



Foresight 4 VCT plc
Company number: 03506579

Unaudited Half-Yearly Financial Report
for the six month period ended 30 September 2015

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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.

Foresight 4 VCT plc

Investment Objectives

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.



For further information go to
www.foresightgroup.eu

Summary Financial Highlights

VCT Tax Benefit for Shareholders beyond 6 April 2006

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

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

Summary

- Net asset value per Ordinary Share at 30 September 2015 was 76.6p (31 March 2015: 83.9p).
- A 25.0p dividend per C Share was paid to C Shareholders on 6 August 2015.
- On 10 August 2015 the O and C share funds were merged. On the basis of the conversion ratio detailed in the Chairman's Statement, 19,101,896 new Ordinary Shares were allotted.
- An interim dividend for the year ended 31 March 2016 of 4.0p per Ordinary Share will be paid on 18 December 2015.
- The fund provided follow-on funding totalling £0.2 million to two portfolio companies and £6.2 million to six new investments.
- The fund realised £0.8 million from sales and loan redemptions from three portfolio companies.

Chairman's Statement

“The Board remains cautious about the general outlook, although it is encouraged by the recent signs of improvement in the UK economy and the performance of the private equity portfolio”

Philip Stephens Chairman

Performance

During the six months to 30 September 2015, the net asset value per Ordinary Share decreased by 8.7% to 76.6p from 83.9p at 31 March 2015.

Overall, the Board is happy with the composition of the portfolio which includes the recent addition of six new investments for a total consideration of £6.2 million, and we believe that the portfolio is well placed to deliver growth, underpin future dividends and enhance shareholder returns.

Nevertheless, the private equity investments are not immune from the impact of external factors. In particular Aerospace Tooling has seen a reduction in orders as some of its customers have been severely impacted by events such as the significant drop in the price of oil. The reduction in the value of this investment was £3.2 million or 5.5p per share of the total reduction noted above. Additionally, the valuation of Datapath, the Company's largest investment, was reduced by some £0.8 million or 1.4p per share as the rollout of new products took longer than expected, although we anticipate this to be a temporary reduction in value. Datapath's value represents some £9.4 million of the total portfolio of £40.3 million and the Board and investment manager have been actively considering options to reduce the Company's exposure to this investment. In this regard and following the period end, a dividend in excess of £2 million was received from Datapath.

The remaining portfolio comprises private equity investments in a range of sectors, the majority of which are profitable at EBITDA level and are expected to contribute to the Board's principal objectives of increasing the net asset value per share and at least maintaining the current level of dividends to shareholders.

Dividends

Prior to the merger, on 6 August 2015, a special dividend of 25.0p per C Share was paid, following good performance of the C Share portfolio which included the sale of Defaqto Group Limited on 30 March 2015 for £9.5 million, as announced on 31 March 2015. Holders of C Shares who received this dividend were also given the opportunity to reinvest their dividend proceeds into new Ordinary Shares by way of a top up offer.

An interim dividend of 4.0p per Ordinary Share for the year ended 31 March 2016 will be paid on 18 December 2015 to the shareholders on the register on 3 December 2015. It continues to be the Company's policy to provide a flow of tax-free dividends, generated from income and from capital profits realised on the sale of investments. Distributions will, however, inevitably be dependent largely on successful realisations, refinancings and other forms of cash generation.

The recent success in generating cash from portfolio investments within the fund gives the Board confidence that it will be able at least to maintain the same level of dividend in future years and, if circumstances permit, increase future payments of dividends to Shareholders.

Merger, Top-up Share Issues and Share Buy-backs

On 10 August 2015 the O and C share funds were merged. On the basis of the net asset value of the Company's C Shares as at 31 March 2015 of 85.8p per C Share (being the audited NAV per C Share of 110.8p as at 31 March 2015, adjusted to take account of the 25.0p per C Share dividend paid on 6 August 2015) and the NAV of the Company's Ordinary Shares as at 31 March 2015 of 83.9p, the conversion ratio was 1.022646. On the basis of this conversion ratio, 19,101,896 new Ordinary Shares were allotted.

In accordance with the terms of the dividend reinvestment offer referred to above, on 11 August 2015, 423,717 Ordinary Shares were allotted at 83.9p per share.

During the period under review 178,880 Ordinary Shares were repurchased for cancellation at a cost of £111,000.

Shareholder Communication

As part of its ongoing commitment to improving shareholder communication the Board intends initially to solicit shareholder views by means of a survey in 2016 and a shareholder event, also in 2016, that will be attended by several investee companies in addition to the Directors and Manager.

VCT Legislation

VCTs, as tax efficient investment vehicles, are periodically subject to new regulations which the Government and/or the European Commission consider appropriate for achieving the scheme's objectives and to comply with the rules relating to state aid used to promote risk finance investments.

Proposed new rules were announced in the Chancellor's Budget on 8 July and became law following Royal Assent of the Finance Bill in November 2015. In summary, these have been confirmed as follows:

- Introducing an 'age of company' restriction of seven years
- Introducing a lifetime investment limit of £12 million
- Restricting VCT investments in buyouts and buy-ins
- All investments to be made with the intention to grow and develop a business
- Restrictions on a VCTs ability to make 'non-qualifying' investments



Chairman's Statement continued

The Board will continue to review the changes in legislation and the impact it has on the Company's investment strategy and deal flow.

Outlook

The improvement in the general economy has had a noticeable effect in the performance of the private equity portfolio, although, as noted above, there will inevitably be instances when companies experience revenue volatility directly or indirectly caused by external factors, such as the fall of oil or energy prices.

Within the portfolio, a series of realisations, refinancings and loan repayments have generated significant cash balances, which underpin the Board's dividend commitment to Shareholders. These transactions have enabled several new investments to be made in the period, which we anticipate will further enhance Shareholder returns. All of these investments were made before the recent changes in VCT legislation referred to earlier in my report.

Philip Stephens

Chairman

27 November 2015

Investment Manager's Report

During the six month period to 30 September 2015, the net asset value per Ordinary Share decreased by 8.7% to 76.6p as at that date from 83.9p at 31 March 2015. Several investments continued to perform well, such as Ixaris, Blackstar Amplification, CoGen and TFC Europe, supporting an increase in their aggregate valuation of £1.6 million. TFC in particular effected a successful recapitalisation and share reorganisation, as part of which the Company was repaid all its outstanding loans, and with all accrued interest plus a redemption premium, receiving £710,000 and increasing its shareholding from 17.87% to 22.23%. However, this was outweighed by the disappointing performance of Aerospace Tooling Corporation (ATL). Although ATL's sales and profitability were expected to be lower in the year to 30 June 2015 following its exceptional performance and successful recapitalisation in the previous year (when the entire original £1.5 million cost of the investment was repaid), actual trading results were weaker than budgeted, reflecting poor sales in the final quarter of the financial year. In the light of this and continuing weak trading, ATL's valuation was reduced by £3.2 million, accounting for 5.5p of the reduction noted above.

The period was particularly active in terms of new investments, in part reflecting the implications of the regulatory changes referred to below. As described in detail below, six new investments totalling £6.2 million were completed alongside other Foresight VCTs in well established, profitable, growing businesses.

Following the publication on 27 July 2015 of the Company's audited accounts for the year ended 31 March 2015, the merger of the Ordinary Share and C Share classes was completed on 10 August 2015. A special dividend of 25.0p per C Share was paid on 6 August 2015 reflecting the recent performance of the C Share portfolio and, in particular, the sale of Defaqto Group Limited on 30 March 2015 for £9.5 million. The merger was effected by converting the C Shares into new Ordinary Shares on a relative net asset value basis using the audited NAVs per Ordinary Share and C Share as at 31 March 2015, adjusted for any material movements from that date to conversion. Based on the audited net asset value as at 31 March 2015 of 85.8p per C Share (being the audited NAV per C Share of 110.8p as at 31 March 2015, adjusted to take account of the above mentioned 25.0p per C Share dividend) and the NAV per Ordinary Share as at 31 March 2015 of 83.9p, the conversion ratio was 1.022646.

Changes to the VCT Rules – Finance Act 2015

In July 2015, the Government published the draft Finance Bill which, subject to EU State Aid approval, introduced certain changes to the Venture Capital Scheme to encourage VCTs to support smaller companies with development capital and finance such companies' organic growth. Following receipt of EU State Aid approval, these regulatory changes took effect from 18 November 2015, the date of Royal Assent to the Finance Act 2015. Two of these changes in particular are expected to impact the future management of VCTs. First the restriction on the age of a company that is eligible for investment by a VCT (generally no more than seven years from the date of the company's first commercial sales). Second, restrictions on VCT funds being used in

acquiring an interest in another company or existing business. The latter restrictions are likely to impact replacement capital transactions, such as shareholder recapitalisations and management buy-outs and buy-ins, and will encourage more development capital transactions. Legal advice has been sought to understand the full implications of these changes.

Foresight VCTs already invest in all these types of transactions so the proposed changes are not expected to have as great a consequential impact as may be experienced by other VCTs. With a long track record of successfully investing development capital opportunities, Foresight's marketing efforts have already been refocussed towards finding, suitable later stage development capital funding opportunities, with the aim of accelerating the growth of established, profitable companies. A number of such opportunities are currently under active consideration.

Portfolio review:

1. New investments

Company	£
ABL Investments Limited	1,000,000
FFX Group Limited	1,372,000
Hospital Services Limited	1,200,000
Protean Software Limited	1,000,000
Specac International Limited	650,000
The Business Advisory Limited	1,000,000
Total	6,222,000

During the period, £6.2 million was invested in the above six companies, each well established, growing and profitable.

In April 2015, as part of a £2.6 million round alongside other Foresight VCTs, the Company invested £650,000 in **Specac International Limited**. Specac, based in Orpington, Kent, is a long established, leading scientific instrumentation accessories business. It manufactures high specification sample analysis and sample preparation equipment used in a broad range of applications in testing, research and quality control laboratories and other end markets Worldwide. The company's products are primarily focussed on supporting IR Spectroscopy, an important analytical technique widely used in research and commercial/ industrial laboratories.

In July 2015, as part of a £4.0 million round alongside other Foresight VCTs, the Company invested £1.0 million in Coventry based **Protean Software Limited**. Protean develops and sells business management and field service management software, together with related support and maintenance services, to organisations involved in the supply, installation and maintenance of equipment, across a number of sectors including facilities management, HVAC and elevator installation. Protean's software suite offers both desktop and mobile variants used on engineers' Android devices.

In September 2015, as part of a £4.23 million round alongside other Foresight VCTs, the Company invested £1.0 million in **Accessory Bits Limited** (ABL) to support its continuing growth. ABL, based



Investment Manager's Report continued

in Wellingborough, Northants and with a manufacturing subsidiary in Serbia, manufactures and distributes office power supplies and distributes monitor arms, cable tidies and CPU holders to office equipment manufacturer and distributors across the UK.

In September 2015, as part of a £3.9 million round alongside other Foresight VCTs, the Company invested £1.4 million in **FFX Group Limited** to support the continuing growth of this Folkestone based multi-channel distributor of power tools, hand tools, fixings and other building products. Since launching its ecommerce channel in 2011, FFX has grown rapidly supplying a wide range of tools to builders and tradesmen nationally.

In September 2015, as part of a £4.5 million round alongside other Foresight VCTs, the Company invested £1.2 million in **Hospital Services Limited** (HSL) to support its continuing growth. Based in Belfast and Dublin, HSL distributes, installs and maintains high quality healthcare equipment supplied by global partners such as Hologic, Fujifilm and Shimadzu, as well as supplying related consumables. HSL has particular expertise in the radiology, ophthalmic, endoscopy and surgical sectors.

In September 2015, as part of a £3.3 million round alongside other Foresight VCTs, the Company invested £1.0 million in **The Business Advisory Limited**. This company provides a range of advice and support services to UK based small businesses seeking to gain access to Government tax incentives, largely on a contingent success fee basis. With a large number of small customers signed up under medium term contracts, the company enjoys a high level of recurring income and good visibility on future revenues.

2. Follow-on funding

Company	£
The SkillsGroup Limited (formerly AtFutsal Group Limited)	34,000
Autologic Diagnostic Group Limited*	135,000
Total	169,000

*Representing capitalised interest.

As part of a £355,000 funding round to support the Educational division of The SkillsGroup (formerly AtFutsal Group) and a related share reorganisation, the Foresight VCTs invested a further £300,000 (£100,000 in February 2015 and £200,000 in April 2015). The Company invested £51,000 in total (£17,000 in February 2015 and £34,000 in April 2015) and increased its equity shareholding from 7.5% to 10.6%. Due to recent weaker trading the value has been fully provided against.

3. Exits and realisations

Company	£
i-plas Group Limited	58,000
TFC Europe Limited	710,000
Zoo Digital Group plc	7,000
Total	775,000

In July 2015, TFC Europe effected a successful recapitalisation and share reorganisation, through which the Foresight VCTs were repaid all their outstanding loans, together with all accrued interest and a redemption premium. The Company was repaid £710,000 and increased its shareholding from 17.87% to 22.23%. A loan repayment of £58,000 was received from the administrator of i-plas Group during the period.

During the period, 62,982 ordinary shares in AIM listed Zoo Digital were sold, realising £7,000.

4. Material provisions to a level below cost

Company	£
AlwaysOn Group Limited	106,000
The SkillsGroup Limited (formerly AtFutsal Group Limited)	412,000
Trilogy Communications Holdings Limited	77,000
VectorCommand Limited	73,000
Zoo Digital Group plc	91,000
Total	759,000

Outlook

Following the merger of the Ordinary Share and C Share classes and completion of six new investments, the enlarged portfolio is now more diversified, comprising a range of private equity investments operating in a number of different sectors and markets. Foresight is refocussing its marketing efforts to make further private equity investments, principally in later stage development capital opportunities to accelerate the growth of these established, profitable companies. A pipeline of such opportunities has been developed, a number of which are currently under active consideration. Effort is also being focussed on achieving successful realisations from the existing investments to facilitate distributions to shareholders.

Foresight remains positive about the overall prospects for the enlarged portfolio, which is well positioned for growth.

Portfolio Review

In September 2015, as part of a £4.2 million round alongside other Foresight VCTs, the Company invested £1.0 million in **Accessory Bits Limited** (ABL) to support further growth. ABL, based in Wellingborough, Northants and with a manufacturing subsidiary in Serbia, manufactures and distributes office power supplies and distributes monitor arms, cable tidies and CPU holders to office equipment manufacturer and distributors across the UK. Founded in 2003, ABL has grown strongly over the last five years, achieving an EBITDA of £1.9 million on sales of £5.5 million in its financial year to 31 August 2015, reflecting a strong focus on customer service, speed of delivery and value for money. Growth is forecast to be achieved by broadening both the product range and customer base in the UK and expanding internationally. A new Chairman with experience of the office supplies market has been appointed to the Board with plans in hand to recruit a COO.

In June 2013, the Company invested £1.5 million alongside other Foresight

VCTs in a £3.5 million investment in Dundee based **Aerospace Tooling Corporation (ATL)**, a well-established specialist engineering company. ATL provides repair, refurbishment and remanufacturing services to large international companies for components in high-specification aerospace and turbine engines. With a heavy focus on quality assurance, the company enjoys strong relationships with companies serving the aerospace, military, marine and industrial markets. In the year to 30 June 2014, a number of large orders underpinned exceptional growth, with turnover doubling and EBITDA profits increasing significantly to £4.3 million. Although sales and profitability were expected to be lower in the year to 30 June 2015, actual trading results were weaker than budgeted, an EBITDA profit of £2.5 million being achieved on sales of £8.1 million, reflecting reduced sales in the final quarter of the financial year to two major customers in the aerospace and oil industries.

With currently poor order visibility, costs have been reduced, management changes made and sales efforts increased. Although encouraging progress is being made in winning new customers and orders, this process and the related sales cycles will take time. In light of this and continued weak trading, ATL's valuation was reduced by £3.2 million during the period.

Reflecting particularly strong cash generation, the company effected a recapitalisation and dividend distribution in September 2014, returning the entire £3.5 million cost of the Foresight VCTs' investments made only 15 months previously. Having received full repayment of its loan of £1.4 million and dividends of £150,000 equal to the cost of its equity investment, the Company retained its original 23% equity shareholding in the company, effectively at nil cost.

In April 2014, the two Foresight portfolio companies, **AlwaysOn Group** and **Data Continuity Group (together now known as AlwaysOn Group)**, merged and implemented a major reorganisation, involving significant cost reductions and a subsequent change in the year end to June 2015. The merged business now provides data backup services, connectivity and Microsoft's Lync collaboration software (AlwaysOn being a Microsoft Gold partner) to SMEs and larger enterprises. In the 12 months to 31 March 2015, losses were successfully stemmed, with a small EBITDA profit being achieved on sales of £6.6 million and reasonable cash balances at that date.

Revenues for the merged entity were slightly behind budget, due to weaker product sales and data back up renewals, while managed services performed ahead of expectations. Further cost reductions were also implemented. To improve the company's digital presence and channel sales of Lync (to be rebranded Skype for Business), a new Head of Marketing has been recruited, who has already made a beneficial impact on sales. An experienced COO is also being recruited to ensure that projects are delivered well and on time. With a number of significant pipeline opportunities being generated through partners for Skype for Business, performance is expected to improve significantly as some of these convert into orders which could then create an opportunity to pursue a potential exit. In view of the overall weak trading performance, a provision of £106,000 was made against the cost of the investment during the period.

Following the £48.0 million secondary buy-out by Living Bridge (formerly ISIS Private Equity) in January 2012, investments in equity and loan stock valued at £2.0 million were retained in **Autologic Diagnostics Group**. For the year to 31 December 2014, an EBITDA of £5.4 million was achieved on sales of £19.7 million, with relatively stronger sales in the UK and Europe compared with the USA (2013: an EBITDA of £5.4 million on sales of £18.8 million). As at 31 December 2014, the company had a healthy cash balance of £7.9 million. In May 2015, a new business model was launched to generate recurring revenues and improve the quality of the company's earnings from a new product, Assist Plus, and associated Assist Plus service. In the short term, this change in strategy towards a pure recurring revenue model will result in certain exceptional costs being incurred and, depending on the level of new customer sales, is likely to impact EBITDA in 2015 and 2016 this should help to drive longer term shareholder value. Trading in recent months has, as expected, been affected by the start of the transition to the new business model, but initial signs are promising with largely positive feedback from customers. Sales in the current year to date are ahead of budget, with EBITDA being slightly behind. Management are transitioning the existing customer base onto the new support service platform and growing sales of the new product and service to both new and existing customers. During the period, interest of £135,000 deferred under the terms of the loan agreement with Autologic Diagnostics Group was capitalised.

Biofortuna, an early stage molecular diagnostics business based in the Wirral, has developed unique expertise in the important area of enzyme stabilisation, effectively hi-tech freeze drying. Its first range of products, SSPGo, is a series of tests for genetic diseases and organ transplant compatibility. Because of the company's stabilisation and freeze drying technology, its products can be transported easily and stored at room temperature for up to two years. A £1.3 million round to finance capital expenditure and working capital was completed in August 2013, in which the Company initially invested £198,132 and then £101,859 as the second, final tranche in April 2014. For the year to 31 March 2015, a substantially reduced operating loss of £528,000 was incurred on higher sales of £1.1 million (compared to an operating loss of £1.1 million on sales of £325,000 in the previous year).

The Custom Services division, engaged in contract research, freeze-drying product development for customers and contract manufacturing, continues to progress with several customers placing orders and others moving towards production volumes of feasibility studies. A recently won project includes the manufacture of an immunoassay (antibody) test rather than DNA test, the first that Biofortuna has worked on. The company is now sole manufacturing and contract development partner for four companies, with a fifth likely in the short term. Investment continues in improving and increasing production capacity. The manufacturing facility has successfully obtained FDA registration.

The Molecular Diagnostics division, which develops the company's proprietary products, is making progress in a number of areas, including assessing new markets and broadening the product range. To finance the development of new products, a £1.6 million round was concluded in January 2015, of which £890,000 was committed by the Foresight VCTs. The Company committed to invest £429,000, of which £256,000

Investment Manager's Report continued

was invested as the first tranche. Trading in the current year to date is stronger, with a lower rate of operating loss than budgeted, reflecting orders for the Contract Manufacturing division from existing and new customers and so the second tranche is now expected to be drawn down during Q1 2016.

In July 2012, the Company invested £1.0 million in Northampton based **Blackstar Amplification Holdings** alongside £2.5 million from Foresight VCT to finance a management buy-out and provide growth capital. Blackstar was founded in 2004 by four senior members of the new product development team at Marshall Amplification to design and manufacture a range of innovative guitar amplifiers. Following commercial launch in 2007, sales grew rapidly, reflecting new product launches and entry into new markets, and a global brand was soon established. In the year to 30 April 2015, the company achieved an EBITDA of £537,000 on sales of £8.6 million (2014: £323,000 EBITDA on sales of £8.6 million). Trading to date in the current year to 30 April 2016 is ahead of budget and a further improved performance is expected for the full year, reflecting growing sales, increased margins and the full impact of cost reductions made in 2014. Blackstar continues to be the number two guitar amplifier brand by units sold in the UK and USA. Management are focused on increasing sales albeit in a price sensitive market and improving margins, including selectively replacing distributors where appropriate. The company currently has a presence in over 35 countries worldwide and its products are stocked in over 2,500 stores globally. New product development remains a key focus and two new ID: Core products, at the high growth value end of the market, were launched, the first in time for the Christmas season in 2014 and the second in February 2015. Other new products and product refreshes continue to be launched while a new division, Dist-X, has been established recently to leverage Blackstar's UK distribution capabilities by distributing other, non-competition Music Instrument brands.

Derby based **Datapath Group** is a world leading innovator in the field of computer graphics and video-wall display technology utilised in a number of international markets. The company is increasing its market share in control rooms, betting and signage and is entering other new markets such as medical. The company's largest ever single order was received recently for a medical application. For the year to 31 March 2015, an operating profit of £6.8 million was achieved on sales of £19.3 million, with the North American division trading ahead of budget (2014: record operating profits of £7.4 million on sales of £18.7 million). Trading and cash generation in the current year to 31 March 2016 is satisfactory, with the company continuing to enjoy good demand from its main OEM partners and distributors and strong cash balances. In February 2015, the company launched its range of leading new IP products at the ISE show, meeting a warm response from OEMs and distributors. Management are working to improve sales efforts and processes as well as project management and product delivery times. A US-based Head of Sales is now being recruited to bring a more proactive approach to sales globally. Reflecting the slower than expected roll out of new products, the company's valuation was reduced by £830,000 during the period.

In September 2015, as part of a £3.9 million round alongside other Foresight VCTs, the Company invested £1.4 million in **FFX Group Limited** to support the continuing growth of this Folkestone based multi-channel distributor of power tools, hand tools, fixings and other building products. Since launching its ecommerce channel in 2011, FFX has grown rapidly supplying a wide range of tools to builders and tradesmen nationally. For the year to 31 March 2015, the company achieved an EBITDA of £1.3 million on sales of £23.0 million. The management team has been strengthened by the appointment of two new Joint Managing Directors and a new Chairman, each with experience of successfully developing similar businesses. A new Finance Director has similarly been appointed to improve the finance function's systems and processes. A detailed analysis of the business is being carried out with a view to increasing sales and margins, broadening the product range and introducing own brand product ranges. The planned relocation into a new much larger warehouse in early 2016 is progressing on time and budget.

In May 2012, the Company invested £693,000 in **Flowrite Refrigeration Holdings** alongside other Foresight VCTs to finance the £3.2 million management buyout of Kent based Flowrite Services Limited. Flowrite Refrigeration Holdings provides refrigeration and air conditioning maintenance and related services nationally, principally to leisure and commercial businesses such as hotels, clubs, pubs and restaurants. In the year to 31 October 2014, the company traded well, achieving an operating profit of £740,000 on sales of £10.8 million after substantial investment in new engineers and systems (2013: operating profit of £1.0 million on sales of £10.0 million). In the year to 31 October 2015, the company traded well, benefitting from increased numbers of engineers and a new workflow IT system which has already increased operational efficiency and optimised profitability. Installation of this new IT system created some initial operational and accounting issues which have since been successfully addressed but impacted profitability during the important summer months. To drive the business forward, steps were taken in August 2015 to broaden the management team through the appointment of a new Chairman and the recruitment of a new Finance Director. A new CEO designate is being recruited to enable the present CEO to focus more on sales and to provide further professional management input. Recent order wins and a growing prospects list should support further growth in sales and profits.

In July 2015, the company completed another recapitalisation, returning £156,000 of accrued interest to the Foresight VCTs, including £78,000 to the Company, taking total cash returned on this investment to 85% of cost.

In September 2015, as part of a £4.5 million round alongside other Foresight VCTs, the Company invested £1.2 million in **Hospital Services Limited** (HSL) to support its continuing growth. Based in Belfast and Dublin, HSL distributes, installs and maintains high quality healthcare equipment supplied by global partners such as Hologic, Fujifilm and Shimadzu, as well as supplying related consumables. With particular expertise in the radiology, ophthalmic, endoscopy and surgical sectors, the company benefits from a number of exclusive OEM agency and

distribution agreements and also from a significant level of service revenues under term contracts with customers. For the year to 31 March 2015, the company achieved EBITDA of £1.7 million on revenues of £7.2 million. A new, experienced Non Executive Chairman and Commercial Director have been appointed to the Board. Growth is planned to be achieved through broadening the customer base, widening the range of OEM distributorships and expanding further into mainland United Kingdom.

Ixaris Systems has developed and operates Entropay, a web based global prepaid payment service using the VISA network. Entropay continues to perform well with growing revenues and profits and consideration is being given to various strategic options to maximise its value. Ixaris also offers its IxSol product on a 'Platform as a Service' basis to enable enterprises to develop their own customised global applications for payments over various payment networks. IxSol is trading satisfactorily with a number of deployments in progress and a good sales pipeline. IxSol is being used by companies in the affiliate marketing and travel sectors and sales efforts are now focussed on the international e-commerce and financial services sectors. One contract, currently in pilot phase, could ultimately generate up to £2.0 million of annual revenues.

During 2013, the company invested in developing and marketing its Ixaris Payment System, the platform that runs IxSol, to financial institutions. The platform enables financial institutions to offer payment services to customers based on prepaid cards. This division continues to make good progress, with the first deployment expected to go live before the end of the year and the second in early 2016. A pipeline of sales opportunities is being developed in three applications, corporate prepaid, consumer virtual prepaid and payment innovations. Two other opportunities are expected to be signed in the next few months which would then necessitate an increase in the size of the development team. Ixaris was awarded an EU grant of €2.5 million, of which €1.6 million will be received over three years, to help fund the existing platform technology roadmap, which highlights the innovative nature of the Payment System.

In the year to 31 December 2014, reflecting continuing investment in software and systems, an EBITDA loss of £622,000 was incurred on revenues of £9.5 million (cf. an EBITDA loss of £617,000 on sales of £9.5 million in the previous year). Trading in the current year is well ahead of budget, with the company operating at EBITDA and cash flow break even while continuing to invest further in IxSol and Ixaris Payment System.

In February 2014, the **O-Gen Acme Trek** facility in Stoke-on Trent was granted planning permission for an enlarged 8MW waste wood to energy plant. O-Gen Acme Trek continues to work with CoGen as developer to try to secure a project to rebuild the plant but the window of opportunity to do so under the ROC regime is narrowing so Foresight is now considering alternative plans for the site, including, for example, the creation of a standby power site taking advantage of the extant grid connection.

Working together with Carbonarius (a 50:50 joint venture with Plymouth based Una Group), **O-Gen UK** has built on the success of its £48 million, 10MW Birmingham BioPower project ("BBPL") to become the UK's leading independent developer of Advanced Conversion Technology waste to energy projects. In March 2015, O-Gen UK formalised this partnership with Una Group by combining the two management teams and staff in a new company, CoGen Limited, to further develop their substantial, combined pipeline of projects. To accelerate growth and provide additional working capital, a new investor subscribed £750,000 for equity in CoGen, alongside a loan of £500,000 from Una Group. Funds managed by Foresight hold 22.13% of CoGen's equity, including the Ordinary Shares class of 8.55%, Foresight 3 VCT plc (7.73%), Foresight 2 VCT plc (3.53%) and the Foresight UK Sustainable EIS fund (2.32%). Reflecting the above progress, the CoGen valuation has been increased by £286,000 during the period. O-Gen remains the shareholder in BBPL.

In March 2015, **CoGen** reached financial close on a £53.0 million, 10MWe waste wood to energy plant in Welland, Northamptonshire, using the same technology and partners as in the BBPL project. This latest project was funded with investment from Balfour Beatty plc, Equitix and Noy (an Israeli investment fund), with CoGen earning development fees on the transaction whilst retaining a 12.5% shareholding in the project. Also in March, CoGen completed the acquisition of the entire O-Gen Plymtrek site in Plymouth, originally developed by Carbonarius and MITIE plc, on which a 4.5MW waste to energy plant is planned to be built utilising much of the footprint of the existing plant. The funding for this transaction was provided by Aurium Capital Markets, with CoGen owning 50% of the acquisition vehicle and Aurium 50% but with a prior ranking return on the latter's invested capital. In October 2015, CoGen reached financial close on a £98.0 million, 21.5MW project in Ince Park, Merseyside to be fuelled with circa 160,000 tonnes per annum of recycled wood fibre. All of the funding was provided by the Bioenergy Infrastructure Group (of which Foresight is a co-sponsor) through a combination of shareholder loan and shares which receive a preferential return.

CoGen is currently developing a £120.0 million, 25MWe gasification plant and associated waste processing facility in the North West to process c.200,000 tonnes per annum of municipal and commercial and industrial waste which is expected to reach financial close by the end of the year. All of the £120.0 million funding requirement is anticipated to be provided by the Bioenergy Infrastructure Group. CoGen is actively working on its pipeline of other projects and funding relationships, with active support from Foresight. The market has become more uncertain with the change in renewables policy of the new government in particular suggesting a risk to future CfD auctions.

In December 2014, the Company invested £500,000 alongside other Foresight VCTs in a £2.0 million round to finance a shareholder recapitalisation of **Positive Response Corporation**. Established in 1997, the company monitors the safety of people and property through its 24 hour monitoring centre in Dumfries, Scotland. The main product, StaffSafe, provides increased staff safety and protection in customer

Investment Manager's Report continued

facing environments by supporting workers, particularly 'lone workers', in dealing with verbal abuse, harassment and anti-social behaviour. This product enables staff to call for help utilising high quality two way audio communication and a CCTV feed linked to the monitoring centre. Customers include several major restaurant and retail chains. Revenues are generated from both initial installation fees and monitoring and maintenance fees.

For the year ended 31 March 2015, EBITDA of £637,000 was achieved on sales of £2.0 million. Trading to date in the current year is similar to that in the prior year, reflecting investment in the overhead base, particularly in sales and marketing. Trials or discussions are proceeding with a number of large leisure and retail potential customers, including a possible major trial in early 2016 with a restaurant chain in Germany, although progress is slower than expected as a result of limited sales resource. Particularly promising discussions are being held with two major retail groups about installing StaffSafe across their respective retail estates. Sales to existing customers remain buoyant, with confirmation received from one that StaffSafe is to be installed in a further 650 stores over the next six months.

The management team has been strengthened with the appointment of three experienced executives as Chairman, CEO and Finance Director respectively. A new Head of Sales is currently being recruited, as are new Regional salesmen to drive revenue growth. A part time Marketing Manager and a PR firm with relevant industry expertise have also been engaged. The company's marketing and branding collateral, including the website, have been significantly refreshed.

In April 2013, the Company invested £650,000 alongside other Foresight VCTs in a £1.8 million round to finance a management buy-out of **Procam Television Holdings**. Procam is one of the UK's leading broadcast hire companies, supplying equipment and crews for UK location TV production to broadcasters, production companies and other businesses for over 20 years. Headquartered in Battersea, London, with additional facilities in Manchester, Edinburgh and Glasgow, Procam is a preferred supplier to BSkyB and an approved supplier for BBC and ITV. Revenues and profits have grown strongly, following the introduction of new camera formats, acquisitions in both the UK and USA and increased sales and marketing efforts.

In September 2013, Hammerhead, a competitor with facilities in London, Manchester and Edinburgh and Glasgow, was acquired in order to broaden the customer base, increase national coverage and realise various synergistic benefits.

In December 2014, Procam acquired True Lens Services, based in Leicester, which specialises in the repair, refurbishment and supply of camera lenses to the film and television industries in the UK and overseas. In March 2015, in order to service the requirements of many of its existing UK customers and enter the large US market, Procam acquired HotCam New York, which provides camera, audio and lighting rental for TV production, plus crew and related production services. These two acquisitions were supported by further investment of £1.3 million from

the Foresight VCTs, of which the Company invested £451,000. Both acquisitions have been successfully integrated and initial trading is in line with plan. Other acquisition opportunities are under consideration.

For the year to 31 December 2014, the company achieved EBITDA of £2.3 million on revenues of £8.1 million, well ahead of the prior year, reflecting organic growth and the integration of the Hammerhead acquisition (2013: EBITDA of £1.8 million on sales of £6.4 million). Trading in the current year to date is broadly in line with budget with continuing strong growth. Following receipt of planning permission, a move into larger premises in London is planned for early 2016.

In July 2015, as part of a £4.0 million round alongside other Foresight VCTs, the Company invested £1.0 million in Coventry based **Protean Software Limited**. Protean develops and sells business management and field service management software, together with related support and maintenance services, to organisations involved in the supply, installation and maintenance of equipment, across a number of sectors including facilities management, HVAC and elevator installation. Protean's software suite offers both desktop and mobile variants used on its engineers' Android devices. A new CEO and an experienced Chairman were appointed at completion and a new Financial Controller recruited subsequently. A new salesperson is expected to join shortly. A number of actions are now in hand, including strengthening marketing and improving the effectiveness of the website. In addition, the release of the next version of the software has been accelerated. This release will be browser based and will permit integration of the software with Xero, the new web based accounts package. Protean is recruiting two additional developers to help deliver this product. Protean's first US customer successfully went live in September. Trading in the current year is in line with the previous year despite increased overheads while cash remains strong.

In April 2015, as part of a £2.6 million round alongside other Foresight VCTs, the Company invested £650,000 in **Specac International Limited**. Specac, based in Orpington, Kent, is a long established, leading scientific instrumentation accessories business, manufacturing high specification sample analysis and sample preparation equipment used in a broad range of applications in testing, research and quality control laboratories and other end markets Worldwide. The company's products are primarily focussed on supporting IR Spectroscopy, an important analytical technique widely used in research and commercial/ industrial laboratories. For the year to 31 July 2015, the company achieved an EBITDA of £906,000 on sales of £6.9 million. Trading in the current year to date is strong and the company is changing its year end to March 2016 to better reflect its trading year.

Management's key tasks are to accelerate new product development and increase focus on sales across all types of customers (OEMs, direct and end customers) in both the UK and US. The US remains the largest growth opportunity and the US sales manager recruited in March 2015 continues to develop the sales pipeline. An Operations Manager has been recruited to improve operational efficiency and reduce the cost base.

The SkillsGroup (formerly named AtFutsal Group) runs government approved education programmes for students aged 16-18 years old, sourced from Football clubs, colleges, academies and training/accreditation organisations, the funding for which is provided by the Education Funding Agency. Arenas in Birmingham, Leeds and Swindon are used in part for these education programmes.

For the year ended 31 December 2014, a small operating profit was achieved on sales of £5.0 million, with the Education Division generating the majority of the profit and cash flow within the Group. However, trading in the current year to date has been weak, with a small EBITDA loss being incurred to date. The number of students undertaking programmes for the new academic year beginning September 2015 fell to 768, materially below target and appreciably lower than the 1,400 students registered in the previous year.

As part of a £355,000 funding round to support the continuing growth of the Educational division and a related share reorganisation, the Foresight VCTs invested a further £300,000 (£100,000 in February 2015 and £200,000 in April 2015). The Company invested £51,000 in total (£17,000 in February 2015 and £34,000 in April 2015) and increased its equity shareholding from 7.5% to 10.6%.

Despite recent positive changes made to senior management, reflecting the current weak trading performance under request for working capital, which we were not prepared to support, a full provision of £412,000 was made against the cost of the investment during the period, reducing the valuation to nil.

TFC Europe, a leading distributor of technical fasteners in the UK and Germany, performed satisfactorily during the year to 31 March 2015, achieving an operating profit of £2.8 million on sales of £20.3 million (2014: operating profit of £2.8 million on sales of £19.5 million). Trading in the first six months of the current year was, however, weaker than budgeted due to declining sales to the oil and gas industry which was not mitigated by growth from construction, automotive and other customers.

With effective national coverage through five service centres in the UK, management is focussed on increasing sales efforts and expansion in the UK and also Germany, the largest market in Europe. A new full service centre was opened in Bochum near Dusseldorf in October 2013. The seventh service centre, acquired in October 2014 in Singen, near Stuttgart, provides increased opportunities to service existing Southern German customers and target new customers with a wider product range. This strong presence in Europe's largest manufacturing market is expected to assist TFC in achieving its growth plans and progress is also being made in developing German and Eastern European sales in both technical and more commodity type fasteners. A branch is planned to be opened shortly in the Czech Republic. A new aerospace division has been established within TFC, with the newly recruited Aerospace Manager working to develop leads with manufacturers across the industry.

In July 2015, the company effected a successful recapitalisation and share reorganisation, as a result of which £2.4 million was received by

the Foresight VCTs, repaying of all their outstanding loans, together with accrued interest and a redemption premium. The overall Foresight shareholding increased from 53.6% to 66.7%. The Company received £710,000 and increased its shareholding from 17.87% to 22.23%. A number of senior management changes and promotions have been made recently to facilitate the planned retirement of the current Chairman and enable the CEO to drive strategic growth projects, particularly in Germany and new customer targets within Aerospace. A new, experienced Chairman will be appointed shortly. In April 2015, two senior managers were promoted to Sales Director and Commercial Director. An Operations Director has been appointed to drive cost efficiencies and introduce best operational practice across the Group.

The Bunker Secure Hosting, which operates two ultra secure data centres, continues to generate substantial profits at the EBITDA level. For the year to 31 December 2014, an EBITDA of £2.2 million was achieved on sales of £9.3 million, identical to the previous year. Recurring annual revenues presently exceed £9.3 million while cash balances remain healthy. Trading in the current year to date is in line with budget and the previous year, although sales to new customers are behind budget while sales to existing customers are ahead of budget. Management are evaluating the reasons for the relatively low rate of conversion of sales from the new customer sales pipeline.

On 31 March 2015, The Bunker repaid all its shareholder loans and outstanding interest totalling £6.5 million, financed through a £5.7 million secured medium term bank loan plus £1 million from its own cash resources. In total, £5.1 million was repaid to the Foresight VCTs, comprising £3.0 million of loan principal and £2.1 million of interest. The Company received £2.1 million, comprising £1.5 million of loan principal and £503,000 of interest.

Management's focus is on improving the sales strategy and performance, with the company developing further routes to market for the new storage and backup products, through a channel model. The company has now commenced a trial with a large distributor which serves many value added resellers. A new, experienced, Sales Manager has been recruited to lead channel sales.

In September 2015, as part of a £3.3 million round alongside other Foresight VCTs, the Company invested £1.0 million in **The Business Advisory Limited**. This company provides a range of advice and support services to UK based small businesses seeking to gain access to Government tax incentives, largely on a contingent success fee basis. With a large number of small customers signed up under medium term contracts, the company enjoys a high level of recurring income and good visibility on future revenues.

For the year to 30 September 2015, the Company achieved a NPBT of £1.4 million on sales of £4.2 million, well ahead of the prior year. Significant growth is forecast for the current year, primarily driven by Government Grant Tax Consultants Ltd (GGTC), the principal trading subsidiary focused on providing UK based SMEs with R&D Tax Credit support and greater focus on its website and digital marketing strategy.

The company plans to expand and diversify its range of tax and advisory services. In the UK, many of these are focused on government policies designed to incentivise certain types of investment or stimulate greater growth in particular industries e.g. the creative industries. Management is to be strengthened by the appointment of a new COO/MD designate in early 2016 and a new experienced, non executive director.

In August 2013, the Company invested £1.1 million alongside Foresight VCT in a £2.5 million shareholder recapitalisation of Stockport based **Thermotech Solutions** (formerly Fire and Air Services). Thermotech is a hard facilities management provider with two divisions, Mechanical Services and Fire Protection, which designs, installs and services air conditioning and fire sprinkler systems for retail, commercial and residential properties through a national network of engineers. The company focusses primarily on the retail sector and enjoys long term customer relationships and multi-year preferred supplier contracts with various blue chip high street retailers, giving good revenue visibility. Since investment, good progress has been made in diversifying and rebalancing the spread of revenues, with greater emphasis on service and maintenance. For the year to 31 March 2015, an EBITDA of £1.1 million was achieved on sales of £7.8 million, some 40% ahead of the previous year (2014: an EBITDA of £717,000 on sales of £5.6 million), reflecting significant contract wins and resultant strong cash generation. In the current year to date, both the Mechanical Services and Fire Protection divisions are trading well, with good order books and strong sales pipelines. Both divisions are recruiting additional engineers. Cash balances continue to be healthy.

Good progress has been made in further developing the business, including revamping the brand, optimising the website, introducing telesales and strengthening various functions. A new non executive Chairman has been appointed, bringing extensive experience from the facilities management and business services sectors. A potential acquisition in the fire protection market is currently being considered which, if completed, would significantly increase the size and profitability of the Group. Bank debt is being sought to finance this potential acquisition.

Trilogy Communications continues to face a difficult trading environment, with both broadcast market and defence revenues weaker than twelve months ago. Despite strong trading results up to 2012 reflecting large defence contract orders from partners such as Northrop Grumman and Raytheon, the company's trading has since been badly affected by delays in long-term US defence programme orders. For the year to 28 February 2015, an EBITDA loss of £509,000 was incurred on sales of £3.9 million and trading in the current year is expected to be weaker. A new Sales Director has been recruited to increase broadcast sales. Discussions are in progress in relation to further defence programmes and, although significant orders are in prospect from defence customers, these continue to be delayed and further losses incurred. The new non-executive Chairman is actively involved with the Chief Executive Officer in addressing the company's issues and stabilising the business. The

company has traded at cash flow breakeven during the period through a combination of cost and stock reductions while the current order pipeline is expected to provide the company with sufficient cash for the next few months. A corporate finance adviser has been appointed to review the strategic options open to the company, including joint ventures, licensing technology and possibly a trade sale. Reflecting the above, a provision of £77,000 was made against the cost of the investment during the period.

David Hughes
Foresight Group
Chief Investment Officer
27 November 2015

Investment Summary

Investment	30 September 2015			31 March 2015	
	Amount invested £	Valuation £	Valuation Methodology	Amount invested £	Valuation £
Datapath Group Limited	73,250	9,379,267 *	Discounted price/earnings multiple	73,250	10,209,100
TFC Europe Limited	156,370	3,012,854 *	Discounted price/earnings multiple	782,577	3,611,647
Ixaris Systems Limited	1,181,432	2,872,079 *	Discounted revenue multiple	1,181,432	2,222,007
Autologic Diagnostics Group Limited	2,464,120	2,439,405 *	Discounted price/earnings multiple	2,329,087	2,338,020
Aerospace Tooling Corporation Limited	150,000	2,392,800 *	Discounted price/earnings multiple	150,000	5,546,390
The Bunker Secure Hosting Limited	584,987	2,237,912 *	Discounted price/earnings multiple	584,987	2,203,251
CoGen Limited	390,928	2,210,615 *	Discounted cash flow	390,928	1,923,978
Procam Television Holdings Limited	1,101,385	2,010,648 *	Discounted price/earnings multiple	1,101,385	2,190,858
Blackstar Amplification Holdings Limited	1,000,000	2,008,374 *	Discounted price/earnings multiple	1,000,000	1,386,163
FFX Group Limited	1,372,002	1,372,002 *	Cost	—	—
Thermotech Solutions Limited	1,000,000	1,296,983	Discounted price/earnings multiple	1,000,000	1,403,282
Hospital Services Limited	1,200,000	1,200,000	Cost	—	—
Biofortuna Limited	1,181,052	1,181,052	Price of recent funding round	1,181,052	1,181,052
ABL Investments Limited	1,000,000	1,000,000	Cost	—	—
Protean Software Limited	1,000,000	1,000,000	Cost	—	—
The Business Advisory Limited	1,000,000	1,000,000	Cost	—	—
O-Gen Acme Trek Limited	4,860,174	753,015	Discounted cash flow	4,860,174	753,015
Specac International Limited	650,000	650,000	Cost	—	—
Flowrite Refrigeration Holdings Limited	295,000	596,943	Discounted price/earnings multiple	295,000	787,866
Positive Response Communications Limited	500,000	500,000	Cost	500,000	500,000
Sindicatum Carbon Capital Limited	200,063	393,825	Price of recent funding round less impairment	200,063	393,825
VectorCommand Limited	1,468,750	228,770	Discounted revenue multiple	1,468,750	301,836
Quantel Holdings (2010) Limited	235,762	197,116	Cost less impairment	235,762	197,116
Zoo Digital Group Limited	827,148	190,056	Bid price	847,021	288,577
AlwaysON Group Limited	680,240	160,488	Discounted revenue multiple	680,240	266,815
Trilogy Communications Holdings Limited	776,383	64,278	Discounted revenue multiple	776,383	140,872
Aigis Blast Protection Limited	347,226	—	Nil value	347,226	—
Global Immersion Limited	532,283	—	Nil value	532,283	—
i-plas Group Limited	674,825	—	Nil value	732,363	—
The SkillsGroup Limited (formerly AtFutsal Group Limited)	789,344	—	Nil value	755,330	377,665
Abacuswood Limited	879,597	—	Nil value	879,597	—
Evance Wind Turbines Limited	1,513,098	—	Nil value	1,513,098	—
The Fin Machine Company Limited	3,036,814	—	Nil value	3,036,814	—
Closed Loop Recycling Limited	—	—	Sold	4,722,767	—
	33,122,231	40,348,482		32,157,569	38,223,335

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

Investment Summary

Top ten investments by value as at 30 September 2015 are detailed below:

Datapath Group Limited



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

TFC Europe Limited



is one of Europe's leading technically based suppliers of fixing and fastening products. From seven sites in the UK and Germany, 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.

Ixaris Systems Limited



operates 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. 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, and also into the online travel agency market. The company has launched its IxSol platform that enables developers to create and run their own global payment applications under the Visa and MasterCard schemes.

Autologic Diagnostics Group Limited



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

Aerospace Tooling Corporation Limited



is a niche engineering company based in Dundee. The company provides specialist repair and refurbishment servicing for components in high-specification aerospace and turbine engines. Specifically the company targets 'legacy' components and engines that have ceased production, but are still in widespread use.

Investment Summary

The Bunker Secure Hosting Limited



provides ultra secure IT data centre and managed services to companies from owned and leased facilities in bunkers previously constructed for military use at Ash, Kent and Newbury, Berkshire. With particular expertise in Open Source and Microsoft software and systems, web and digital security, The Bunker Secure Hosting 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 Secure Hosting is highly regarded for its technical skills by its customers, which include top financial, telecoms and web-based businesses concerned with data security which have decided to outsource their mission critical IT systems. A number of new cloud based ultra secure services have recently been introduced. The Bunker Secure Holding has recently been accredited with the G Cloud framework to provide its service to public sector organisations, opening a large potential market. A range of new Ultra Secure Services are now being launched.

CoGen Limited



develops, builds, owns and operates waste to energy and combined heat and power ('CHP') plants. The market is driven by government regulation regarding waste disposal and renewable energy incentives. Specifically, landfill tax, which is driving waste operators towards cheaper and more efficient methods of waste disposal. The electricity generated from processing the wood will be sold to Utility offtakers and attracts Renewable Obligation Certificates ('ROCs') which generate further revenue. CoGen is building on its successful development of the £48m Birmingham Bio Power deal, which closed in December 2013, the £53m Welland deal, which closed in March 2015, the £98 million Ince Bio Power, which closed in October 2015, and the acquisition of the Plymouth site also in March 2015. CoGen was formed to bring together the underlying shareholdings in O-Gen UK and its joint venture partner Una Group, which had previously collaborated through Carbonarius limited (a 50:50 JV).

Procam Television Holdings Limited



is one of the UK's leading broadcast hire companies, supplying equipment and crew for location TV production. Clients include major broadcasters and production companies, including the BBC, ITV, Two Four, Objective, Monkey Kingdom and Endemol. Foresight backed an MBO of the business in 2013. Procam has recently expanded in the United States, with a New York operation, and is broadening its range of services, now including lens servicing and lens products through subsidiary True Lens Services.

Blackstar Amplification Holdings Limited



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

FFX Group Limited



is a multi-channel supplier of high quality hand tools, power tools and accessories, fixings, fasteners and general building products. Headquartered in Folkestone, FFX supplies contractors, building firms and the DIY sector. Initially founded as a traditional 'bricks and mortar' supplier at its Folkestone site, FFX launched its ecommerce channel in 2009 and has since grown rapidly.



Unaudited Half-Yearly Results and Responsibility Statements

Principal risks and uncertainties

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

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

The Board reported on the principal risks and uncertainties faced by the Company in the Annual Report and Accounts for the year ended 31 March 2015. A detailed explanation can be found on page 56 of the Annual Report and Accounts which is available on 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 Interim Report and financial statements.

The Directors confirm to the best of their knowledge that:

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

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report in the 31 March 2015 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 2015 Annual Report. In addition, the Annual Report includes the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

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

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

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

On behalf of the Board

Philip Stephens

Chairman
27 November 2015

Unaudited Income Statement

for the six months ended 30 September 2015

	Six months ended 30 September 2015 (unaudited)			Six months ended 30 September 2014 (unaudited)			Year ended 31 March 2015 (audited)		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised losses on investments	—	(4,659)	(4,659)	—	(5,908)	(5,908)	—	(1,701)	(1,701)
Investment holding gains	—	1,168	1,168	—	8,643	8,643	—	9,322	9,322
Income	102	—	102	737	—	737	1,147	—	1,147
Investment management fees	(147)	(441)	(588)	(130)	(390)	(520)	(265)	(794)	(1,059)
Transaction costs	—	—	—	—	—	—	(11)	—	(11)
Other expenses	(254)	—	(254)	(225)	—	(225)	(426)	—	(426)
(Loss)/return on ordinary activities before taxation	(299)	(3,932)	(4,231)	382	2,345	2,727	445	6,827	7,272
Taxation	—	—	—	—	—	—	(61)	61	—
(Loss)/return on ordinary activities after taxation	(299)	(3,932)	(4,231)	382	2,345	2,727	384	6,888	7,272
(Loss)/return per share:									
Ordinary Share	(0.5)p	(6.9)p	(7.4)p	0.4p	(1.3)p	(0.9)p	0.4p	(3.2)p	(2.8)p
C Share	n/a	n/a	n/a	1.2p	15.2p	16.4p	1.3p	43.5p	44.8p

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

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

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



Unaudited Balance Sheet

at 30 September 2015

Registered Number: 03506579

	As at 30 September 2015 (unaudited) £'000	As at 30 September 2014 (unaudited) £'000	As at 31 March 2015 (audited) £'000
Fixed assets			
Investments held at fair value through profit or loss	40,348	42,889	38,223
Current assets			
Debtors	392	972	736
Money market securities and other deposits	3,369	277	4,400
Cash	367	4,497	9,632
	4,128	5,746	14,768
Creditors			
Amounts falling due within one year	(314)	(227)	(148)
Net current assets	3,814	5,519	14,620
Net assets	44,162	48,408	52,843
Capital and reserves			
Called-up share capital	576	571	570
Share premium	36,133	35,875	35,810
Capital redemption reserve	2,014	2,011	2,012
Profit and loss account	5,439	9,951	14,451
Equity shareholders' funds	44,162	48,408	52,843
Net asset value per share:			
Ordinary Share	76.6p	86.0p	83.9p
C Share	n/a	82.5p	110.8p

Unaudited Reconciliation of Movements in Shareholders' Funds

for the six months ended 30 September 2015

Company	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
As at 1 April 2015	570	35,810	2,012	14,451	52,843
Share issues in the period	8	347	—	—	355
Expenses in relation to previous years share issues*	—	(24)	—	—	(24)
Repurchase of shares	(2)	—	2	(111)	(111)
Dividends	—	—	—	(4,670)	(4,670)
Loss for the period	—	—	—	(4,231)	(4,231)
As at 30 September 2015	576	36,133	2,014	5,439	44,162

* Trail commission payable to financial advisors in the period

Unaudited Cash Flow Statement

for the six months ended 30 September 2015

	Six months ended 30 September 2015 (unaudited) £'000	Six months ended 30 September 2014 (unaudited) £'000	Year ended 31 March 2015 (audited) £'000
Cash flow from operating activities			
Investment income received	357	373	1,000
Dividends received from investments	—	150	150
Deposit and similar interest received	1	2	4
Investment management fees paid	(588)	(559)	(1,059)
Secretarial fees paid	(118)	—	(117)
Other cash payments	(199)	(168)	(260)
Net cash outflow from operating activities and returns on investment	(547)	(202)	(282)
Taxation	—	—	—
Returns on investment and servicing of finance			
Purchase of unquoted investments and investments quoted on AiM	(6,134)	(232)	(1,766)
Net proceeds on sale of investments	717	2,647	13,742
Net proceeds on deferred consideration	7	84	87
Net capital (outflow)/inflow from investing activities	(5,410)	2,499	12,063
Equity dividends paid	(4,670)	—	—
Management of liquid resources			
Movement in money market funds	1,031	360	(3,763)
	1,031	360	(3,763)
Financing			
Proceeds of fund raising	355	—	—
Expenses of fund raising	(24)	(8)	(71)
Repurchase of own shares	—	—	(163)
Net cash (outflow)/inflow from financing activities	(331)	(8)	(234)
(Decrease)/increase in cash	(9,265)	2,649	7,784
Reconciliation of net cash flow to movement in net cash			
(Decrease)/increase in cash for the period	(9,265)	2,649	7,784
Net cash at start of the period	9,632	1,848	1,848
Net cash at end of period	367	4,497	9,632



Notes to the Half-Yearly Financial Report

for the six months ended 30 September 2015

- 1** The unaudited Half-Yearly results have been prepared on the basis of accounting policies set out in the statutory accounts of the Company for the year ended 31 March 2015. Unquoted investments have been valued in accordance with IPEV CV guidelines. Quoted investments are stated at bid prices in accordance with IPEV CV guidelines and UK Generally Accepted Accounting Practice.
- 2** These are not statutory accounts in accordance with S436 of the Companies Act 2006 and the financial information for the six months ended 30 September 2015 and 30 September 2014 has been neither audited nor reviewed. Statutory accounts in respect of the year ended 31 March 2015 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 2015 have been reported on by the Company's auditors or delivered to the Registrar of Companies.
- 3** Copies of the Half-Yearly Financial Report have been sent to shareholders and are available for inspection at the Registered Office of the Company at The Shard, 32 London Bridge Street, London, SE1 9SG.

Copies of the Half-Yearly Financial Report are also available electronically at www.foresightgroup.eu.

4 Net asset value per share

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

	Ordinary Shares Fund		C Shares Fund	
	Net assets £'000	Number of shares in issue	Net assets £'000	Number of shares in issue
30 September 2015	44,162	57,631,147	n/a	n/a
30 September 2014	32,991	38,369,414	15,417	18,680,907
31 March 2015	32,139	38,284,414	20,704	18,680,907

5 Return per share

	Six months ended		Six months ended		Year ended	
	30 September 2015	Ordinary Shares	30 September 2014	C Shares	31 March 2015	C Shares
	Ordinary Shares £'000	£'000	£'000	£'000	£'000	£'000
Total (loss)/return after taxation	(4,231)	(349)	3,076	(1,091)	8,363	
Total (loss)/return per share (note a)	(7.4)p	(0.9)p	16.4p	(2.8)p	44.8p	
Revenue (loss)/return from ordinary activities after taxation	(299)	154	228	149	235	
Revenue (loss)/return per share (note b)	(0.5)p	0.4p	1.2p	0.4p	1.3p	
Capital (loss)/return from ordinary activities after taxation	(3,932)	(503)	2,848	(1,240)	8,128	
Capital (loss)/return per share (note c)	(6.9)p	(1.3)p	15.2p	(3.2)p	43.5p	
Weighted average number of shares in issue in the period	57,505,869	38,567,228	18,680,907	38,445,770	18,680,907	

Notes:

- a) Total return/(loss) per share is total return after taxation divided by the weighted average number of shares in issue during the period.
- b) Revenue return/(loss) per share is revenue return after taxation divided by the weighted average number of shares in issue during the period.
- c) Capital return/(loss) per share is capital return after taxation divided by the weighted average number of shares in issue during the period.

Notes to the Half-Yearly Financial Report

for the six months ended 30 September 2015

6 Income

	Six months ended 30 September 2015 (unaudited) £'000	Six months ended 30 September 2014 (unaudited) £'000	Year ended 31 March 2015 (audited) £'000
Loan stock interest	83	585	993
Dividends receivable	—	150	150
Overseas based Open Ended Investment Companies ("OEIC's")	18	2	4
Bank deposits	1	—	—
	102	737	1,147

Income in the period has declined materially, firstly as a result of the full provision against The SkillsGroup Limited and the related interest that was held in debtors; secondly, as a result of several debt refinancings across the portfolio; and finally, the changes to the VCT rules requiring a greater proportion of equity than debt in the recently completed investments.

7 Investments held at fair value through profit and loss

Company	Quoted £'000	Unquoted £'000	Total £'000
Book cost at 1 April 2015	847	31,311	32,158
Investment holding (losses)/gains	(558)	6,623	6,065
Valuation at 1 April 2015	289	37,934	38,223
Movements in the period:			
Purchases at cost*	—	6,391	6,391
Disposal proceeds ***	(7)	(768)	(775)
Realised losses **	(13)	(4,639)	(4,652)
Investment holding (losses)/gains	(79)	1,240	1,161
Valuation at 30 September 2015	190	40,158	40,348
Book cost at 30 September 2015	827	32,295	33,122
Investment holding (losses)/gains	(637)	7,863	7,226
Valuation at 30 September 2015	190	40,158	40,348

Ordinary Shares Fund	Quoted £'000	Unquoted £'000	Total £'000
Book cost at 1 April 2015	847	24,474	25,321
Investment holding (losses)/gains	(558)	4,709	4,151
Valuation at 1 April 2015	289	29,183	29,472
Movements in the period			
Purchases at cost *	—	4,991	4,991
Disposal proceeds ***	(7)	(768)	(775)
Realised losses **	(13)	(4,639)	(4,652)
Investment holding (losses)/gains	(79)	2,153	2,074
Transfer of C Shares fund — book cost	—	8,237	8,237
Transfer of C Shares fund — investment holding gains	—	1,001	1,001
Valuation at 30 September 2015	190	40,158	40,348
Book cost at 30 September 2015	827	32,295	33,122
Investment holding (losses)/gains	(637)	7,863	7,226
Valuation at 30 September 2015	190	40,158	40,348

Notes to the Half-Yearly Financial Report

for the six months ended 30 September 2015

7 Investments held at fair value through profit and loss (continued)

C Shares Fund	Quoted £'000	Unquoted £'000	Total £'000
Book cost at 1 April 2015	—	6,837	6,837
Investment holding gains	—	1,914	1,914
Valuation at 1 April 2015	—	8,751	8,751
Movements in the period			
Purchases at cost	—	1,400	1,400
Investment holding losses	—	(913)	(913)
Transfer to Ordinary Shares fund — book cost	—	(8,237)	(8,237)
Transfer to Ordinary Shares fund — investment holding gains	—	(1,001)	(1,001)
Valuation at 30 September 2015	—	—	—
Book cost at 30 September 2015	—	—	—
Investment holding gains	—	—	—
Valuation at 30 September 2015	—	—	—

*Capitalised interest of £135,000 was recognised by the Ordinary Shares fund in the period, and is included within purchases at cost.

Purchases at cost includes £122,000 not within the cash flow statement, this amount is within creditors.

**Realised gains in the Income Statement includes deferred consideration of £7,000 that was received and transferred from investment holding gains in the period.

***Disposal proceeds includes £58,000 not within the cash flow statement as this amount is within debtors.

8 Transactions with the manager

Foresight Group, which acts as investment manager to the Company in respect of its venture capital investments earned fees of £588,000 during the period (30 September 2014: £520,000; 31 March 2015: £1,059,000). Fees excluding VAT of £78,000 (30 September 2014: £78,000; 31 March 2015: £157,000) were received during the period for company secretarial, administrative and custodian services to the Company.

At the balance sheet date there was £10,000 due to Foresight Group (30 September 2014: £10,000 due to Foresight Group; 31 March 2015: £20,000 due to Foresight Group) and £nil due to Foresight Fund Managers Limited (30 September 2014: £nil; 31 March 2015: £40,000). No amounts have been written off in the period in respect of debts due to or from related parties.

Shareholder Information

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 telephoning the Company's registrar, Computershare Investor Services plc (see over for details).

Share price

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

Fund History

Foresight Group was appointed manager of Advent 2 VCT plc on 1 August 2004 and the fund was renamed Foresight 4 VCT plc.

Foresight Group was appointed manager of Acuity Growth VCT (formerly Acuity VCT plc) (previously Electra Kingsway VCT plc) and Acuity VCT 2 plc (previously Electra Kingsway VCT 2 plc) on 24 February 2011 and the company was renamed Foresight 5 VCT plc. Foresight Group was also appointed manager of Acuity VCT 3 plc (formerly Electra Kingsway VCT 3 plc) on 1 April 2011. Foresight 4 VCT plc acquired the assets and liabilities of both Foresight 5 VCT plc and Acuity VCT 3 plc on 6 February 2012 and the companies were merged into Foresight 4 VCT plc as a separate C Share class.

Foresight 4 VCT plc also acquired the assets and liabilities of Foresight Clearwater VCT plc on 6 February 2012 and the Foresight Clearwater VCT plc Ordinary Shares became Foresight 4 VCT plc Ordinary Shares.

On 10 August 2015 the Foresight 4 VCT plc C Shares converted into Ordinary Shares.

Investor centre

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

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

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

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 market maker for Foresight 4 VCT plc is Panmure Gordon & Co.

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

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

Foresight Group has been made aware that some of its shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based 'brokers' who target UK shareholders, offering to purchase their VCTs shares at an inflated price. These 'brokers' can be very persistent and extremely persuasive and shareholders are advised to be wary of any unsolicited approaches. Details of any share dealing facilities that are endorsed by Foresight Group are included on this page.



Indicative financial calendar

July 2016	Announcement of annual results for the year ended 31 March 2016
July 2016	Posting of the Annual Report for the year ended 31 March 2016
September 2016	Annual General Meeting
November 2016	Announcement of Half-Yearly Financial Results for the six months to 30 September 2016

Enquiries

Contact Foresight Group for Foresight 4 VCT plc:

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Corporate Information

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Philip Stephens (Chairman)
Peter Dicks
Simon Jamieson

Company Secretary

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