to consider repurchasing shares when they become available in order to provide a degree of liquidity for the sellers of the Company's shares. During the period, the Company repurchased 305,916 Ordinary Shares for cancellation at a cost of £266,150.

## Enhanced Buyback

I am pleased to report that the take up by shareholders of the enhanced buyback offer to shareholders was significant with shareholders representing 5,587,587 Ordinary Shares and 4,847,443 C Shares taking up the offer during April 2012. The Board will consider offering further enhanced buybacks to shareholders in the future providing that legislation continues to allow the practice and it remains popular with the Company's shareholders.

## Valuation Policy

Investments held by the Company have been valued in accordance with the International Private Equity and Venture Capital (IPEVC) valuation guidelines (August 2010) developed by the British Venture Capital Association and other organisations. Through these guidelines, investments are valued at 'fair value' as defined. Ordinarily, unquoted investments will be valued at cost for a limited period following the date of acquisition, being the most suitable approximation of fair value unless there is an impairment or significant accretion in value during the period. Quoted investments and investments traded on AIM and ISDX Growth Market (formerly PLUS) are valued at the bid price as at 30 September 2012. The portfolio valuations are prepared by Foresight Group, reviewed and approved by the Board quarterly and subject to review by the auditors annually.

## Outlook

Although the Board remain cautious about the economic outlook in general and Foresight Group is being extremely selective in its approach to proposals received, Foresight Group believes that the current pipeline of private equity investment opportunities is one of the better it has seen both in terms of vendor pricing, the quality of the business propositions and management teams. The Board is launching a top-up offer in the Company's shares to enable it to participate in new investments.

Over the medium term we are optimistic that further realisations at attractive prices will be achieved from within the existing portfolio and so increase net asset value and facilitate shareholder distributions as well as provide additional funding for new investments.

## Philip Stephens

Chairman

30 November 2012

## Investment Manager's Report

Following the mergers in February 2012, the Company now comprises two separate funds, each with their own portfolios and share classes, namely the Ordinary Shares fund and the C Shares fund. Each fund is reported on separately below.

The performances of both the Ordinary Shares fund and C Shares fund portfolios during the period have been impacted by both positive and negative factors, resulting in a 1.9% decrease overall in the net asset value of the Ordinary Shares fund and a 1.5% fall in the net asset value of the C Shares fund.

A number of companies in the Ordinary Shares fund portfolio, including Autologic Diagnostics, Datapath, Evance, The Bunker and TFC, continued to perform well during the period (e.g. Datapath achieving record monthly profits) whereas, as explained below, it was necessary to make provisions against the investments in other portfolio companies, principally O-Gen Acme Trek, i-plas Group, Global Immersion and Trilogy. In the C Shares fund portfolio, the turnaround of The Fin Machine made further progress and three new investments were made. The investments in Adepra and Infrared Intergrated Systems were successfully sold during the period generating up to £2.74 million in total.

Notwithstanding the continuing anaemic and challenging UK economic environment, the majority of companies in the portfolio continued to trade satisfactorily, those exporting generally outperforming those serving largely domestic markets. These mixed trading conditions will continue for the foreseeable future and there is still a significant risk of further macro economic weakness, particularly in Europe where demand remains generally poor. We continue to actively manage each portfolio investment to ensure each business is well led and carefully controlled in terms of costs and its business model is as robust and flexible as possible. Against this background, we are only looking at new opportunities which are considered sufficiently robust and attractive, particularly in terms of valuation. Both funds invested during the period in a management buyout of Flowrite Services Limited, a well established Maidstone based company offering refrigeration and air conditioning maintenance and services to leisure and commercial businesses nationally and the company is already trading well ahead of budget.

Although some of the environmental investments in the Ordinary Shares fund traded well during the period, such as Closed Loop Recycling and Evance Wind Turbines, others were adversely affected by the current economic headwinds. Closed Loop Recycling is generating revenues of some £1.4 million per month and cannot meet customer demand for its recycled PET and HDPE. Plans are well advanced to double the capacity of the Dagenham plant, which, once commissioned, is forecast to result in substantial profits being generated. The funding for this planned expansion is now in legal stages. Evance is enjoying good sales of its market leading small wind turbines, having recently achieved monthly sales of £1 million and delivered its 1,500th machine. As a result of delays at O-Gen Acme Trek in progressing alternative

plans to either retrofit the Stoke plant or redevelop the site as an 8MW power plant (nearly three times the output of the present plant), it was felt necessary to make a further provision against the cost of this investment. Reflecting much slower than expected growth in sales and continuing losses at Silvigen, the decision was reluctantly made not to provide further funding, resulting in the company going into administration in September. With long, extended customer decision making and lengthy sales cycles, Crumb Rubber experienced similar trading conditions and losses and so the investment was sold for nominal consideration to the management team in November. As a consequence of a marked fall in demand during the Summer from customers in the construction industries for its recycled plastic products and consequent margin pressure, a similar decision was made to no longer support i-plas Group, resulting in an administrator being appointed in October. As previously noted in the Annual Report, reflecting various technical plant issues and much higher than expected disposal costs, Vertal went into administration on 21 June 2012. Further provisions were accordingly made against these investments totalling £1,459,725, comprising O-Gen Acme Trek (£992,424), i-plas Group (£238,968), Silvigen (£200,691), Crumb Rubber (£14,452) and Vertal (£13,190). Where provisions have been made against the value of underlying investments, we have also provided against the income due from such investments and this is reflected in the negative income amount in the Income Statement of the Company.

### Ordinary Shares Fund Portfolio Review

During the six month period to 30 September 2012, the Ordinary Shares fund made one new investment in Flowrite Refrigeration Holdings Limited (£200,000) and provided follow-on funding totalling £714,938 to nine portfolio companies: AtFutsal (£196,346), Abacus Wood (£150,000), Ixaris (£131,633), AlwaysOn (£100,100), i-plas Group (£66,666), Crumb Rubber (£35,000), Amberfin (£13,669), Vertal (£13,190) and Silvigen (£8,334).

The performance highlights during the period were as follows:

**Abacus Wood** made good progress during 2011. Demand continues to exceed supply for the plant's wood pellets and a further £150,000 was invested during the period to fund working capital. The Company had small EBITDA losses at the Bridgend plant level which has continued during 2012. A new, highly experienced CEO joined in April who has introduced various operational improvements and formulated a strategy to develop the business with Foresight Group. This strategy, which will require finance of some £8 million, comprises three elements namely: doubling production capacity at Bridgend; developing a number of Energy Service Companies (to provide electricity and heat to customers under long term contracts); and acquire 50% of an ESCO installation and service company with a burgeoning sales pipeline. Discussions are progressing well with a number of potential funders.

Following the recruitment of additional senior executives, **AlwaysOn's** trading has continued to improve, with break even at the operating profit level being achieved on sales of £2.7million for the year to 30

June 2012. The sales pipeline continues to build and a major five year contract extension has recently been won from an existing customer for the provision of data VPNs and VOIP services which underpins prospects for the current year. To finance the company's working capital requirements, £100,100 was invested by Foresight 4 as part of a tranchised £750k funding round.

**Amberfin**, based in Basingstoke, is an internet content repurposing business (converting video for transmission over the internet), which has invested heavily in opening offices overseas and has developed a diverse global customer base. As the final part of a £3 million institutional equity and loan round in November 2010, the Company advanced £13,669 during the period as the last tranche of a loan facility to finance the company's continuing strong growth.

**AtFutsal Group** provides facilities for futsal, a fast growing type of indoor football with 30 million participants worldwide and the only type of indoor football recognised by the Football Association. Sales have built up steadily in the new, large flagship super arena in Birmingham which is now operating near break even. A further £196,346 was invested in April to finance the opening of a further super arena in Leeds in August, thereby creating national coverage. Sales in Leeds in the initial two months were promising. The small loss making Cardiff arena was closed at minimal cost in June as a result of a change in educational funding in Wales with effect from September. Good progress is being made in developing the increasingly important educational services with nearly 800 students now taking a variety of sports related courses within AtFutsal's arenas and a number of partnerships have been entered into with educational establishments, football clubs and training organisations. Sales growth remains behind expectations with UK consumer spending under pressure, and progress towards profitability has been delayed as a result and a provision of £184,587 was made against the carrying value. The benefits of economies of scale from extended national coverage are anticipated to enhance the growth of the important educational activities.

**Autologic Diagnostics Group** develops and sells sophisticated automotive diagnostic software and hardware to independent mechanics and garages to allow them to service and repair vehicles. In the year ended 31 December 2011, an operating profit of £5.2 million was achieved on sales of £12.2 million. Autologic is continuing to grow sales and profits further in its current financial year, particularly in the USA. As referred to in the Annual Report, part of the investment in Autologic was sold in January 2012 in a £48 million secondary management buy-out funded by ISIS Private Equity. The sale generated cash proceeds of £2.79 million, against original cost of £0.6 million and the Company has retained an ongoing investment of £1.98 million in a combination of equity and loan stock in the new buy-out company. In addition to this, a disposal in Autologic Diagnostics Group also took place in the period, in which a small number of shares were bought by a new operating partner as part of an executive incentive share scheme generating £847 of proceeds.

**Closed Loop Recycling** continued to make solid operational, commercial and revenue progress during the period with production rates at record levels and significantly improved plant reliability, generating revenues of some £1.4 million per month. The company cannot meet customer demand for its recycled PET and HDPE. Product quality remains high but the company continues to be affected by raw material quality which restricts throughput and yield, but is making progress in addressing this problem. Plans are well advanced to double the capacity of the Dagenham plant by increasing the plastic sorting facilities and production lines, which, once commissioned, are forecast to result in substantial profits being generated. The £17 million funding for this planned expansion, all from third party funders, is now in legal stages.

During the period, £35,000 was invested in **Crumb Rubber** to meet its urgent working capital requirements. However, reflecting extended customer decision making, lengthy sales cycles and much slower than expected growth in sales, the company continued to incur losses and the decision was reluctantly made not to provide further funding. The investment was sold for nominal consideration to the other shareholders in November.

**Datapath Group** is a world leading innovator in the field of computer graphics and video wall display technology. For the year ended 31 March 2012, an operating profit of £4.5 million was achieved on sales of £12.1 million (£3.1 million operating profit on sales of £10.3 million in 2011). The company is continuing its strong growth in the current year to 31 March 2013 with record sales being achieved in October 2012, supporting an increase in valuation of £1.0 million during the period.

**Evance Wind Turbines**, which manufactures 5kW tree sized wind turbines, enjoyed strong sales growth, driven primarily by the introduction of the UK Feed in Tariff regime. For the year to 31 March 2012, the company achieved its first operating profit on sales of £7.25 million, over three times the level of sales in the previous year and both sales and profits have grown substantially to date in the current year. However, the reduction in the Tariff from 1 October 2012, combined with a noticeable tightening and lengthening of the planning permission process nationally, may affect growth in sales thereafter.

**Global Immersion**, which designs, builds and maintains visualisation systems for immersive theatres and planetariums Worldwide, won several major orders in 2010 which led to a record order book and an operating profit of £0.5 million being achieved on sales of £8.0 million in the year to 30 June 2011. Reflecting prevailing difficult economic conditions, market demand has since fallen markedly with lengthening sales cycles, strong margin pressure and few orders being won, resulting in substantial trading losses being incurred. In consequence, administrators are expected to be appointed shortly and so a full provision of £418,438 has been made against the value of this investment.

## Investment Manager's Report

Following a cost cutting programme, a management reorganisation and price rises for its recycled plastic products in late 2011, **i-plas Group's** trading improved in Spring 2012, break even EBITDA effectively being achieved in April 2012. To fund working capital, the Company invested a further £66,666 in May and June. However, during the Summer, the company then experienced a marked fall in demand from its customers in the construction industries and also significant margin pressure, resulting in growing losses. With little prospect of a sustained recovery in its markets, the decision was reluctantly made not to provide further funding, and an administrator was appointed in October, necessitating a provision of £238,968 being made against the investment.

£131,633 was invested in April in **Ixaris Systems** as part of a £1.35 million fund raising to finance the continuing development of its Opn platform. iXaris, which develops and operates Entropay, a prepaid payment service using the VISA network, has also continued to develop Opn, its platform that enables enterprises to develop custom applications for payments. This platform is being used by companies in the affiliate marketing and travel sectors. In the year to 31 December 2011, an operating loss of some £0.2 million was achieved on sales of £9.1 million. In the current year, trading has been behind budget resulting in higher than budgeted losses being incurred resulting in a cost cutting programme being implemented.

In December 2011, the decision was made to hibernate **O-Gen Acme Trek's** plant in Stoke until the second generation Plymouth and Derby plants fully validated the technology and then find a partner to retro fit the facility based on experience gained from these plants. Alternative plans to redevelop the site as an 8MW power plant (nearly three times the output of the present plant) at a cost of some £26 million are also being progressed with an identified preferred technology provider and EPC contractor. A further provision of £992,424 was made against the cost of the investment, reflecting delays in progressing these plans.

A further £8,334 was invested during the period in **Silvigen** to fund urgently needed working capital. Reflecting much slower than expected growth in sales and continuing losses, the decision was reluctantly made not to provide further funding, resulting in the company going into administration in September. A full provision of £200,691 was made against the cost of this investment.

**TFC Europe**, a leading distributor of technical fasteners in the UK and Germany, continued to enjoy strong growth during the period, having reported an operating profit of £1.6 million on sales of £16.6 million for the year ended 31 March 2012 (£1.3 million on sales of £13.5 million for the year ended 31 March 2011).

**The Bunker Secure Hosting**, which operates two ultra secure data centres, continues to win new orders, grow its annual revenues and generate substantial profits. For the year to 31 December 2011, an EBITDA of £1.76 million was achieved on sales of £7.4 million, at which date recurring annual revenues were running at £8.4 million. Growth has continued in the current year and further space has been fitted

out in both data centres to meet growing customer demand while investment continues in upgrading infrastructure, funded by retained profits and additional bank facilities.

Although **Trilogy Communications** achieved strong trading results in the year to 29 February 2012, following a number of contract wins in the defence sector with partners such as Northrop Grumman and Raytheon, trading in the current year has been adversely affected by the deferral of certain expected defence contracts, particularly from the US, resulting in trading losses and consequent cost reductions. A return to growth is expected once large orders materialise from current equipment programmes which have recommenced recently and are expected to continue in 2013.

A total of £13,190 was invested in **Vertal** during the period to fund working capital requirements. As previously noted in the Annual Report, reflecting various technical plant issues and much higher than expected disposal costs, Vertal went into administration on 21 June 2012.

### New Investments

In May, the Ordinary Shares fund invested £200,000 in **Flowrite Refrigeration Holdings** alongside the C Shares fund and other Foresight VCTs to finance the £3.2 million management buyout of Flowrite Services Limited, a long established Maidstone based company which provides refrigeration and air conditioning maintenance and related services nationally, principally to leisure and commercial businesses, such as hotels, clubs, pubs and restaurants. The management team has accelerated sales efforts, already winning a number of significant new customers and contracts, and a number of possible acquisitions are being considered to broaden the national coverage. Trading since May has been well ahead of budget.

### Ordinary Share Fund Realisations

As referred to in the Annual Report, **Infrared Integrated Systems** was acquired in June 2012 by a major US corporation, generating up to £900,000 for Foresight 4, of which £621,410 was paid on completion and the balance is to be paid over two years subject to future performance. This compares to an original cost of £250,005.

In September, **Adepra** was acquired by one of its longstanding US partners, the NYSE listed business analytics group, FICO, for £72 million. Foresight 4 received a total of £1.84 million for its investment, comprising an initial £1.55 million while a further £290k is held in escrow for fifteen months. This compared with a valuation of £1,354,235 and original cost of £1,304,718.

A disposal in Autologic also took place in which a small number of shares were bought by a new operating partner as part of an executive incentive share scheme, generating £847 of proceeds



## Outlook for the Ordinary Shares Fund

During the period under review, underlying trading at most of the portfolio companies was stronger than might have been expected, benefitting, to varying degrees, from export led demand. Conversely, although some of the environmental investments made progress, others experienced real difficulties in generating sales growth, principally reflecting the weak UK economy, such as Silvigen, i-plas Group and Crumb Rubber.

Such economic conditions are expected to continue for the foreseeable future resulting at best in a period of low growth. Barring another economic crisis and notwithstanding anecdotal evidence of slowing demand in Europe, we remain reasonably optimistic about current prospects for the portfolio overall. Across the portfolio, we continue to ensure that management are focused on cash conservation and cost control.

Foresight Group is pursuing potential portfolio realisations to generate value and also new investment opportunities but with appropriate caution.

## C Shares Fund Portfolio Review

On 6 February 2012, Acuity Growth VCT and Acuity VCT 3 (which had substantially common portfolios) were merged into a new separate C Shares fund within the Company with an opening NAV of 100.0p per share. The C Shares fund will be managed separately to the existing Ordinary Shares fund for approximately three years, at which point it is anticipated that the C Shares fund will be merged with the Ordinary Shares fund on a relative net asset value basis using the audited net asset values of each fund as at 31 March 2015.

The NAV decreased 1.5% to 93.0p as at 30 September 2012 reflecting valuation decreases in The Fin Machine (£416,137), Defaqto (£194,929) and Connect2 Media (£117,712).

During the period under review, one follow-on investment was made of £1.5 million into The Fin Machine in July and three new investments were made totalling £3.49 million, namely Flowrite Refrigeration Holdings Limited (£492,500), Blackstar Amplifications Holdings Limited (£1 million) and a further acquisition vehicle preparing to trade, Leisure Efficiency III Limited (£2 million).

Further details on each of the companies in the investment portfolio are set out below.

Connect2 Holdings, based in Manchester and trading as **Connect2 Media**, develops and publishes digital media entertainment on a range of devices including mobile phones, portable games consoles, Blackberrys, PCs and interactive TVs.

Against a difficult economic backdrop, the company's business model is being repositioned away from the declining feature phone market.

Most of the company's revenues have been from sales of 'Premium' gaming content i.e. 'pay-per-download' on feature phones. However, the rapid growth of smartphones and the advent of 'Freemium' games (i.e. free to play with paid for upgrades) have significantly reduced the market size.

For the year ended 31 December 2011, an EBITDA loss of £158,000 was incurred on sales of £3.58 million. Reflecting the structural market decline, sales have continued to fall and, despite cost reductions, a similar rate of loss has continued in the current financial year. In May 2012, a new CEO was appointed whose experience includes founding and ultimately exiting two US software companies and migrating from a B2C to a B2B business model.

The company is now moving its business model away from a 'hit' driven model to one that leverages the company's assets and skills base while generating recurring revenues. It is now in the early stages of developing a cloud based game development and publishing technology platform to provide small and medium sized game developers with software tools that support their development, distribution and discovery requirements. The cloud based tools will be provided as a highly scalable Platform as a Service (PaaS) with developers paying monthly subscriptions for access to infrastructure and services, thereby generating recurring revenues. This will require further funding of £1 million, of which the C Shares fund's proposed pro-rata share would be £650,000.

For the year to 31 March 2011, **Defaqto** incurred a small EBITDA loss on sales of £8.5 million, reflecting continuing heavy investment in new product development. The new Matrix product for financial product providers was released in Summer 2011 and provides a platform for upgrades to the other products, which should come to market more rapidly. Having traded largely on budget for most of the year to 31 March 2012, Defaqto experienced increasingly difficult trading in the final quarter, resulting in an EBITDA loss of £805,000 being incurred on sales of £7.8 million. In the current year, reduced losses are being incurred. A new CEO has been appointed, who is already improving operational efficiency by focussing on tangible and financial metrics. Engage v4 was launched in September and is hoped to reverse the long trend of declining revenues from financial intermediaries.

**The Fin Machine** ('Fin') designs, manufactures and distributes special purpose capital equipment that is used to manufacture heat exchangers for the automotive and air conditioning markets. Fin's global customer base includes a broad range of blue chip OEMs, automotive industry majors and Asian air conditioning companies. Fin has manufacturing facilities in Seaham, Co. Durham and in Tianjin, China, as well as an assembly/service centre in Indiana, USA.

A new CFO and General Manager for China have been appointed to strengthen the management team. In the year to 31 December 2011, the company incurred an EBITDA loss of £2.4 million on revenues of £16.4 million, but continued to enjoy strong order intake. To meet this large order book and fund working capital, Foresight 5 and Acuity

## Investment Manager's Report

VCT 3 advanced loans totalling £500,000 in October 2011, alongside £500,000 of additional facilities from Clydesdale, the company's bank. The new management team developed a comprehensive plan to restructure the business, improve profitability and working capital dynamics during 2012. A complex capital reorganisation was successfully concluded in late 2011.

For the quarter to 31 March 2012, the company broke even at the EBITDA level on sales of £7.6 million, delivering 18 machines, many of which were delayed from Q4 2011 under a number of contracts. The delayed machines incurred significant additional costs, reducing overall gross margins. Improving gross margins and manufacturing efficiency are key to the turnaround succeeding. In February 2012, the C Share fund advanced further loans totalling £1.6 million to meet working capital requirements and reduce a significant creditor balance. In March 2012, the CEO was removed, with the long serving, experienced Sales Director taking the role of UK General Manager. To finance a cost reduction programme which reduced the UK workforce by 25%, the C Shares fund advanced further loans totalling £1.5 million in July while Clydesdale extended their bank facilities into 2013.

Five senior managers have been recruited immediately below board level and a new CEO is being recruited. In September, the Company achieved its first material monthly EBITDA profit and is projecting significant EBITDA profits for the final quarter to 31 December 2012 if orders are delivered on time. With a large current order book, break even EBITDA is projected on sales of some £28 million for the year to 31 December 2012. New orders on more favourable cash payment terms have been negotiated with customers, giving good visibility on sales in 2013. Foresight and the management team continue to work hard on the turnaround, which is making reasonable progress but is not without risk particularly with regards to working capital swings.

Guildford based **Hallmarq Veterinary Imaging** is the only manufacturer of MRI systems for the standing equine market, with over 50 MRI scanners in use at equine practices throughout the World. For the year ended 31 August 2011, the company achieved an EBITDA of £664,000 on sales of £2.69 million, slightly ahead of budget. Trading in the financial year to 31 August 2012 was particularly strong, an EBITDA of £1.18 million being achieved on sales of £3.3 million, well ahead of budget. In the current year, further strong growth is expected but continuing investment in the PetVet project (an MRI scanner for the companion animal market (i.e. cats and dogs)) is expected to hold back EBITDA growth. The first PetVet sales are forecast from March 2013.

On 31 August 2012, the Company repaid £745,784 from existing cash reserves to the C Shares fund following the expiry of a five year loan note, comprising a loan of £300,000, together with a redemption premium (£300,000) and interest (£145,784).

**Biofortuna**, a molecular diagnostics business based in the Wirral, has developed unique expertise in the important area of enzyme stabilisation, effectively hi-tech freeze drying. Its first range of products,

SSPGo, is a series of genetic compatibility tests for organ transplant recipients, although the breadth of application of the technology is extremely broad. Because of the company's stabilisation and freeze-drying technology, its products can be transported easily (in the post if needed) and stored at room temperature for up to two years. The company is making progress in a number of areas, including a planned expansion into adjacent premises, improving manufacturing and internal processes and with FDA trials for its SSPGo product range, needed to make sales in the USA, hopefully starting in 2013. The SSPGo product range continues to see repeat orders from Abbott. The freeze-dried kit manufacturing service shows promise, with contract discussions with a number of parties.

### New Investments by the C Shares Fund

During the period under review, three new investments were made in Flowrite Refrigeration Holdings, Blackstar Amplifications Holdings and an energy efficiency company, Leisure Efficiency III.

In May, the C Shares fund invested £492,500 in **Flowrite Refrigeration Holdings** alongside the Ordinary Shares fund and other Foresight VCTs to finance the £3.2 million management buyout of Flowrite Services Limited, a long established Maidstone based company which provides refrigeration and air conditioning maintenance and related services nationally, principally to leisure and commercial businesses, such as hotels, clubs, pubs and restaurants. The management team has accelerated sales efforts, already winning a number of significant new customers and contracts, and a number of possible acquisitions are being considered to broaden the national coverage. Trading since May has been well ahead of budget.

In July, the C Shares fund invested £1 million in **Blackstar Amplification Holdings** alongside £2.5 million from Foresight VCT to finance a management buy-out of and provide growth capital to Blackstar Amplification Limited, founded in 2004 by four senior members of the new product development team at Marshall Amplification to design and manufacture a range of innovative guitar amplifiers. Following commercial launch in 2007, sales grew rapidly, reflecting new product launches and entry into new markets, and a global brand was soon established. As a result of supply chain issues in 2011/12, UK and international demand could not be met fully and so terms were agreed with new suppliers to facilitate dual sourcing. Based in Northampton, the company is forecasting strong sales growth driven by new product launches (such as the ID: Series, a new entry level digital amplifier) and increased penetration in key markets, most notably the US. Trading since July has comfortably exceeded budget.

Leisure Efficiency III (£2 million) is an acquisition vehicle preparing to trade.

## C Share Fund Realisations

In August, **Hallmarq Veterinary Imaging** repaid a loan of £300,000, together with a redemption premium of £300,000 and interest of 145,784.

Deferred consideration proceeds of £450,970 were also received from Factory Media.

## Outlook for the C Shares Fund

The C Shares portfolio comprises two elements, namely six new investments made since February and four legacy investments with a positive value, each of which is considered to have the potential to create value for shareholders in excess of its present carrying value. Of the legacy investments, Hallmarq continues to trade well and is expected to generate further shareholder value over time. Following the appointment of a new CEO at Connect2 Media, the company's strategy and business model is being changed to a recurring revenue model. Defaqto's trading is expected to improve over the medium term following the recent cost reductions and appointment of a new CEO, thereby enabling an exit strategy to be pursued at the appropriate time. The potential main key value driver for the C Shares fund continues to be achieving a turnaround of The Fin Machine, followed by a successful trade sale. While risks remain and there is still much to do before the turnaround is complete, the company is making reasonable progress. Although still very early days, developments and trading at Biofortuna, Flowrite and Blackstar give some grounds for cautious optimism.

In each case, Foresight is actively working to create and realise shareholder value.

With cash balances and acquisition vehicles of over £5.8 million, Foresight are actively seeking suitable investment opportunities for the C Shares fund in order to generate income and capital appreciation, and broaden the portfolio while diversifying risk. The fund will typically invest alongside other Foresight funds in suitable companies, as was the case with Biofortuna, Blackstar and Flowrite.

### David Hughes

Foresight Group  
Chief Investment Officer  
30 November 2012



# Investment Summary

## Ordinary Shares Portfolio

Investment	30 September 2012			Valuation Methodology	31 March 2012	
	Amount invested £	Valuation £			Amount invested £	Valuation £
Datapath Group Limited	73,250	6,043,130	*	Discounted price/earnings multiple	73,250	5,016,599
Closed Loop Recycling Limited	4,025,053	3,572,547	*	Price of recent funding round less impairment	4,025,053	3,572,547
The Bunker Secure Hosting Limited	1,618,248	3,365,633	*	Discounted revenue multiple	1,618,248	3,365,633
Autologic Diagnostics Group Limited	1,981,796	3,031,168	*	Discounted price/earnings multiple	1,981,816	2,670,984
TFC Europe Limited	782,577	2,677,034	*	Discounted price/earnings multiple	782,577	2,298,698
O-Gen Acme Trek Limited	4,893,444	1,916,159	*	Price of recent funding round less impairment	4,893,444	2,908,588
Ixaris Systems Limited	881,633	1,653,116	*	Price of recent funding round	750,000	1,521,483
E Vance Wind Turbines Limited	1,745,910	1,436,695	*	Cost less impairment	1,745,910	872,955
Trilogy Communications Limited	601,715	1,059,303	*	Discounted price/earnings multiple	601,715	1,492,529
Abacus Wood Limited	954,593	859,134	*	Cost less impairment	804,593	724,134
Zoo Digital Group plc (AIM listed)	1,120,601	763,061		Bid price	1,120,601	508,476
Probability plc (AIM listed)	598,026	601,973		Bid price	598,026	578,289
O-Gen (UK) Limited	345,014	533,361		Discounted cash flow	345,014	552,678
Sindicatum Carbon Capital Limited	200,063	525,100		Price of recent funding round	200,063	525,100
@Futsal Limited	738,323	369,162		Cost less impairment	541,977	406,483
alwaysON Group Limited	370,190	316,964		Cost less impairment	270,090	202,567
Biofortuna Limited	312,503	312,503		Cost	312,503	312,503
VectorCommand Limited	1,468,750	312,121		Discounted revenue multiple	1,468,750	307,645
Snell Corporation Limited	231,915	223,817		Cost less impairment	231,915	223,817
Flowrite Refrigeration Holdings Limited	200,000	200,000		Cost	—	—
i-plas Group Limited	1,187,876	108,000		Net assets basis	1,121,210	280,302
Amberfin Holdings Limited	115,583	89,665		Cost less impairment	101,914	75,996
Aigis Blast Protection Limited	347,226	60,488		Discounted revenue multiple	347,226	60,895
Crumb Rubber Limited	397,500	20,548		Proceeds	362,500	—
Signum Technologies Limited	1,254,000	4,600		Proceeds	1,254,000	—
Vertal Limited	1,313,323	—		Nil value	1,300,133	—
Silvigen Limited	777,763	—		Nil value	769,429	192,357
Global Immersion Limited	533,338	—		Nil value	533,338	418,438
Adepra Limited	—	—		Sold	1,304,718	1,354,235
Infrared Integrated Systems Limited	—	—		Sold	250,005	762,347
SkillsMarket Limited	—	—		Dissolved	890,242	—
	<b>29,070,213</b>	<b>30,055,282</b>			<b>30,600,260</b>	<b>31,206,278</b>

\* Top ten investments by value shown on pages 12 and 13.

# Investment Summary

## C Shares Portfolio

Investment	30 September 2012				31 March 2012	
		Amount invested £	Valuation £	Valuation Methodology	Amount invested £	Valuation £
The Fin Machine Limited	+	6,608,110	5,599,000	* Discounted price/earnings multiple	5,104,965	4,511,992
Defaqto Group Limited	+	3,890,945	3,505,894	* Discounted revenue multiple	3,890,945	3,700,823
Leisure Efficiency III Limited		2,000,000	2,000,000	* Cost	—	—
Wholesale Efficiency Limited		1,000,000	1,000,000	* Cost	1,000,000	1,000,000
Blackstar Applications Holdings Limited		1,000,000	1,000,000	* Cost	—	—
Leisure Efficiency II Limited		675,150	675,150	* Cost	675,150	675,150
Hallmarq Systems Limited	+	685,908	538,826	* Discounted price of recent funding round	985,908	1,164,946
Flowrite Refrigeration Holdings Limited		492,500	492,500	* Cost	—	—
Connect 2 Media Limited		941,850	393,568	* Discounted revenue multiple	941,850	511,280
Biofortuna Limited		312,503	312,503	* Cost	312,503	312,503
Future Noise plc	+	—	—	Nil value	—	—
Loseley Diary Ice Cream Limited	+	—	—	Nil value	—	—
Munro Global Limited	+	—	—	Nil value	—	—
Sport Media Group plc	+	—	—	Nil value	—	—
		<b>17,606,966</b>	<b>15,517,441</b>		<b>12,911,321</b>	<b>11,876,694</b>

\* Top ten investments by value shown on pages 14 and 15.

+ Amount invested refers to the valuation of these investments on 6 February 2012, being the date that Foresight 5 VCT plc and Acuity 3 VCT plc merged to create the C Share fund, adjusted for additions and disposals. This is therefore the price paid by Foresight 4 VCT plc.

## Investment Summary

### Ordinary Shares Portfolio

Top ten investments by value as at 30 September 2012 are detailed below:

#### Datapath Group Limited



is a UK manufacturer of PC-based multi-screen computer graphics cards and video capture hardware, specialising in video wall and data wall technology. Established in 1982, it has provided solutions for wide-ranging and varied applications including control rooms, financial dealing rooms, CCTV, distance learning, digital signage and business presentations.

#### Closed Loop Recycling Limited



is the first plant in the UK to recycle waste PET and HDPE plastic bottles into food grade packaging material. The company continues to make solid operational, commercial and revenue progress with production rates at record levels and significantly improved plant reliability and consistency. Product quality remains high and there is strong demand for all the recycled material it produces. The company continues to be affected by raw material quality which restricts throughput and yield, but has substantially succeeded in addressing this problem. It is also planning significant investment at the Dagenham site to increase capacity to meet the substantial demand for the cleaned and sorted output, which should be possible without adding significantly to its fixed overhead costs. Closed Loop Recycling is now generating revenues in excess of £1.4 million per month.

#### The Bunker Secure Hosting Limited



provides ultra secure IT data centre and managed services to companies from owned and leased facilities in bunkers previously constructed for military use at Ash, Kent and Newbury, Berkshire. With particular expertise in Open Source and Microsoft software and systems, web and digital security, The Bunker builds, hosts and manages ultra secure, high availability IT infrastructure platforms for its customers and provides secure co-location services to host customers' servers or back-up servers. The Bunker is highly regarded for its technical skills by its customers, which include top financial, telecoms and web-based businesses concerned with data security which have decided to outsource their mission critical IT systems. The Bunker continues to make good progress in increasing revenues from existing customers and winning new customers under term contracts which generate high visibility of future revenues. In the year to 31 December 2011, an EBITDA of £1.76 million was achieved on sales of £7.4 million, at which date recurring annual revenues were running at £8.4 million. Growth has continued in the current year and further space has been fitted out in both data centres to meet continuing demand while investment continues in upgrading infrastructure.

#### Autologic Diagnostics Group Limited



was founded in 1999 and develops and sells sophisticated automotive diagnostic software and hardware that enables independent mechanics, dealerships and garages to service and repair vehicles. As cars have become increasingly sophisticated and more reliant on electronic systems, mechanics need to be able to communicate to the in-car computer running the process or system, which in turn requires a diagnostic tool. Autologic Diagnostics supplies its 'Autologic' product for use with well-known car brands including Land Rover, BMW, Mercedes, Jaguar, VAG (VW, Audi, Skoda) and Porsche.

#### TFC Europe Limited



is one of Europe's leading technically based suppliers of fixing and fastening products. It supplies injection moulded technical fasteners and ring and spring products to customers across a wide range of industries, including aerospace, automotive, hydraulics and petrochemicals and works with some of the leading manufacturers of technical products such as Smalley® Steel Ring Company.

# Investment Summary

## O-Gen Acme Trek Limited



owns a biomass energy facility in Stoke-on-Trent. The facility is one of the leading such plants in the UK being the first advanced thermal conversion technology plant to receive double ROCs (Renewable Energy Certificates) from OFGEM. The company is currently exploring contractor and financing options to bring its plant to full operations.

## Ixaris Systems Limited



operates a prepaid electronic payment service integrated with the Visa network. Consumers deposit funds by credit card, cash at Post Offices and similar payment points or via normal bank transfers. The company has made inroads into the affiliates payment market, enabling affiliate networks to make payments to their members cost-effectively wherever they are in the world. The company has launched its OPN platform that enables developers to create and run their own global payment applications under the Visa and MasterCard schemes.

## Evanco Wind Turbines Limited



is a manufacturer of high efficiency tree-sized wind turbines, suitable for volume manufacture, which have the best price/performance combination of any free-sized turbine currently commercially available. The company continues to expand its distribution network but the reduction in the feed-in tariff by 25%, from 1 October 2012 may affect sales thereafter.

## Trilogy Communications Limited



is a world class supplier of audio communications to the defence, emergency management, industrial and broadcast sectors, with customers including the BBC, ITV, Raytheon, Northrop Grumman and Lockheed Martin. Trilogy's Mercury ES (Extra Secure) system, a multi-level security Voice Over IP Communications technology, continues to be designed into important military programmes, especially in the US.

## Abacus Wood Limited



is the UK's leading manufacturer of wood pellets from clean waste wood such as pallets, which are currently sold into the animal bedding and energy markets. The company's manufacturing facility in Bridgend, South Wales currently produces 25,000 tonnes of pellets per annum. Growth plans are underway to double the manufacturing capacity at Bridgend as well as developing bespoke onsite energy solutions for high demand users of process heat such as food manufacturers using wood pellets as the fuel source as a direct replacement to more expensive fuel sources such as oil.



# Investment Summary

## C Shares Portfolio

Top ten investments by value as at 30 September 2012 are detailed below:

### The Fin Machine Limited



designs, manufactures and distributes special purpose capital equipment that is used to manufacture heat exchangers for the automotive and air-conditioning markets worldwide. The company is headquartered in Durham with factories in Tianjin (China) and Indiana (USA).

### Defaqto Group Limited



an independent financial research company specialising in rating, comparing and analysing consumer financial products. The company analyses the level of cover or benefits offered within a financial product awards a Star Rating from 1 to 5. Defaqto Star Ratings help consumers and their advisers decide which product suits their specific needs, rather than comparing purely on price. The company sells access to this data to government agencies, financial product providers, financial intermediaries and data aggregators through a number of subscription-based online software products and data feeds.

### Leisure Efficiency III Limited

an acquisition vehicle preparing to trade.

### Wholesale Efficiency Limited

an acquisition vehicle preparing to trade.

### Blackstar Amplifications Holdings Limited



designs and manufactures innovative guitar amplifiers and associated products for the UK and international music instrument market. Based in Northampton, Blackstar has established a global brand on a catalogue of 50+ products, each of which has received industry acclaim.



# Investment Summary

## Leisure Efficiency II Limited

an acquisition vehicle preparing to trade.

## Hallmarq Systems Limited



manufacturer of MRI systems for the standing equine market. The company's head office and factory is located in Guildford, where the systems are designed and manufactured. Hallmarq also has a sales and service office in Acton, Massachusetts in the United States and field service engineers based in other locations around the world. The team behind the development of the standing equine MRI system have man-decades of experience in the design and manufacture of clinical, research and industrial MRI systems and have installed over 150 systems worldwide.

## Flowrite Refrigeration Holdings Limited



is a refrigeration and air-conditioning service, maintenance and installation company, specialising in the leisure, commercial and retail industries across the UK

## Connect 2 Media Limited



a developer, publisher and distributor of digital media entertainment on a range of devices including mobile phones, portable games consoles, tablets, Blackberry's, iPhone's, PCs and interactive TVs. The company is headquartered in Manchester and has offices in Europe and America.

## Biofortuna Limited



is a molecular diagnostics business, which develops and manufactures stabilised, freeze dried and user friendly diagnostics tests. The company's initial range of products is a series of genetic compatibility tests, matching organ donors and recipients. Biofortuna is partnered with global life science giant Abbott Molecular.



# Unaudited Half-Yearly Results and Responsibility Statements

## Principal Risks and Uncertainties

The principal risks faced by the Company can be divided into various areas as follows:

- Performance;
- Regulatory;
- Operational; and
- Financial.

The Board reported on the principal risks and uncertainties faced by the Company in the Annual Report and Accounts for the year ended 31 March 2012. A detailed explanation can be found on page 23 of the Annual Report and Accounts which is available on [www.foresightgroup.eu](http://www.foresightgroup.eu) or by writing to Foresight Group at ECA Court, 24-26 South Park, Sevenoaks, Kent, TN13 1DU.

In the view of the Board, there have been no changes to the fundamental nature of these risks since the previous report and these principal risks and uncertainties are equally applicable to the remaining six months of the financial year as they were to the six months under review.

## Directors' Responsibility Statement:

The Disclosure and Transparency Rules ('DTR') of the UK Listing Authority require the Directors to confirm their responsibilities in relation to the preparation and publication of the Interim Report and financial statements.

The Directors confirm to the best of their knowledge that:

- (a) the summarised set of financial statements has been prepared in accordance with the pronouncement on interim reporting issued by the Accounting Standards Board;
- (b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year);
- (c) the summarised set of financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company as required by DTR 4.2.4R; and
- (d) the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

## Going Concern

The Company's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Business Review in the 31 March 2012 Annual Report. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are described in the Chairman's Statement, Business Review and Notes to the Accounts of the 31 March 2012 Annual Report. In addition, the Annual Report includes the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Company has considerable financial resources together with investments and income generated therefrom across a variety of industries and sectors. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The Directors have reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The half-yearly Financial Report has not been audited or reviewed by the auditors.

On behalf of the Board

### Philip Stephens

Chairman  
30 November 2012

# Unaudited Non-Statutory Analysis between the Ordinary Shares and C Shares Funds

## Income Statements

for the six months ended 30 September 2012

	Ordinary Shares Fund			C Shares Fund		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised (losses)/gains on investments	—	(135)	(135)	—	751	751
Investment holding gains/(losses)	—	379	379	—	(1,056)	(1,056)
(Interest expense)/income	(202)	—	(202)	146	—	146
Investment management fees	(113)	(339)	(452)	(33)	(100)	(133)
Other expenses	(258)	—	(258)	(120)	—	(120)
<b>Loss on ordinary activities before taxation</b>	<b>(573)</b>	<b>(95)</b>	<b>(668)</b>	<b>(7)</b>	<b>(405)</b>	<b>(412)</b>
Taxation	—	—	—	—	—	—
<b>Loss on ordinary activities after taxation</b>	<b>(573)</b>	<b>(95)</b>	<b>(668)</b>	<b>(7)</b>	<b>(405)</b>	<b>(412)</b>
<b>Return per share</b>	<b>(1.5)p</b>	<b>(0.3)p</b>	<b>(1.8)p</b>	<b>0.0p</b>	<b>(2.2)p</b>	<b>(2.2)p</b>



# Unaudited Non-Statutory Analysis between the Ordinary Shares and C Shares Funds

## Balance Sheets

at 30 September 2012

	Ordinary Shares Fund £'000	C Shares Fund £'000
<b>Fixed Assets</b>		
Investments held at fair value through profit or loss	30,054	15,517
<b>Current assets</b>		
Debtors	2,662	646
Money market securities and other deposits	533	—
Cash	3,240	2,150
	6,435	2,796
<b>Creditors</b>		
Amounts falling due within one year	(424)	(882)
<b>Net current assets</b>	6,011	1,914
<b>Net assets</b>	36,065	17,431
<b>Capital and reserves</b>		
Called-up share capital	379	187
Share premium account	7,535	23,387
Capital redemption reserve	1,910	48
Profit and loss account	26,241	(6,191)
<b>Equity shareholders' funds</b>	36,065	17,431
Number of shares in issue	37,920,729	18,744,740
<b>Net asset value per share</b>	<b>95.1p</b>	<b>93.0p</b>

At 30 September 2012 there was an inter-share debtor/creditor of £481,000 which has been eliminated on aggregation.

# Unaudited Non-Statutory Analysis between the Ordinary Shares and C Shares Funds

## Reconciliations of Movements in Shareholders' Funds

for the six months ended 30 September 2012

	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
<b>Ordinary Shares Fund</b>					
Book cost as at 1 April 2012	378	1,417	1,851	32,921	36,567
Share issues in the period	60	6,306	—	—	6,366
Expenses in relation to share issues	—	(188)	—	—	(188)
Repurchase of shares	(59)	—	59	(6,012)	(6,012)
Loss for the period	—	—	—	(668)	(668)
<b>As at 30 September 2012</b>	<b>379</b>	<b>7,535</b>	<b>1,910</b>	<b>26,241</b>	<b>36,065</b>

	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
<b>C Shares Fund</b>					
As at 1 April 2012	187	18,532	—	(1,064)	17,655
Share issues in the period	48	4,864	—	—	4,912
Expenses in relation to share issues	—	(9)	—	—	(9)
Repurchase of shares	(48)	—	48	(4,715)	(4,715)
Loss for the period	—	—	—	(412)	(412)
<b>As at 30 September 2012</b>	<b>187</b>	<b>23,387</b>	<b>48</b>	<b>(6,191)</b>	<b>17,431</b>



## Unaudited Income Statement

for the six months ended 30 September 2012

	Six months ended 30 September 2012 (unaudited)			Six months ended 30 September 2011 (unaudited)			Year ended 31 March 2012 (audited)		
	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Realised gains/(losses) on investments	—	616	616	—	712	712	—	(8,888)	(8,888)
Investment holding (losses)/gains	—	(677)	(677)	—	(1,130)	(1,130)	—	5,617	5,617
(Interest expense)/income	(56)	—	(56)	177	—	177	222	—	222
Investment management fees	(146)	(439)	(585)	(100)	(300)	(400)	(211)	(917)	(1,128)
Other expenses	(378)	—	(378)	(175)	—	(175)	(436)	—	(436)
<b>Loss on ordinary activities before taxation</b>	<b>(580)</b>	<b>(500)</b>	<b>(1,080)</b>	<b>(98)</b>	<b>(718)</b>	<b>(816)</b>	<b>(425)</b>	<b>(4,188)</b>	<b>(4,613)</b>
Taxation	—	—	—	—	—	—	—	—	—
<b>Loss on ordinary activities after taxation</b>	<b>(580)</b>	<b>(500)</b>	<b>(1,080)</b>	<b>(98)</b>	<b>(718)</b>	<b>(816)</b>	<b>(425)</b>	<b>(4,188)</b>	<b>(4,613)</b>
<b>Return per share:</b>									
Ordinary Share	(1.5)p	(0.3)p	(1.8)p	(0.3)p	(1.9)p	(2.2)p	(1.0)p	(8.7)p	(9.7)p
C Shares	0.0p	(2.2)p	(2.2)p	N/A	N/A	N/A	(0.3)p	(5.4)p	(5.7)p

The total column of this statement is the profit and loss account of the Company and the revenue and capital columns represent supplementary information.

All revenue and capital items in the above Income Statement are derived from continuing operations. No operations were acquired or discontinued in the year.

The Company has no recognised gains or losses other than those shown above, therefore no separate statement of total recognised gains and losses has been presented.

# Unaudited Balance Sheet

at 30 September 2012

Registered Number: 03506579

	As at 30 September 2012 (unaudited) £'000	As at 30 September 2011 (unaudited) £'000	As at 31 March 2012 (audited) £'000
<b>Fixed Assets</b>			
Investments held at fair value through profit or loss	45,571	33,077	43,083
<b>Current assets</b>			
Debtors	2,827	2,720	3,525
Money market securities and other deposits	533	3,379	1,539
Cash	5,390	1,642	7,774
	8,750	7,741	12,838
<b>Creditors</b>			
Amounts falling due within one year	(825)	(812)	(1,699)
<b>Net current assets</b>	7,925	6,929	11,139
<b>Net assets</b>	53,496	40,006	54,222
<b>Capital and reserves</b>			
Called-up share capital	566	365	565
Share premium	30,922	26,260	19,949
Capital redemption reserve	1,958	1,849	1,851
Profit and loss account	20,050	11,532	31,857
<b>Equity shareholders' funds</b>	53,496	40,006	54,222
Net asset value per share:			
Ordinary Share	95.1p	109.6p	96.9p
C Shares	93.0p	N/A	94.4p

## Unaudited Reconciliation of Movements in Shareholders' Funds

for the six months ended 30 September 2012

Company	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
Book cost as at 1 April 2012	565	19,949	1,851	31,857	54,222
Share issues in the period	108	11,170	—	—	11,278
Expenses in relation to share issues	—	(197)	—	—	(197)
Repurchase of shares	(107)	—	107	(10,727)	(10,727)
Loss for the period	—	—	—	(1,080)	(1,080)
<b>As at 30 September 2012</b>	<b>566</b>	<b>30,922</b>	<b>1,958</b>	<b>20,050</b>	<b>53,496</b>



# Unaudited Cash Flow Statement

for the six months ended 30 September 2012

	Six months ended 30 September 2012 (unaudited) £'000	Six months ended 30 September 2011 (unaudited) £'000	Year ended 31 March 2012 (audited) £'000
<b>Cash flow from operating activities</b>			
Investment income received	211	163	245
Deposit and similar interest received	4	2	23
Investment management fees paid	(825)	(359)	(1,217)
Secretarial fees paid	(115)	—	(82)
Other cash payments	(281)	(100)	(394)
<b>Net cash outflow from operating activities and returns on investment</b>	<b>(1,006)</b>	<b>(294)</b>	<b>(1,425)</b>
<b>Taxation</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Returns on investment and servicing of finance</b>			
Purchase of unquoted investments and investments quoted on AIM	(6,211)	(1,888)	(9,158)
Net proceeds on sale of investments	3,220	681	4,589
Net proceeds on deferred consideration	—	31	592
<b>Net capital outflow from financial investment</b>	<b>(2,991)</b>	<b>(1,176)</b>	<b>(3,977)</b>
<b>Equity dividends paid</b>	<b>—</b>	<b>—</b>	<b>(1,901)</b>
<b>Management of liquid resources</b>			
Movement in money market funds	1,006	(11)	(1,829)
	<b>1,006</b>	<b>(11)</b>	<b>(1,829)</b>
<b>Financing</b>			
Proceeds of fund raising	836	283	179
Acquisition issue shares	—	—	10,956
Expenses of fund raising	(178)	(127)	(155)
Net movement from share issues and share buy backs	(51)	(434)	(1,133)
	<b>607</b>	<b>(278)</b>	<b>9,847</b>
<b>Decrease in cash</b>	<b>(2,384)</b>	<b>(1,759)</b>	<b>(4,373)</b>



# Notes to the half-yearly Financial Report

for the six months ended 30 September 2012

- 1** The unaudited half-yearly results have been prepared on the basis of accounting policies set out in the statutory accounts of the Company for the year ended 31 March 2012. Unquoted investments have been valued in accordance with IPEVC guidelines. Quoted investments are stated at bid prices in accordance with IPEVC guidelines and UK Generally Accepted Accounting Practice.
- 2** These are not statutory accounts in accordance with S436 of the Companies Act 2006 and the financial information for the six months ended 30 September 2012 and 30 September 2011 has been neither audited nor reviewed. Statutory accounts in respect of the year ended 31 March 2012 have been audited and reported on by the Company's auditors and delivered to the Registrar of Companies and included the report of the auditors which was unqualified and did not contain a statement under S498(2) or S498(3) of the Companies Act 2006. No statutory accounts in respect of any period after 31 March 2012 have been reported on by the Company's auditors or delivered to the Registrar of Companies.
- 3** Copies of the half-yearly Financial Report have been sent to shareholders and are available for inspection at the Registered Office of the Company at ECA Court, 24-26 South Park, Sevenoaks, Kent, TN13 1DU.

Copies of the half-yearly Financial Report are also available electronically at [www.foresightgroup.eu](http://www.foresightgroup.eu).

## 4 Net asset value per share

The net asset value per share is based on net assets at the end of the period and the number of Shares in issue at that date.

	Ordinary Shares Fund		C Shares Fund	
	Net assets £'000	Number of Shares in Issue	Net assets £'000	Number of Shares in Issue
30 September 2012	36,065	37,920,729	17,431	18,744,740
30 September 2011	40,006	36,512,963	N/A	N/A
31 March 2012	36,567	37,756,345	17,655	18,693,098

## 5 Return per share

The weighted average number of shares for the Ordinary Shares and C Shares funds used to calculate the respective returns are shown in the table below:

	Ordinary Shares Fund (Shares)	C Shares Fund (Shares)
Six months ended 30 September 2012	38,071,837	18,716,704
Six months ended 30 September 2011	36,690,332	N/A
Year ended 31 March 2012	36,604,335	18,693,098



# Notes to the half-yearly Financial Report

for the six months ended 30 September 2012

## 6 (Interest expense)/income

	Six months ended 30 September 2012 (unaudited) £'000	Six months ended 30 September 2011 (unaudited) £'000	Year ended 31 March 2012 (audited) £'000
Loan stock interest	*(60)	164	199
Overseas based Open Ended Investment Companies ("OEIC's")	4	2	21
Bank deposits	—	11	2
	<b>(56)</b>	<b>177</b>	<b>222</b>

\* Where provisions have been made against the value of investments, we have also provided against income due from such investments and this is reflected in the negative loan stock interest amount above.

## 7 Investments held at fair value through profit or loss

Company	Quoted £'000	Unquoted £'000	Total £'000
Book cost at 1 April 2012	1,719	41,793	43,512
Investment holding losses	(632)	203	(429)
Valuation as at 1 April 2012	1,087	41,996	43,083
Movements in the period:			
Purchases at cost	—	5,911	5,911
Disposal proceeds	—	(3,220)	(3,220)
Realised gains	—	474	474
Investment holding gains/(losses)	278	(955)	(677)
<b>Valuation at 30 September 2012</b>	<b>1,365</b>	<b>44,206</b>	<b>45,571</b>
Book cost at 30 September 2012	1,719	44,958	46,677
Investment holding losses	(354)	(752)	(1,106)
<b>Valuation at 30 September 2012</b>	<b>1,365</b>	<b>44,206</b>	<b>45,571</b>

Ordinary Shares Fund	Quoted £'000	Unquoted £'000	Total £'000
Book cost at 1 April 2012	1,719	28,881	30,600
Investment holding (losses)/gains	(632)	1,238	606
Valuation at 1 April 2012	1,087	30,119	31,206
Movements in the period:			
Purchases at cost	—	915	915
Disposal proceeds	—	(2,169)	(2,169)
Realised losses	—	(277)	(277)
Investment holding gains	278	101	379
<b>Valuation at 30 September 2012</b>	<b>1,365</b>	<b>28,689</b>	<b>30,054</b>
Book cost at 30 September 2012	1,719	27,350	29,069
Investment holding (losses)/gains	(354)	1,339	985
<b>Valuation at 30 September 2012</b>	<b>1,365</b>	<b>28,689</b>	<b>30,054</b>

Deferred consideration of £142,000 was also recognised by the Ordinary Shares Fund in the period.

# Notes to the Half-Yearly Financial Report

for the six months ended 30 September 2012

C Shares Fund	Quoted £'000	Unquoted £'000	Total £'000
Book cost at 1 April 2012	—	12,912	12,912
Investment holding losses	—	(1,035)	(1,035)
Valuation at 1 April 2012	—	11,877	11,877
Movements in the period:			
Purchases at cost	—	4,996	4,996
Disposal proceeds	—	(1,051)	(1,051)
Realised gains	—	751	751
Investment holding losses	—	(1,056)	(1,056)
<b>Valuation at 30 September 2012</b>	<b>—</b>	<b>15,517</b>	<b>15,517</b>
Book cost at 30 September 2012	—	17,608	17,608
Investment holding losses	—	(2,091)	(2,091)
<b>Valuation at 30 September 2012</b>	<b>—</b>	<b>15,517</b>	<b>15,517</b>

## 8 Related parties

Foresight Group CI, as Investment Manager of the Company, is considered to be a related party by virtue of its management contract with the Company. During the period, services of a total value of £585,000 (30 September 2011: £400,000; 31 March 2012: £1,128,000) were purchased by the Company from Foresight Group. At 30 September 2012, the amount due from Foresight Group was £110,999.

Foresight Fund Managers Limited, as Secretary of the Company and as a subsidiary of Foresight Group, is also considered to be a related party of the Company. During the period, services of a total value of £80,000 excluding VAT (30 September 2011: £57,000; 31 March 2012: £116,731) were purchased by the Company from Foresight Fund Managers Limited. At 30 September 2012, the amount due to Foresight Fund Managers was £85,999.

No Director has, or during the period had, a contract of service with the Company. No Director was party to, or had an interest in, any contract or arrangement (with the exception of Directors' fees) with the Company at any time during the period under review or as at the date of this report.



## Shareholder Information

### Dividends

Interim dividends are ordinarily paid to shareholders in February. Final dividends are ordinarily paid to shareholders in July. Shareholders who wish to have dividends paid directly into their bank account rather than by cheque to their registered address can complete a Mandate Form for this purpose. Mandates can be obtained by telephoning the Company's registrar, Computershare Investor Services plc (see over for details).

### Share price

The Company's Ordinary Shares are listed on the London Stock Exchange. The mid-price of the Company's Ordinary Shares and C Shares is given daily in the Financial Times in the Investment Companies section of the London Share Service. Share price information can also be obtained from many financial websites.

### Investor Centre

Investors are able to manage their shareholding online using Computershare's secure website — [www.investorcentre.co.uk](http://www.investorcentre.co.uk) — to undertake the following:

- Holding Enquiry — view balances, values, history, payments and reinvestments
- Payments Enquiry — view your dividends and other payment types
- Address Change — change your registered address (communications with shareholders are mailed to the registered address held on the share register)
- Bank Details Update — choose to receive your dividend payments directly into your bank account instead of by cheque
- Outstanding Payments — reissue payments using our online replacement service
- Downloadable Forms — including dividend mandates, stock transfer, dividend reinvestment and change of address forms

Shareholders just require their Shareholder Reference Number (SRN) to access any of these features. The SRN can be found on communications previously received from Computershare.

### Notification of change of address

Communications with shareholders are mailed to the registered address held on the share register. In the event of a change of address or other amendment this should be notified to the Company's registrar, Computershare Investor Services plc, under the signature of the registered holder.

### Trading shares

The Company's Ordinary Shares and C Shares can be bought and sold in the same way as any other quoted company on the London Stock Exchange via a stockbroker. The primary market maker for Foresight 4 VCT plc is Panmure Gordon & Co.

Investments in VCTs should be seen as a long-term investment and shareholders selling their shares within five years of original purchase may lose any tax reliefs claimed. Investors who are in any doubt about selling their shares should consult their independent financial adviser.

Please call Foresight Group (see details below) if you or your adviser have any questions about this process.

### Indicative financial calendar

July 2013	Announcement of annual results for the year ended 31 March 2013
July 2013	Posting of the Annual Report for the year ended 31 March 2013
August 2013	Annual General meeting
November 2013	Announcement of half-yearly Financial Results for the six months to 30 September 2013

## Enquiries

Contact Foresight Group for Foresight 4 VCT plc:

Telephone: 01732 471800

Fax: 01732 471810

e-mail: [info@foresightgroup.eu](mailto:info@foresightgroup.eu)

website: [www.foresightgroup.eu](http://www.foresightgroup.eu)

Foresight 4 VCT plc is managed by Foresight Group CI Limited which is licensed by the Guernsey Financial Services Commission. Past performance is not necessarily a guide to future performance. Stock markets and currency movements may cause the value of investments and the income from them to fall as well as rise and investors may not get back the amount they originally invested. Where investments are made in unquoted securities and smaller companies, their potential volatility may increase the risk to the value of, and the income from, the investment.





# Corporate Information

## Directors

Philip Stephens (Chairman)  
Peter Dicks  
Roger Brooke  
Raymond Abbott

## Company Secretary

Foresight Fund Managers Limited  
ECA Court  
24-26 South Park  
Sevenoaks  
TN13 1DU

## Investment Manager

Foresight Group CI Limited  
La Plaiderie House  
La Plaiderie  
St Peter Port  
Guernsey  
GY1 1WP

## Auditors and Tax Advisers

KPMG Audit Plc  
Saltire Court  
20 Castle Terrace  
Edinburgh  
EH1 2EG

## Contact Numbers

Registrar's Shareholder Helpline  
— Computershare (0870 703 6292)  
General and Portfolio Queries  
— Foresight Group (01732 471800)

## Solicitors and VCT Status Advisers

SGH-Martineau LLP  
No. 1 Colmore Square  
Birmingham  
B4 6AA

## Computershare Investor Services plc

PO Box 82  
The Pavilions  
Bridgwater Road  
Bristol  
BS99 6ZZ

## Registered Number

03506579



## Foresight 4 VCT plc

ECA Court  
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