Foresight VCT 4

Annual Report and Accounts

28 February 2010

Foresight 4 VCT

Objective

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.

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.

Website: www.foresightgroup.eu

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Corporate Policy and Financial Highlights

Venture Capital Trust Status

Foresight 4 VCT plc ("the Company") has been granted approval as a Venture Capital Trust (VCT) under S274-S280A of the Income Tax Act 2007 and the last complete review was carried out for the year ended 28 February 2009. It is intended that the business of the Company be carried on so as to maintain its VCT status.

Summary

- Net asset value per Ordinary Share as at 28 February 2010 displayed upward momentum, moving to 99.0p (104.0p prior to the payment of a 5.0p per share interim dividend in December 2009) compared to 96.2p as at 28 February 2009.
- An interim dividend of 5.0p per share was paid on 18 December 2009.
- One new investment totalling £300,000 was made in Land Energy Limited.
- The Company made nine follow-on investments totalling £2,679,840.
- Cash proceeds of £1,869,526 were realised from twelve investments.
- A linked offer with Foresight 3 VCT raised gross proceeds of £17 million between its launch in October 2009 and its close on 4 May 2010, of which the Company's share was £8.5 million. Proceeds of £6.5 million were raised in the current year, of which the Company's share was £3.25 million.

	Year ended 28 February 2010	Year ended 28 February 2009
Net asset value per ordinary share	**99.0p**	96.2p
Net asset value total return per ordinary share (includes all dividends paid)	**181.3p**	173.5p
Share price per ordinary share	**85.0p**	81.3p
Share price total return per ordinary share (includes all dividends paid)	**167.3p**	158.6p

Chairman's Statement

Introduction

During the year under review, stock markets stabilised and sentiment improved as a result of the belief that the worst of the banking crisis may be over and the positive effects of the Governmental stimulus package which have started to filter through the economy. There are tentative signs that the economy is gradually improving and that this has provided a boost to underlying trading conditions for investee companies.

Against this background the Company's net asset value showed a solid increase to 99.0p per share (104.0p prior to the payment of the interim 5.0p per share dividend in December 2009) from 96.2p per share a year earlier. The increase in net asset value is as a result of an underlying improvement in trading within the Company's unquoted investments.

An interim dividend of 5.0p per share for the year ended 28 February 2010 was paid on 18 December 2009. The Company's policy is to maximise the level of tax-free dividends generated either from income or from capital profits realised on the sale of investments.

Portfolio Review

Datapath achieved profits in excess of £3.4 million for the year ended 31 March 2009 compared to £2.5 million in 2008. This holding was valued at £2.9 million at 28 February 2010 on the basis of a discounted price earnings multiple. As a result of strong trading and cash flow generation, Datapath repaid £477,273 of Foresight 4's loan stock investment. The company continues to trade very profitably.

Diagnos Holdings, in which an investment was made in February 2009, traded particularly well in terms of both revenues and profitability. Diagnos develops and sells sophisticated automotive diagnostic software and hardware to independent mechanics and garages to allow them to service and repair vehicles. As cars become increasingly sophisticated, they also become more reliant on electronic systems to run functions such as fuel injection and engine management systems. To fix any fault, a mechanic needs a diagnostic software tool, such as those produced by Diagnos, to enable them to 'talk' to the computer running the process or system. The company is currently working on a new range of automotive diagnostic products for the garage market, as well as introducing its existing products into France and Germany.

Despite difficult trading conditions, the performance of a number of other portfolio companies continued to improve, reflecting growing demand and strong sales pipelines, most notably Adeptra, Trilogy Communications and Ixaris.

Adeptra generated strong growth in North America and Europe and handles over 2 million calls per day currently made in 11 countries from its five data centres Worldwide. For the year to 31 December 2009 sales increased by 68% to £20.5 million, generating a maiden profit of £656,285.

Trilogy Communications is continuing to build partnerships with large international defence companies. Its pipeline of sales opportunities has continued to grow, and it has recently won several large orders. In recognition of the company's progress in foreign markets, Trilogy Communications was recently awarded The Queen's Award for Enterprise in the International Trade category.

Ixaris is increasingly focusing on providing payment solutions to affiliate networks, which need fast and efficient settlement for commission payments. The EntroPay platform enables these affiliate networks to make payments all over the world, saving money for both the networks and their members.

Closed Loop Recycling has completed its funding round and used the proceeds to purchase new capital equipment, refinance short-term debt and provide additional working capital due to delays in full commissioning resulting from longer than expected timescales in customer product audits. These product audits have now been completed and regular orders are now being received from several large UK and multinational companies. The facility has recovered from a fire in late 2009, which impacted production, and is now rapidly approaching full operating capacity, processing 100 tonnes per day producing material of a particularly high quality. This project has taken longer to get to full operating output than originally planned and has resulted in significantly higher costs than budgeted. The manager remains confident, however, that following the current financing round, Closed Loop has the potential to become a significantly profitable business. Closed Loop is now working with advisers to seek expansion capital and is negotiating some interesting corporate partnership deals.

Reflecting poorer first half trading, a provision of £137,500 (40%) has been made against the previous carrying value of Aigis Blast Protection. Management took rapid action

Peter Dicks
Chairman

Chairman's Statement continued

to reduce its cost base through redundancies, senior management pay cuts as well as other cost-cutting measures in order to see the company through to break-even.

Demand from recruitment companies for SkillsMarket's products and services suffered as a consequence of general trading conditions within the recruitment industry. Net proceeds of £1.5 million were raised from existing and new shareholders in August 2009, of which Foresight 4 VCT invested £116,000 to provide working capital. We continue to closely monitor the progress of this investment in which a number of management changes have been made and new products successfully launched. A provision of £266,041 has been made against the previous carrying value of the investment.

Across all of the portfolio companies we have, where appropriate, ensured management are focused on cash conservation and cost reductions in light of the recession and, as yet, fragile economic recovery.

Investment Activity

Over the last two years, as a result of tougher trading and credit conditions, the number of follow-on investments has increased. In part, this has reflected the need for additional working capital as a result of lower trading and reduced bank credit lines and overdrafts.

Only one new investment in Land Energy Limited (£300,000) was made during the year under review. Land Energy was established to exploit the growing demand for wood pellets, through a series of plants countrywide. Land Energy's pellets are used in several markets including, importantly, animal bedding, and for electricity generation. The company is looking at building its own combined heat and power (CHP) plant, where it would be able to use its own pellets as fuel and qualify for additional revenues, as the UK Government has identified CHP as a highly efficient form of energy, which from April 2009 became eligible for double Renewable Obligation Certificates.

The Company made nine follow-on investments totalling £2,679,840. These were O-Gen Acme Trek (£1,213,775), Closed Loop Recycling (£427,084), Iskra Wind Turbines (£265,953), Silvigen (£243,060), Lynwood Group Holdings (£180,362), The Bunker Secure Hosting (£127,040), SkillsMarket (£116,000), TFC Europe (£100,000), and Aigis Blast Protection (£6,566).

The investment in O-Gen Acme Trek of £1,213,775 (£3.5 million total investment) resulted from delays in achieving full commissioning of the underlying plant and to provide ongoing working capital for the company.

Silvigen has positioned itself to supply the important biomass fuel needs of the UK power generation sector and the developing industrial heat sector, both of which are driven by a number of regulatory incentives. Silvigen raised £1.2 million in June 2009, of which Foresight 4 VCT invested £243,060, to provide ongoing working capital for the business as a result of operational delays. The plant is now fully operational and producing excellent quality wood pellets for a range of markets.

The investment in Lynwood Group Holdings of £180,362 was used to fund an increase in capacity for i-plas, which produces building products in an area of plastics recycling which has significant growth potential.

The investment of £100,000 into TFC Europe during April and May 2009 was required for working capital due to a downturn in activity levels in its core markets as a result of recessionary pressures and exchange losses on its purchasing of products for distribution in the US. The company's markets have shown subsequent signs of recovery and it is now performing well.

The Bunker Secure Hosting continues to win new orders, grow its recurring annual revenues, and is now generating substantial profits. Foresight 4 provided further funds (£127,040) for hardware infrastructure improvements to support the company's growth drive in high value managed services.

Iskra Wind Turbines is well positioned to benefit from the announced feed-in tariffs for small scale low carbon electricity and Foresight 4 provided £265,953 as part of an overall funding round of £1.2 million for production capacity expansion and, in particular, expand the sales and marketing team, and for additional working capital.

Realisations

Despite the difficult underlying economic conditions there were several small realisations during the period totalling £1,869,526:

Datapath Holdings, following continuing good results and positive cash flow generation, repaid £477,273 of loan stock during the year.

Foresight 4's investment in Snell & Wilcox Holdings Limited was sold during the period for total proceeds of £530,574 made up of a combination of cash and shares: £244,876 was received in cash during the period, £61,881 is in debtors as deferred consideration, with the balance giving Foresight 4 VCT plc a continuing shareholding in the ongoing business of Snell Corporation Limited (£223,817), following the £70 million merger with Pro-Bel Holdings to create a world leader in the broadcast equipment sector.

Additionally, £194,026 was received from the sale of Eqos to Trace One SA, which provides similar e-procurement systems to retail companies in Europe.

Following the sale of the shareholding in Nomad Payments for £3,245,000 in January 2008, a further payment of £552,049 of deferred consideration was received during July 2009. A small payment of £23,722 of deferred consideration was also received from Covion Holdings, which was sold in October 2007. In addition, deferred consideration was received from Snell and Wilcox Holdings (£20,613), Eqos (£16,318) and Weston Antennas (£7,746).

Chairman's Statement continued

Both O-Gen Acme Trek (£256,180) and The Bunker Secure Hosting (£50,000) repaid short-term loans following successful further funding rounds.

A final payment of £26,723 was received from the liquidation of The Casella Group, resulting in 80% of the original investment being received.

Dividend

The Company's dividend policy is to aim to distribute to shareholders a steady flow of dividends from income and realised capital gains. Reflecting recent realised gains, and income generated from loan stock an interim dividend of 5.0p per share for the year ended 28 February 2010 was paid on 18 December 2009 compared with 5.0p in 2008, making 22.5p per share of cumulative dividend payments in the last four years.

Valuation policy

Investments held by the Company have been valued in accordance with the International Private Equity and Venture Capital (IPEVC) valuation guidelines (September 2009) developed by the British Venture Capital Association and other organisations. Through these guidelines investments are valued as defined at 'fair value'. 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 PLUS are valued at the bid price as at 28 February 2010. The portfolio valuations are prepared by Foresight Group, as investment manager, and are subject to approval by the Board.

Share Issues and Share Buy-backs

I am pleased to report that the linked offer with Foresight 3 VCT plc, launched on 15 October 2009, proved to be popular with investors, having raised £17.0 million between the two VCTs up until its close on 4 May 2010. From 15 October 2009 to the Company's year end at 28 February 2010, 3,186,489 shares were issued in the Company at prices ranging from 101.0p to 106.0p representing gross proceeds of £3.25 million.

The previous top-up offer in 2008/9 raised gross proceeds of £1.4 million between its launch in October 2008 and its close on 31 May 2009. Of this total, £1.1 million was raised in this reporting period through the issue of 1,121,409 Ordinary Shares at prices ranging from 103.0p to 104.0p per share.

These new funds will enable the Company to remain an active investor in the current market and take advantage of new opportunities.

All of these share issues were under the new VCT provisions that commenced on 6 April 2006, namely: 30% upfront income tax relief which can be retained by qualifying investors if the shares are held for the minimum five year holding period.

It continues to be the Company's policy to consider purchasing shares in the market when they become available in order to help provide liquidity for the Company's shareholders. During the period, the Company repurchased 770,094 shares at a cost of £627,000 representing an average discount of 19.2% to net asset value.

Directorate change

As a public listed company, Foresight 4 VCT plc is required to comply with the regulations of the UK Listing Authority ('UKLA'). Certain changes to the existing Board are required prior to new UKLA regulations on Board independence coming into effect on 28 September 2010. As a result of these changes, Bernard Fairman will step down from the Board with immediate effect. This change does not impact the provision of investment management services.

Annual General Meeting

The Company's Annual General Meeting will take place on 14 July 2010. I look forward to welcoming you to the meeting, which will be held in London, details of which can be found on page 39.

Outlook

Although sentiment in financial markets has improved, and there is evidence that the economy is recovering from one of the worst recessions in recent memory, there are many financial, geopolitical national and international issues that could still cause further economic shocks.

This underlying uncertainty has seen many unquoted companies struggling to raise debt finance, which has proved a double edged sword for the Company. On the one hand Foresight Group's deal flow, predominantly in the environmental infrastructure sector where it is an established leader, remains strong. In particular, potential investee companies are finding financial institutions currently less inclined to invest than in the past. This is partly evidenced by the number of new and follow-on investments made during the year. On the other hand, generally and within the portfolio, there is evidence of a lack of bank finance restricting growth and of trade sales being delayed or terminated as a result of the lack of finance available to potential acquirers. In addition to the small number of realisations in the period, some discussions have also been held by investee companies which may lead to trade sales in the year ahead.

The Board and Foresight Group remain cautious, despite the UK's move out of recession, and will continue to encourage all investee companies to keep a tight control on costs and conserve cash.

Despite the uncertain economic outlook the Directors believe that the portfolio contains a number of well positioned, growing companies. They are also optimistic that some of the more recent investments in the environmental infrastructure field will prove to be less directly affected by general economic conditions.

Peter Dicks

Chairman
18 June 2010

Investment Summary

Investment	28 February 2010 Amount invested £	Valuation £		Valuation Methodology	28 February 2009 Amount invested £	Valuation £
Datapath Holdings Limited	522,727	2,932,477	*	Discounted price/earnings multiple	1,000,000	2,901,303
Closed Loop Recycling Limited	2,760,417	2,710,417	*	Price of recent funding round	2,333,333	2,416,667
The Bunker Secure Hosting Limited	941,208	2,498,618	*	Discounted revenue multiple	864,168	2,036,371
Diagnos Holdings Limited	1,000,000	2,236,584	*	Discounted price/earnings multiple	1,000,000	1,000,000
O-Gen Acme Trek Limited (formerly O-Gen (UK) Limited)	2,042,595	2,163,253	*	Price of recent funding round	1,085,000	1,205,658
TFC Europe Limited	750,000	1,343,866	*	Discounted price/earnings multiple	650,000	444,813
Iskra Wind Turbines Limited	1,447,203	1,283,334	*	Price of recent funding round less impairment	1,181,250	885,938
ZOO Digital Group plc (AIM listed)	1,150,000	1,022,692	*	Bid price	1,150,000	888,678
Trilogy Communications Limited	825,000	685,181	*	Discounted revenue multiple	825,000	825,000
Ixaris Systems Limited	750,000	632,017	*	Discounted price/earnings multiple	750,000	750,000
Adeptra Limited	1,283,272	611,416		Discounted revenue multiple	1,283,272	364,778
Sindicatum Carbon Capital Limited	200,063	525,100		Price of recent funding round	200,063	525,100
Global Immersion Limited	533,338	521,833		Discounted revenue multiple	533,338	400,004
VectorCommand Limited	1,468,750	480,074		Discounted revenue multiple	1,468,750	1,416,100
Silvigen Limited	493,060	439,288		Price of recent funding round	250,000	250,000
Lynwood Group Holdings Limited	480,362	413,695		Price of recent funding round less impairment	300,000	300,000
O-Gen (UK) Limited	345,014	345,014		Cost	345,014	345,014
Land Energy Limited	300,000	300,000		Cost	—	—
Snell Corporation Limited (formerly Snell Limited)	223,817	223,817		Cost	—	—
Probability plc (AIM listed)	450,000	198,355		Bid price	450,000	187,993
Infrared Integrated Systems Limited	250,005	181,120		Discounted price/earnings multiple	250,005	187,504
SkillsMarket Limited	728,386	140,124		Price of recent funding round	612,386	290,165
alwaysON Group Limited	210,070	105,035		Cost less impairment	210,070	157,553
Aigis Blast Protection Limited	347,226	72,226		Price of recent funding round less impairment	340,660	203,160
@Futsal Limited	58,023	58,023		Price of recent funding round	58,023	58,023
Amberfin Holdings Limited	12,587	24,000		Discounted revenue multiple	12,587	24,000
Signum Technologies Limited	1,254,000	—		Nil value	1,254,000	—
ClockWorx Limited (formerly Auctioning4U Limited)	—	—		Written Off	1,044,571	—
Healthgain Solutions Limited	—	—		Written Off	1,299,989	—
OLED-T Limited	—	—		Written Off	1,117,428	—
Eqos Limited	—	—		Sold	1,050,000	177,634
Snell & Wilcox Holdings Limited	—	—		Sold	826,550	488,769
The Casella Group Limited	—	—		Sold	172,389	20,742
	20,827,123	**22,147,559**			**23,917,846**	**18,750,967**

* Top ten investments by value shown on pages 6 to 8 .

Investment Summary continued

Top ten investments by value as at 28 February 2010

Datapath Holding 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.

First investment September 2007

% Equity/Voting Rights 13.3%

Year ended:	**31 March 2009**
	£'000
Sales	9,346
Profit before Tax	2,404
Retained Profit	1,799
Net Assets	3,039

Closed Loop Recycling Limited

is the first plant in the UK to recycle waste PET and HDPE plastic bottles into food grade packaging material. Following a series of private and public funding issues led by Foresight Group, the 35,000 tonne capacity plant in Dagenham (East London) is now fully operational. The company is enjoying strong market demand and has now announced its second UK plant in North Wales. The company is processing 100 tonnes per day and supplying product to a range of customers including Nampak, Alpla, M&S and Britvic for the manufacture of food packaging, drinks bottles and milk bottles.

First investment February 2007

% Equity/Voting Rights 10.6%

Year ended:	**30 June 2008**
	£'000
Sales	31
Loss before Tax	(1,969)
Retained Loss	(1,969)
Net Assets	991

The Bunker Secure Hosting Limited

provides ultra secure IT data centre and managed hosting services to companies and public bodies from owned and leased facilities totalling 41,500 square feet in bunkers previously constructed for military use at Ash, Kent, Greenham Common and Bawdsey, Lincolnshire. 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 and have made the decision 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 2009, sales increased by 34% to £5.2 million and the company is now generating substantial profits. In order to cope with growing demand, a major capital investment programme is being implemented later this year.

First investment May 2006

% Equity/Voting Rights 9.6%

Year ended:	**31 December 2009**
	£'000
Sales	5,243
Profit before Tax	50
Retained Profit	50
Net Assets	611

Investment Summary continued

Diagnos Holdings Limited (trading as Autologic Diagnostic Limited)

Autologic Diagnostics 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. Diagnos supplies its 'Autologic' product for use with well-known car brands including Land Rover, BMW, Mercedes, Jaguar, VAG (VW, Audi, Skoda) and Porsche.

First investment February 2009

% Equity/Voting Rights 10.7%

First set of accounts for Diagnos Holdings Limited not yet filed

O-Gen Acme Trek Limited (formerly O-Gen (UK) Limited)

operate a biomass-energy facility at Stoke-on-Trent. The market for such facilities is driven by regulation and incentives associated with diversion from landfill and ROCs for renewable energy. The facility is one of the leading such assets in the UK benefitting from both waste gate fees and double-ROC (Renewable Obligation Certificate) status.

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First investment May 2007

% Equity/Voting Rights 25.2%

Year ended:	31 December 2008
	£'000
Sales	2
Loss before Tax	(1,701)
Retained Loss	(1,346)
Net Assets	337

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.

First investment March 2007

% Equity/Voting Rights 15.9%

Year ended:	31 March 2009
	£'000
Sales	11,390
Loss before Tax	(217)
Retained Loss	(292)
Net Assets	898

Iskra Wind Turbines Limited (trading as Evance Wind)

is a manufacturer of high efficiency tree-sized wind turbines, suitable for volume manufacture, which have the best price/performance combination of any tree-sized turbine currently commercially available. The company continues to expand its distribution network and is well placed to benefit from the introduction of the feed-in tariffs for small scale low carbon electricity.

First investment March 2007

% Equity/Voting Rights 14.3%

Year ended:	31 March 2009
	£'000
Sales	497
Loss before Tax	(1,513)
Retained Loss	(1,363)
Net Liabilities	(1,814)

Investment Summary continued

ZOO Digital Group plc (AIM listed)

supplies workflow automation software and software led services to film studios and post-production firms. ZOO's software solutions include products to author home entertainment media across multiple platforms (e.g. DVD, Blu-Ray and video on demand) and regionalise marketing materials (e.g. bus wraps, posters) for product launches across multiple geographies. In 2007, ZOO acquired the authoring business of Scope Seven, providing an important base near key customers in California.

First investment September 2006

% Equity/Voting Rights 9.3%

Year ended:	**31 March 2009**
	£'000
Sales	6,567
Profit before Tax	211
Retained Profit	185
Net Assets	1,642

Trilogy Communications Limited

is a world class supplier of audio communications systems to the defence, emergency management, industrial and broadcast sectors. Trilogy counts some of the world's best known names in broadcast and defence among its customer base including the BBC, Sony, Radio France, Raytheon, Northrop Grumman and BAE. Trilogy's Mercury IP system continues to make good progress in the US defence market. During 2009, Trilogy won the Queen's Award for Enterprise in International Trade.

First investment September 2005

% Equity/Voting Rights 12.2%

Year ended:	**28 February 2009**
	£'000
Sales	5,872
Loss before Tax	(149)
Retained Loss	(9)
Net Liabilities	(1,446)

Ixaris Systems Limited

operates online bank accounts and a prepaid electronic payment service integrated with the VISA network. Consumers deposit funds by credit card or 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.

First investment March 2006

% Equity/Voting Rights 9.1%

Year ended:	**31 December 2008**
	£'000
Sales	3,543
Profit before Tax	166
Retained Profit	239
Net Assets	1,377

Investment Summary continued

at 28 February 2010

Co-Investing Funds

Foresight Group also manages Foresight VCT plc, Foresight 2 VCT plc, Foresight 3 VCT plc, and Foresight Sustainable UK Investment Fund (‘Foresight Sustainable’).

Investments have been made at cost by the funds that Foresight Group manages, as follows:

Investee	Foresight VCT £	Foresight 2 O & C shares £	Foresight 3 £	Foresight 4 £	Foresight Sustainable £	Equity held by Foresight %
@Futsal Limited	29,012	1,000,000	58,023	58,023	—	40.0%
Adeptra Limited	—	—	—	1,283,272	—	2.7%
Aigis Blast Protection Limited	840,326	1,262,636	—	347,226	—	39.8%
alwaysON Group Limited	315,105	1,050,350	—	210,070	—	25.1%
Amberfin Holdings Limited	—	—	—	12,587	—	1.3%
Closed Loop Recycling Limited	1,406,250	4,166,667	4,166,667	2,760,417	2,944,124	47.0%
Datapath Holdings Limited	—	522,727	522,727	522,727	—	40.0%
Diagnos Holdings Limited	750,000	1,000,000	1,000,000	1,000,000	—	44.8%
Global Immersion Limited	—	333,330	1,133,332	533,338	—	60.0%
Infrared Integrated Systems Limited	250,005	749,985	—	250,005	—	6.5%
Iskra Wind Turbines Limited	—	1,254,244	1,157,763	1,447,203	500,000	38.1%
Ixaris Systems Limited	—	700,000	550,000	750,000	—	24.1%
Land Energy Limited	200,000	1,400,000		300,000	—	35.9%
Lynwood Group Holdings Limited	480,362	1,056,794	1,248,934	480,362	1,733,547	56.6%
O-Gen (UK) Limited	—	530,007	310,012	345,014	1,315,016	69.3%
O-Gen Acme Trek Limited (formerly O-Gen (UK) Limited)	—	972,467	1,847,272	2,042,595	1,280,588	75.0%
Probability plc (AIM listed)	—	250,000	299,999	450,000	—	6.1%
Silvigen Limited	493,060	986,120	986,119	493,060	491,603	52.4%
Sindicatum Carbon Capital Limited	—	125,000	175,000	200,063	—	1.0%
SkillsMarket Limited	1,729,830	716,973	605,288	728,386	—	35.2%
Snell Corporation Limited (formerly Snell Limited)	—	—	—	223,817	—	0.3%
TFC Europe Limited	—	900,000	600,000	750,000	—	47.6%
The Bunker Secure Hosting Limited	—	647,076	764,698	941,208	—	24.0%
Trilogy Communications Limited	825,000	1,650,000	—	825,000	—	48.5%
VectorCommand Limited	—	—	—	1,468,750	—	30.3%
ZOO Digital Group plc (AIM listed)	—	600,000	1,000,000	1,150,000	—	17.3%

Companies valued at £nil have been excluded from the table above.

Board of Directors

Peter Frederick Dicks (67) (Chairman)

Peter Dicks was a founder Director of Abingworth plc in 1973, a successful venture capital company. He is currently a Director of a number of quoted and unquoted companies, including Private Equity Investor plc where he is Chairman, Polar Capital Technology Trust plc, Graphite Enterprise Trust plc and Standard Microsystems Inc, a US-NASDAQ quoted company. In addition, he has been Chairman of Foresight VCT plc and Foresight 2 VCT plc since their respective launches in 1997 and 2004 and has been Chairman of Foresight 3 VCT plc and Foresight 4 VCT plc since July 2004. He is also Chairman of Unicorn AIM VCT plc.

Christopher Roger Ettrick Brooke (79)

Roger Brooke was, until May 1999, Chairman of Candover Investments plc, an investment trust investing mainly in buy-outs of unquoted companies, having been Chief Executive of that company since its formation in 1980. From 1969 to 1971 he was Managing Director of Scienta SA, which was involved in investing in small and medium-sized advanced technology companies in Europe. He was a Director of the Pearson Group for eight years and in 1979 became Group Managing Director of EMI until its merger with Thorn in 1980. He is a former Non-Executive Director of Foresight 3 VCT plc. He is a Director of IP Group plc as well as several unquoted companies. Roger is Chairman of the Audit Committee.

Bernard William Fairman (60)

Bernard Fairman is the managing partner of Foresight Group. He trained as an economist before joining Panmure Gordon in 1970 as an oil investment analyst. In 1973 he joined Edward Bates, a specialist investment bank. On leaving in 1976 he gained investment experience at various small oil and electronic companies. He joined 3i Ventures in 1981 and co-founded Foresight Group in 1984. He is also a Director of Foresight VCT plc, Foresight 2 VCT plc and Foresight 3 VCT plc.

Philip Henry Peter Stephens (68)

Philip Stephens retired from Williams de Broe plc in 2002 where he was joint head of corporate finance. He was previously a Managing Director at UBS, which he joined in 1989. He was involved in corporate finance and corporate broking for over thirty-five years. He is currently Non-Executive Chairman of Egdon Resources PLC and Neptune-Calculus Income & Growth VCT plc. Philip is a member of the Audit Committee.

Directors' Report

The Directors present their report together with the audited accounts of the Company for the year ended 28 February 2010.

Activities and status

The principal activity of the Company during the year was the making of investments in unquoted companies in the United Kingdom. The Company is not an investment company within the meaning of Section 833 of the Companies Act 2006. It has satisfied the requirements as a Venture Capital Trust under sections 274–280A of the Income Tax Act 2007. Confirmation of the Company's compliance has been received up to 28 February 2009 as a Venture Capital Trust and the Directors have managed and intend to continue to manage the Company's affairs in such a manner as to comply with these regulations.

Results and dividend

The profit on ordinary activities after taxation for the year amounted to £1,915,000 (2009: £2,085,000 loss). The Board is not recommending a final dividend (2008: £nil).

	2010 £'000	2009 £'000
Return/(loss) on ordinary activities	**1,915**	(2,085)
Interim dividend paid	**(1,342)**	(1,187)
	573	(3,272)

An interim dividend of 5.0p per ordinary share was paid on 18 December 2009 (19 December 2008: 5.0 p per ordinary share).

Business review

The purpose of this review is to provide shareholders with a snapshot summary setting out the business objectives of the Company, the Board's strategy to achieve those objectives, the risks faced, the regulatory environment and the key performance indicators (KPIs) used to measure performance.

Strategy for achieving objectives

Foresight 4 VCT plc is a tax efficient company listed on The London Stock Exchange.

Investment objective

The investment objective of the Company is to provide private investors with attractive returns from a portfolio of investments in fast-growing, unquoted companies in the United Kingdom.

A proportion of realised gains will normally be retained for reinvestment and to meet future costs. Subject to this, the Company will endeavour to maintain a regular dividend payment of the order of 5p per share, although a greater or lesser sum may be paid in any year. 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.

Investment policy

The Investment Manager (Foresight Group) will target UK unquoted technology-based companies which depend to a significant extent on the application of scientific and technological skills or knowledge, or whose activities embrace a significant technology component as a major source of competitive advantage.

Investment securities
The Company invests in a range of securities including, but not limited to, ordinary and preference shares, loan stock, convertible securities, and fixed-interest securities as well as cash. Unquoted investments are usually structured as a combination of ordinary shares and loan stock, while AIM investments are primarily held in ordinary shares. Pending investment in unquoted and AIM-listed securities, cash is primarily held in an interest bearing money market open ended investment company (OEIC).

UK companies
Investments are primarily made in companies which are substantially based in the UK, although many of these investees will trade overseas. The companies in which investments are made must have no more than £15 million of gross assets at the time of investment (or £7 million if the funds being invested were raised after 5 April 2006) to be classed as a VCT qualifying holding.

VCT regulation
The investment policy is designed to ensure that the Company continues to qualify and is approved as a VCT by HMRC. Amongst other conditions, the Company may not invest more than 15% of its investments in a single company and must have at least 70% by value of its investments throughout the period in shares or securities comprised in Qualifying Holdings, of which 30% by value in aggregate across the portfolio must be ordinary shares which carry no preferential rights (although only a minimum of 10% needs to be in ordinary shares on a per investment basis).

Asset mix
The Company aims to be significantly invested in growth businesses subject always to the quality of investment opportunities and the timing of realisations. Any uninvested funds are held in cash and interest bearing securities. It is intended that the significant majority of any funds raised by the Company will be invested in VCT qualifying investments.

Risk diversification and maximum exposures
Risk is spread by investing in a number of different businesses within different industry sectors using a mixture of securities. The maximum amount invested in any one company is limited to £1 million in a fiscal year (or, if lower, 15% of the portfolio at the time of investment) and generally no more than £2.5 million at cost is invested in the same company (or, if lower, 15% of the portfolio at the time of investment). The value of an individual investment is expected to increase over time as a result of trading progress and a continuous assessment is made of its suitability for sale.

Directors' Report continued

Investment style
Investments are selected in the expectation that the application of private equity disciplines, including an active management style for unquoted companies through the placement of an Investor Director on investee company boards, will enhance value.

Co-investment
The Company aims to invest in larger, more mature, unquoted and AIM companies and to achieve this it invests alongside the other Foresight VCTs and the Foresight Sustainable UK Investment Fund. As such, at the time of initial investment, the combined investment can currently total up to a maximum of £6.0 million for unquoted and for AIM investees.

Borrowing powers
The Company's Articles permit borrowing to give a degree of investment flexibility. The Company's policy is not to use borrowing.

Management

The Board has engaged Foresight Group as discretionary Investment Manager. Foresight Fund Managers Limited provides or procures the provision of company secretarial, administrative and custodian services to the Company.

Foresight Group prefers to take a lead role in the companies in which it invests. Larger investments may be syndicated with other investing institutions or strategic partners with similar investment criteria.

In considering a prospective investment in a company, particular regard will be paid to:

- Evidence of high-margin products or services capable of addressing fast-growing markets
- The company's ability to sustain a competitive advantage
- The strength of the management team
- The existence of proprietary technology
- The company's prospects of being sold or achieving a flotation within 3–5 years

A review of the investment portfolio and of market conditions during the period is included within the Chairman's Statement.

Principal risks, risk management and regulatory environment

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

- Economic risk — events such as an economic recession and movement in interest rates could affect smaller companies' valuations.
- Loss of approval as a Venture Capital Trust — the Company must comply with Section 274 of the Income Tax Act 2007 which allows it to be exempted from capital gains tax on investment gains. Any breach of these rules may lead to the Company losing its approval as a VCT; qualifying shareholders who have not held their shares for the designated holding period having to repay the income tax relief they obtained; and future dividends paid by the Company becoming subject to tax. The Company would also lose its exemption from corporation tax on capital gains.
- Investment and strategic — inappropriate strategy, poor asset allocation or consistent weak stock selection might lead to under performance and poor returns to shareholders.
- Regulatory — the Company is required to comply with the Companies Act 2000, the rules of the UK Listing Authority and United Kingdom Accounting Standards. Breach of any of these might lead to suspension of the Company's Stock Exchange listing, financial penalties or a qualified audit report.
- Reputational — inadequate or failed controls might result in breaches of regulations or loss of shareholder trust.
- Operational — failure of the Manager's accounting systems or disruption to its business might lead to an inability to provide accurate reporting and monitoring.
- Financial — inadequate controls might lead to misappropriation of assets. Inappropriate accounting policies might lead to misreporting or breaches of regulations. Additional financial risks including interest rate, credit, market price and currency are detailed in note 16 to the accounts.
- Market risk — investment in AIM traded, PLUS traded and unquoted companies by nature involve a higher degree of risk than investment in companies traded on the main market. In particular, smaller companies often have limited product lines, markets or financial resources and may be dependent for their management on a smaller number of key individuals. In addition, the market for stock in smaller companies is often less liquid than that for stock in larger companies, bringing with it potential difficulties in acquiring, valuing and disposing of such stock.
- Liquidity risk — the Company's investments may be difficult to realise. The fact that a share is traded on AIM does not guarantee its liquidity. The spread between the buying and selling price of such shares may be wide and thus the price used for valuation may not be achievable.

The Board seeks to mitigate the internal risks by setting policy, regular review of performance, enforcement of contractual obligations and monitoring progress and compliance. In the mitigation and management of these risks, the Board applies rigorously the principles detailed in the Combined Code. Details of the Company's internal controls are contained in the Corporate Governance and Internal Control sections.

Directors' Report continued

Performance and key performance indicators (KPIs)

The Board expects the Manager to deliver a performance which meets the twin objectives of providing investors with attractive returns from a portfolio of investments in fast-growing companies and maximising tax-free income for shareholders. The key performance indicators in meeting these objectives are net asset value performance and dividends paid, which, when combined, give net asset value total return. Additional key performance indicators reviewed by the Board include the discount of the share price relative to the net asset value and total expenses as a proportion of shareholders' funds.

A record of some of these indicators is contained on page 1 entitled 'Summary'. Additional comments are provided in the Chairman's Statement discussing the performance of the Company over the current year. The total expense ratio in the period was 3.3%, below the annual limit of 3.5% and share buybacks have generally been completed at discounts ranging between 10% and 20%. Combined, these KPIs compare favourably with the wider VCT marketplace.

A review of the Company's performance during the financial year, the position of the Company at the period end and the outlook for the coming year is contained within the Chairman's statement.

The Board assesses the performance of the Manager in meeting the Company's objective against the primary KPIs highlighted.

Clearly, when making investments in technology-based companies at an early stage of their development some are likely to disappoint, but investing the funds raised in high growth companies with the potential to become market leaders creates an environment for improved returns to shareholders. The growth of these companies may be adversely affected by current economic conditions and any reductions in levels of corporate spending on technology and services.

Foresight 4 VCT is an investment company and contracts-out its investment activities to its investment manager, Foresight Group; it has four Non-Executive Directors but no employees. The Company is currently enjoying strong dealflow, including a number of opportunities in clean energy and environmental infrastructure, sectors which fit well with the Company's investment policy. Both clean energy and environmental infrastructure projects have clear environmental benefits; for example projects concentrating on reducing the amount of carbon emissions polluting the atmosphere, clean generation of electricity and efficient recycling of waste materials.

Share capital

The linked offer with Foresight 3 VCT plc, issued on 15 October 2009, raised gross proceeds of £3,250,750 as at 28 February 2010 through the issue of 3,186,489 shares at prices ranging from 101.0p to 106.0p per share.

The top-up offer launched in November 2008, raised gross proceeds of £1,132,611 between 1 March 2009 and 31 May 2009 when the offer closed through the issue of 1,121,409 Ordinary Shares at prices ranging from 103.0p to 104.0p per share. Issuing new ordinary shares or buying back existing ordinary shares is reserved as a Board decision.

Share Buy-backs

During the year, the Company repurchased 770,094 shares for cancellation for a total cost of £626,951.

Directors

The Directors who held office during the year and their interests in the issued ordinary shares of the Company were as follows:

	At 28 February 2010 Number of 1p Ordinary Shares	At 1 March 2009 Number of 1p Ordinary Shares
Peter Dicks	**16,706**	16,706
Roger Brooke	**114,395**	114,395
Bernard Fairman	**38,571**	38,571
Philip Stephens	**14,893**	14,893

All the Directors' share interests shown above were held beneficially.

There have been no changes in the Directors' share interests between 28 February 2010 and the date of this report.

In accordance with the Articles of Association, Peter Dicks, Roger Brooke and Philip Stephens retire through rotation and, being eligible, offer themselves for re-election. Biographical notes on the Directors are given on page 10. The Board believes that Mr Dicks, Mr Brooke and Mr Stephens' balance of skills, experience and knowledge continue to complement those of the remaining Director(s) and add value to the Company and recommends their re-election to the Board.

With the exception of Bernard Fairman, no Director has an interest in any contract to which the Company is a party. Bernard Fairman is chairman of Foresight Group, which acts as investment manager to the Company in respect of its venture capital investments and earned fees of £621,961 during the period (2009: £615,743). Foresight Fund Managers Limited, a subsidiary of Foresight Group, received £69,579 plus VAT during the period in respect of company secretarial fees (2009: £70,843 plus VAT). Foresight Group received from investee companies arrangement fees of £78,698 as a result of investments made during the year. Foresight Group is also a party to the performance incentive agreement described in note 14.

Management

Foresight Group is the Investment Manager ("the manager") of the Company and provides investment management and other administrative services. From 30 July 2004, Foresight Fund Managers Limited took over from Advent 2 Fund Managers Limited as the Secretary of the Company.

The principal terms of the investment management and secretarial services agreement are set out in note 3 of the accounts.

Since the end of the year, the Remuneration Committee has reviewed the appropriateness of the Manager's appointment. In carrying out its review, the Remuneration Committee considered the investment performance of the Company and the ability of the Manager to produce satisfactory investment performance in the future. It also considered the length of the notice period of the investment management contract and fees payable to the Manager, together with the standard of other services provided, which include secretarial and accounting services. Following this review, it is the Remuneration Committee's opinion that the continuing appointment of the Manager on the terms agreed is in the interests of shareholders as a whole.

Directors' Report continued

VCT status monitoring

Foresight 4 VCT plc has retained Martineau as legal advisers on, *inter alia*, compliance with legislative requirements. The Directors monitor the Company's VCT status at meetings of the Board.

Substantial shareholdings

So far as the Directors are aware, there were no individual shareholdings representing 3% or more of the Company's issued share capital at the date of this report.

Financial instruments

Details of all financial instruments used by the Company during the year are given in note 16 to the accounts.

Purchase of own shares

It is the Company's policy to consider repurchasing shares when they become available in order to provide liquidity for the Company's shares.

Directors' and Officers' liability insurance

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

Annual General Meeting

A formal notice convening the Annual General Meeting on 14 July 2010 can be found on pages 39 and 40. In addition to the general business, the following special business will be proposed:

Resolution 7

Resolution 7 will authorise the Directors to allot relevant securities generally, in accordance with Section 551 of the Companies Act 2006, up to a nominal amount of £125,000 (representing 38.7% of the current issued share capital of the Company) for the purposes listed under the authority requested under Resolution 8. This includes authority to issue shares pursuant to one or more top-up offers for subscription to raise new funds for the Company if the Board believes this to be in the best interests of the Company. Any offer is intended to be at an offer price linked to NAV. The authority and power conferred by Resolution 7 will expire on the fifth anniversary of the passing of the resolution.

Resolution 8

Resolution 8 will sanction, in a limited manner, the disapplication of Section 561 in respect of the authorised but unissued share capital of the Company (not yet committed) and will give the Directors power to (i) allot equity securities with an aggregate nominal value of any amount up to but not exceeding 10% of the issued share capital of the Company where the proceeds of such issue may in part be used to purchase the Company's Ordinary Shares in the market and (ii) allot equity securities generally from time to time with an aggregate nominal value of any amount up to but less than 5% of the issued Ordinary Share capital of the Company. This authority will expire at the conclusion of the Annual General Meeting to be held in 2011.

Resolution 9

It is proposed by Resolution 9 that the Directors be given authority to make market purchases of the Company's own shares. Under this authority the Directors may purchase shares with an aggregate nominal amount up to but not exceeding 4,042,918 Ordinary Shares representing approximately 14.99% of the Company's issued Ordinary Share capital. When buying shares, the Directors cannot pay a price per share which is more than 105% of the average of the middle market quotations for an Ordinary Share taken from the London Stock Exchange daily official list of the five business days immediately before the day on which shares are purchased. This authority will expire at the conclusion of the Annual General Meeting to be held in 2011.

Whilst generally the Company does not expect shareholders will want to sell their shares within three years of acquiring them (or five years where they have been issued after 5 April 2006) because this may lead to a loss of tax relief, the Directors anticipate that from time to time a shareholder may need to sell shares within this period. Front end VCT income tax relief is only obtainable by an investor who makes an investment in the new shares issued by the Company. This means that an investor may be willing to pay more for new shares issued by the Company than he would pay to buy shares from an existing shareholder. Therefore, in the interest of shareholders who may need to sell shares from time to time, the Company proposes to give the Directors the authority to do this for the benefit of new as well as existing shareholders. This authority, when coupled with the ability to issue new shares for the purposes of financing a purchase of shares in the market, enables Directors to purchase shares from a shareholder and effectively to sell on those shares through the Company to a new investor with the potential benefit of full VCT tax relief. In making purchases the Company will deal only with member firms of the London Stock Exchange at a discount to the then prevailing net asset value per share of the Company's shares to ensure that existing shareholders are not disadvantaged.

Resolution 10

One of the main principles of company law is that the capital of a company should be maintained and, therefore, a company with share capital must obtain proper consideration for the shares that it issues and must not return funds which have been subscribed for shares except in certain prescribed ways. The principle of maintenance of capital underlies various provisions of CA 2006 – for example, a company may only make distributions to its members out of distributable profits and a company may only buy-back its own shares in limited circumstances.

A company can, however, reduce its share capital in circumstances where creditors will not be adversely affected, provided that the company complies with certain procedural requirements. CA 2006 provides that a company may reduce its capital by special resolution if its articles of association contain the power to do so and subject to confirmation by the court. A special reserve will then be created from the sums set free from such a cancellation which can be regarded as a distributable reserve.

The Company has completed previous cancellations of its share premium, and the special reserve created by such cancellation has assisted the Company in writing off losses, enhancing the ability to make distributions and buying back Shares. Subsequent fundraisings have, however, created additional share premium.

Resolution 10 to be proposed will approve the cancellation of the share premium account to create (subject to court sanction) further distributable reserves to fund distributions to Shareholders and buy-backs, and to set off or write off losses to and for other corporate purposes of the Company.

Policy of paying creditors

The Company does not subscribe to a particular code but follows a policy whereby suppliers are paid by the due date and investment purchases are settled in accordance with the stated terms. At the year end trade creditors represented an average credit period of 2 days (2009: 8 days).

Directors' Report continued

Audit information

Pursuant to s418(2) of the Companies Act 2006, each of the Directors confirms that (a) so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware; and (b) they have taken all steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of such information.

Sections 992 of the Companies Act

The following disclosures are made in accordance with Section 992 of the Companies Act 2006.

Capital structure

The Company has issued share capital of 26,970,770 Ordinary Shares.

Voting rights in the Company's shares

Details of the voting rights in the Company's shares at the date of this report are given in note 6 in the Notice of Annual General Meeting on page 40.

Auditors

In accordance with Section 485 of the Companies Act 2006, a resolution to reappoint Ernst & Young LLP as the Company's auditors will be put to the forthcoming Annual General Meeting.

Corporate Governance

The Directors of Foresight 4 VCT confirm that the Company has taken the appropriate steps to enable it to comply with the Principles set out in Section 1 of the Combined Code on Corporate Governance ('Combined Code') issued by the Financial Reporting Council in June 2008, as appropriate for a Venture Capital Trust.

As a Venture Capital Trust, most of the Company's day-to-day responsibilities are delegated to third parties and the Directors are all Non-Executive. Thus not all the procedures of the Combined Code are directly applicable to the Company. Unless noted as an exception below, the requirements of the Combined Code were complied with throughout the year ended 28 February 2010.

The Board

The Company has a Board of four Non-Executive Directors, all of whom (other than Bernard Fairman) are considered to be independent of Foresight Group under the Combined Code.

Peter Dicks and Bernard Fairman are also Directors of Foresight VCT plc, Foresight 2 VCT plc and Foresight 3 VCT plc. The Board believes, having regard to the specialist nature of VCTs and the fact that the Manager advises four VCTs, that it is in the best interests of shareholders if, on each of the Boards of the VCTs advised by the Manager, there are certain Directors who are common. That is to say, a common Director is able to assess how the Manager performs in respect of one fund with the valuable background knowledge of how well or badly the Manager is performing in relation to other funds of which he is also a Director. Where conflicts of interest arise between the different funds, then the common Director would seek to act fairly and equitably between different groups of shareholders. Where this is difficult or others might perceive that it was so, then decisions would be taken by the Directors who are not common Directors. The most likely source of potential conflicts would normally be the allocation of investment opportunities, but as these are allocated by the Manager pro rata to the cash historically raised by each fund, subject to the availability of funds, in practice such conflicts do not arise. In this regard, therefore, common Directorships are not considered to impact independence.

The Board is responsible to shareholders for the proper management of the Company and meets at least quarterly and on an ad hoc basis as required. It has formally adopted a schedule of matters that are required to be brought to it for decision, thus ensuring that it maintains full and effective control over appropriate strategic, financial, operational and compliance issues. A management agreement between the Company and its Manager sets out the matters over which the Manager has authority, including monitoring and managing the existing investment portfolio and the limits above which Board approval must be sought. All other matters are reserved for the approval of the Board of Directors. The Investment Manager, in the absence of explicit instruction from the Board, is empowered to exercise discretion in the use of the Company's voting rights.

Individual Directors may, at the expense of the Company, seek independent professional advice on any matter that concerns them in the furtherance of their duties. In view of its Non-Executive nature and the requirements of the Articles of Association that all Directors retire by rotation at the Annual General Meeting, the Board considers that it is not appropriate for the Directors to be appointed for a specific term as recommended by provision A.7.2 of the Combined Code. However, the Board has agreed that each Director will retire and, if appropriate, seek re-election after each three years' service and annually after serving on the Board for more than nine years. Non-independent Directors are required to retire annually.

Full details of duties and obligations are provided at the time of appointment and are supplemented by further details as requirements change, although there is no formal induction programme for Directors as recommended by provision A.5.1.

The Board has access to a Company Secretary who also attends all Board meetings. The Manager attends all formal Board Meetings although the Directors may meet without the Manager being present. Informal meetings with the manager are also held between Board Meetings as required. The Company Secretary provides full information on the Company's assets, liabilities and other relevant information to the Board in advance of each Board Meeting. Attendance by Directors at Board and Committee meetings is detailed in the table below.

Meeting attendance

	Board(4)	Audit(2)	Nomination(1)	Remuneration(1)
Peter Dicks	4/4	2/2	1/1	1/1
Roger Brooke	4/4	2/2	1/1	1/1
Philip Stephens	2/4	1/2	0/1	0/1
Bernard Fairman	4/4	n/a	n/a	n/a

Board committees

The Board has adopted formal terms of reference which are available to view by writing to the Company Secretary at the registered office, for three standing committees which make recommendations to the Board in specific areas.

Directors' Report continued

The Audit Committee comprises Roger Brooke (Chairman), Philip Stephens and Peter Dicks, all of whom are considered to have sufficient recent and relevant financial experience to discharge the role, and meets at least twice a year to, amongst other things, consider the following:

- Monitor the integrity of the financial statements of the Company
- Review the Company's internal control & risk management systems
- Make recommendations to the Board in relation to the appointment of the external auditor
- Review and monitor the external auditor's independence
- Implement and review the Company's policy on the engagement of the external auditor to supply non-audit services

Ernst & Young LLP provides taxation services in addition to undertaking the Company's external audit. The Audit Committee is of the opinion that Ernst & Young is best placed to prepare these returns. These non-audit services are not material in value to the audit and the Audit Committee believes that they do not compromise the objectivity or independence of the external auditor.

The Nomination Committee comprises Peter Dicks (Chairman), Roger Brooke and Philip Stephens and meets at least annually to consider the composition and balance of skills, knowledge and experience of the Board and would make nominations to the Board in the event of a vacancy. New Directors are required to resign at the Annual General Meeting following appointment and then seek selection thereafter every three years.

The Remuneration Committee (which has responsibility for reviewing the remuneration of the Directors) comprises Peter Dicks (Chairman), Philip Stephens and Roger Brooke and meets at least annually to consider the levels of remuneration of the Directors, specifically reflecting the time commitment and responsibilities of the role. The Committee also undertakes external comparisons and reviews to ensure that the levels of remuneration paid are broadly in line with industry standards. The Remuneration Committee also reviews the appointment of the Manager.

Board evaluation

The Board undertakes a formal evaluation of its own performance and that of its committees and individual Directors on a rolling three year basis. This methodology is a departure from principle A.1.3 and A.6.1 of the Combined Code, which requires annual evaluation. Initially, the evaluation takes the form of a questionnaire for the Board (and its committees) and individual Directors. The Chairman then discusses the results with the Board (and its committees) as a whole and Directors individually. Following completion of this second stage of the evaluation, the Chairman will take appropriate action to address any issues arising from the process.

Relations with Shareholders

The Company communicates with shareholders and solicits their views where it is appropriate to do so. Individual shareholders are made welcome at the Annual General Meeting where they have the opportunity to ask questions of the Directors, including the Chairman, as well as the Chairman of the Audit, Remuneration and Nomination Committees. The Board also seeks feedback through shareholder questionnaires, workshops and an open invitation for shareholders to meet the investment manager. The Company is not aware of any institutional shareholders in the capital of the Company.

Internal control

The Directors of Foresight 4 VCT have overall responsibility for the Company's system of internal control and for reviewing its effectiveness.

The Board's appointment of Foresight Fund Managers Limited as company administrator has delegated much of the financial administration to Foresight Fund Managers Limited which has an established system of financial control, including internal financial controls, to ensure that proper accounting records are maintained and that financial information for use within the business and for reporting to shareholders is accurate and reliable and that the Company's assets are safeguarded.

Martineau provide legal advice and assistance in relation to the maintenance of VCT tax status, the operation of the agreements entered into with Foresight Group and the application of the venture capital trust legislation to any company in which the Company is proposing to invest.

Foresight Fund Managers Limited was appointed by the Board as Company Secretary with responsibilities relating to the administration of the non-financial systems of internal control. All Directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures and applicable rules and regulations are complied with.

Pursuant to the terms of their appointment, Foresight Group advise the Company on venture capital investments. Foresight Fund Managers Limited in its capacity as Company Secretary has physical custody of documents of title relating to equity investments.

In the light of the responsibilities retained by the Board and its committees and of the responsibilities delegated to Foresight Group, Foresight Fund Managers Limited, Martineau and the Company Secretary, the Company has not appointed a Chief Executive officer, deputy Chairman or a senior independent Non-Executive Director as recommended by provision A.3.3 of the Combined Code. The provisions of the Combined Code which relate to the division of responsibilities between a Chairman and a Chief Executive officer are, accordingly, not applicable to the Company.

Following publication of Internal Control: Guidance for Directors on the Combined Code (the Turnbull guidance), the Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company, that has been in place for the year under review and up to the date of approval of the annual report and financial statements, and that this process is regularly reviewed by the Board and accords with the guidance. The process is based principally on the Manager's existing risk-based approach to internal control whereby a test matrix is created that identifies the key functions carried out by the Manager and other service providers, the individual activities undertaken within those functions, the risks associated with each activity and the controls employed to minimise those risks.

Directors' Report continued

A residual risk rating is then applied. The Board is provided with reports highlighting all material changes to the risk ratings and confirming the action, which has been, or is being, taken. This process covers consideration of the key business, operational, compliance and financial risks facing the Company and includes consideration of the risks associated with the Company's arrangements with Foresight Group, Foresight Fund Managers Limited, and Martineau.

The Audit Committee has carried out a review of the effectiveness of the system of internal control, together with a review of the operational and compliance controls and risk management, as it operated during the year and reported its conclusions to the Board which was satisfied with the outcome of the review. The Board has concluded that, given the appointment of Foresight Fund Managers Limited as Company accountants and the role of the Audit Committee, it is not necessary to establish an internal audit function at the current time but that this policy will be kept under review.

Such review procedures have been in place throughout the full financial year and up to the date of approval of the accounts, and the Board is satisfied with their effectiveness. These procedures are designed to manage, rather than eliminate, risk and, by their nature, can only provide reasonable, but not absolute, assurance against material misstatement or loss. The Board monitors the investment performance of the Company in comparison to its objective at each Board meeting. The Board also reviews the Company's activities since the last Board meeting, to ensure that the Manager adheres to the agreed investment policy and approved investment guidelines and, if necessary, approves changes to such policy and guidelines.

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 on pages 11 to 13. 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. In addition, the financial statements include 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.

By order of the Board

Foresight Fund Managers Limited

Company Secretary
18 June 2010

Directors' Remuneration Report

Introduction

This report is submitted in accordance with the Directors' Remuneration Report Regulations 2002 in respect of the year ended 28 February 2010.

Consideration by the Directors of Matters relating to Directors' Remuneration

The Remuneration Committee comprises three Directors:

Peter Dicks (Chairman), Roger Brooke and Philip Stephens.

The Remuneration Committee has responsibility for reviewing the remuneration of the Directors and meets as and when necessary. The Remuneration Committee members have access to independent advice where they consider it appropriate. During the year neither the Board nor the Remuneration Committee has been provided with advice or services by any person in respect of its consideration of the Directors' remuneration.

The remuneration policy set by the Board is described below. Individual remuneration packages are determined by the Remuneration Committee within the framework of this policy. No Director is involved in deciding their own remuneration.

Remuneration policy

The Board's policy is that the remuneration of Non-Executive Directors should reflect time spent and the responsibilities borne by the Directors on the Company's affairs and should be sufficient to enable candidates of high calibre to be recruited. The levels of Directors' fees paid by the Company for the year ended 28 February 2010 were agreed during the year.

No Director's remuneration is performance related and Directors are not eligible for bonuses or other benefits. It is considered appropriate that no aspect of Directors' remuneration should be performance related in light of the Directors' Non-Executive status.

The Company's policy is to pay the Directors monthly in arrears, to the Directors personally or to a third party as requested by any Director.

It is the intention of the Board that the above remuneration policy will continue to apply in the forthcoming financial year and subsequent years.

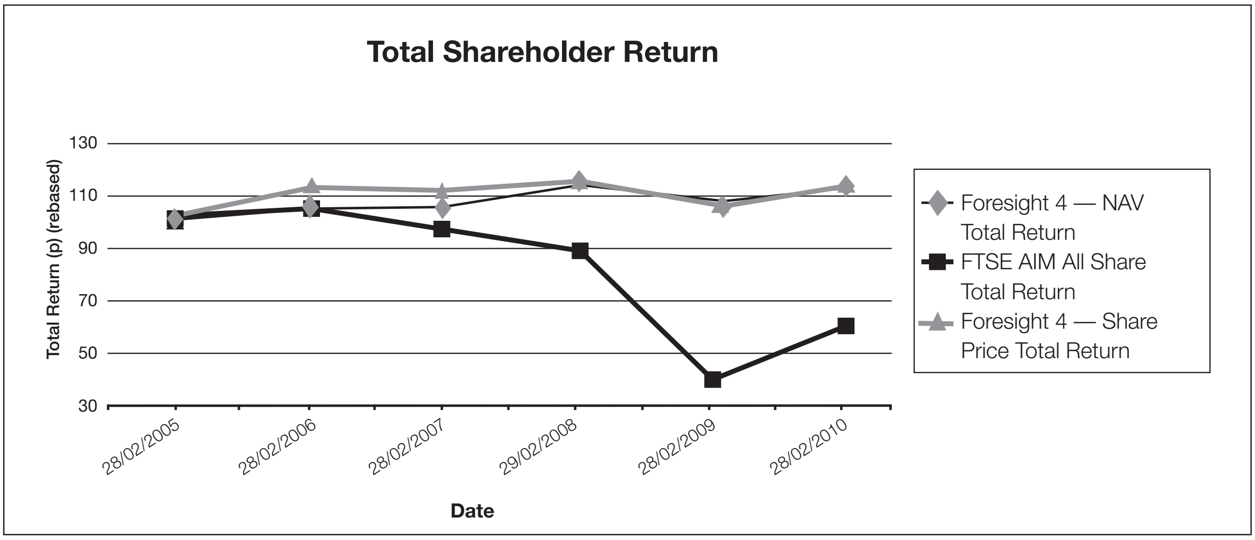
Service contracts

None of the Directors has a service contract and a Director may resign at any time by notice in writing to the Board. There are no set minimum notice periods but all Directors are subject to retirement by rotation. No compensation is payable to Directors on leaving office. As the Directors are not appointed for a fixed length of time there is no unexpired term to their appointment. However, the Directors will retire by rotation as follows:

P Dicks, R Brooke, P Stephens	AGM 2010
P Dicks, R Brooke	AGM 2011
P Dicks, R Brooke, P Stephens	AGM 2012

Total shareholder return

The following graph charts the total shareholder return to 28 February 2010, on the hypothetical value of £100, invested by Ordinary Shareholders since February 2005. The return is compared to the total shareholder return on a notional investment of £100 in the FTSE AIM All-Share Index, which is considered by the Board an appropriate index against which to measure the Company's performance both given the Company's holdings of AIM listed companies and that the profile of many AIM companies are similar to those held by Foresight 4 VCT plc.



Directors' Remuneration Report continued

Details of individual emoluments and compensation

The emoluments in respect of qualifying services and compensation of each person who served as a Director during the year were as shown below. No Director has waived or agreed to waive any emoluments from the Company in either the current year or previous period.

No other remuneration was paid or payable by the Company during the current year or previous period nor were any expenses claimed or paid to them other than for expenses incurred wholly, necessarily and exclusively in furtherance of their duties as Directors of the Company.

Director liability insurance is held by the Company in respect of the Directors.

Only the information in the table below has been audited. See the Independent Auditors' Report on page 21.

	Directors' fees (£) year ended 28 February 2010	Directors' fees (£) year ended 28 February 2009
Peter Dicks	**20,000**	20,000
Roger Brooke	**15,000**	15,000
Philip Stephens	**15,000**	15,000
Total	**50,000**	50,000

Bernard Fairman, a partner in the Company's Manager, Foresight Group, does not receive Directors' fees.

The Directors are not eligible for pension benefits, share options or long-term incentive schemes.

Approval of report

An ordinary resolution for the approval of this Directors' Remuneration Report will be put to shareholders at the forthcoming Annual General Meeting.

This Directors' Remuneration Report was approved by the Board on 18 June 2010 and is signed on its behalf by Peter Dicks (Director).

On behalf of the Board

Peter Dicks

Director
18 June 2010

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements, in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report (including Business Review), Directors' Remuneration Report and Corporate Governance Statement that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Financial Statements are published on www.foresightgroup.eu, a website maintained by Foresight Group. The maintenance and integrity of the website is, so far as it relates to the Company, the responsibility of Foresight Group. The work carried out by the auditors does not involve consideration of the maintenance and integrity of this website and, accordingly, the auditors accept no responsibility for any changes that have occurred to the accounts since they were initially presented on the website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the accounts may differ from legislation in other jurisdictions.

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

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the issuer together with a description of the principal risks and uncertainties that they face.

On behalf of the Board

Peter Dicks

Chairman
18 June 2010

Independent Auditors' Report

to the Members of Foresight VCT 4 plc

We have audited the financial statements of Foresight 4 VCT plc for the year ended 28 February 2010 which comprise the Income Statement, the Reconciliation of Movement in Shareholders' Funds, the Balance Sheet, the Cash Flow Statement, and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 20, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 28 February 2010 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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

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

Under the Listing Rules we are required to review:

- the Directors' statement, on page 17, in relation to going concern; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

Caroline Gulliver (Senior Statutory Auditor)

For and on behalf of
Ernst & Young LLP
Senior Statutory Auditor
London
18 June 2010

Income Statement

for the year ended 28 February 2010

	Notes	**Revenue £'000**	**Year to 28 February 2010 Capital £'000**	**Total £'000**	Revenue £'000	Year to 28 February 2009 Capital £'000	Total £'000
Investment holding gains/(losses)	9	**—**	**6,300**	**6,300**	—	(1,100)	(1,100)
Losses on realisation of investments	9	**—**	**(4,181)**	**(4,181)**	—	(1,055)	(1,055)
Investment income and deposit interest	2	**697**	**—**	**697**	753	—	753
Investment management fees	3	**(155)**	**(467)**	**(622)**	(105)	(314)	(419)
Other expenses	4	**(279)**	**—**	**(279)**	(264)	—	(264)
Return/(loss) on ordinary activities before taxation		**263**	**1,652**	**1,915**	384	(2,469)	(2,085)
Tax on ordinary activities	6	**(74)**	**74**	**—**	—	—	—
Return/(loss) on ordinary activities after taxation		**189**	**1,726**	**1,915**	384	(2,469)	(2,085)
Return/(loss) per share	8	**0.8p**	**6.9p**	**7.7p**	1.6p	(10.5)p	(8.9)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.

The notes on pages 26 to 37 form part of these financial statements.

Reconciliation of Movement in Shareholders' Funds

for the year ended 28 February 2010

	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
As at 1 March 2008	228	10,177	1,826	12,830	25,061
Share issues in the year	10	1,179	—	—	1,189
Expenses on share issues	—	(104)	—	—	(104)
Repurchase of shares	(4)	—	4	(323)	(323)
Loss for the year	—	—	—	(2,085)	(2,085)
Dividend	—	—	—	(1,187)	(1,187)
As at 28 February 2009	234	11,252	1,830	9,235	22,551

	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
As at 1 March 2009	234	11,252	1,830	9,235	22,551
Share issues in the year	43	4,366	—	—	4,409
Expenses on share issues	—	(193)	—	—	(193)
Repurchase of shares	(7)	—	7	(627)	(627)
Return for the year	—	—	—	1,915	1,915
Dividend	—	—	—	(1,342)	(1,342)
As at 28 February 2010	**270**	**15,425**	**1,837**	**9,181**	**26,713**

The notes on pages 26 to 37 form part of these financial statements.

Balance Sheet

at 28 February 2010

Registered Number: 03506579

	Notes	2010 £'000	2009 £'000
Non-current assets			
Investments held at fair value through profit or loss	9	**22,148**	18,751
Current assets			
Debtors – amounts receivable in less than one year	10	**1,495**	1,830
Money market and other deposits		**1,940**	1,649
Cash		**2,051**	179
		5,486	3,658
Creditors: Amounts falling due within one year	11	**(1,681)**	(109)
Net current assets		**3,805**	3,549
Debtors – amounts receivable in more than one year	10	**760**	251
Net assets		**26,713**	22,551
Capital and reserves			
Called-up share capital	12	**270**	234
Share premium account		**15,425**	11,252
Capital redemption reserve		**1,837**	1,830
Profit and loss account		**9,181**	9,235
Equity shareholders' funds		**26,713**	22,551
Net asset value per share	13	**99.0p**	96.2p

The financial statements on pages 22 to 37 were approved by the Board of Directors and authorised for issue on 18 June 2010 and were signed on its behalf by:

Roger Brooke

Director

The notes on pages 26 to 37 form part of these financial statements.

Cash Flow Statement

for the year ended 28 February 2010

	Year to 28 February 2010 £'000	Year to 28 February 2009 £'000
Cash flow from operating activities		
Investment income received	**182**	346
Deposit and similar interest received	**14**	193
Investment management fees paid	**(614)**	(444)
Secretarial fees paid	**(85)**	(43)
Other cash payments	**(216)**	(166)
Net cash outflow from operating activities and returns on investment	**(719)**	(114)
Taxation	**—**	—
Investing activities		
Purchase of unquoted investments and investments quoted on AIM	**(2,980)**	(5,467)
Net proceeds on sale of unquoted investments	**1,373**	2,632
Net proceeds from deferred consideration	**620**	—
Net capital outflow from investing activities	**(987)**	(2,835)
Equity dividends paid	**(1,342)**	(1,187)
Net cash outflow before financing and liquid resource management	**(3,048)**	(4,136)
Management of liquid resources		
Subscription to money market	**(500)**	—
Redemption from money market	**220**	2,872
Income from money market	**(11)**	(134)
	(291)	2,738
Financing		
Proceeds of fund-raisings	**5,580**	1,889
Expenses of fund-raisings	**(85)**	(87)
Repurchase of own shares	**(284)**	(346)
Net cash inflow from financing activities	**5,211**	1,456
Increase in cash	**1,872**	58
Reconciliation of net cash flow to movement in net cash		
Increase in cash for the year	**1,872**	58
Net cash at start of year	**179**	121
Net cash at end of year	**2,051**	179
Reconciliation of net income to net cash flow from operating activities		
Total income/(deficit) before taxation	**1,915**	(2,085)
Investment holding (gains)/losses	**(6,300)**	1,100
Realised losses	**4,181**	1,055
Increase in debtors	**(694)**	(198)
Increase in creditors	**179**	14
Net cash outflow from operating activities	**(719)**	(114)

Analysis of changes in net debt	At 1 March 2009 £'000	Cash flow £'000	**At 28 February 2010 £'000**
Cash and cash equivalents	179	1,872	**2,051**

The notes on pages 26 to 37 form part of these financial statements.

Notes to the Accounts

for the year ended 28 February 2010

1 Accounting policies

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

a) Basis of accounting

The financial statements have been prepared under the Companies Act 2006, and in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice (SORP): Financial Statements of Investment Trust Companies and Venture Capital Trusts issued in January 2009.

The Company presents its Income Statement in a three column format to give shareholders additional detail of the performance of the Company split between items of a revenue or capital nature.

b) Assets held at fair value through profit or loss — investments

Investments are stated at fair value, in accordance with the International Private Equity and Venture Capital (IPEVC) Valuation guidelines. All investments are classified as fair value through profit or loss on initial recognition and at the reporting date. This classification is followed as the Company's business is to invest in financial assets with a view to profiting from their total return in the form of capital growth and income.

Quoted investments are stated on a bid price basis in accordance with FRS 26.

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

1. Investments are, for a limited period after initial purchase, valued at cost, unless another methodology gives a better indication of fair value.
2. Investments in companies at an early stage of their development are valued at the price of the most recent funding round, unless another methodology gives a better indication of fair value.
3. Investments which have been held for more than 12 months and which have gone beyond the stage of their development in 2 above are valued, in the absence of overriding factors, using a suitable price–earnings ratio discounted to reflect the lack of marketability. Where overriding factors apply, alternative methods of valuation will be used. These will include the application of a material arm's length transaction by an independent third party, progress against industry specific benchmarks/ milestones, adjustments applied against the price of the most recent investment round, based on discounted cash flow, or a net asset basis.

c) Investment income and deposit interest

Dividends receivable on quoted equity shares are brought into account on the ex dividend date. Dividends receivable on unquoted equity shares are brought into account when the Company's rights to receive payment are established and there is no reasonable doubt that payment will be received. Other income such as loan or deposit interest is included on an accruals basis.

d) Expenses

All expenses (inclusive of VAT) are accounted for on an accruals basis. Expenses are charged through the revenue column of the Income Statement, with the exception that 75% of the fees payable to Foresight Group are allocated against the capital column of the Income Statement.

The transaction costs incurred when purchasing or selling assets are written off to the Income Statement in the period they occur.

e) Financial Instruments

During the course of the year the Company held non-current asset investments, shares in OEICs, ("Open Ended Investment Companies"), money-market funds and cash balances. The Company holds financial assets that comprise investments in unlisted companies, qualifying loans, and companies raising new share capital on the Alternative Investment Market. The carrying value for all financial assets and liabilities is fair value.

f) Taxation

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

g) Deferred Taxation

Provision is made for corporation tax at the current rates on the excess of taxable income over allowable expenses. In accordance with FRS 19 "Deferred Tax", a provision is made on all material timing differences arising from the different treatment of items for accounting and tax purposes.

A deferred tax asset is recognised only to the extent that there will be taxable profits in the future against which the asset can be offset. It is considered too uncertain that this will occur and, therefore, no deferred tax asset has been recognised.

Notes to the Accounts continued
for the year ended 28 February 2010

2 Investment income and deposit interest

	Year to 28 February 2010 £'000	Year to 28 February 2009 £'000
Loan stock interest	**685**	565
Overseas based Open Ended Investment Companies ("OEIC(s)")	**10**	167
Bank deposits	**2**	8
Interest received on VAT refunded	**—**	13
	697	753

3 Investment management fees

	Year to 28 February 2010 £'000	Year to 28 February 2009 £'000
Investment management fees charged to the revenue account		
— Gross	**155**	161
— VAT refunded	**—**	(56)
	155	105
Investment management fees charged to the capital account		
— Gross	**467**	482
— VAT refunded	**—**	(168)
	467	314
Total management fees	**622**	419

Foresight Group provide investment management services to the Company under an agreement dated 30 July 2004 and receive management fees, paid quarterly in advance, of 2.5% of net assets per annum. If the annual expenses of the Company exceed 3.5% of the Company's total assets less current liabilities, the Company is entitled to reduce the fees paid to the Manager by the amount of the excess.

This agreement may be terminated by either party giving to the other not less than twelve months' notice, at any time after the third anniversary.

Foresight Fund Managers Limited is the Secretary of the Company and receives annual fees, paid quarterly in advance, for the services provided of £69,579 (2009: £70,843). The annual secretarial fee (which is payable together with any applicable VAT) is adjusted annually in line with the UK Retail Prices Index.

Foresight Group are responsible for external costs such as legal and accounting fees, incurred on transactions that do not proceed to completion ('abort expenses'). In line with common practice, Foresight Group retain the right to charge arrangement and syndication fees and Directors' or monitoring fees ('deal fees') to companies in which the Company invests.

Notes to the Accounts continued

for the year ended 28 February 2010

4 Other expenses

	Year to 28 February 2010 £'000	Year to 28 February 2009 £'000
Secretarial services including VAT	**80**	83
Directors' remuneration including employer's National Insurance contributions	**54**	55
Auditors' remuneration including VAT		
— audit services	**29**	29
— non-audit services	**11**	10
Other	**105**	87
	279	264

Non-audit services relate to tax fees and interim review fees in 2010 and 2009 payable to the auditors.

The Company has no employees other than the Directors.

5 Directors' remuneration

	Year to 28 February 2010 £'000	Year to 28 February 2009 £'000
Fees paid to Directors (excluding employer's National Insurance contributions)	**50**	50

The remuneration of the Chairman, Mr Peter Dicks, who was the highest paid Director, was £20,000 (2009: £20,000). The remuneration of Mr Roger Brooke was £15,000 (2009: £15,000), Mr Philip Stephens was £15,000 (2009: £15,000), and Mr Bernard Fairman was £nil (2009: £nil).

No pension scheme contributions or retirement benefit contributions were paid. There are no share option contracts held by the Directors. Additional information is given in the Directors' Remuneration Report.

6 Tax on ordinary activities

a) Analysis of charge in the year:	Year to 28 February 2010 £'000	Year to 28 February 2009 £'000
Corporation tax	**—**	—
Total tax for the year	**—**	—

Notes to the Accounts continued
for the year ended 28 February 2010

6 Tax on ordinary activities (continued)

b) Factors affecting current tax charge for the year:

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for a venture capital fund (28%).

The differences are explained below:

	Year to 28 February 2010 £'000	Year to 28 February 2009 £'000
Net income/(loss) before taxation	**(1,915)**	(2,085)
Corporation tax at 28%	**536**	(587)
Effect of:		
Realised losses not deductible	**1,171**	297
Net unrealised (gains)/losses not taxable	**(1,764)**	304
Movement in unutilised management expenses	**57**	(14)
Current tax charge for the period	**—**	—

c) There is an unrecognised deferred tax asset of approximately £853,000 (2009: £795,000). The deferred tax asset relates to the current and prior year unutilised expenses. It is considered too uncertain that there will be taxable profits in the future against which the deferred tax assets can be offset and, therefore, in accordance with FRS 19, the asset has not been recognised.

7 Dividends

	Year to 28 February 2010 £'000	Year to 28 February 2009 £'000
Ordinary Shares		
Interim dividend of 5.0p paid per share (2009: 5.0p) paid for the year ended 28 February	**1,342**	1,187
	1,342	1,187

The Board is not recommending a final dividend on the Ordinary Shares (2009: £nil) for the year ended 28 February 2010.

Set out below are the total income dividends payable in respect of the financial year, which is the basis on which the requirements of section 274 of The Income Tax Act 2009 are considered.

	Year to 28 February 2010 £'000	Year to 28 February 2009 £'000
Income available for distribution by way of dividends for the year	**263**	384
Interim revenue dividend for the year ended 28 February 2010	**240**	350

The interim revenue dividend of £240,000 (2009: £350,000) incorporated in the total 5.0p interim dividend (2009: 5.0p) fulfilled the requirements of Section 259 and Section 274 of the Income Tax Act 2009.

Notes to the Accounts continued

for the year ended 28 February 2010

8 Return per share

	Year to 28 February 2010 £'000	Year to 28 February 2009 £'000
Total return/(loss) after taxation	**1,915**	(2,085)
Basic return/(loss) per share (note a)	**7.7p**	(8.9)p
Revenue return from ordinary activities after taxation	**189**	384
Revenue return per share (note b)	**0.8p**	1.6p
Capital return/(loss) from ordinary activities after taxation	**1,726**	(2,469)
Capital return/(loss) per share (note c)	**6.9p**	(10.5)p
Weighted average number of shares in issue during the year	**24,879,997**	23,435,160

Notes:

a) Total return per share is total return after taxation divided by the weighted average number of shares in issue during the year.

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

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

9 Investments held at fair value through profit or loss

	2010 £'000	2009 £'000
Quoted investments	**1,221**	1,077
Unquoted investments	**20,927**	17,674
	22,148	18,751

	Quoted £'000	Unquoted £'000	Total £'000
Book cost as at 1 March 2009	1,600	22,317	23,917
Investment holding losses	(523)	(4,643)	(5,166)
Valuation at 1 March 2009	1,077	17,674	18,751
Movements in the year:			
Purchases at cost	—	2,980	2,980
Disposal proceeds	—	(1,228)	(1,228)
Realised losses	—	(4,843)	(4,843)
Investment holding gains	144	6,344	6,488
Valuation at 28 February 2010	**1,221**	**20,927**	**22,148**
Book cost at 28 February 2010	1,600	19,226	20,826
Investment holding (losses)/gains	(379)	1,701	1,322
Valuation at 28 February 2010	**1,221**	**20,927**	**22,148**

Notes to the Accounts continued

for the year ended 28 February 2010

10 Debtors

	2010 £'000	2009 £'000
Amounts receivable in less than one year:		
Deferred consideration	**985**	1,173
Prepayments	**183**	6
Accrued income	**167**	174
Other debtors	**160**	477
	1,495	1,830
Amounts receivable in more than one year		
Accrued income	**760**	251
	760	251
	2,255	2,081

11 Creditors: amounts falling due within one year

	2010 £'000	2009 £'000
Trade creditors	**181**	58
Accruals	**66**	51
Fundraising amounts received still to be allotted	**860**	—
Amounts owed to Foresight 3 VCT plc		
– as a result of the linked fundraising	**190**	—
Other creditors	**384**	—
	1,681	109

12 Called-up share capital

	2010 £'000	2009 £'000
Allotted, called-up and fully paid:		
26,970,770 Ordinary Shares of 1p each (2009: 23,432,966 Ordinary Shares of 1p each)	**270**	234

During the year the Company issued 4,307,898 Ordinary Shares (2009: 1,080,144) raising gross proceeds of £4.4 million (2009: £1.2 million). Where appropriate these funds will be used to make follow-on investments in existing portfolio companies as well as making investments in new investment opportunities. Additionally, 770,094 shares (2009: 402,282) were purchased for cancellation at a cost of £627,000 (2009: £323,000).

	2010 Ordinary Shares No.	2009 Ordinary Shares No.
At 1 March	**23,432,966**	22,755,104
Allotments	**4,307,898**	1,080,144
Repurchase of own shares	**(770,094)**	(402,282)
At 28 February	**26,970,770**	23,432,966

13 Net asset value per ordinary share

Net asset value per Ordinary Share is based on net assets at the year end of £26,713,000 (2009: £22,551,000) and on 26,970,770 (2009: 23,432,966) Ordinary Shares, being the number of Ordinary Shares in issue at that date.

Notes to the Accounts continued

for the year ended 28 February 2010

14 Performance-related incentive

Foresight Group will receive a performance-related incentive subject to achieving certain defined targets under a carried interest agreement dated 30 April 2004 ('the First Carried Interest Agreement') and a carried interest agreement dated 23 November 2005 ('the Second Carried Interest Agreement').

As part of the First Carried Interest Agreement and following the 3 for 1 share consolidation, Foresight Group has been granted an option to subscribe for 2,109,574 Ordinary Shares at par if the Return per Ordinary Share then in issue is not less than 270p prior to 1 August 2011 or 360p thereafter. Return for these purposes is the aggregate amount of all distributions (whether in cash or otherwise) paid or declared by the Company pro rata to all holders of Ordinary Shares from time to time since incorporation plus the net asset value per Ordinary Share. Return per Ordinary Share at 28 February 2010 was 181.3p (2009: 173.5p).

The Second Carried Interest Agreement provides that in relation to funds raised under the offer for subscription dated 2 September 2005 ('the offer'), Foresight Group will be granted an option in respect of the Company ('the Option') to subscribe at par for a number of Shares in the Company which, after issue, would represent 16.67% of the Share Capital of the Company issued pursuant to the Offer (and remaining in issue) plus the Shares to be issued pursuant to the Option. The Option will be conditional on the achievement of the following hurdle for the Company:

- a Return of not less than 60p per Share in the Company before the seventh anniversary of the close of the Offer; or
- a Return of not less than 90p per Share in the Company after the seventh anniversary of the close of the Offer and before the End Date.

For these purposes the "End Date' is the earlier of any resolution of the shareholders of the Company for the winding up or unitisation of the Company or the twelfth anniversary of the close of the Offer, 'Return' means cumulative dividends paid by the Company per Share following close of the Offer plus the increase in the Net Asset Value per Share of the Company above the Net Average Subscription Price. The 'Net Average Subscription Price' means the net proceeds of this Offer in respect of the Company divided by the number of New Shares issued by that Company. The net average subscription price of the offer was 101.3p per share. The net asset value per share at 28 February 2010 was 99.0p per share. Following the close of the offer, cumulative dividends totalling 17.5p per share have been paid to shareholders.

At 28 February 2010 cumulative dividends paid and proposed since launch (including the related tax credits where applicable) amounted to 82.3p per ordinary share.

15 Capital commitments and contingent liabilities

The Company had no capital commitments and contingent liabilities at 28 February 2010 (2009: £nil).

16 Financial instrument risk management

The Company's financial instruments comprise:

- Equity shares, debt securities and fixed interest securities that are held in accordance with the Company's investment objective as set out in the Directors' Report.
- Cash, liquid resources and short-term debtors and creditors that arise directly from the Company's operations.

Classification of financial instruments

The Company held the following categories of financial instruments, all of which are included in the balance sheet at fair value, at 28 February 2010:

	2010 (Fair value) £'000	2009 (Fair value) £'000
Assets at fair value through profit and loss		
Investment portfolio	**22,148**	18,751
Current asset investments (money market funds)	**1,940**	1,649
Cash at bank	**2,051**	179
	26,139	20,579
Receivables		
Deferred consideration	**985**	1,173
Prepayments and other debtors	**1,270**	908
	2,255	2,081
Liabilities at amortised cost or equivalent		
Creditors	**(1,681)**	(109)
	26,713	22,551

Loans to investee companies are treated as fair value through profit and loss and are included in investment portfolio.

Notes to the Accounts continued

for the year ended 28 February 2010

16 Financial instrument risk management (continued)

The investment portfolio principally consists of AIM quoted, unquoted investments and qualifying loan stock valued at fair value. AIM quoted investments are valued at bid price. Current asset investments are money market funds, discussed under credit risk management below.

The investment portfolio has a high concentration of risk towards small UK-based companies, the majority being unquoted sterling denominated equity and loan stock holdings (78.3% of net assets) or quoted on the sterling denominated UK AIM market (4.6% of net assets).

An analysis of the maturity of the assets of the Company above, where this is relevant, is provided on the next page. These are assets subject to interest rate risk. There are no liabilities of significance to these accounts that mature beyond one month from the balance sheet date.

The Company has not entered into any derivative transactions. The main risks arising from the Company's financial instruments are principally interest rate risk, credit risk and market price risk. The Board regularly reviews and agrees policies for managing each of these risks and they are summarised below.

The Company has not entered into any derivative transactions.

Detailed below is a summary of the financial risks to which the Company is exposed.

Interest rate risk

The Company's fixed interest securities, and net revenue may be affected by interest rate movements which may also impact fair value. Investments are often in early stage businesses, which are relatively high risk investments sensitive to interest rate fluctuations. Due to the short time to maturity of some of the Company's fixed rate investments, it may not be possible to re-invest in assets which provide the same rates as those currently held. The Company's maximum exposure to interest rate risk was £13,311,000 at 28 February 2010 (28 February 2009: £10,919,000).

	Total portfolio		**Weighted average interest rate**		**Weighted average time for which rate is fixed**	
	28 February 2010 £'000	28 February 2009 £'000	**28 February 2010 %**	28 February 2009 %	**28 February 2010 Days**	28 February 2009 Days
Short-term fixed interest securities — exposed to fair value interest rate risk	**1,940**	1,649	**0.5**	1.9	**—**	—
Qualifying loan stock — exposed to fair value interest rate risk	**6,615**	5,081	**10.0**	9.3	**1,169**	1,319
Qualifying loan stock — exposed to cash flow interest rate risk	**4,169**	4,189	**4.4**	4.4	**—**	—
Non-qualifying loan stock — exposed to fair value interest rate risk	**257**	—	**12.7**	—	**—**	—
Non-qualifying loan stock — exposed to cash flow interest rate risk	**330**	—	**2.5**	—	**—**	—
Total exposed to interest rate risk	**13,311**	10,919				
Qualifying loan stock — not exposed to interest rate risk	**—**	178	**—**	—	**—**	31
Total	**13,311**	11,097				
Other assets and liabilities						
Cash	**2,051**	179	**—**	—	**—**	—
Debtors	**2,255**	2,081	**—**	—	**—**	—
Creditors	**(1,681)**	(109)	**—**	—	**—**	—
Total	**15,936**	13,248				

Notes to the Accounts continued

for the year ended 28 February 2010

16 Financial instrument risk management (continued)

	Total portfolio		Weighted average interest rate	
	28 February 2010	28 February 2009	**28 February 2010**	28 February 2009
Maturity analysis:	**£'000**	£'000	**%**	%
— in one year or less	**2,197**	1,827	**1.9**	1.7
— in more than one year but no more than two years	**1,815**	—	**4.9**	—
— in more than two years but no more than three years	**3,078**	1,815	**6.9**	5.1
— in more than three years but no more than four years	**3,828**	3,534	**7.9**	7.8
— in more than four years but no more than five years	**2,393**	3,921	**10.2**	7.4
Total	**13,311**	11,097		

During the course of the year the Company also held cash balances. The benchmark rate, which determines the interest payments received on cash and loan balances held, is the bank base rate which was 0.5% at 28 February 2010 (1.0% at 28 February 2009).

Credit risk

Credit risk is the failure by counterparties to deliver securities which the Company has paid for, or the failure by counterparties to pay for securities which the Company has delivered. The Company has exposure to credit risk in respect of the loan stock investments it has made into investee companies, most of which have no security attached to them, and where they do, such security ranks beneath any bank debt that an investee company may owe. The Board manages credit risk in respect of the current asset investments and cash by ensuring a spread of such investments in separate money market funds such that none exceed 15% of the Company's total investment assets. These money market funds are all triple A rated funds, and so credit risk is considered to be low. The maximum exposure to credit risk at 28 February 2010 was £17,617,000 (28 February 2009: £13,357,000) based on cash, money market funds and other receivables (amounts due on investments, dividends and interest). The majority of the Company's assets are held in its own name in certificated form and therefore custodian default risk is negligible. Several small AIM holdings held by a third party custodian in CREST are ring fenced from the assets of the custodian or other client companies.

An analysis of the Company's assets exposed to credit risk is provided in the table below:

	2010	2009
	£'000	£'000
Loan stocks	**11,371**	9,448
Current asset investments (money market funds)	**1,940**	1,649
Deferred consideration	**985**	1,173
Prepayments and other debtors	**1,270**	908
Cash at bank	**2,051**	179
Total	**17,617**	13,357

Market price risk

Market price risk arises from uncertainty about the future prices of financial instruments held in accordance with the Company's investment objectives. It represents the potential loss that the Company might suffer through holding market positions in the face of market movements. The Board manages market price risk through the application of venture capital techniques and investment structuring delegated to its manager, Foresight Group.

The investments in equity and fixed interest stocks of unquoted and AIM listed companies that the Company holds are thinly traded and as such the prices are more volatile than those of more widely traded securities. In addition, the ability of the Company to realise the investments at their carrying value may at times not be possible if there are no willing purchasers. The ability of the Company to purchase or sell investments is also constrained by the requirements set down for Venture Capital Trusts. The potential maximum exposure to market price risk is the value of the investment portfolio as at 28 February 2010: £22,147,559 (28 February 2009: £18,750,967).

Currency Risk

All assets and liabilities are denominated in sterling and therefore there is no direct currency risk. The Company's direct maximum exposure to currency risk is, therefore, £nil (2009: £nil).

Notes to the Accounts continued

for the year ended 28 February 2010

16 Financial instrument risk management (continued)

Sensitivity analysis

Equity price sensitivity

The Board believes that the Company's assets are mainly exposed to equity price risk, as the Company holds most of its assets in the form of sterling denominated investments in small companies.

Although part of these assets are quoted on AIM, the majority of these assets are unquoted. All of the investments made by the Investment Manager in unquoted companies, irrespective of the instruments the Company actually holds, (whether shares or loan stock) carry a full equity risk, even though some of the loan stocks may be secured on assets (as they will be behind any prior ranking bank debt in the investee company).

The Board considers that even the loan stocks are "quasi-equity" in nature, as the value of the loan stocks is determined by reference to the enterprise value of the investee company, such value is considered to be sensitive to changes in quoted share prices, in so far as such changes eventually affect the enterprise value of unquoted companies. The table below shows the impact on profit and net assets if there were to be a 15% (2009: 15%) movement in overall share prices, which might in part be caused by changes in interest rate levels, but it is not considered possible to evaluate separately the impact of changes in interest rates upon the value of the Company's portfolios of investments in small, unquoted companies.

The sensitivity analysis below assumes that each of these sub categories of investments (shares and loan stocks) held by the Company produces an overall movement of 15%, and that the actual portfolio of investments held by the Company is perfectly correlated to this overall movement in share prices. However, shareholders should note that this level of correlation is unlikely to be the case in reality.

	2010 £'000 Return and net assets	2009 £'000 Return and net assets
If overall share prices fell by 15% (2009: 15%), with all other variables held constant — decrease	**(3,322)**	(2,813)
Decrease in earnings, and net asset value, per Ordinary Share (in pence)	**(12.32)p**	(12.00)p

	2010 £'000 Return and net assets	2009 £'000 Return and net assets
If overall share prices increase by 15% (2009: 15%), with all other variables held constant — increase	**3,322**	2,813
Increase in earnings, and net asset value, per Ordinary Share (in pence)	**12.32p**	12.00p

The impact of a change of 15% has been selected as this is considered reasonable given the current level of volatility observed both on a historical basis and market expectations for future movement. The range in equity prices is considered reasonable given the historic changes that have been observed.

Notes to the Accounts continued
for the year ended 28 February 2010

16 Financial instrument risk management (continued)

Interest rate sensitivity

Although the Company holds investments in loan stocks that pay interest, the Board does not believe that the value of these instruments are interest rate sensitive. This is because the Board does not consider that the impact of interest rate changes materially affects the value of the portfolio in isolation, other than the consequent impact that interest rate changes have upon movements in share prices, discussed under equity price risk above. However, as the Company has 49.8% of its net assets in loan stocks and money market funds, the table below shows the sensitivity of income earned to changes in interest rates.

	2010 £'000 Profit and net assets	2009 £'000 Profit and net assets
If interest rates were 1% lower, with all other variables held constant — decrease	**(45)**	(42)
Decrease in earnings, and net asset value, per Ordinary Share (in pence)	**(0.17)p**	(0.18)p
If interest rates were 1% higher, with all other variables held constant — increase	**45**	42
Increase in earnings, and net asset value, per Ordinary Share (in pence)	**0.17p**	0.18p

The impact of a change of 1% has been selected as this is considered reasonable, given the current level of the Bank of England base rates and market expectations for future movement.

Fair value hierarchy

In accordance with amendments to FRS 29, the following table shows financial instruments recognised at fair value, analysed between those whose fair value is based on:

As at 28 February 2010

	Level 1 £'000	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Quoted investments	**1,221**	**—**	**—**	**1,221**
Unquoted investments	**—**	**—**	**20,927**	**20,927**
Current asset investments (money market funds)	**1,940**	**—**	**—**	**1,940**
Financial assets	**3,161**	**—**	**20,927**	**24,088**

Comparative information has not been presented as permitted by the transitional provisions of the amendment to FRS 29.

The Company primarily invests in private equity via unquoted equity and loan securities. The Group's investment portfolio is recognised in the balance sheet at fair value, in accordance with IPEVC Valuation Guidelines.

Year to 28 February 2010

	Level 3 £'000
Valuation brought forward at 1 March 2009	**17,674**
Purchases	**2,980**
Disposal proceeds	**(1,228)**
Realised losses	**(4,843)**
Investment holding gains	**6,344**
Valuation carried forward at 28 February 2010	**20,927**

Transfers

During the year there were no transfers between levels 1, 2 or 3.

Notes to the Accounts continued

for the year ended 28 February 2010

17 Management of capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern,so that it can continue to provide returns for shareholders and to provide an adequate return to shareholders by allocating its capital to assets commensurately with the level of risk. The Company's capital is comprised of quoted and unquoted investments, cash and near cash as well as current assets.

By its nature the Company has an amount of capital (net assets of £26,713,000), at least 70% (as measured under the tax legislation) of which is and must be, and remain, invested in the relatively high risk asset class of small UK companies within three years of that capital being subscribed. The Company accordingly has limited scope to manage its capital structure in the light of changes in economic conditions and the risk characteristics of the underlying assets. Subject to this overall constraint upon changing the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets if so required to maintain a level of liquidity to remain a going concern.

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

18 Post-balance sheet event

The Company's linked offer for subscription with Foresight 3 VCT plc closed on 4 May 2010. Between 1 March 2010 and 4 May 2010, 5,348,100 Ordinary Shares were issued at prices ranging between 100.0p per share and 101.0p per share.

19 Related party transactions

With the exception of Bernard Fairman, no Director has an interest in any contract to which the Company is a party. Bernard Fairman is chairman of Foresight Group, which acts as investment manager to the Company in respect of its venture capital investments and earned fees of £621,961 during the year (2009: £615,743).

Foresight Fund Managers Limited is the Secretary of the Company and receives annual fees, paid quarterly in advance, for the services provided of £69,579 (2009: £70,843). The annual secretarial fee (which is payable together with any applicable VAT) is adjusted annually in line with the UK Retail Prices Index.

Foresight Group are responsible for external costs such as legal and accounting fees, incurred on transactions that do not proceed to completion ('abort expenses'). In line with common practice, Foresight Group retain the right to charge arrangement and syndication fees and Directors' or monitoring fees ('deal fees') to companies in which the Company invests.

Foresight Group is also a party to the performance incentive agreement described in note 14.

Shareholder Information

Dividends

Interim dividends are ordinarily paid to shareholders in December. 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 (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 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.

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, under the signature of the registered holder.

Trading shares

The Company's Ordinary 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 markets maker for Foresight 4 VCT plc is Singer Capital Markets.

Investment in VCTs should be seen as a long-term investment and shareholders selling their shares within five years of original purchase (three years pre-6 April 2006) 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

October 2010	Announcement of interim results for the six months to 31 August 2010
May 2011	Announcement of annual results for the year ended 28 February 2011
June 2011	Posting of the Annual Report for the year ended 28 February 2011
July 2011	Annual General Meeting

Open invitation to meet the Investment Manager

As part of our investor communications policy, shareholders can arrange a mutually convenient time to come and meet the Company's investment management team at Foresight Group. If you are interested, please call Foresight Group (see details below).

Enquiries

Contact:	Please contact Foresight Group, for any queries regarding Foresight 4 VCT plc
Telephone:	01732 471800
Fax:	01732 471810
e-mail:	info@foresightgroup.eu
website:	www.foresightgroup.eu

Foresight 4 VCT plc is managed by Foresight Group which is authorised and regulated by the Financial Services Authority. 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.

Notice of Annual General Meeting

Notice is hereby given that the tenth Annual General Meeting of Foresight 4 VCT plc ("the Company") will be held on 14 July 2010 at 12.00 pm at 35 New Bridge Street, London EC4V 6BW for the purposes of considering and, if thought fit, passing the following resolutions of which resolutions 1 to 6 will be proposed as ordinary resolutions and resolutions 7 to 10 will be proposed as special resolutions.

Ordinary Business

1. To receive the Report and Accounts for the year ended 28 February 2010.
2. To approve the Directors' Remuneration Report.
3. To re-elect Peter Dicks as a Director.
4. To re-elect Roger Brooke as a Director.
5. To re-elect Philip Stephens as a Director.
6. To reappoint Ernst & Young LLP as auditors and to authorise the Directors to fix the auditors' remuneration.

Special Business

Resolution 7 That the Directors be and they are generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company ("Rights") up to an aggregate nominal amount of £125,000 provided that this authority shall expire on the fifth anniversary of the date of passing of this resolution, save that the Company shall be entitled to make offers or agreements before the expiry of such authority which would or might require shares to be allotted or Rights to be granted after such expiry and the Directors shall be entitled to allot shares and grant Rights pursuant to any such offer or agreement as if this authority had not expired; and all unexercised authorities previously granted to the Directors to allot shares and grant Rights be and are hereby revoked.

Resolution 8 That, in substitution for existing authorities, the Directors be and they are empowered pursuant to section 570 and section 573 of the Companies Act 2006 to allot equity securities (within the meaning of section 560 of that Act) for cash either pursuant to the authority conferred by Resolution 7 above or by way of a sale of treasury shares as if section 561(1) of that Act did not apply to any such allotment, provided that this power shall be limited to:

(a) the allotment of equity securities with an aggregate nominal amount of up to but not exceeding an amount equal to 10% of the issued share capital of the Company on the date this resolution is passed where the proceeds of the allotment are to be used in whole or in part to purchase shares in the capital of the Company; and

(b) the allotment (otherwise than pursuant to sub-paragraph (a) of this resolution) to any person or persons of equity securities up to an aggregate nominal amount not exceeding an amount equal to 5% of the issued share capital of the Company on the date this resolution is passed

and shall expire on the conclusion of the Annual General Meeting of the Company to be held in the year 2011, save that the Company shall be entitled to make offers or agreements before the expiry of such power which would or might require equity securities to be allotted after such expiry and the Directors shall be entitled to allot equity securities pursuant to any such offer or agreements as if the power conferred hereby had not expired.

Resolution 9 The Company, in substitution for existing authorities, be empowered to make market purchases (within the meaning of Section 693(4) of the Companies Act 2006) of its own shares provided that:

(i) the aggregate number of shares to be purchased shall not exceed 4,042,918;

(ii) the minimum price which may be paid for a shares is 1 pence;

(iii) the maximum price which may be paid for shares is the higher of (1) an amount equal to 105% of the average of the middle market quotation for shares taken from the London Stock Exchange daily official list for the five business days immediately preceding the day on which the shares are purchased, and (2) the amount stipulated by Article 5(1) of the BuyBack and Stabilisation Regulation 2003;

(iv) the authority conferred by this resolution shall expire on the conclusion of the Annual General Meeting of the Company to be held in the year 2011 unless such authority is renewed prior to such time; and

(v) the Company may make a contract to purchase shares under the authority conferred by this resolution prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of shares pursuant to such contract.

Resolution 10 That the amount standing to the credit of the share premium account of the Company, at the date an order is made confirming such cancellation by the court, be and hereby is cancelled.

By order of the Board

Foresight Fund Managers Ltd
Company Secretary

18 June 2010

ECA Court
South Park
Sevenoaks
Kent
TN13 1DU

Notice of Annual General Meeting

Notes:

1. No Director has a service contract with the Company. Directors' appointment letters with the Company will be available for inspection at the meeting.
2. 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 12 July 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.
3. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak 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 which is enclosed. 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.
4. 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 Computershare Investor Services PLC on 0870 703 6385. 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. All forms must be signed and returned together in the same envelope.
5. A reply-paid form of proxy is enclosed with this document. To be valid, it should be lodged with the Company's registrar, Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, so as to be received not later than 12.00 pm on 12 July 2010 or 48 hours before the time appointed for any adjourned meeting or, in the case of a poll taken subsequently 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 (in each case, excluding weekends and bank holidays).
6. As at 18 June 2010 (being the last business day prior to the publication of this notice), the Company's issued share capital was 32,318,870 shares, carrying one vote each. Therefore, the total voting rights in the Company as at 18 June 2010 was 32,318,870.
7. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 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.
8. The statement of the rights of members in relation to the appointment of proxies in paragraphs 3 to 5 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by members of the Company.
9. 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.
10. The Register of Directors' Interests will be available for inspection at the meeting.
11. Information regarding the meeting, including the information required by section 311A of the Companies Act 2006, is available from www.foresightgroup.eu.
12. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If you either select the "Discretionary" option or if no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.
13. A form of proxy and reply paid envelope is enclosed. To be valid, it should be lodged with the Company's Registrar, Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol BS99 6ZY or the proxy must be registered electronically at **www.eproxyappointment.com**, in each case, so as to be received no later than 48 hours before the time appointed for holding the meeting or any adjourned meeting. To vote electronically, you will be asked to provide your Control Number, Shareholder Reference Number and PIN which are detailed on your proxy form. This is the only acceptable means by which proxy instructions may be submitted electronically.
14. Under section 319A of the Companies Act 2006, the Company must answer any question you ask relating to the business being dealt with at the meeting unless answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information or the answer has already been given on a website in the form of an answer to a question or it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
15. Pursuant to Chapter 5 of Part 16 of the Companies Act 2006 (sections 527 to 531), where requested by a members or members meeting the qualification criteria the Company must publish on its website, a statement setting out any matter that such members propose to raise at the meeting relating to 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 meeting. Where the Company is required to publish such a statement on its website it may not require the members making the request to pay any expenses incurred by the Company in complying with the request, it must forward the statement to the Company's auditors no later than the time the statement is made available on the Company's website and the statement may be dealt with as part of the business of the Meeting.
16. Information regarding the meeting is also available from the Company's website.

Foresight VCT plc
ECA Court
South Park
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Kent
TN13 1DU

Corporate Information

Directors
Peter Dicks (Chairman)
Roger Brooke
Bernard Fairman (resigned 18 June 2010)
Philip Stephens

Company Secretary
Foresight Fund Managers Limited
ECA Court
South Park
Sevenoaks
TN13 1DU

Registered Office and Investment Advisers
Foresight Group
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Auditors and Tax Advisers
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Solicitors and VCT Status Advisers
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