Foresight VCT plc

Foresight 4 VCT plc
Company number: 03506579

Unaudited Half-Yearly Financial Report
for the six month period ended 30 September 2016

Contents

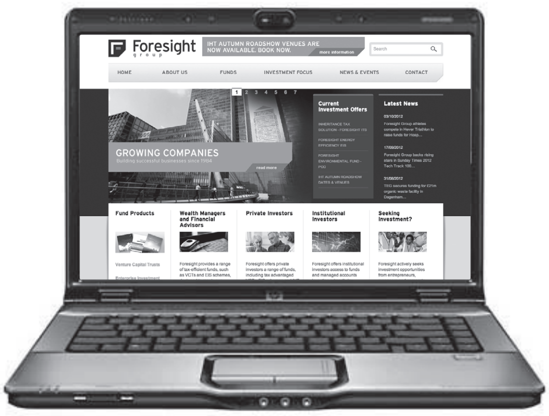
Important information: the Company currently conducts its affairs so that the shares issued by Foresight 4 VCT plc can be recommended by IFAs to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream pooled investment products and intends to continue to do so for the 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 2016 was 72.6p (31 March 2016: 70.4p).
- The fund provided follow-on funding totalling £1.0 million to two portfolio companies.
- The fund realised £0.9 million from sales and loan redemptions from three portfolio companies.

Chairman's Statement

Financial Highlights

- Net asset value per Ordinary Share at 30 September 2016 was 72.6p (31 March 2016: 70.4p).
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- The fund realised £0.9 million from sales and loan redemptions from three portfolio companies.

Board Composition

Following the Annual General Meeting, where a number of the resolutions, including that of Director re-election, were passed by a narrow majority the following changes will be made in the coming weeks and months:

With respect to my own position as Chairman and Director, I intend to retire from the Board on the earlier of a new independent Chairman being appointed, the completion of a corporate action or 31 March 2017.

Peter Dicks has also indicated his intention to retire from the Board on the earlier of a corporate action or the annual general meeting in 2017.

A specialist recruitment firm has been engaged by the Board to assist in identifying suitable candidates for appointment.

The intention would be to have only the independent Directors, including any new appointments to the Board, to consider the options available to the Company before any recommendations are made to Shareholders.

Performance

I am pleased to report a third successive quarter of growth in underlying net asset value representing an increase of 5.7% over the nine months and more specifically, for the six months under review to 30 September 2016, the net asset value per Ordinary Share increased by 3.1% to 72.6p from 70.4p at 31 March 2016.

Overall, the Board is pleased with the positive increase in net asset value during the six months under review and believes that the composition of the existing portfolio in the last twelve months will provide the new Board with the platform to deliver growth, underpin future dividends and enhance Shareholder returns. The seven most recent new investments had combined revenues of approximately £62.5m and EBITDA of approximately £8.5m at the time of acquisition and have continued to grow since.

The Company benefitted from good performances by several portfolio companies, principally Datapath, Protean, Specac, TFC and The Business Advisory, supporting an increase in their aggregate valuation of over £2.3 million. Reflecting weaker than expected trading, the valuations of Autologic, Blackstar and Positive Response were reduced by £468,000 in aggregate.

Although the six months under review saw little activity with respect to new or follow-on investments, this has been a wider trend within the VCT sector as both Boards and Investment Managers digested the new VCT regulations published in November 2015. Following the much delayed publication of HMRC's VCT Guidance Manual in May 2016, setting out the new regulations, the wider VCT industry has recently started to see an increase in the completion of new and follow-on deals. Foresight 4 VCT plc is unlikely, in the short term, to invest in any new deals until it has greater liquidity.

More detailed information on the investment portfolio is included within the Investment Manager's Report on page 5.

Dividends

It is 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 investments within the fund gives the Board confidence that it will be able at least to maintain the same level of dividend and increase future payments of dividends to Shareholders when prudent to do so.

Top-up Share Issues and Share Buy-backs

During the period under review there were no share buybacks or share issues.

Potential Merger with Foresight 3 VCT plc

In the annual report and accounts I mentioned that the Board had been considering whether a merger and the benefits therefrom would be in Shareholders' long term interests. As an update, the Board announced on 20 October 2016 that it had been in discussions with Foresight 3 VCT plc ('Foresight 3') regarding a potential merger and the principal details of a potential merger, should it proceed and be approved by Shareholders, are set out below:

- A combined VCT with assets of approximately £70 million;
- Based on the costs of the merger being in the region of £450,000, a payback period of approximately 12 months is expected;
- A reduction in the aggregate number of Board directors from six to four, possibly to three over time;
- A reduction in the annual management fee from 2.25% to 2.0% of net assets;
- A portfolio of over 25 companies, many of which are making good progress and are profitable and which have delivered the recent improvements in NAV in the Company;
- A reduction in the annual expenses cap from 3.5% to 2.95% of net assets;

Chairman's Statement continued

- An enlarged entity better positioned to raise further funds and continue with the current investment strategy; and
- The ability to consider realisations within an enlarged entity to assist with creating liquidity events for Shareholders and support dividend payments.

A merger will create an enlarged VCT with enough critical mass which should generate sufficient income and realisations to meet an attractive dividend target, as well as maintaining a regular program of share buybacks aimed at maintaining a discount to NAV in the region of 10%.

It should be noted that a tri-partite merger between Foresight VCT plc, Foresight 3 and the Company would not be possible without the divestment of significant holdings including many of the new investments which, together, being over 50%, would otherwise be non-qualifying under the VCT rules.

The Board anticipates that the following would also be put in place for all Shareholders of the enlarged VCT, following the completion of a merger:

Tender Offer post-Merger

The Board recognises that the discount to NAV at which the Company's shares trade has been too wide for a prolonged period of time. In that regard, the Board anticipates that the enlarged VCT will undertake a tender offer as soon as possible after a merger.

Buyback Commitment post-Merger

In addition to the proposed tender offer referred to above, over time the Board also expects to be in a position following a merger to implement a series of share buybacks to enable the enlarged VCT to achieve its target of a discount to NAV in the region of 10%.

Dividend post-Merger

In addition to the tender offer and share buyback objective noted above, the Board also expects that the enlarged VCT would be in a position to pay a post-merger dividend.

With respect to a potential merger with Foresight 3, the Board wishes to seek Shareholders' views before incurring any significant merger costs and has enclosed with these interim accounts details of a simple online advisory vote open to all Shareholders, which will be carefully considered by the Board in addition to all other options.

Following the advisory vote a recommendation on the preferred option of the independent Directors of the Board will be sent to Shareholders for their consideration.

Brexit

There are two principal areas where the implementation of Brexit could impact the VCT:

- Investee Companies – there has been much debate on the possible impact on trade between Europe and the UK following the Brexit vote and how this will impact UK corporates. Although it is much too early to say how large or small the impact may ultimately be, we do not believe that the impact will be material in the short to medium term; and
- Regulation – many parts of the current VCT legislation has been cast from EU State Aid Directives. However, we do not believe that even following Brexit that changing VCT legislation will be a priority for the UK Government and therefore we do not expect any changes to the existing legislation in the short to medium term.

Shareholder Survey Results

Throughout the calendar year, indirectly through investor forums and directly through a survey, we solicited Shareholder views. We have used these results to help inform the key points we believe are important in the merger considerations. The results of the survey are presented on page 22.

Outlook

The recent result in the Presidential election in the US combined with the Brexit vote in the UK and the potential for this to have a knock-on effect in the political environment in other European countries will cause uncertainty in markets in which our portfolio companies operate but it will take time to gauge the full effect that this may have on the Company.

Currently the UK economy is in reasonable health and we hope that the improvement over the last few years continues, as has been reflected in the improving performance of the portfolio. Within the portfolio, there is an ongoing focus on performance and realisations, refinancings, dividends and loan repayments which underpin the Board's dividend commitment to Shareholders. It has also enabled several new investments to be made over the last 12 months or so, which are delivering robust performance and enhancing Shareholder returns.

Philip Stephens
Chairman
30 November 2016

Investment Manager's Report

During the six months to 30 September 2016, the Net Asset Value increased by 3.1% to 72.6 per share as at 30 September 2016 from 70.4p per Ordinary Share as at 31 March 2016.

The Company benefitted from good performances by several portfolio companies, principally **Datapath**, **Protean**, **Specac**, **TFC** and **The Business Advisory**, supporting an increase in their aggregate valuation of over £2.3 million. Reflecting weaker than expected trading, the valuations of **Autologic**, **Blackstar** and **Positive Response** were reduced by £468,000 in aggregate.

Outlook

The referendum on the United Kingdom leaving the European Union is not expected to have any immediate material effect to the overall portfolio. Any prolonged weakness in Sterling is likely to benefit those portfolio companies with a high proportion of exports.

Foresight Group continues to see a number of high quality private equity investment opportunities. Foresight Group believes that, with the UK and US economies slowly recovering, investing in growing, well managed private companies should, based on past experience, generate attractive returns over the longer term. Based on its current deal flow, Foresight Group believes that attractive deals are currently available and a number are currently in exclusivity.

Portfolio Review

1. New Investments

No new investments were made during the period to 30 September 2016.

2. Follow-on funding

Company	£
Biofortuna Limited	189,000
Iphigenie Limited	800,000
Total	**989,000**

In July 2016, the second, final tranche of £189,000 into Biofortuna Limited was drawn down as part of a £1.6 million funding round alongside other Foresight VCTs and other co-investors, to finance continuing new product development. £800,000 was also invested into Iphigenie Limited.

3. Exits and Realisations

Company	£
Amberfin Holdings Limited	723
Thermotech Solutions Limited	800,000
Trilogy Communications Limited	138,382
Zoo Digital Group plc	1,511
Total	**940,616**

On 4 August 2016 deferred consideration of £723 was received from Amberfin Holdings Limited.

On 1 July 2016 Thermotech Solutions Limited repaid loans of £800,000. On 4 August 2016 the Company sold its investment in Trilogy Communications Limited realising £138,382.

During the period the Company sold a small number of shares in AiM listed Zoo Digital, realising £1,511.

4. Material Provisions to a level below cost in the period

Company	£
Quantel Holdings (2010) Limited	167,549
Total	**167,549**

Portfolio Company Highlights

In September 2015, as part of a £4.2 million round alongside other Foresight VCTs, the Company invested £1.0 million in **ABL Investments 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 manufacturers 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. Trading in the current year is in line with budget. Good progress has been made in shaping the new team following the appointment of a new Chairman and Finance Director in September 2015.

Production facilities have largely been brought in house, enabling the Serbian operations to expand its production offering. The company has relaunched its website to include a greater level of functionality and product detail which will be supported by a new marketing campaign to existing and potential customers.

In June 2013, the Company invested £1.5 million alongside other Foresight VCTs in a £3.5 million investment in Dundee-based **Aerospace Tooling Holdings** ("ATL"). 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 well established 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 a record £4.3 million.

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 £450,000 and dividends of £50,000 equal to the cost of its equity investment, the Company retained its original 7.7% equity shareholding in the company, effectively at nil cost.

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Investment Manager's Report continued

Although sales and profitability were expected to be lower in the year to 30 June 2015, the actual trading results were weaker than budgeted, an EBITDA of £2.5 million being achieved on sales of £8.1 million, reflecting weak trading in the final quarter of the year due to a premature reduction of work under a major defence contract. This was subsequently followed by a significant reduction in work for an important customer in the Oil and Gas industries, as a consequence of the falling oil price. With poor order visibility, costs were reduced, management changes made and sales efforts increased substantially.

In the financial year ended 30 June 2016, the company recorded significantly lower sales and incurred EBITDA losses. In the last quarter, sales were in line with the revised budget for the year and EBITDA losses were slightly reduced reflecting an improvement in trading.

The company has since made good progress in the three months to September 2016, generating a modest EBITDA profit. The recently appointed CEO is having a positive impact on ATL with a key focus on sales growth with the team also making progress in diversifying the customer base.

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 Skype for Business (formerly known as Lync) collaboration software (AlwaysOn being a Microsoft Gold partner) to SMEs and larger enterprises. For the financial year to 30 June 2016 a small EBITDA loss was incurred on reduced sales of £5.5 million (compared to an EBITDA of £53,000 on sales of £8.0 million in the prior year). Whilst revenues were behind budget, improved operational efficiency and higher margin mix resulted in a lower budgeted EBITDA loss over the financial year. In the current year, trading continues at a similar level, with small losses being incurred.

Following the £48.0 million secondary buy-out of **Autologic Diagnostics Group**, an automotive diagnostics software company, by Living Bridge (formerly ISIS Private Equity) in January 2012, the Company retained investments in equity and loan stock valued at £2.0 million. 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. 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. This change in strategy towards a pure recurring revenue model has resulted in certain exceptional costs being incurred and this impacted EBITDA during 2015, reducing to £4.0 million on revenues of £18.5 million for the year to 31 December 2015.

Following the appointment of a new Chairman, the Company continues to make good progress. A long term licence agreement with a major motor manufacturer has been won while the Autologic Assist App has also been launched.

Reflecting increased competition in the US market along with a slower than expected transition to the new business model, trading in the current year to date is behind budget, although cash balances currently total over £6.2 million.

Biofortuna, established in 2008, is a molecular diagnostics business based in the North West, which has developed unique expertise in the manufacture of freeze dried, stabilised DNA tests. Biofortuna develops and sells both its own proprietary tests and contract develops and manufactures on behalf of customers. A £1.3 million round to finance capital expenditure and working capital was completed in August 2013, in which the Company invested £198,132 in the first tranche and a further £101,859 in the second, final tranche in April 2014. For the year to March 2015, a substantially reduced operating loss of £528,000 was incurred on higher sales of £1.1 million (2014: an operating loss of £1.1 million incurred on sales of £325,000). Trading in the year to 31 March 2016 was well ahead of budget and the previous year, with an improved, reduced EBITDA loss. The profitable Contract Manufacturing division helped offset investment in the proprietary products being developed by the Molecular Diagnostics division.

To finance the development of new products, a £1.6 million round was completed in January 2015, of which £890,000 was committed by the Foresight VCTs. The Ordinary Shares fund invested £256,000 as the first tranche. The second, final tranche of £189,000 was drawn down in July 2016. In the six months to September 2016, the company is performed ahead of the previous year. Owing to the need for more regulatory testing, the launch of the new blood typing product range is now expected in Q3 2017.

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). In the financial year ended 30 April 2016, Blackstar generated sales of £8.2m and EBITDA of £702,000, reflecting improved gross margins and tight management of overheads. New product development remains a key strategic priority for Blackstar and in the current financial year alone, the Company is launching 15 new products. Blackstar continues to be the number two guitar amplifier brand by units sold in the UK and USA. The company currently has a presence in over 35 countries worldwide and its products are stocked in over 2,500 stores globally.

Building on the success of its £48.0 million, 10MW Birmingham Bio Power Limited project ("BBPL") with Carbonarius (a 50:50 joint venture with Plymouth-based Una Group), O-Gen UK has become the UK's leading independent developer of Advanced Conversion Technology waste to energy projects. In March 2015, O-Gen UK and Una Group combined their two teams into a new company, **CoGen Limited**, to further develop their substantial, combined pipeline of projects. In order 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 Foresight 4 VCT (8.55%).

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 BBPL. 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 while 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 an £8.0 million 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 ("BIG", of which Foresight Group is a co-sponsor) through a combination of shareholder loan and shares which receive a preferential return.

Cogen is developing its pipeline of projects and funding relationships, with active support from Foresight and BIG. The market has become less certain with the Government's changes in renewables policy, in particular uncertainty relating to future CfD auctions. Cogen's primary deal pipeline comprises four projects in Northern England and it plans to bid in the CfD auction due in April 2017, with the aim of closing projects successful in that auction during 2017. BIG is expected to jointly fund this process, requiring a total of £5.0 million of investment.

Project Name	Project size (£m)	Year of financial close	Cogen Shareholding
Birmingham Bio Power Limited	48	2013	20.0%
Plymouth	20	2015	50.0%
Welland	53	2015	12.5%
Ince Park	97	2015	20.0%

Cogen has recently signed a teaming agreement with Lockheed Martin to develop energy from waste projects in the UK using a new advanced gasification technology. Lockheed Martin and Cogen have identified their first potential site for this technology in Cardiff which would convert municipal solid waste and commercial and industrial waste into electricity.

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 shops and signage and entering other new markets such as medical. 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). In November 2015, Datapath paid dividends of £6.3 million, comprising £2.1 million to the Company and the same amount to each of Foresight 2 VCT and Foresight 3 VCT. This was met principally from the company's own cash resources and short term loans which are expected to be repaid from internally generated cash flow.

Product development continues, with further new products or product variants expected to be launched during 2017. The new sales manager has strengthened the sales team with account managers in the US. For the year to 30 September 2016, operating profit and revenues are ahead of budget and the previous year. This has been supported by the new products which have helped secure two major international projects.

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 e-commerce 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 £26.9 million. The management team was strengthened by the appointment of two new Joint Managing Directors and a new Chairman, each with experience of successfully developing similar businesses. For the year to September 2016, revenues and gross profit were ahead of budget and the previous year. For the year to 31 March 2016 the company achieved an EBITDA of £940,000 on sales of £29.8 million following the successful relocation into a nearby, much larger warehouse at Lympne in early 2016.

In May 2012, the Company invested £693,000 in **Flowrite Refrigeration Holdings** alongside other Foresight VCTs to finance the £3.2 million management buy-out 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 £1.1 million on sales of £10.0 million).

In July 2015, the company completed another recapitalisation, returning £156,000 of accrued interest to the Foresight VCTs, including £23,000 to the Company, taking total cash returned on this investment to 85% of cost. For the 14 months to 31 December 2015,

Investment Manager's Report continued

the company achieved a disappointing operating profit of £404,000 on sales of £12.8 million, reflecting difficulties arising from installing a new workflow IT system with the aim of improving operational efficiency and optimising profitability. To drive the business forward, steps were taken in August 2015 to broaden the management team through the appointment of a new Chairman and a new Finance Director. In order to improve profitability, the new management team have focused on reducing costs, delivering operational improvements, stabilising and improving relationships with the customer base and increasing sales efforts. Trading in the current year has been weaker than expected but the new management team are making good progress in improving sales and profitability.

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. 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 a Commercial Director were appointed to the Board. Trading in the current year is in line with budget and cash at end of June was a healthy £1.6 million.

Following the period end, the company acquired the trade and assets of Eurosurgical for €600,000 plus stock at valuation, from the liquidator. Eurosurgical specialises in sales and marketing of surgical equipment, instruments and devices into the medical sector with offices in Dublin and Belfast. Following rationalisation of the Eurosurgical cost base, this acquisition is expected to make a significant contribution to profit.

In September 2015, as part of a £4.0 million round alongside other Foresight VCTs, the Company invested £1.0 million in **Itad Limited**, a long established consulting firm which monitors and evaluates the impact of international development and aid programmes, largely in developing countries. Customers include the UK Government's Department for International Development, other European governments, philanthropic foundations, charities and international NGOs. For the year to 31 January 2016, Itad achieved an EBITDA of £1.9 million on revenues of £12.0 million with significant future growth forecast. A number of significant contracts have been won recently and, as most contracts are long term, this provides good revenue visibility for the current and future years.

Ixaris Systems has developed and operates Entropay, a web-based global prepaid payment service using the VISA network. 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. 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, Ixaris being 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, highlighting the innovative nature of the Payment System.

During the year to 31 December 2015, the company operated at around EBITDA and cash flow break even while continuing to invest further in Ixsol and Ixaris Payment System. For the full year to 31 December 2015, reflecting strong trading and continuing investment in software and systems, an EBITDA loss of £501,000 was incurred on sales of £10.8 million, ahead of budget (2014: EBITDA loss of £622,000 on sales of £9.5 million). In the current year, while investment continues in developing the two platforms, EntroPay continues to perform well with a strong sales pipeline in prospect.

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 Communications**. Established in 1997, the company monitors the safety of people and property through its 24 hour monitoring centre in Dumfries, Scotland. Customers include several major restaurant and retail chains. For the year ended 31 March 2015, an EBITDA of £637,000 was achieved on sales of £2.0 million. In the financial year to 31 March 2016, sales grew modestly to £2.1m, generating a reduced EBITDA of £209,000, reflecting investment in improving efficiency and systems and recruitment of more sales staff. Trading in the current year continues to be weaker than expected and, as a consequence, costs have been reduced and management changes implemented.

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 to the 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 December 2014, Procam acquired True Lens Services, based in Leicester, which specialises in the repair, refurbishment and supply of camera lenses with further support from the Foresight VCTs. 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. These two acquisitions were supported by a further investment of £1.3 million from the Foresight VCTs, of which the Company invested £451,385.

For the year to 31 December 2014, the company achieved an EBITDA of £2.3 million on revenues of £8.1 million, ahead of the prior year, reflecting organic growth and the integration of the Hammerhead acquisition. Trading in the year to 31 December 2015 was also strong, an EBITDA of £3.3 million being achieved on sales of £11.5 million, reflecting both organic growth, driven principally by the strong performance of the London office and impact of the acquisitions during the year. In February 2016, ProCam acquired the trading assets of the film division of Take 2 Films which provides digital and film camera equipment for Film and TV. This was funded by bank debt and asset finance facilities. In the current year the company continues to perform well, with further growth in sales and profitability and two senior projects executives recently joining from a competitor.

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**. 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.

A new CEO and an experienced Chairman were appointed at completion and a new Financial Controller recruited subsequently. For the year to 31 March 2015, an EBITDA of £900,000 was achieved on sales of £3.0 million. Trading in the year to 31 March 2016 was ahead of the previous year while profits were at a similar level, reflecting increased investment and overheads while cash remained strong. In the current year, Protean continues to trade ahead of budget with cash continuing to strengthen, currently totaling over £1 million. Further development of Protean Lite, a new SaaS product, continues with the first release planned for Q1 2017.

In April 2015, Foresight funds invested £2.6 million in shares and loan notes in **Specac International** ("Specac") to finance a management buy-out of Specac Limited from Smiths Group plc. The Company invested £650,000, alongside £1.3 million from Foresight VCT and £650,000 from Foresight 3 VCT, together acquiring a majority equity shareholding with the management team holding the remaining equity. Specac, based in Orpington, Kent, is a long established, leading scientific instrumentation accessories business, manufacturing high specification sample analysis and sample preparation equipment used across a broad range of applications in testing, research and quality control laboratories and other end markets Worldwide. The company's products are primarily focused 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 year to 31 March 2016 exceeded expectations with profit growth ahead of forecast, reflecting greater focus on sales and costs, an EBITDA of £1.28 million being achieved on sales of £8.1 million. The company has accelerated new product development and successfully launched new products. A non-executive Chairman was also appointed with a strong sales and marketing background in the scientific instrumentation market who will complement the existing management team and assist them to further develop the business. Trading in the current year has continued to perform ahead of budget.

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). However, trading in the year to 31 March 2016 was weaker than expected due to a general downturn in the UK manufacturing sector and particularly the Oil and Gas industry with an EBITDA of £2 million being achieved on sales of £19.3 million.

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 all their outstanding loans, together with accrued interest and a redemption premium. The overall Foresight shareholding increased from 53.6% to 66.7%. A number of senior management changes and promotions were made to facilitate the planned retirement of the current Chairman, to enable the CEO to drive strategic growth projects, particularly in Germany and focus on new customer targets within Aerospace. In April 2015, two senior managers were promoted to the Sales Director and Commercial Director roles. A Group Operations Manager has been appointed to drive cost efficiencies and introduce best operational practice across the Group. A new, experienced Chairman joined the Board in January 2016 with the aim of improving TFC's sales strategy and industry focus. TFC has continued to trade well in the current financial year, achieving above budget revenues and EBITDA and ahead of the corresponding period in the previous year.

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 2015, an EBITDA of £2.2 million was achieved on sales of £9.6 million (2014: EBITDA of £2.2 million on sales of £9.1 million). Recurring annual revenues presently exceed £9.3 million while cash balances remain healthy. 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 £1.0 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 £2.0 million, comprising £1.5 million of loan principal and £503,000 of interest. 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 the current year to date, the company is trading in line with budget. Focus continues on improving the sales strategy and completion of new existing and new customer signups alongside assessing new service offerings.

Investment Manager's Report continued

In September 2015, as part of a £3.3 million round alongside other Foresight VCTs, the Company invested £650,000 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. The company continues to trade strongly and has increased its staff reflecting accelerated sales growth.

In August 2013, the Company invested £1.0 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: EBITDA of £717,000 on sales of £4.0 million) reflecting significant contract wins and resultant strong cash generation. Trading in the year to 31 March 2016 resulted in an EBITDA of £706,000 on sales of £6.5 million reflecting delays in winning expected contracts. A new, non-executive Chairman has been appointed, bringing extensive experience from the facilities management and business services sectors.

On 1 July 2016, Thermotech acquired Oakwood, a well-respected local competitor which provides HVAC services. The combined Group will benefit from greater scale, a national footprint and a reduction in customer concentration. The company also repaid the £2.0 million of Foresight loan note principal, of which the Company received £800,000. Combined with interest received, the investment in Thermotech has now returned over 1x cost with the Company still retaining a 10.0% equity stake.

Russell Healey
Head of Private Equity
Foresight Group
30 November 2016

Investment Summary

	30 September 2016				31 March 2016	
Investment	Amount invested £	Valuation £		Valuation Methodology	Amount invested £	Valuation £
Datapath Group Limited	73,250	9,351,876	*	Discounted price/earnings multiple	73,250	8,695,823
Ixaris Systems Limited	1,181,432	2,923,113	*	Discounted revenue multiple	1,181,432	3,044,133
TFC Europe Limited	156,370	2,592,999	*	Discounted price/earnings multiple	156,370	2,195,436
The Bunker Secure Hosting Limited	584,987	2,378,833	*	Discounted price/earnings multiple	584,987	2,287,373
CoGen Limited	390,928	2,301,326	*	Discounted cash flow	390,928	2,283,291
Procam Television Holdings Limited	1,101,385	2,181,811	*	Discounted price/earnings multiple	1,101,385	1,963,851
Autologic Diagnostics Group Limited	2,488,785	2,024,302	*	Discounted price/earnings multiple	2,488,785	2,191,350
Blackstar Amplifications Holdings Limited	1,000,000	1,611,373	*	Discounted price/earnings multiple	1,000,000	1,828,368
Specac International Limited	650,000	1,579,079	*	Discounted price/earnings multiple	650,000	1,218,567
FFX Group Limited	1,372,002	1,542,564	*	Discounted price/earnings multiple	1,372,002	1,372,002
Protean Software Limited	1,000,000	1,520,598		Discounted price/earnings multiple	1,000,000	1,000,000
The Business Advisory Limited	1,000,000	1,389,478		Discounted price/earnings multiple	1,000,000	1,000,000
Biofortuna Limited	1,370,053	1,370,053		Price of recent funding round	1,181,052	1,181,052
Hospital Services Limited	1,200,000	1,204,584		Discounted price/earnings multiple	1,200,000	1,200,000
Itad Limited	1,000,000	1,143,403		Discounted price/earnings multiple	1,000,000	1,000,000
ABL Investments Limited	1,000,000	1,005,763		Discounted price/earnings multiple	1,000,000	1,000,000
Iphigenie Limited	800,100	800,100		Cost	100	100
Aerospace Tooling Corporation Limited	150,000	670,974		Discounted price/earnings multiple	150,000	986,800
Positive Response Communications Limited	500,000	519,330		Discounted price/earnings multiple	500,000	603,157
Flowrite Refrigeration Holdings Limited	295,000	458,475		Discounted price/earnings multiple	295,000	460,773
Sindicatum Carbon Capital Limited	200,063	393,825		Price of recent funding round less impairment	200,063	393,825
Zoo Digital Group Limited	821,848	234,420		Bid price	827,148	281,807
AlwaysON Group Limited	680,240	93,173		Discounted revenue multiple	680,240	84,902
Thermotech Solutions Limited	200,000	88,788		Discounted price/earnings multiple	1,000,000	1,186,781
Quantel Holdings (2010) Limited	235,762	29,567		Offer price	235,762	197,116
Amanite Limited	100	100		Cost	100	100
Gomette Limited	100	100		Cost	100	100
Global Immersion Limited	532,283	—		Nil value	532,283	—
The Skills Group Limited (formerly AtFutsal Group Limited)	789,344	—		Nil value	789,344	—
Abacuswood Limited	655,947	—		Nil value	879,597	—
VectorCommand Limited	1,468,750	—		Nil value	1,468,750	—
Evance Wind Turbines Limited	1,513,098	—		Nil value	1,513,098	—
The Fin Machine Company Limited	—	—		Dissolved	3,036,814	—
Trilogy Communications Holdings Limited	—	—		Sold	776,383	81,107
	24,411,827	**39,410,007**			**28,264,973**	**37,737,814**

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

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Investment Summary

Top ten investments by value as at 30 September 2016 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.

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.

TFC Europe Limited

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

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.

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).

Investment Summary

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 and Monkey Kingdom. 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.

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.

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.

Specac International Limited

is a leading manufacturer of high specification sample analysis and sample preparation equipment used in testing and research laboratories worldwide across a broad range of applications and end markets. The Company's products are primarily focussed on supporting IR Spectroscopy, an important analytical technique prevalent in both research and commercial-industrial labs.

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.

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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 2016. A detailed explanation can be on found on page 52 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 2016 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 2016 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
30 November 2016

Unaudited Income Statement

for the six months ended 30 September 2016

	Six months ended 30 September 2016 (unaudited)			Six months ended 30 September 2015 (unaudited)			Year ended 31 March 2016 (audited)		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised losses on investments	—	(3,901)	(3,901)	—	(4,659)	(4,659)	—	(10,434)	(10,434)
Investment holding gains	—	5,555	5,555	—	1,168	1,168	—	3,931	3,931
Income	316	—	316	102	—	102	2,570	—	2,570
Investment management fees	(112)	(338)	(450)	(147)	(441)	(588)	(279)	(839)	(1,118)
Other expenses	(183)	—	(183)	(254)	—	(254)	(499)	—	(499)
Return/(loss) on ordinary activities before taxation	21	1,316	1,337	(299)	(3,932)	(4,231)	1,792	(7,342)	(5,550)
Taxation	(4)	4	—	—	—	—	—	—	—
Return/(loss) on ordinary activities after taxation	17	1,320	1,337	(299)	(3,932)	(4,231)	1,792	(7,342)	(5,550)
Return/(loss) per share:									
Ordinary Share	0.0p	2.3p	2.3p	(0.5)p	(6.9)p	(7.4)p	3.1p	(12.7)p	(9.6)p

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

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

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

Unaudited Balance Sheet

at 30 September 2016

Registered Number: 03506579

	As at 30 September 2016 (unaudited) £'000	As at 30 September 2015 (restated) (unaudited) £'000	As at 31 March 2016 (audited) £'000
Fixed assets			
Investments held at fair value through profit or loss	**39,410**	40,348	37,738
Current assets			
Debtors	**888**	392	959
Money market securities and other deposits	**1,236**	3,369	1,773
Cash	**193**	367	62
	2,317	4,128	2,794
Creditors			
Amounts falling due within one year	**(49)**	(314)	(167)
Net current assets	**2,268**	3,814	2,627
Net assets	**41,678**	44,162	40,365
Capital and reserves			
Called-up share capital	**574**	576	574
Share premium	**5,125**	5,170	5,147
Capital redemption reserve	**265**	263	265
Profit and loss account	**35,714**	38,153	34,379
Equity shareholders' funds	**41,678**	44,162	40,365
Net asset value per share:			
Ordinary Share	**72.6p**	76.6p	70.4p

Unaudited Reconciliation of Movements in Shareholders' Funds

for the six months ended 30 September 2016

	Called-up share capital £'000	**Share premium account £'000**	**Capital redemption reserve £'000**	**Profit and loss account £'000**	**Total £'000**
As at 1 April 2016	574	5,147	265	34,379	40,365
Expenses in relation to previous years share issues*	—	(22)	—	—	(22)
Repurchase of shares	—	—	—	(2)	(2)
Return for the period	—	—	—	1,337	1,337
As at 30 September 2016	**574**	**5,125**	**265**	**35,714**	**41,678**

* Trail commission payable to financial advisors

Unaudited Cash Flow Statement

for the six months ended 30 September 2016

	Six months ended 30 September 2016 (unaudited) £'000	Six months ended 30 September 2015 (unaudited) £'000	Year ended 31 March 2016 (audited) £'000
Cash flow from operating activities			
Investment income received	300	357	563
Dividends received from investments	8	—	2,117
Deposit and similar interest received	—	1	24
Investment management fees paid	(453)	(588)	(1,118)
Secretarial fees paid	(78)	(118)	(157)
Other cash payments	(162)	(199)	(379)
Net cash (outflow)/inflow from operating activities and returns on investment	(385)	(547)	1,050
Returns on investment and servicing of finance			
Purchase of unquoted investments	(989)	(6,134)	(7,256)
Net proceeds on sale of investments	1,047	717	717
Net proceeds on deferred consideration	1	7	7
Net proceeds on liquidation of investments	—	—	58
Net capital inflow/(outflow) from investing activities	59	(5,410)	(6,474)
Equity dividends paid	—	(4,670)	(6,970)
Management of liquid resources			
Movement in money market funds	537	1,031	2,627
	537	1,031	2,627
Financing			
Proceeds of fund raising	—	355	355
Expenses of fund raising	(22)	(24)	(47)
Repurchase of own shares	(58)	—	(111)
Net cash (outflow)/inflow from financing activities	(80)	331	197
Increase/(decrease) in cash	131	(9,265)	(9,570)

Reconciliation of net cash flow to movement in net cash			
Increase/(decrease) in cash for the period	131	(9,265)	(9,570)
Net cash at start of the period	62	9,632	9,632
Net cash at end of period	193	367	62

Notes to the Half-Yearly Financial Report

for the six months ended 30 September 2016

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 2016. Unquoted investments have been valued in accordance with IPEVCV guidelines. Quoted investments are stated at bid prices in accordance with IPEVCV 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 2016 and 30 September 2015 has been neither audited nor reviewed. Statutory accounts in respect of the year ended 31 March 2016 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 2016 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.

	Net assets £'000	**Number of shares in issue**
30 September 2016	41,678	57,375,499
30 September 2015	44,162	57,631,147
31 March 2016	40,365	57,375,499

5 **Return per share**

	Six months ended 30 September 2016 £'000	Six months ended 30 September 2015 £'000	Year ended 31 March 2016 £'000
Total return/(loss) after taxation	**1,337**	(4,231)	(5,550)
Total return/(loss) per share (note a)	**2.3p**	(7.4)p	(9.6)p
Revenue return/(loss) from ordinary activities after taxation	**17**	(299)	1,792
Revenue return/(loss) per share (note b)	**0.0p**	(0.5)p	3.1p
Capital return/(loss) from ordinary activities after taxation	**1,320**	(3,932)	(7,343)
Capital return/(loss) per share (note c)	**2.3p**	(6.9)p	(12.7)p
Weighted average number of shares in issue in the period	**57,375,499**	57,505,869	57,567,321

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 2016

6 Income

	Six months ended 30 September 2016 (unaudited) £'000	Six months ended 30 September 2015 (unaudited) £'000	Year ended 31 March 2016 (audited) £'000
Loan stock interest	**305**	83	428
Dividends receivable	**8**	—	2,117
Overseas based Open Ended Investment Companies ("OEIC's")	**3**	18	24
Bank deposits	**—**	1	1
	316	102	2,570

7 Investments held at fair value through profit and loss

Company	**Quoted £'000**	**Unquoted £'000**	**Total £'000**
Book cost at 1 April 2016	827	27,438	28,265
Investment holding (losses)/gains	(545)	10,018	9,473
Valuation at 1 April 2016	282	37,456	37,738
Movements in the period:			
Purchases at cost	—	989	989
Disposal proceeds	(2)	(939)	(941)
Realised losses	(4)	(3,897)	(3,901)
Investment holding (losses)/gains*	(42)	5,567	5,525
Valuation at 30 September 2016	**234**	**39,176**	**39,410**
Book cost at 30 September 2016	821	23,591	24,412
Investment holding (losses)/gains	(587)	15,585	14,998
Valuation at 30 September 2016	**234**	**39,176**	**39,410**

* Investment holding gains in the Income Statement includes deferred consideration of £30,000 from the sale of Trilogy Communications.

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 £450,000 during the period (30 September 2015: £588,000; 31 March 2016: £1,118,000). Fees excluding VAT of £78,000 (30 September 2015: £78,000; 31 March 2016: £157,000) were received during the period for company secretarial, administrative and custodian services to the Company.

At the balance sheet date there was £4,000 due from Foresight Group (30 September 2015: £10,000 due to Foresight Group; 31 March 2016: £1,000 due from Foresight Group) and £nil due to Foresight Fund Managers Limited (30 September 2015: £nil; 31 March 2016: £nil). No amounts have been written off in the period in respect of debts due to or from related parties.

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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 2017	Announcement of annual results for the year ended 31 March 2017
July 2017	Posting of the Annual Report for the year ended 31 March 2017
September 2017	Annual General Meeting
November 2017	Announcement of Half-Yearly Financial Results for the six months to 30 September 2017

Enquiries

Contact Foresight Group for Foresight 4 VCT plc:

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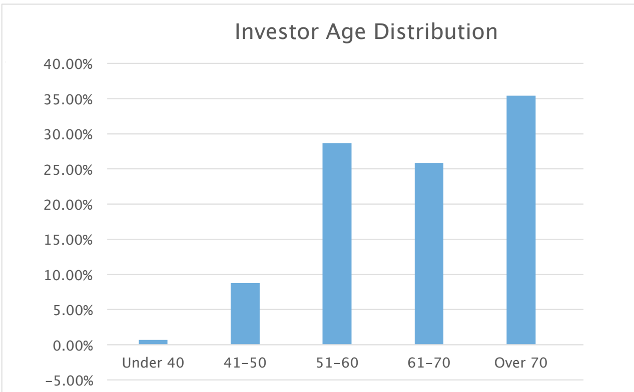
Foresight 4 VCT plc is managed by Foresight Group CI Limited which is licensed by the Guernsey Financial Services Commission. Past performance is not necessarily a guide to future performance. Stock markets and currency movements may cause the value of investments and the income from them to fall as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

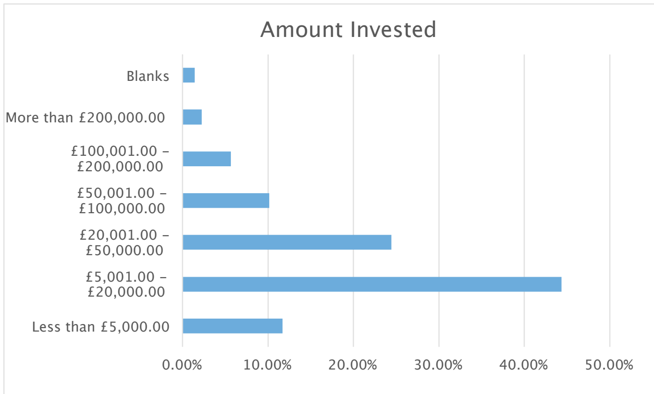
Shareholder Survey Results

In the 31 March 2016 annual report we alluded to several Shareholder Forums and a Shareholder survey being implemented. These were undertaken to both provide transparency about the company and to enable us to consider the views of Shareholders. These have helped us decide some of the fundamental aspects of the merger proposal.

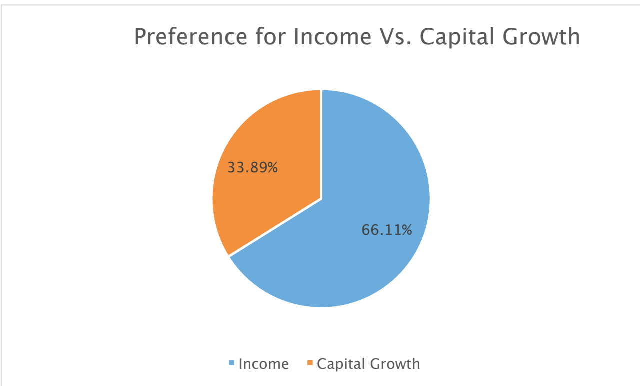
A general comment from Shareholders in the VCT was that the performance of the VCT had been below average for too long. This has changed over recent quarters but the Board realises that there is still a long way to go. It is also clear there is a preference for income over capital growth, desire for buybacks at a discount of 5%-10% of NAV and that most investors plan to hold their shares for the longer term. These stated goals are aligned with the merger proposal as we look to underpin growth with consistent dividends whilst maintaining a steady discount to NAV in the stated range.

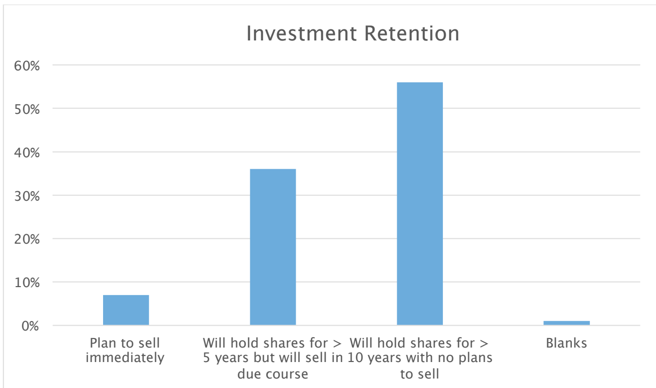
The below results are based on responses from 708 Foresight 4 VCT plc Shareholders:

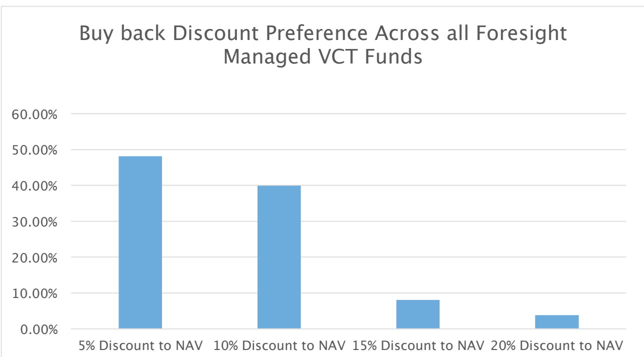




These investors indicated the following preferences:







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Peter Dicks
Simon Jamieson

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