



Foresight
group

FORESIGHT 4 VCT plc

**UNAUDITED HALF-YEARLY
FINANCIAL REPORT**

30 SEPTEMBER 2018

Shareholder Information

Foresight 4 VCT plc is a generalist fund aiming to provide investors with attractive returns from a portfolio of investments in fast growing, unquoted UK companies.

Foresight Group is always keen to hear from investors. If you have any feedback about the service you receive or any queries relating to Foresight 4 VCT plc, please contact the Investor Relations team:

020 3667 8159

**InvestorRelations@
foresightgroup.eu
www.foresightgroup.eu**

As part of our investor communications policy, shareholders can arrange a mutually convenient time to come and meet the investment management team at Foresight Group. Please contact us if you are interested.

We respect your privacy and are committed to protecting your personal data. If you would like to find out more about the measures we take in processing your personal information, please refer to our privacy policy, which can be found at <http://www.foresightgroup.eu/privacy-cookies/>



KEY DATES

Annual Results to 31 March 2019	July 2019
Annual General Meeting	August/September 2019
Interim Results to 30 September 2019	November 2019

DIVIDENDS

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 contacting the Company's registrar, Computershare Investor Services plc.

WWW.INVESTORCENTRE.CO.UK

Investors can manage their shareholding online using Investor Centre, Computershare's secure website. Shareholders just require their Shareholder Reference Number (SRN), which can be found on any communications previously received from Computershare, to access the following:

[Holding Enquiry Balances](#) | [Values History](#) | [Payments](#) | [Reinvestments](#)

[Payments Enquiry Dividends](#) | [Other payment types](#)

[Address Change](#) Change registered address to which all communications are sent

[Bank Details Update](#) Choose to receive dividend payments directly into your bank account instead of by cheque

[Outstanding Payments](#) Reissue payments using our online replacement service

[Downloadable Forms](#) Dividend mandates | [Stock transfer](#) | [Dividend reinvestment](#) | [Change of address](#)

Alternatively you can contact Computershare by phone on 0370 703 6385

TRADING SHARES

The Company's Shares are listed on the London Stock Exchange. Share price information is available on Foresight's website and can also be obtained from many financial websites.

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

You can contact Panmure Gordon by phone on 020 7886 2500

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

Please contact Foresight Group if you or your adviser have any questions about this process.

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Financial Highlights

Total Net Assets
as at 30 September 2018

£101.6m

Net Asset Value per Ordinary Share
as at 30 September 2018

70.7p

Dividend per Ordinary Share
declared in period to 30 September 2018

4.0p

- Diversified portfolio of 21 actively managed companies.
- Net Asset Value per Share increased by 1.1p to 70.7p as at 30 September 2018. The portfolio has seen an uplift in valuation of £1.8 million over the period.
- The Company completed five new investments, totalling £3.5 million and exited one investment, realising £1.3 million.
- One follow-on investment of £0.5 million was made during the period.
- A total of £29 million was raised under the offer for subscription that closed on 18 May 2018. £14.7 million has been raised during the period under the new offer which launched on 14 June 2018.
- The Tender Offer, which launched on 16 July 2018, was fully subscribed and 7,788,768 Shares were bought back for £5 million.

- A further £7.3 million raised through the issue of Shares post period end, bringing the total raised under the current offer to £22 million.
- On 19 October 2018, an interim dividend of 4.0p per Share was paid based on an ex-dividend date of 4 October 2018 and a record date 5 October 2018.

KEY METRICS

	30 September 2018	31 March 2018
Total net assets	£101.6m	£77.9m
Net asset value per share	70.7p	69.6p
Share price	62.3p	61.8p
Dividends paid in the period	—	4.0p
Dividend yield %	—	6.5%
Ordinary Shares in issue	143,783,031	112,052,405

	30 September 2018	31 March 2018
Discount to NAV	11.9%	11.2%
Average discount on buybacks	7.8%	8.3%
Shares bought back during the period under review	8,677,953	10,716,701
Increase/(decrease) in net asset value total return during the period	1.6%	(5.3%)
Ongoing charges ratio	2.4%	2.8%

Chairman's Statement



Raymond Abbott
Chairman of
Foresight 4 VCT plc

I am pleased to present the Unaudited Half-Yearly Financial Report for Foresight 4 VCT plc for the period ended 30 September 2018.

DIVIDENDS

In line with the Board's objective on dividend payments, an interim dividend of 4.0p per Share was declared on 16 August based on an ex-dividend date of 4 October 2018 and a record date of 5 October 2018. The dividend was subsequently paid on 19 October 2018.

TOP-UP SHARE ISSUES AND SHARE BUY-BACKS

On 16 July 2018, a Tender Offer of up to £5 million was launched, providing investors with an opportunity to sell their Shares back to the Company at a discount to NAV of 7.5%. This took place on 17 September and 7,788,768 Shares were repurchased at 64.20p per Share.

Other Share buybacks took place on 7 August 2018 (500,000 Shares at 62.50p per Share), 26 September 2018 (180,000 Shares at 62.25p per Share) and 28 September 2018 (209,185 Shares at 62.25p per Share), all of which have enabled the Company to achieve its target discount to NAV.

Over the next twelve months the Board will look to reduce the discount to NAV from 10% to 7.5%.

FUNDRAISING

The offer for subscription dated 19 May 2017, which raised £29 million, closed on 18 May 2018.

The Company is currently seeking to raise up to £50 million (with a £30m over-allotment facility) through the current offer for subscription dated 14 June 2018, which will close on 30 April 2019. This provides existing Shareholders and new investors

with the opportunity to invest in the Company and benefit from the tax reliefs available to qualifying investors. As at 29 November 2018, £22 million had been raised. Funds raised under both of these offers have allowed the Company to take advantage of attractive investment opportunities and to increase portfolio diversification in line with the ongoing strategy of the Company. The new offer will result in further opportunities for the Company. Full details of the new offer can be found in the Prospectus issued by the Company on 14 June 2018, which is also available on Foresight Group's website.

PERFORMANCE AND PORTFOLIO ACTIVITY

During the period, the net asset value per Share increased by 1.6% to 70.7p from 69.6p.

At the end of the period the Company held 21 investments in UK based businesses across a wide range of sectors. The performance of the portfolio has been steady during the period, with an increase of £1.8 million in value. Positive progress made by companies including Datapath, Specac and FFX has been offset by lower valuations for CoGen and Biofortuna, as detailed in the Manager's Review and the Top Ten Investment sections of this report.

[Read more on page 6](#)

Five new investments were completed during the period under review amounting to £3.5 million. Namely, Luminet Networks (a provider of fixed wireless access across central London), Mologic (a health diagnostics company based in Bedford), The Naked Deli (a Newcastle-based group of 'clean-eating' restaurants), Codeplay (a software developer specialising in Artificial Intelligence) and

Chairman's Statement

Accrosoft (a software company providing Applicant Tracking Systems and communication software for schools). One follow-on investment of £0.5 million was made in molecular diagnostics business Biofortuna. Foresight Group continues to see a strong pipeline of potential investments sourced through its regional networks and well-developed relationships with advisors and the SME community. Following the successful fundraise launched in May 2017, the Company is in a position to fully exploit these attractive investment opportunities.

In the period to 30 September 2018, one realisation took place, generating total proceeds of £1.3 million.

SHAREHOLDER COMMUNICATION

As part of its ongoing commitment to high quality investor relations, the Board encourages you to attend one of the popular Investor Forums hosted by Foresight Group. In addition to the annual event in London, Foresight Group has started to hold a series of regional Investor Forums around the country. Details of regional events will be sent to Shareholders resident in the locality as and when they are organised.

OUTLOOK

The Board believes that the Company now has the platform from which Foresight Group can build improving performance driving Net Asset Value growth.

Facilitated by the liquidity provided by the issue of new shares, the Company will be able to capitalise on the strong pipeline of attractive investment opportunities that Foresight Group continues to see in smaller, growth businesses across the UK.

Raymond Abbott
Chairman
30 November 2018



“ During the period, the portfolio saw an uplift in valuation of £1.8 million

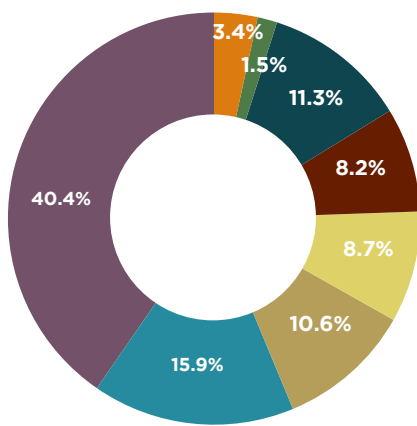
Manager's Review

Portfolio Summary

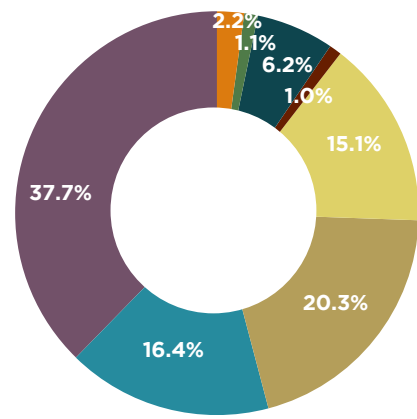
As at 30 September 2018 the Company's portfolio comprised 21 actively managed investments with a total cost of £48.5 million and a valuation of £68.6 million. The portfolio is diversified by sector, transaction type and maturity profile. Details of the ten largest investments by valuation, including an update on their performance, are provided on page 10.

PORTFOLIO DIVERSIFICATION

Sector by Cost



Sector by Valuation



- | | | | |
|--|-------------------|-------------------------------|-------------------------|
| Technology, Media and Telecommunications | Business Services | Industrials and Manufacturing | Consumer and Leisure |
| Environmental | Healthcare | Software | Special Purpose Vehicle |

NEW INVESTMENTS AND FOLLOW-ON FUNDING

It has been a busy period for investment activity, with the Company committing a total of £4 million to five new investments and one follow-on funding round since the beginning of April. Further details of the new investments are provided below.



The Company made a £600,000 development capital investment into Luminet, an award-winning provider of commercial wireless broadband solutions. Founded in 2005, Luminet has grown its client base to more than 550. The new Chairman introduced by Foresight Group has been helping to clarify Luminet's strategy and has been introducing some potentially significant partners from his network, developed as a long standing senior manager at BT.



The Company invested £1,059,000 in Bedford-based Mologic as part of a £4,000,000 growth capital investment round. Mologic provides contract research and manufacturing services and is developing a promising portfolio of proprietary products, including diagnostics for infectious diseases, respiratory disease exacerbations and sepsis. Since the investment in April, Mologic has been building its team and continuing to work with the Bill & Melinda Gates Foundation to develop rapid diagnostic test technology.



In May 2018, the Company completed a £750,000 growth capital investment in The Naked Deli, a Newcastle-based group of 'clean eating' restaurants offering eat-in casual dining and grab-and-go options. Established in 2014, The Naked Deli serves a tasty range of healthy gluten and dairy-free, vegan and paleo dishes. Since investment, the pipeline of new potential sites has been extended and in July 2018 the company's fourth outlet was opened, at Newcastle Airport.



In July the Company invested £300,000 in Edinburgh-based Codeplay, a software developer specialising in Artificial Intelligence. Building on its proven expertise in the fields of games and mobile phones, Codeplay has developed a new technology which supports the deployment of Artificial Intelligence applications into mass produced devices, with an initial focus on the automotive sector and, specifically, Advanced Driver Assistance Systems ("ADAS") and autonomous vehicles.



In August, the Company invested £750,000 in Accrosoft, which provides Software as a Service ("SaaS") products targeted at the recruitment and education sectors. Based in Loughborough, Accrosoft was founded in 2008 by experienced SaaS entrepreneurs Alex Khakbiz and Mitesh Chauhan. The business will use the investment to drive continued growth across both sectors. Foresight Group has introduced Tim Duffy, founder of Meeting Zone and ex-Chairman of Esendex, as Chairman to support this.

PIPELINE

Foresight Group continues to see a strong pipeline of potential investments. Opportunities are originated by a growing investment team of 24 experienced professionals, operating from five offices in the UK. In the year to September, over 1,400 business plans were reviewed, allowing Foresight Group to select only the highest quality prospects for the Company. The team's origination strategy is focused on building relationships with advisors and professional service firms at a national and local level, attending and organising networking events, as well as approaching businesses directly.

Foresight Group is one of the most active private equity investors in its preferred market, focusing on SMEs in all sectors across the UK, seeking funding of

£1-5 million. 2018 has been the team's busiest year to date, completing investments across a number of funds under management. The significant number of transactions completed each year supports Foresight Group's reputation in the market and helps the team deliver proprietary, off-market deals, through a proactive and structured approach.

At 30 September 2018, the Company had cash in hand of £20.7 million. This, together with proceeds from the current fundraising which closes in April 2019, will be used to fund new and follow-on investments, buybacks and running expenses. The Company remains well positioned to continue pursuing the potential investment opportunities in the pipeline.

Manager's Review

EXITS AND REALISATIONS

Foresight Group continues to engage with a range of potential acquirers of several portfolio companies, with demand for these high growth businesses demonstrated by both private equity and trade buyers.



During the period, proceeds of £1,266,727 were generated from the successful sale of facilities

management business Thermotech, which provides customised air conditioning and fire sprinkler systems. The company was acquired by Servest Group, a facilities management group headquartered in South Africa, generating a return of 2.1x. Under the Company's ownership Thermotech was able to expand its high-quality customer base, which includes M&S, John Lewis and Selfridges, and develop further recurring maintenance revenue streams.

DISPOSALS IN THE PERIOD ENDED 30 SEPTEMBER 2018

Company	Detail	Original cost/ take-on value £'000	Proceeds on exit £'000	Gain/(loss) £'000	Valuation at 31 March 2018 £'000
Thermotech Limited	Full disposal	1,000*	2,067**	1,067	1,285
Total		1,000	2,067	1,067	1,285

*£800,000 of loans were repaid in 2016.

**In addition £53,410 of deferred consideration was received in July 2018.

Deferred consideration of £81,224 was also received by the Company from the sale of ICA Limited in May 2018.

KEY PORTFOLIO DEVELOPMENTS

The valuation of the portfolio has shown a total increase of £1.8 million over the period. Material changes in valuation, defined as increasing or decreasing by £0.5 million or more since 31 March 2018, are detailed below. Updates on these companies are included in the Top Ten Investments section on pages 10 to 14, with the exception of CoGen Limited, which has declined in valuation by £1.5m.

CoGen recently completed the sale of one of its development projects but the business still carries significant overheads and continues to operate at a loss. The company is now delivering operations contracts at two plants, which could help generate future improvements in cashflow. However, further support will be required from other shareholders to continue developing the pipeline of new opportunities.

KEY VALUATION CHANGES IN THE PERIOD

Company	Basis of valuation	Valuation change (£)
Datapath Group Limited	Discounted earnings multiple	1,414,418
FFX Group Limited	Discounted earnings multiple	774,409
Specac International Limited	Discounted earnings multiple	581,618
Biofortuna Limited	Discounted revenue multiple	(1,247,144)
CoGen Limited	Discounted cashflow	(1,471,636)

Galinette Limited, increased in value by £797,480 over the period due to proceeds received on the restructuring and sale of Industrial Efficiency II Limited.

OUTLOOK

Foresight Group remains positive about the prospects of the existing portfolio and continues to see encouraging levels of activity from smaller UK companies seeking capital to grow and develop their businesses. Inevitably though, the current lack of certainty around the outcome of ongoing Brexit negotiations remains a preoccupation throughout the UK economy.

At the time of writing, potential acquirers of portfolio companies also continue to be active. Your

investment management team remains focused on targeting companies in markets with sound fundamentals, with attractive growth attributes and strong management teams. Foresight Group is working with the portfolio to plan for various Brexit scenarios and will continue to monitor and adapt to market and regulatory changes to ensure the Company and its portfolio is well-placed to deliver returns to its investors.

Foresight Group CI Limited
30 November 2018

Manager's Review

Top Ten Investments

By value as at 30 September 2018

DATAPATH GROUP LIMITED
www.datapath.co.uk **DERBY**



SECTOR:
TMT



Datapath is a UK manufacturer of PC-based multiscreen computer graphics cards and video capture hardware, specialising in video wall and data wall technology.

30 September 2018 Update

The company has continued to increase revenues and profit, both ahead of prior year and budget, following a strong start to the financial year, which is reflected in the higher valuation. The sales mix, and in particular an increase in software sales, has helped boost the gross margin and the order book remains strong. Sales to Original Equipment Manufacturers are ahead of forecast, performance is also slightly ahead of plan in EMEA but slightly behind the ambitious growth target in Asia. The company continues to develop an exciting range of new products.

Initial investment	September 2007
Original amount invested less repayments (£)*	146,500
Accounting cost (£)**	11,081,243
Investment value (£)	19,543,588
Basis of valuation	Discounted earnings multiple
Equity held (%)	25.9%

*Including the amount of initial investment by Foresight 3 VCT plc ("F3") less repayments to date.

**The accounting cost reflects the valuation of the F3 investment in Datapath at the point it was transferred from F3 to the Company as part of the merger in June 2017.

IXARIS SYSTEMS LIMITED
www.ixaris.com **LONDON**



SECTOR: CONSUMER
& LEISURE



Ixaris operates two divisions, Ixaris Systems a B2B payments platform, and EntroPay, a prepaid electronic payment service integrated with the Visa network. Consumers deposit funds by credit card, cash at payment points or via normal bank transfers.

30 September 2018 Update

The company continues to increase revenues, while a slightly lower EBITDA reflects an investment in building out the team. A new Chief Commercial Officer has joined and recruitment is underway for a new CFO. Revenues from EntroPay have been affected by new regulations issued by Visa that block passive card issuance, limiting the platform to EU users. Progress continues towards building a consumer service with more emphasis on transfers and FX. The cost base for the Ixaris division has been reduced, driving improvements in EBITDA, which are expected to continue. The Ixaris Systems division continues to enjoy rapid growth. The company has c. £10m of free cash.

Initial investment	March 2006
Original amount invested less repayments (£)*	2,047,817
Accounting cost (£)**	3,479,188
Investment value (£)	9,578,045
Basis of valuation	Discounted revenue multiple
Equity held (%)	12.3%

*Including the amount of initial investment by F3 less repayments to date.

**The accounting cost reflects the valuation of the F3 investment in Ixaris at the point it was transferred from F3 to the Company as part of the merger in June 2017.

TFC EUROPE LIMITED
www.tfc.eu.com **EAST SUSSEX**



SECTOR: INDUSTRIALS & MANUFACTURING



TFC Europe is one of Europe's leading technically focused suppliers of fixing and fastening products to customers across a wide range of industries, including aerospace, automotive, oil & gas and mechanical engineering.

30 September 2018 Update

TFC continues to perform well, with EBITDA currently ahead of budget. The company is seeing good year-on-year growth across all but one of its sites. Management are rolling out a new organic growth focused three-year plan, which has been well-received. The team is managing costs carefully until the outcome of the Brexit negotiations, and the implications for customers, become clearer. An increased focus on sales has the potential to drive further improvements in profitability in 2019.

Initial investment	March 2007
Original amount invested less repayments (£)*	281,466
Accounting cost (£)**	2,149,307
Investment value (£)	6,817,558
Basis of valuation	Discounted earnings multiple
Equity held (%)	40.0%

*Including the amount of initial investment by F3 less repayments to date.

**The accounting cost reflects the valuation of the F3 investment in TFC Europe at the point it was transferred from F3 to the Company as part of the merger in June 2017.

SPECAC INTERNATIONAL LIMITED
www.specac.com **KENT**



SECTOR: INDUSTRIALS & MANUFACTURING



Specac International is a leading manufacturer of high specification sample analysis and sample preparation equipment used in testing and research laboratories worldwide.

30 September 2018 Update

Specac has continued to maintain positive trading momentum, with increased sales and marketing activity delivering a strong performance for the first half of the fiscal year, which is reflected in the increased valuation. Order intake is up on last year, driven by greater activity in the US, where the new head of sales has had a positive impact. In other developments, Specac won a Queen's Award for International Trade for outstanding continuous growth in overseas sales over the last six years. Key areas of focus include delivering purchasing and operating efficiencies and carefully managing costs related to headcount growth.

Initial investment	April 2015
Original amount invested less repayments (£)*	1,300,000
Accounting cost (£)**	2,554,761
Investment value (£)	4,313,176
Basis of valuation	Discounted earnings multiple
Equity held (%)	37.9%

*Including the amount of initial investment by F3 less repayments to date.

**The accounting cost of £ reflects the valuation of the F3 investment in Specac International at the point it was transferred from F3 to the Company as part of the merger in June 2017.

Manager's Review

Top Ten Investments continued

PROTEAN SOFTWARE LIMITED
www.proteansoftware.co.uk **COVENTRY**

Protean Software

SECTOR:
TMT



Protean develops and sells field service management software for organisations involved in the supply, installation, maintenance and hire of equipment.

30 September 2018 Update

Protean continues to trade ahead of prior year and budget, enjoying a profitable half year to 30 September. Protean is adding some further technical resource to its Polish development centre, accelerating development of the ServiceSight product. The business continues to progress product development with multi-currency support added and various other modules including time-zone support and mobile payment integration in planning. Protean has switched to a new marketing agency, which is helping drive an improvement in digital marketing conversion. The business has also been buoyed by its largest customer win to date. With a significant demand for installations and increasing pressure on the support team, the business has recruited some additional headcount in this area.

Initial investment	July 2015
Original amount invested less repayments (£)*	1,500,000
Accounting cost (£)**	1,795,229
Investment value (£)	2,969,186
Basis of valuation	Discounted earnings multiple
Equity held (%)	23.8%

*Including the amount of initial investment by F3 less repayments to date.

**The accounting cost reflects the valuation of the F3 investment in Protean Software at the point it was transferred from F3 to the Company as part of the merger in June 2017.

FFX GROUP LIMITED
www.ffx.co.uk **KENT**



SECTOR:
BUSINESS SERVICES



FFX is a multi-channel supplier of high quality hand tools, power tools and accessories, fixings, fasteners and general building products.

30 September 2018 Update

FFX has maintained positive momentum, showing a pleasing increase in revenues (25% year on year) and profits, which supports the uplift in valuation. The website, eBay and wholesale continue to be strong channels. The direct sales division continues to make steady progress with several new customers and is expected to expand further. A new Marketing Manager, with expertise in digital marketing, has joined and is making a positive impact. Operationally the warehouse has coped well with higher volumes and the number of calls to customer services continues to decline. The roll-out of the back-office IT system has been slower than hoped but its completion will be a major milestone for the business and facilitate greater efficiencies. The company was pleased to be awarded Power Tool Supplier of the Year at the On the Tools Awards 2018.

Initial investment	September 2015
Original amount invested less repayments (£)	1,372,002
Accounting cost (£)	1,372,002
Investment value (£)	2,947,423
Basis of valuation	Discounted earnings multiple
Equity held (%)	16.7%

AEROSPACE TOOLING HOLDINGS LIMITED
www.atlturbineservices.co.uk **DUNDEE**



SECTOR:
INDUSTRIALS &
MANUFACTURING



Aerospace Tooling provides specialist inspection, maintenance, repair and overhaul services for components in high-specification aerospace and turbine engines. Its clients include Rolls Royce, Iberia, Siemens, Kawasaki and MTU.

30 September 2018 Update

ATL has made a solid start to its new financial year, continuing the robust performance seen throughout FY18. The company has successfully diversified its revenue mix, which is now equally split between industrial and aerospace customers, with a larger overall number of clients and better forward visibility on the order book. More consistent workloads are driving growth and operational efficiencies. ATL continues to invest in its facilities, including the replacement of an industrial oven which will increase capacity. The company continues to build its relationship with key domestic aerospace customers, two of which are looking to appoint ATL on further component workstreams, which could significantly increase these accounts.

Initial investment	June 2013
Original amount invested less repayments (£)*	200,000
Accounting cost (£)**	415,255
Investment value (£)	2,792,569
Basis of valuation	Discounted earnings multiple
Equity held (%)	28.8%

*Including the amount of initial investment by F3 less repayments to date.

**The accounting cost reflects the valuation of the F3 investment in Aerospace Tooling at the point it was transferred from F3 to the Company as part of the merger in June 2017.

PROCAM TELEVISION HOLDINGS LIMITED
www.procam.tv **LONDON**



SECTOR:
TMT



Procam Television Holdings is one of the UK's leading broadcast hire companies, supplying equipment and crew for location TV production including major broadcasters and production companies such as the BBC, ITV and Endemol.

30 September 2018 Update

For the year to September, Procam's revenue and EBITDA were slightly behind prior year. Costs and capex continue to be tightly controlled. However, there have been a number of promising new contracts and performance appears to be improving at Take 2, the film and drama division, following the introduction of the new MD. Recent wins include strategic partnerships such as with MetFilm School London, with Procam and Take 2 supplying all external camera kit. The market remains tough for traditional broadcasters so Procam is also focused on building relationships with online media service providers.

Initial investment	April 2013
Original amount invested less repayments (£)*	1,524,993
Accounting cost (£)**	2,162,929
Investment value (£)	2,403,614
Basis of valuation	Discounted earnings multiple
Equity held (%)	23.2%

*Including the amount of initial investment by F3 less repayments to date.

**The accounting cost reflects the valuation of the F3 investment in Procam Television Holdings at the point it was transferred from F3 to the Company as part of the merger in June 2017.

Manager's Review

Top Ten Investments continued

THE BUSINESS ADVISORY LIMITED
www.govgrant.co.uk **HERTFORD**



SECTOR:
BUSINESS
SERVICES



The Business Advisory Limited successfully rebranded in 2017, bringing together its various market facing services under the single brand of GovGrant. The company provides support services and contingent advice to UK-based SME businesses seeking to gain access to Government tax incentives, largely on a contingent success fee basis.

30 September 2018 Update

The financial year ended strongly for GovGrant, with September being the fifth consecutive record-breaking month for the company in terms of the number of applications filed. The company's performance has been solid overall, and profitability held up well despite significant investment in infrastructure and staffing. The year's focus has been on implementing a robust back-end operating model for the core R&D tax credit business, which is beginning to deliver benefits.

Initial investment	September 2015
Original amount invested less repayments (£)*	1,650,000
Accounting cost (£)**	1,938,046
Investment value (£)	2,022,560
Basis of valuation	Discounted earnings multiple
Equity held (%)	13.9%

*Including the amount of initial investment by F3 less repayments to date.

**The accounting cost reflects the valuation of the F3 investment in The Business Advisory at the point it was transferred from F3 to the Company as part of the merger in June 2017.

BIOFORTUNA LIMITED
www.biofortuna.com **WIRRAL**



SECTOR:
HEALTHCARE



Biofortuna is a molecular diagnostics business with unique expertise in the manufacture of freeze dried, stabilised DNA tests, developing both its own proprietary tests and carrying out contract development and manufacturing.

30 September 2018 Update

After a disappointing second half of its financial year to March 2018, the new financial year has started positively, with revenue for six months to September 30% ahead of prior year. While the business has won new manufacturing customers, these have taken time to ramp up. A new Operations Director has been brought in alongside a new CEO, with a focus on quality management. The new CEO has conducted a commercial strategy review to identify additional adjacent service lines.

Initial investment	March 2012
Original amount invested less repayments (£)*	3,217,535
Accounting cost (£)**	3,217,535
Investment value (£)	1,970,390
Basis of valuation	Discounted revenue multiple
Equity held (%)	8.6%

*Including the amount of initial investment by F3 less repayments to date.

**The accounting cost reflects the valuation of the F3 investment in Biofortuna at the point it was transferred from F3 to the Company as part of the merger in June 2017.



“ Working with Foresight was very straightforward; it was a pleasure negotiating with sensible, pragmatic backers. We are very excited by the potential of this fast-growing business.

Tim Horrell, Managing Director, FFX

Manager's Review

Portfolio Overview

Investment	30 September 2018			31 March 2018	
	Accounting Cost (£)	Investment Value (£)	Basis of valuation	Accounting Cost (£)	Investment Value (£)
Datapath Group Limited	11,081,243	19,543,588 *	Discounted earnings multiple	11,081,243	18,129,170
Ixaris Systems Limited	3,479,188	9,578,045 *	Discounted revenue multiple	3,479,188	9,953,892
TFC Europe Limited	2,149,307	6,817,558 *	Discounted earnings multiple	2,149,307	6,560,414
Specac International Limited	2,554,761	4,313,176 *	Discounted earnings multiple	2,554,761	3,731,558
Protean Software Limited	1,795,229	2,969,186 *	Discounted earnings multiple	1,795,229	2,848,445
FFX Group Limited	1,372,002	2,947,423 *	Discounted earnings multiple	1,372,002	2,173,014
Aerospace Tooling Holdings Limited	415,255	2,792,569 *	Discounted earnings multiple	415,255	2,398,075
Procam Television Holdings Limited	2,162,929	2,403,614 *	Discounted earnings multiple	2,162,929	2,443,359
The Business Advisory Limited	1,938,046	2,022,560 *	Discounted earnings multiple	1,938,046	1,678,999
Biofortuna Limited	3,217,535	1,970,390 *	Discounted revenue multiple	2,729,216	2,729,216
Itad Limited	1,371,726	1,946,308	Discounted earnings multiple	1,371,726	1,643,684
ABL Investments Limited	1,494,075	1,913,662	Discounted earnings multiple	1,494,075	1,842,770
Hospital Services Limited	1,200,000	1,271,864	Discounted earnings multiple	1,200,000	1,302,532
Positive Response Communications Limited	1,009,195	1,258,737	Discounted revenue multiple	1,009,195	1,261,828
Flowrite Refrigeration Holdings Limited	513,368	1,163,039	Discounted earnings multiple	513,368	978,754
Mologic Limited	1,059,000	1,059,000	Cost	—	—
Galinette Limited	100	797,580	Net assets	100	100
Accrosoft Limited	750,000	750,000	Cost	—	—
The Naked Deli Ltd	750,000	750,000	Cost	—	—
Luminet Networks Limited	600,000	600,000	Cost	—	—
CoGen Limited	1,939,589	500,000	Discounted cash flow	1,939,589	1,971,636
Codeplay Software Limited	300,000	300,000	Cost	—	—
Whitchurch PE 1 Limited	378,000	271,039	Net assets	378,000	271,653
Iphigenie Limited	100	243,667	Net assets	100	100
Sindicatum Carbon Capital Limited	544,538	184,575	Cost less impairment	544,538	184,575
Cole Henry PE 2 Limited	200,000	131,369	Net assets	200,000	131,983
Kingsclere PE 3 Limited	100,000	53,410	Net assets	100,000	54,009
Autologic Diagnostics Group Limited	2,162,787	—	Nil value	2,162,787	—
Evance Wind Turbines Limited	1,490,420	—	Nil value	1,490,420	—
VectorCommand Limited	1,468,750	—	Nil value	1,468,750	—
Andromaque Limited	969,169	—	Nil value	969,169	259,953
Amanite Limited	100	—	Nil value	100	256,938
Abacuswood Limited	—	—	Nil value	—	—
Global Immersion Limited	—	—	Nil value	—	—
Thermotech Solutions Limited	—	—	Sold	200,000	1,284,765
Gomette Limited	—	—	Dissolved	100	100
Pasiflor Limited	—	—	Dissolved	100	100
Total	48,466,412	68,552,359		44,719,293	64,091,622

* Top ten investments by value are shown on pages 10 to 14.

Governance

Unaudited Half-Yearly Results and Responsibilities Statements

Principal Risks and Uncertainties

The principal risks faced by the Company are as follows:

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

The Board reported on the principal risks and uncertainties faced by the Company in the Annual Report and Accounts for the year ended 31 March 2018. A detailed explanation can be found on page 23 of the Annual Report and Accounts which is available on Foresight Group's website www.foresightgroup.eu or by writing to Foresight Group at The Shard, 32 London Bridge Street, London, SE1 9SG.

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

The Directors confirm to the best of their knowledge that:

- (a) the summarised set of financial statements has been prepared in accordance with FRS 104;
- (b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year);
- (c) the summarised set of financial statements gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Company as required by DTR 4.2.4R; and the interim management report
- (d) includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

GOING CONCERN

The Company's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report of the Annual Report. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are described in the Chairman's Statement, Strategic Report and Notes to the Accounts of the 31 March

2018 Annual Report. In addition, the Annual Report includes the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and 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.

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

The Half-Yearly Financial Report has not been audited nor reviewed by the auditors.

On behalf of the Board

Raymond Abbott
Chairman
30 November 2018

Financial Statements

Unaudited Income Statement

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

	Six months ended 30 September 2018 (Unaudited)			Six months ended 30 September 2017 (Unaudited)			Year ended 31 March 2018 (Audited)		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment holding gains	—	887	887	—	190	190	—	596	596
Realised gains on investments	—	1,201	1,201	—	738	738	—	1,059	1,059
Income	340	—	340	78	—	78	629	—	629
Investment management fees	(223)	(669)	(892)	(160)	(481)	(641)	(344)	(1,033)	(1,377)
Other expenses	(348)	—	(348)	(585)	—	(585)	(792)	—	(792)
(Loss)/return on ordinary activities before taxation	(231)	1,419	1,188	(667)	447	(220)	(507)	622	115
Taxation	—	—	—	—	—	—	96	(96)	—
(Loss)/return on ordinary activities after taxation	(231)	1,419	1,188	(667)	447	(220)	(411)	526	115
(Loss)/return per share	(0.2)p	1.0p	0.8p	(0.8)p	0.5p	(0.3)p	(0.4)p	0.5p	0.1p

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 period.

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

Unaudited Balance Sheet

AT 30 SEPTEMBER 2018

Registered Number: 03506579

	As at 30 September 2018 £'000	As at 30 September 2017 £'000	As at 31 March 2018 £'000
Fixed assets			
Investments held at fair value through profit or loss	68,552	64,593	64,092
Current assets			
Debtors	13,205	450	3,790
Money market securities and other deposits	16,072	2,089	9,822
Cash	4,583	695	833
	33,860	3,234	14,445
Creditors			
Amounts falling due within one year	(770)	(602)	(600)
Net current assets	33,090	2,632	13,845
Net assets	101,642	67,225	77,937
Capital and reserves			
Called-up share capital	1,438	968	1,121
Share premium account	42,856	39,854	51,186
Capital redemption reserve	459	354	372
Profit and loss account	56,889	26,049	25,258
Equity shareholders' funds	101,642	67,225	77,937
Net asset value per share	70.7p	69.4p	69.6p

Unaudited Reconciliation of Movements in Shareholders' Funds

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
As at 1 April 2018	1,121	51,186	372	25,258	77,937
Share issues in the period	404	28,941	—	—	29,345
Expenses in relation to share issues	—	(1,133)	—	—	(1,133)
Repurchase of shares	(87)	—	87	(5,557)	(5,557)
Expenses in relation to tender offer	—	(138)	—	—	(138)
Cancellation of share premium	—	(36,000)	—	36,000	—
Return for the period	—	—	—	1,188	1,188
As at 30 September 2018	1,438	42,856	459	56,889	101,642

Financial Statements

Unaudited Cash Flow Statement

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

	Six months ended 30 September 2018 £'000	Six months ended 30 September 2017 £'000	Year ended 31 March 2018 £'000
Cash flow from operating activities			
Investment income received	276	192	806
Dividends received from investments	7	8	46
Deposit and similar interest received	54	1	4
Investment management fees paid	(1,016)	(633)	(1,315)
Secretarial fees paid	(83)	(81)	(163)
Other cash payments	(322)	(640)	(837)
Net cash outflow from operating activities	(1,084)	(1,153)	(1,459)
Returns on investing activities			
Purchase of unquoted investments	(3,947)	(674)	(674)
Net proceeds on sale of investments	1,267	8,689	9,843
Net proceeds on deferred consideration	134	6	165
Net cash (outflow)/inflow from investing activities	(2,546)	8,021	9,334
Financing			
Proceeds of fund raising	19,960	—	8,318
Expenses of fund raising	(587)	(17)	(125)
Repurchase of own shares	(5,739)	(5,310)	(6,525)
Expenses in relation to tender offer	(38)	—	(131)
Equity dividends paid	34*	(4,229)	(4,229)
Movement in money market funds	(6,250)	(1,251)	(8,984)
Proceeds of Foresight 3 VCT plc pre merger allotments	—	3,372	3,372
Cash acquired on merger with Foresight 3 VCT plc	—	472	472
Net cash inflow/(outflow) from financing activities	7,380	(6,963)	(7,832)
Net increase/(decrease) in cash in the period	3,750	(95)	43

*Dividends unclaimed after twelve years, returned to the Company.

Analysis of changes in net debt

	At 1 April 2018 £'000	Cash Flow £'000	At 30 September 2018 £'000
Cash and cash equivalents	833	3,750	4,583

Notes to the Unaudited Half-Yearly Results

FOR SIX MONTHS ENDED 30 SEPTEMBER 2018

- The Unaudited Half-Yearly Financial Report has been prepared on the basis of the accounting policies set out in the statutory accounts of the Company for the year ended 31 March 2018. Unquoted investments have been valued in accordance with IPEV Valuation Guidelines. Quoted investments are stated at bid prices in accordance with the IPEV Valuation Guidelines and UK Generally Accepted Accounting Practice.
- These are not statutory accounts in accordance with S436 of the Companies Act 2006 and the financial information for the six months ended 30 September 2018 and 30 September 2017 has been neither audited nor formally reviewed. Statutory accounts in respect of the year ended 31 March 2018 have been audited and reported on by the Company's auditors and delivered to the Registrar of Companies and included the report of the auditors which was unqualified and did not contain a statement under S498(2) or S498(3) of the Companies Act 2006. No statutory accounts in respect of any period after 31 March 2018 have been reported on by the Company's auditors or delivered to the Registrar of Companies.
- Copies of the Unaudited Half-Yearly Financial Report will be sent to Shareholders and will be available for inspection at the Registered Office of the Company at The Shard, 32 London Bridge Street, London, SE1 9SG.
- NET ASSET VALUE PER SHARE**
The Net Asset Value per Share is based on net assets at the end of the period and on the number of Shares in issue at the date.

	Net assets £'000	Shares in Issue
30 September 2018	101,642	143,783,031
30 September 2017	67,225	96,846,130
31 March 2018	77,937	112,052,405

5 RETURN PER SHARE

The weighted average number of Shares used to calculate the respective returns are shown in the table below.

	Six months ended 30 September 2018 £'000	Six months ended 30 September 2017 £'000	Year ended 31 March 2018 £'000
Total return/(loss) after taxation	1,188	(220)	115
Total return/(loss) per share	0.8p	(0.3)p	0.1p
Revenue loss from ordinary activities after taxation	(231)	(667)	(411)
Revenue loss per share	(0.2)p	(0.8)p	(0.4)p
Capital return from ordinary activities after taxation	1,419	447	526
Capital return per share	1.0p	0.5p	0.5p
Weighted average number of shares in issue in the period	135,704,832	83,536,454	94,123,649

Earnings for the period should not be taken as a guide to the results for the full year.

Financial Statements

6 INCOME

	Six months ended 30 September 2018 £'000	Six months ended 30 September 2017 £'000	Year ended 31 March 2018 £'000
Loan stock interest	278	39	544
Dividends	7	37	81
Bank interest received	4	—	—
Overseas based Open Ended Investment Companies ("OEICs")	51	2	4
	340	78	629

7 INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

Company	Unquoted £'000	Total £'000
Book cost at 1 April 2018	44,719	44,719
Investment holding gains	19,373	19,373
Valuation at 1 April 2018	64,092	64,092
Movements in the period:		
Purchases at cost	3,947	3,947
Disposal proceeds	(1,267)	(1,267)
Realised gains*	1,067	1,067
Investment holding gains**	713	713
Valuation at 30 September 2018	68,552	68,552
Book cost at 30 September 2018	48,466	48,466
Investment holding gains	20,086	20,086
Valuation at 30 September 2018	68,552	68,552

*Realised gains on investments in the income statement include deferred consideration of £134,000 received in the period.

**Investment holding gains in the income statement include the increase in deferred consideration debtor of £174,000.

8 TRANSACTIONS WITH FORESIGHT GROUP

Foresight Group CI Limited, which acts as investment manager to the Company, earned fees of £892,000 during the period (30 September 2017: £641,000; 31 March 2018: £1,377,000).

Foresight Group LLP, which acts as company secretary to the Company, earned fees of £83,000 during the period (30 September 2017: £81,000; 31 March 2018: £166,000).

The company secretary changed to Foresight Group LLP from Foresight Fund Managers Limited in November 2017.

At the balance sheet date there was £470,000 due to Foresight Group CI Limited (30 September 2017: £11,000 due to Foresight Group CI Limited; 31 March 2018: £163,000 due to Foresight Group CI Limited) and £41,000 due to Foresight Group LLP (30 September 2017: £nil; 31 March 2018: £nil). No amounts have been written off in the period in respect of debts due to or from related parties.

9 POST BALANCE SHEET EVENTS

Post the period end there was an allotment of 4,846,700 Shares on 4 October 2018 with a further 1,918,335 Shares being allotted on 26 October 2018.

Glossary of Terms

NET ASSET VALUE (NAV)

The Net Asset Value (NAV) is the amount by which total assets exceed total liabilities, i.e. the difference between what the company owns and what it owes. It is equal to shareholders' equity, sometimes referred to as shareholders' funds.

NAV PER SHARE

Net Asset Value expressed as an amount per share.

NAV TOTAL RETURN

The sum of the published NAV per share plus all dividends paid per share (for the relevant share class) over the lifetime of the Company.

SHARE PRICE TOTAL RETURN

The sum of the current share price plus all dividends paid per share. This allows performance comparisons to be made between venture capital trusts.

DIVIDEND YIELD

The sum of dividends paid during the year expressed as a percentage of the share price at the year end date.

DISCOUNT TO NAV

A discount to NAV is the percentage by which the mid-market share price of the Company is lower than the net asset value per share.

ONGOING CHARGES RATIO

The sum of expenditure incurred in the ordinary course of business expressed as a percentage of the Net Asset Value at the reporting date.

QUALIFYING INVESTMENT

An investment which consists of shares or securities first issued to the VCT (and held by it ever since) by a Qualifying Company and satisfying certain conditions under the venture capital trust provisions.

QUALIFYING COMPANY

A company satisfying certain conditions under the venture capital trust provisions. The conditions are detailed but include that the company must be unquoted (which includes AIM), have a permanent establishment in the UK, apply the money raised for the purposes of growth and development for a qualifying trade within a certain time period and not be controlled by another company. There are additional restrictions relating to the size and stage of the company to focus investment into earlier stage businesses, as well as maximum investment limits (certain of such restrictions and limits being more flexible for 'knowledge intensive' companies). VCT funds cannot be used by a Qualifying Company to acquire shares in another company or a trade.

MANAGER

Foresight Group CI Limited

FORESIGHT GROUP

The Manager and Foresight Group LLP

Beware of share fraud

Fraudsters use persuasive and high-pressure tactics to lure investors into scams.

They may offer to sell shares that turn out to be worthless or non-existent, or to buy shares at an inflated price in return for an upfront payment.

While high profits are promised, if you buy or sell shares in this way you will probably lose your money.

How to avoid share fraud

- 1 Keep in mind that firms authorised by the FCA are unlikely to contact you out of the blue with an offer to buy or sell shares.
- 2 Do not get into a conversation, note the name of the person and firm contacting you and then end the call.
- 3 Check the Financial Services Register from www.fca.org.uk to see if the person and firm contacting you is authorised by the FCA.
- 4 Beware of fraudsters claiming to be from an authorised firm, copying its website or giving you false contact details.
- 5 Use the firm's contact details listed on the Register if you want to call it back.
- 6 Call the FCA on **0800 111 6768** if the firm does not have contact details on the Register or you are told they are out of date.
- 7 Search the list of unauthorised firms to avoid at www.fca.org.uk/scams.
- 8 Consider that if you buy or sell shares from an unauthorised firm you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme.

9 Think about getting independent financial and professional advice before you hand over any money.

10 **Remember:** if it sounds too good to be true, it probably is!

5,000 people contact the Financial Conduct Authority about share fraud each year, with victims losing an average of £20,000

Report a scam

If you are approached by fraudsters please tell the FCA using the share fraud reporting form at www.fca.org.uk/scams, where you can find out more about investment scams.

You can also call the FCA Consumer Helpline on **0800 111 6768**.

If you have already paid money to share fraudsters you should contact Action Fraud on **0300 123 2040**.

Corporate Information

COMPANY NUMBER

03506579

DIRECTORS

Raymond Abbott (Chairman)
Simon Jamieson
Michael Gray

COMPANY SECRETARY

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MANAGER

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and

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EC3V 0HR

REGISTRAR

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BS99 6ZZ

MARKET MAKER

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One New Change
London
EC4M 9AF

Important information:

The Company currently conducts its affairs so that the shares issued by Foresight 4 VCT plc can be recommended by IFAs to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream pooled investment products and intends to continue to do so for the foreseeable future.

The shares are excluded from the FCA's restrictions which apply to non-mainstream pooled investment products because they are shares in a VCT.

The Company has appointed the Manager, which is licensed by the Guernsey Financial Services Commission, to provide investment management services. The Manager has, as is permitted and as approved by the Board, appointed Foresight Group LLP to provide investment advisory services to Foresight Group for the purposes of fulfilment of the provision of investment management obligations to the Company. Foresight Group LLP is a subsidiary undertaking of the Manager and is authorised and regulated by the Financial Conduct Authority.

The Company has appointed the Manager, as outsourced to Foresight Group LLP, to provide services which include company secretarial, bookkeeping and accounting services required in connection with the business and the operation of the Company. Foresight Group LLP is the company secretary.

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.



Foresight 4 VCT plc

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