



Annual Report and Accounts
31 March 2012

Foresight 4 VCT

Objective

Ordinary Shares

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

C Shares

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



For further information go to
www.foresightgroup.eu

VCT Tax Benefit for Shareholders beyond 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.

Venture Capital Trust Status

Foresight 4 VCT plc ("the Company") has been granted approval as a Venture Capital Trust (VCT) under S274-S280A of the Income Tax Act 2007 and the last complete review was carried out for the year ended 31 March 2011. It is intended that the business of the Company be carried on so as to maintain its VCT status.

"Foresight 4 VCT plc has been managed by Foresight Group since 2004 and is one of the best performing VCT'S since 2004. The Company offers two different types of investment to shareholders via Ordinary and 'C' Share portfolios and combined has assets of c£54m."

Philip Stephens Chairman

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Meet the Board

“The differing career backgrounds and experience of the Directors is designed to bring a complementary balance of skills, knowledge and wisdom to the management of the Company’s affairs.”

Philip Stephens Chairman

Philip Henry Peter Stephens (70) Chairman

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

Peter Frederick Dicks (69)

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

Christopher Roger Etrick Brooke (81)

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

Raymond James Abbott (53)

Raymond Abbott is the former Managing Director of Alliance Trust Equity Partners (ATEP). He has over 20 years experience in private equity, including direct and fund investing. He has been responsible for strategy and investment for over fourteen years and has built and sold his own venture capital business. Within ATEP, Raymond was responsible for implementing the fund investment strategy while retaining an active role within investments. Raymond’s background encompasses fund investments, divestments, direct venture and development capital. He has also acted as non-executive director in public and private businesses. Raymond is a member of the Audit, Nomination and Remuneration Committees.

Summary and Financial Highlights

Ordinary Share Fund

- Net asset value per Ordinary Share as at 31 March 2012 decreased by 9.0% after allowing for the 5.0p dividend paid in February 2012, to 96.9p from 112.0p as at 31 March 2011.
- An interim dividend of 5.0p per Ordinary Share was paid on 24 February 2012.
- The Company made thirteen follow-on investments totalling £5,341,660 and one new investment totalling £312,503.
- The Ordinary Share Fund realised £4,384,235 from the recapitalisation of two investee companies and loan repayments from two other investee companies.

C Share Fund

- Net asset value per C Share as at 31 March 2012 decreased by 5.6% to 94.4p.
- Since the date of the merger on 6 February 2012 the C Share Fund realised £205,163 from the sale of one quoted investment.
- Since the date of the merger on 6 February 2012 the Company made one follow-on investment totalling £1,600,000, and three new investments totalling £1,987,653.

	Year ended 31 March 2012		13 months ended 31 March 2011	
	Ordinary Shares	C Shares	Ordinary Shares	C Shares
Net asset value per Share	96.9p	94.4p	112.0p	n/a
Net asset value per Share (including all dividends paid [†])	189.2p	94.4p	199.3p	n/a
Share price per Share	91.5p	62.0p	97.5p	n/a
Share price total return per Share (including all dividends paid [†])	183.8p	62.0p	184.8p	n/a

[†] Since the date of the merger on 6 February 2012, for the C Shares Fund.

Chairman's Statement

“The period under review was one of considerable market volatility and extreme concern about the state of government finances in many parts of Europe.

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

Philip Stephens Chairman

2012 Highlights

- Net asset value of the Ordinary Shares decreased 9.0% to 96.9p after allowing for the 5.0p interim dividend paid in February 2012.
- The Ordinary Shares realised £4.1 million from the recapitalisation of two investee companies.
- Net asset value of the C Shares decreased 5.6% to 94.4p from the merger date of 6 February 2012.
- The C Shares realised £0.2 million from the sale of one quoted investment.

Performance and Dividends

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

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

Against this background, the net asset value of the Ordinary Share portfolio as at 31 March 2012 declined 9.0% to 96.9p after allowing for the dividend paid in February 2012 (31 March 2011: 112.0p) and the NAV per C share fell by 5.6% to 94.4p (6 February 2012: 100.0p). Although never a satisfactory measure of performance, these results compare favourably to the performance of the FTSE AIM All-Share which represents a basket of smaller companies, which fell by 11.8%

over the same period but the results compare less favourably with the FTSE 100 index, which represents a basket of larger companies and fell by some 2.4% over the same period.

The Ordinary Share portfolio benefited from the strong performances of five investments: Autologic Diagnostics; Datapath, Infrared Integrated Systems; Ixaris and TFC Europe, all of which saw increases in valuation.

A total of £3.38 million was realised from the partial sale of the investment in Autologic Diagnostics and £0.7 million received as a capital distribution from Datapath.

Other investments, however, fell behind plan and provisions were made against the valuations of Crumb Rubber, i-plas Group, O-Gen Acme Trek and Silvigen, all of which operate in the environmental sector. As a consequence of continuing technical issues at Vertal which led to lower throughput of food waste than planned and much higher disposal costs, significant trading losses continued to be incurred. Following a thorough strategic review, Foresight Group declined to provide any further funding, resulting in the company going into administration on 21 June 2012. No investment is expected to be recovered from the company.

Certain companies are making progress but at the same time have encountered delays in project implementation and in building their businesses in what has proved to be difficult trading conditions. AIM-listed Zoo Digital suffered a sharp decline in its share price following disappointing results, and there was also a fall in the valuation of Trilogy resulting from a fall in sector multiples in the defence and communications sectors. The combination of these valuation decreases outweighed other portfolio gains. Overall, however, despite these setbacks, Foresight Group remains positive about the prospects for this portfolio.

A comparison of the relative performances of and returns achieved by the Fund's environmental infrastructure investments and private equity investments during the year under review highlights the better potential returns from focusing more on the latter in future, a policy which the Investment Manager is now actively pursuing and one which is complementary to the increase in deal-flow being experienced by Foresight Group. Over the last two or so years, the weak recessionary

economic conditions and lack of availability of bank and equity finance have adversely affected the performances of and hindered the planned expansion of the environmental investments. As these poor macroeconomic conditions are expected to continue for some time, the Board and Investment Manager have agreed that, within the existing investment policy, greater emphasis should now be placed on making private equity investments and less emphasis on environmental infrastructure investments.

As reported in my statement in the Interim Report in November, an interim dividend of 5.0p per Ordinary Share for the year ended 31 March 2012 was paid to the Ordinary Shareholders on 24 February 2012. The Company's objective is to provide a steady flow of tax-free dividends, generated from income or from capital profits realised on the sale of investments, but to some extent, this will be conditional on economic prospects.

Share Issues and Share Buy-backs

The Company launched a linked offer for new Ordinary Shares alongside Foresight 3 VCT plc on 7 January 2011. During the period from 1 April 2011 until the offer closed on 30 June 2011 a total of 1,110,690 Ordinary Shares were allotted at prices ranging from 115.0p to 119.0p per share representing £1.3 million of funds raised at 31 March 2012.

It continues to be the Board's policy to consider repurchasing shares when they become available in order to provide a degree of liquidity for the sellers of the Company's shares. During the period, the Company repurchased 722,708 Ordinary Shares for cancellation at a cost of £711,000.

The open offer that accompanied the enhanced buyback, referred to in more detail below, resulted in a further 522,726 Ordinary Shares being issued at 105.2p per share on 5 April 2012 and 149,983 C Shares being issued at 100.3p per share on the same date.

Enhanced Buyback

I am pleased to report that the take up by shareholders of the enhanced buyback offer to shareholders was significant, with shareholders representing 5,422,774 Ordinary Shares and 4,847,443 C Shares taking up the offer during April 2012. The Board will consider offering further enhanced buybacks to shareholders in the future providing that legislation continues to allow the practice and it remains popular with the Company's shareholders.

Mergers of Foresight 5, Acuity 3 and Foresight Clearwater with the Company

On 7 October 2011, the Boards of the Company, Foresight 5 VCT, Acuity VCT 3 and Foresight Clearwater VCT announced agreements in principle to acquire the assets and liabilities of Foresight 5, Acuity 3 and Foresight Clearwater with the Company to form an enlarged Foresight 4 VCT. All of the Companies are managed by, and will continue to be

managed by, Foresight Group CI Limited ("Foresight"). On 6 February 2012, the mergers were formally completed through schemes of reconstruction under Section 110 of the Insolvency Act 1986 on a relative net asset value basis, with all of the three Funds' assets and liabilities being transferred to the Company in return for the issue of new shares of 1p each and the benefits being shared by all sets of shareholders.

Foresight 5 and Acuity 3 (which had substantially common portfolios) were merged into a new separate C Shares fund within the Company with an opening NAV of £1 per share. The C Shares fund will be managed separately to the existing Ordinary Shares fund for approximately three years, at which point the C Shares fund are anticipated to be merged with the Ordinary Shares fund on a relative net asset value basis using the audited net asset values of each fund as at 31 March 2015. Foresight Clearwater, whose assets materially comprised cash or near cash, was merged directly into the Ordinary Shares fund on a relative net asset value basis. A total of 1,503,382 new Ordinary Shares were issued to Foresight Clearwater shareholders in connection with its scheme at a deemed issue price of 105.677178 pence per share, while 10,814,271 and 7,878,827 new C Shares respectively were issued to Foresight 5 and Acuity 3 shareholders in connection with their schemes at a deemed issue price of 100.00 pence per share.

Termination fees for Foresight 5 and Legal review

To terminate the appointment of Acuity as the Investment Manager and administrator to Foresight 5, the then Board of Foresight 5 agreed in February 2011 to make phased payments totalling £1,187,855 to Acuity, together with six other quarterly payments of £25,000 each. These quarterly payments were subsequently agreed to be deferred by six months (without any adjustment to the overall quantum), most of these fees then being payable in 2012. Full provision was made for these future termination payments, of which £419,000 remains to be paid at 31 March 2012.

At the request of certain shareholders, the Board again took advice from another firm of solicitors about whether or not there were any grounds for Foresight 5 to take legal action against the previous Investment Manager. As the advice received from this new firm of solicitors confirmed the previous advice received, the Board believes again that it would not be in the best interests of the Company to commence any such proceedings.

Board

Following the merger of the four VCTs noted above, the Board of Foresight 4 VCT plc appointed Raymond Abbott as a director of the Company. Raymond was formerly a Director of Enterprise VCT plc (which was merged into Foresight 3 VCT plc in 2008) and was until recently Managing Director of Alliance Trust Equity Partners.



Chairman's Statement continued

Valuation Policy

Investments held by the Company have been valued in accordance with the International Private Equity and Venture Capital (IPEVC) valuation guidelines (August 2010) developed by the British Venture Capital Association and other organisations. Through these guidelines, investments are valued as defined at 'fair value'. Ordinarily, unquoted investments will be valued at cost for a limited period following the date of acquisition, being the most suitable approximation of fair value unless there is an impairment or significant accretion in value during the period. Quoted investments and investments traded on AIM and PLUS (formerly OFEX) are valued at the bid price as at 31 March 2012. The portfolio valuations are prepared by Foresight Group, reviewed and approved by the Board quarterly and subject to review by the auditors annually.

Investment Manager Novation

On 19 December 2011, the board approved the novation of the investment management contract from Foresight Group LLP to Foresight Group CI Limited, another Foresight Group company. The novation does not affect the services provided to the company or the terms, conditions or costs of those services.

Performance-Related Incentive

As a result of the 5.0p dividend payment per share paid on 24 February 2012 and the total return remaining in excess of 100p per share, Foresight Group was entitled to receive a performance fee of 15% of the dividend paid out to shareholders, equivalent to £285,000. In accordance with the carried interest agreement, the performance-related incentive payment was made in cash.

Annual General Meeting

The Company's Annual General Meeting will take place on 27 September 2012. I look forward to welcoming you to the Meeting, which will be held in London, details of which can be found on page 58 of the annual report and accounts.

Outlook

Although there have been few realisations in recent years, the Investment Manager reports that potential acquirers have returned to the market and is hopeful that some realisations will be achieved in the coming months.

We remain cautious about the economic outlook and the Investment Manager is being extremely selective in its approach to proposals received.

Over the medium term we are still optimistic that further realisations can be achieved and so increase net asset value and facilitate shareholder distributions.

Philip Stephens

Chairman
31 July 2012

Investment Manager's Report

Following completion of the mergers in February 2012 referred to in the Chairman's Statement, the Company now comprises two separate funds, each with their own portfolios and separate share classes, the Ordinary Shares fund and the C Shares fund. Each fund is accordingly reported on separately below.

During the year under review, notwithstanding the generally weak UK macroeconomic environment and the recent dip into a mild recession, the performances of most companies in the portfolio held up relatively well, with those serving export markets trading appreciably better than those serving largely domestic markets. Economic fundamentals remain challenging with continuing uncertainties and volatility. We believe these mixed trading conditions will continue to prevail during 2012 and beyond, putting a premium on companies with robust business models and good management teams while necessitating careful cost control by others. Against this background, we are only looking at new opportunities which are considered sufficiently robust and attractive, particularly in valuation terms.

The performance of the Ordinary Shares Fund portfolio during the period has been affected by a number of negative factors, and some positive factors resulting overall in a 9.0% fall in net asset value after allowing for the 5.0p per share dividend paid in February 2012 and a fall of 5.6% in the net asset value C Share portfolio.

As mentioned in the Chairman's Statement £3.38 million was realised from the partial sale of the investment in Autologic Diagnostics and £713,000 received as a capital distribution from Datapath.

With regard to the environmental investments, which have been affected by the current economic headwinds, the need is now to build market traction and increase sales. Reflecting slower than expected growth in sales at i-plas and Crumb Rubber, further provisions have been made against these investments totalling £1 million. Despite achieving periods of extended electricity production at O-Gen Acme Trek's Stoke facility, the plant has been put into hibernation as explained below pending further validation of the technology and a provision of £2.1 million has been made against the previous carrying value of this investment. As a consequence of continuing technical issues at Vertal, which led to lower throughput of food waste than planned and much higher disposal costs, significant trading losses continued to be incurred. After a thorough strategic review, Foresight Group declined to provide any further funding, resulting in the company going into administration on 21 June 2012. No investment is expected to be recovered from the company.

Although Closed Loop Recycling is trading well and plans to increase capacity are well advanced, it has been necessary to make a provision of £0.4 million (10%) against the original cost of the investment to reflect the proposed introduction of an executive share option scheme as explained below.

Ordinary Share Fund Portfolio Review

Over recent years, the number of follow-on investments made by the Ordinary Shares fund has continued at a high level as a result of tougher trading and credit conditions, resulting in a consequent need for additional working capital as well as funding for growth.

During the year to 31 March 2012, the Ordinary Shares fund made follow-on investments totalling £5,341,660 in thirteen portfolio companies: O-Gen Acme Trek (£1,365,179), Vertal (£1,300,133), Closed Loop Recycling (£891,303), Abacus Wood (formerly Land Energy) (£371,074), Crumb Rubber (£362,500), AtFutsal Group (£341,977), i-plas Group (£230,000), Silvigen (£202,090), Probability (£148,026), Autologic Diagnostics Group (£84,805), Zoo Digital (£18,601), Amberfin (£17,874) and Snell Corporation (£8,098).

The performance highlights during the period were as follows:

Abacus Wood (formerly Land Energy) made good progress during 2011, incurring small EBITDA losses at the Bridgend plant level. Demand continues to exceed supply for the plant's wood pellets and a further £371,074 was invested to finance capital expenditure to increase production and fund working capital. During the year, a disagreement arose concerning strategy with the management team who had ambitious plans to invest over £120 million raised from a hedge fund in building at least two large additional wood pellet/CHP plants and a pipeline of ESCo facilities supplying energy to farms, schools and hospitals under long term contracts. This would have resulted in unacceptable dilution and loss of influence for the Foresight funds and so led to a demerger of the business on 1 January 2012, with Foresight funds owning 99% of the Bridgend plant and being entitled to receive £2 million of deferred consideration, expected to be received over approximately four years from profits generated by the management team's Newco. The name of the company was changed to Abacus Wood with no restrictions on its activities. A new, highly experienced CEO has joined recently. The strategy for developing Abacus Wood comprises three elements; namely increase capacity at Bridgend, develop Energy Service Companies and complete the proposed merger with Silvigen. With sufficient space for expansion at Bridgend, plans have been developed to double capacity. The long standing plan to merge Abacus Wood with Goole based Silvigen, which also operates in similar markets and of which the Foresight funds own 91%, is expected to be effected shortly. This would provide the enlarged group with a strong geographical footprint in the UK with access to a substantial volume of sales and waste wood feedstock suppliers.

Amberfin undertook a £3 million institutional equity and loan round in November 2010, the Company advanced further loans totalling £17,874 during the year to 31 March 2012 to finance its continuing strong growth. Basingstoke based Amberfin is an internet content repurposing business (converting video for transmission over the internet), and has invested heavily in opening offices overseas and has now built a diverse global customer base.

Investment Manager's Report continued

AtFutsal Group provides facilities for futsal, a fast growing type of indoor football with 30 million participants Worldwide and the only type of indoor football recognised by the Football Association. Alongside the Swindon and Cardiff facilities, a third, much larger, flagship super arena has been opened in Birmingham, the expansion being funded with £341,977 from the Ordinary Shares fund. Sales have built up steadily in this new arena, which hosted a number of Football Association events over the summer and is now operating near break even. Good progress is being made in developing the increasingly important educational activities with several hundred students now taking sports related courses within AtFutsal's arenas and a number of partnerships entered into with educational establishments, football clubs and training organisations. Plans are progressing well to open a further super arena in Northern England to create national coverage. Sales growth, however, is behind original expectations with UK consumer spending under pressure, and progress towards profitability has been impacted as a result. The benefits of economies of scale from extended national coverage is anticipated to enhance the growth of the educational activities.

Autologic Diagnostics Group develops and sells sophisticated automotive diagnostic software and hardware to independent mechanics and garages to allow them to service and repair vehicles. In the year ended 31 December 2011, an operating profit of £5.2 million was achieved on sales of £12.2 million. The company continued its strong growth in 2011 and is continuing to grow sales and profits in its current financial year, particularly in Europe and the USA. On 1 July 2011, a recapitalisation was completed which yielded net proceeds of £501,861 for the Ordinary Shares fund against cost of £106,667, while maintaining an undiluted equity position. As part of the recapitalisation, £84,805 of loan interest was capitalised. As mentioned above, part of the investment in Autologic was sold in January 2012 in a £48 million secondary management buy-out funded by ISIS Private Equity. The sale generated cash proceeds of £2.79 million, against original cost of £1 million and Foresight 4 has retained an investment of £1.98 million in a combination of equity and loan stock in the new company formed to effect the buy-out.

Despite early setbacks, **Closed Loop Recycling** is now making solid operational, commercial and revenue progress with production rates at record levels alongside significantly improved plant reliability. Further investments totalling £891,303 were made from the Ordinary Shares fund in the period to provide additional working capital and finance an upgrade to the conveyor system. Product quality remains high and demand exceeds supply for all the recycled material produced. The company continues to be affected by raw material quality which restricts throughput and yield, but is making some progress in addressing this problem. A significant investment is planned at the site in Dagenham to increase capacity to sort greater volumes of mixed plastic waste. In addition, a further investment is planned to increase production capacity to meet the demand for the cleaned and sorted output, which should be possible without adding significantly to fixed overhead cost. Notwithstanding the above solid trading and exciting expansion plans, a provision of £402,505 (10%) has been made against

the original cost of the investment to reflect the proposed introduction of an executive share option scheme. Principally because of the weight of prior ranking capital provided by the Foresight funds, the recently enlarged management team currently has no realistic equity incentive, a situation which is not considered to be in the best, longer term interests of all shareholders. To address this, a capital reorganisation is being effected to facilitate the introduction of such an incentive scheme, which is in line with normal market practice but necessitates making such a provision. Following completion of the expansion plans, the value of the company should be significantly enhanced, enabling this provision to be reversed.

Crumb Rubber, which manufactures fine rubber powders from waste tyres, is making slow commercial progress and so a full provision of £362,500 has been made against the cost of this investment.

Datapath Group is a world leading innovator in the field of computer graphics and video wall display technology. In the year ended 31 March 2011, an operating profit of £3.1 million was achieved on sales of £10.3 million. The company continued its strong growth in the year to 31 March 2012 with record sales being achieved in January 2012. In that month, a recapitalisation was effected, generating cash proceeds of £713,423 with no resultant equity dilution to the fund.

E Vance (formerly Iskra Wind Turbines), which manufactures 5kW tree sized wind turbines, has enjoyed strong sales growth driven primarily by the introduction of the UK Feed in Tariff regime. For the year to 31 March 2012, the company achieved its first operating profit on sales of £7.25 million, over three times the level of sales in the previous year. The tariff is, however, proposed to be reduced from 1 October 2012 which may affect sales thereafter.

Global Immersion, which designs, builds and maintains visualisation systems for immersive theatres and planetariums Worldwide, won several major orders in 2010 which led to a record order book and an operating profit of £0.5 million being achieved on sales of £8.0 million in the year to 30 June 2011. These included immersive theatres and related services for projects in Asia, Africa, North America and Europe. The company also installed its first two Zorro projection theatres. Zorro is a market leading technology which enables the projection of unmatched levels of picture quality. Reflecting prevailing economic conditions, orders slowed appreciably in the current year, resulting in substantial trading losses being incurred but sales efforts have been increased and the sales pipeline is now improving, with a number of orders in prospect.

Infrared Integrated Systems continued its strong, cash generative growth in the year to 31 December 2011, driven principally by demand for its retail queue monitoring systems from supermarkets and other major retailers in the UK and USA.

In June 2012, the company was acquired by a major US corporation, generating up to £900,000 for Foresight 4, of which £620,000 was paid

on completion and the balance to be paid over two years subject to future performance. This compares to an original cost of £250,005.

i-plas, which manufactures a range of building products from waste plastics to replace concrete/timber products, increased its production capacity by investing in additional plastic moulding equipment in early 2011. Reflecting the present poor trading conditions in the UK construction markets, sales growth was slower than forecast (but still 50% higher than last year) resulting in reduced trading losses. During the year, £230,000 was advanced by way of loan by the Ordinary Shares fund as part of a £700,000 funding round provided by the Foresight VCTs to finance working capital requirements. Costs were cut, price rises instituted and management reorganised with the result that positive EBITDA is expected to be achieved shortly. Reflecting the slower than expected growth in sales, a further provision has been made against this investment totalling £773,059.

Ixaris, which develops and operates Entropay, a prepaid payment service using the VISA network, has also continued to develop Opn, its platform that enables enterprises to develop custom applications for payments. This platform is being used by companies in the affiliate marketing and travel sectors. In the year to 31 December 2011, an operating loss of some £0.2 million was achieved on sales of £9.1 million with further solid growth expected in the current year to 31 December 2012.

O-Gen UK's partnership with MITIE, the major UK FTSE 250 outsourcing group, to build a series of up to five biomass-energy facilities in South West England may be extended further. These facilities are fully funded by this partner, with O-Gen UK benefitting from an equity stake and an operation and maintenance contract as a result of the technology and know-how O-Gen brings to the agreement. The first of these facilities, for 5MW, is under construction in Plymouth and is due to commence operation during Q3 2012. O-Gen will benefit further financially through sourcing fuel supplies for the facilities. The similar facility in Derby with partner Withion Power has now been successfully constructed and has recently started to generate electricity as part of the commissioning phase, further validating the technology.

Further investments were made in **O-Gen Acme Trek** totalling £1,365,179 to fund additional working capital and to purchase all the outstanding bank debt at a substantial discount. In December 2011, in the light of the capital expenditure required to bring the plant into full time production and resolve shortfalls in the quality of the original engineering, a detailed strategic review was carried out. It was decided to make all staff redundant and hibernate the plant until the above mentioned second generation Plymouth and Derby plants fully validate the technology and then find a partner to retro fit the facility based on experience gained from these plants. As part of this review and hibernation, the Company, Foresight 2 VCT and Foresight 3 VCT acquired the outstanding £6.3 million of bank debt for £1.9 million, of which the Company provided £923,731 and a provision of £2.1 million has been made against the previous carrying value of this investment.

Following the approach from William Hill and subsequent termination of discussions in November 2011, the Company acquired further shares in AiM listed **Probability** for £148,026 from Foresight 2 VCT plc at market price.

Silvigen received further funding of £202,090 to finance additional capital expenditure to increase production at its waste wood processing facility and provide additional working capital. After a series of successful trials over the last six or so months with a number of chicken farms in Lincolnshire, the first deliveries of the shredded waste wood animal bedding product have been made recently and further trials continue. Sales growth is still much slower than expected and trading losses continue to be incurred, it was deemed prudent to make a further provision of £448,961 against the cost of investment.

Despite much effort by all involved during 2010 and 2011, the attempted turnaround of **SkillsMarket** ultimately failed. Notwithstanding signs of increasing sales of Recruiter Account in late 2010, sales slowed appreciably during early 2011 and fell well behind budget. As substantial further investment was required, the company's Board accelerated a sales process but no offers were ultimately received and in consequence administrators were appointed in May 2011.

TFC Europe, a leading distributor of technical fasteners in the UK and Germany, reported an operating profit of £1.3 million on sales of £13.5 million for the year ended 31 March 2011. The company enjoyed notably strong growth in the year to 31 March 2012 which is continuing. The original buy and build strategy resumed during 2011, with the acquisition of Colchester-based Specialised Fasteners Products and of the larger Keighley-based Engineered Services (Fasteners) Limited. The acquisitions were funded with loans from RBS, which also refinanced existing bank debt, and have since been successfully integrated and both are trading well.

The Bunker Secure Hosting, which operates two ultra secure data centres, continues to win new orders, grow its annual revenues and generate substantial profits. For the year to 31 December 2010, an EBITDA of £1.5 million was achieved on sales of £6.2 million, at which date recurring annual revenues were running at £6.4 million. The company continues to grow strongly and recurring annual revenues now exceed £8 million. Further space has been fitted out in both data centres to meet growing customer demand and investment continues in upgrading infrastructure, funded by retained profits and additional bank facilities.

Trilogy Communications continues to make good progress with strong trading results being achieved in the year to 29 February 2012, particularly in the defence sector where a number of contract wins through partners such as Northrop Grumman and Raytheon were announced. Further growth is expected once large orders materialise from current equipment programmes later in 2012. A loan repayment of £23,285, together with a redemption premium of the same amount

Investment Manager's Report continued

was received in July 2011 and a further loan repayment of £200,000 in December 2011 following completion of a £1.5 million growth capital round and partial refinancing.

Although **Vertal** enjoyed strong demand for its food waste recycling services, technical issues continued to hinder the rate of output as well as higher than expected disposal costs, resulting in substantial, continuing losses. Despite much progress, the process ultimately proved uneconomic and unsupportable, leading to administration. Operations were stable, with the end product being used as on-farm fertilizer as well as sold as a fuel for energy production in on-farm anaerobic digestion plants. The Mitcham, South London, recycling facility had steadily increased its volume of waste food inputs, operating at up to 900 tonnes per week, with a series of plant improvements, particularly relating to odour control and reducing water and energy consumption. The installation of a new shredder had successfully resolved the issue of plastic contamination and improved throughput, although this was still appreciably slower than projected. Following a detailed strategic review, no viable, supportable business model could be established and so Foresight Group declined to provide any future funding, resulting in the company going into administration on 21 June 2012. The Company's investment in Vertal (£1,300,133) has been written off in full as no recoveries are expected. In funding rounds in September 2011 and February 2012, the Ordinary Shares fund invested a total of £1,300,133 in the year under review.

The Company sold £48,000 of AiM listed **Zoo Digital** loan notes during the period. Simultaneously, Zoo successfully concluded an equity placing in August 2011 prior to the downturn in equity markets, to accelerate the roll-out of the company's software in new markets, particularly the creation of eBooks. The fundraising was contingent on the restructuring of Zoo Digital's loan notes, necessitating partial conversion of the company's loans (£483,750). Taking advantage of price weakness in the market, the opportunity was taken to buy further shares at a cost of £18,601.

New Investments

As part of a £2.1 million growth capital funding round, alongside existing shareholders and other Foresight VCTs, the Company invested £312,503 from the Ordinary Shares fund (and also £312,503 from the C Shares fund) in Wirral based **Biofortuna** Limited, a molecular diagnostics company with leading, proprietary expertise in cryo-preserving, enabling molecular reagents to be freeze-dried and stabilised, thereby substantially reducing distribution costs and transport losses while increasing the ease of use of such reagents.

Ordinary Share Fund Realisations

After some negotiation, the Ordinary Share fund received \$881,296 of deferred consideration from **Advanced Visual Technologies** in October 2011, resulting from the partial release of funds held in escrow.

The Ordinary Shares fund received a loan repayment of £23,285 in July 2011 from **Trilogy Communications** plus a redemption premium of

the same amount and a further £200,000 loan repayment in December 2011. As referred to above, the Company sold £48,000 of AiM listed **Zoo Digital** loan notes during the period.

As noted previously, £3.38m has been recognised from Autologic Diagnostics group and £713,423 from Datapath Group.

Outlook for the Ordinary Shares Fund

The underlying trading of many of the portfolio companies during the year under review has been stronger than was expected a year ago, benefiting, to varying degrees, from the positive export conditions created by a weaker currency and relatively stronger markets overseas. Conversely, although some investments in the environmental portfolio made progress, others experienced difficulties, with sales growth generally being constrained by the weak economic climate in the UK.

The economic conditions are expected to continue during 2012 and beyond but we remain reasonably optimistic about current prospects and the outlook, as for many portfolio companies, continue to display good order books and revenue and profit growth. Economic fundamentals and uncertainties could however lead to a prolonged period of low growth. Across the portfolio, we have, where appropriate, ensured that management are focused on cash conservation and cost reductions in light of these conditions.

Foresight is actively pursuing both potential portfolio realisations in several market sectors to generate value and also pursuing new investment opportunities with appropriate caution.

C Share Fund Portfolio Review

On 6 February 2012, Acuity Growth VCT and Acuity VCT 3 (which had substantially common portfolios) were merged into a new separate C Shares fund within the Company with an opening NAV of £1 per share. The C Shares fund will be managed separately to the existing Ordinary Shares fund for approximately three years, at which point it is anticipated that the C Shares fund will be merged with the Ordinary Shares fund on a relative net asset value basis using the audited net asset values of each fund as at 31 March 2015.

The NAV decreased 5.6% to 94.4p as at 31 March 2012 reflecting valuation decreases in The Fin Machine (£592,973), Connect2 Media (£430,570) and Defaqto (£190,123).

Pre the merger, after a competitive exit process, the sale of **Factory Media** to Forward Internet Group completed on 31 January 2012, generating c. £4 million for each of Foresight 5 VCT and Acuity VCT 3, subject to working capital adjustments. Approximately £1 million remains in escrow against warranty and tax claims for the next two years. This equates to a return of 2.5 times the original cost of investment. Forward Internet Group is a private UK business, which operates a portfolio of various web brands, including price comparison site uSwitch, and other digital media assets. Factory Media, formed in 2006, is Europe's largest action sports media owner, publishing 19

magazines (sold through newsstands, subscriptions and mobile devices such as the iPhone and iPad) and 25 websites via its network, MPORA. Its titles cover all major cycling sectors, as well as major board sports, skiing and motocross markets. Profitability has grown significantly since 2006, driven by growth of high-margin digital revenues.

Also, pre merger, following a thorough sale process, **Financial News Publishing** was sold in January 2012 to an associate of Progressive Digital Media plc, World Market Intelligence Limited with Foresight 5 receiving proceeds of £0.6 million. The company publishes monthly subscription based newsletters and provides data, intelligence and analysis for more than 1,300 customers in the global financial services market and organises events under the brand name VRL. For the year to 30 June 2011, a small EBITDA of £33,000 was achieved on revenues of £3.6 million.

The investment in **PFS Downing Active Management** (a specialist investment fund with a concentrated portfolio of UK smaller companies with market capitalisations between £20 million and £150 million) was sold in February 2012 for £205,163.

Since the date of the merger one follow-on investment was made totalling £1.6 million into The Fin Machine.

No share buy backs have been made since the merger. Three new investments have been made since the merger in February, namely Biofortuna (£312,503) and two energy efficiency companies, Leisure Efficiency II (£675,150) and Wholesale Efficiency II (£1,000,000).

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

Connect2 Holdings, which trades as **Connect2 Media**, is a developer, publisher and distributor of digital media entertainment on a range of devices including mobile phones, portable games consoles, Blackberrys, Android, Windows Mobile, iPhones, PCs and interactive TVs. The company is headquartered in Manchester and has offices in Europe, Middle East, Asia and the Americas.

Against a challenging economic backdrop, management is in the process of repositioning the company's business model away from the declining feature phone market towards the rapidly growing but competitive smartphone market. Traditionally, the vast majority of the company's revenues have been derived from sales of 'Premium' gaming content i.e. 'pay-per-download' on feature phones. However, the rapid growth of smartphones over the last 18 months and the advent of 'Freemium' gaming content (i.e. free to play with paid for upgrades) has significantly reduced the company's core market.

For the year ended 31 December 2011, an EBITDA loss of £158,000 was incurred on sales of £3.58 million. Despite cost reductions, losses continued in the first three months of the current financial year ending

31 December 2012. In March 2012, a new CEO was recruited whose experience includes founding and ultimately exiting two US software companies and migrating from a B2B business model to a cross platform B2C business model.

In line with the new strategy, development of Rail Road Inc, the company's first direct to consumer Freemium title, is on track and the beta version of the title is scheduled to be published in July 2012. Concepts for future Freemium titles are now being considered, some of which will be produced in house and others licensed in.

For the year to 31 March 2011, **Defaqt0** incurred a small EBITDA loss on sales of £8.5 million, reflecting continuing heavy investment in new product development. After several years of development, the company released its new Matrix product for financial product providers during Summer 2011. Matrix provides a platform for upgrades to the other products, which should come to market more rapidly, including a replacement for Engage which is targeted at the IFA sector. Having traded largely on budget for most of the year to 31 March 2012, Defaqt0 experienced increasingly difficult trading in the final quarter, resulting in the sales budget being missed and increased EBITDA losses.

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

In order to stem continuing losses, turn the company round and deliver on a large order book, Keith Jordan was appointed as Executive Chairman in late 2010 and began to strengthen the management team by recruiting an experienced new CEO, CFO and General Manager for China. For the year to 31 December 2011, the company incurred an EBITDA loss of £2.4 million on revenues of £16.4 million, but continued to enjoy strong order intake. To meet this continuing large order book and fund working capital, Foresight 5 and Acuity VCT 3 advanced loans totalling £500,000 in October 2011, alongside more than £500,000 of additional credit lines from Clydesdale, the company's bank. The new management team developed a comprehensive plan to restructure the business, improve profitability and working capital dynamics during 2012. A complex capital reorganisation was successfully concluded in late 2011.

The turnaround continues to make reasonable progress but still has some way to go. For the quarter to 31 March 2012, the company broke even at the EBITDA level on sales of £7.6 million, delivering 18 machines which were delayed from Q4 2011 under a number of contracts. The delayed machines incurred significant additional costs, reducing overall gross margins. Improving gross margins and manufacturing efficiency are key to the turnaround succeeding. In February 2012, the C Share Fund advanced further loans totalling £1.6

Investment Manager's Report continued

million to meet working capital requirements and reduce a significant creditor balance. Clydesdale are expected to extend their working capital and term loan facilities to September 2012. Cash continues to remain tight and further funds will be required during Summer 2012 to finance a planned reorganisation and cost reduction programme.

In March 2012, the CEO was removed, with the long serving, experienced Sales Director taking the role of UK General Manager and Keith Jordan continuing as Executive Chairman. A recruitment process has commenced to fill five roles in the senior team immediately below board level. With a large current and overdue order book, a small EBITDA is projected on sales of some £30 million for the current year to 31 December 2012.

Guildford based **Hallmarq Veterinary Imaging** is the only manufacturer of MRI systems for the standing equine market, with over 50 MRI scanners in use at equine practices throughout the World. One of the major benefits of their system is that the horse is only lightly sedated, which is particularly advantageous as horses respond poorly to general anaesthetic with fatalities in 0.5% of cases. For the year ended 31 August 2011, the company achieved an EBITDA of £664,000 on sales of £2.69 million, slightly ahead of budget. Trading in the current financial year to 31 August 2012 is particularly strong (including unbudgeted outright system sales), well ahead of budget and the corresponding period in the previous year.

In October 2011, the company successfully completed a £1.14 million fund raising of new ordinary shares and new Convertible Loan Stock in which Foresight 5 did not participate. These funds were raised to support development of an MRI scanner for the Companion Animal market (i.e. cats and dogs) planned to be launched in Summer 2012 and to repay £280,000 of loans to Foresight 5 in September 2011. A further £746,000 term loan is due for repayment on 31 August 2012.

New Investments by the C Shares Fund

Three new investments have been made since the merger in February, in Biofortuna and two energy efficiency companies, Leisure Efficiency II and Wholesale Efficiency II.

As part of a £2.1 million growth capital funding round, alongside existing shareholders and other Foresight VCTs, the Company invested £312,503 from the C Shares fund (and also £312,503 from the Ordinary Shares fund) in Wirral based Biofortuna Limited, a molecular diagnostics company with leading, proprietary expertise in cryo-preserving, enabling molecular reagents to be freeze-dried and stabilised, thereby substantially reducing distribution costs and transport losses while increasing the ease of use of such reagents.

Leisure Efficiency II (£675,150) and Wholesale Efficiency II (£1,000,000) have recently been set up in anticipation of two impending energy efficiency transactions with an identified leisure company and a wholesaling company.

Outlook for the C Shares Fund

The C Shares portfolio comprises four legacy investments with a positive value, each of which is considered to have the potential to create value for shareholders in excess of its present carrying value, and three new investments. Of the legacy investments, Hallmarq continues to trade well and is expected to repay its loans and create further shareholder value over time. Following the appointment of a new CEO at Connect2 Media and the current corrective action being taken at Defaqto, both companies' trading is expected to improve over the medium term, thereby enabling an exit strategy to be pursued at the appropriate time. The potential main key value driver for the C Shares fund continues to be achieving a turnaround of Fin Machine, followed by a successful trade sale. While many risks remain and the management team still has much to do before the turnaround is complete, the company continues to make progress.

In each case, Foresight is actively considering how to optimise and realise shareholder value.

With cash balances of over £6 million, Foresight are actively seeking suitable investment opportunities for the C Shares fund in order to generate income and capital appreciation, and broaden the portfolio while diversifying risk. The fund will typically invest alongside other Foresight funds in suitable companies, as is the case with Biofortuna.

David Hughes

Foresight Group
Chief Investment Officer
31 July 2012

Investment Summary

Ordinary Shares Fund

Investment	31 March 2012			31 March 2011	
	Amount Invested £	Valuation £	Valuation Methodology	Amount Invested £	Valuation £
Datapath Group Limited	73,250	5,016,599	* Discounted price/earnings multiple	100,000	4,304,146
Closed Loop Recycling Limited	4,025,053	3,572,547	* Price of recent funding round less impairment	3,133,750	3,083,750
The Bunker Secure Hosting Limited	1,618,248	3,365,633	* Discounted revenue multiple	1,618,248	3,430,729
O-Gen Acme Trek Limited	4,893,444	2,908,588	* Price of recent funding round less impairment	3,528,265	3,648,924
Autologic Diagnostics Group Limited	1,981,816#	2,670,984	* Discounted price/earnings multiple	1,000,000	3,708,321
TFC Europe Limited	782,577	2,298,698	* Discounted price/earnings multiple	782,577	2,198,739
Ixaris Systems Limited	750,000	1,521,483	* Discounted revenue multiple	750,000	1,015,317
Trilogy Communications Limited	601,715	1,492,529	* Discounted price/earnings multiple	825,000	1,705,076
Adepra Limited	1,304,718	1,354,235	* Discounted revenue multiple	1,304,718	1,304,718
Evance Wind Turbines Limited	1,745,910	872,955	* Cost less impairment	1,745,910	872,955
Infrared Integrated Systems Limited	250,005	762,347	Discounted disposal proceeds	250,005	494,927
Abacus Wood Limited (Formerly Land Energy Limited)	804,593	724,134	Cost less impairment	433,519	433,519
Probability plc (AIM listed)	598,026	578,289	Bid price	450,000	333,059
O-Gen UK Limited	345,014	552,678	Discounted cash flow	345,014	345,014
Sindicatum Carbon Capital Limited	200,063	525,100	Price of recent funding round	200,063	525,100
ZOO Digital Group plc (AIM listed)	1,120,601	508,476	Bid price	1,150,000	1,479,153
Global Immersion Limited	533,338	418,438	Discounted revenue multiple	533,338	995,275
AtFutsal Group Limited	541,977	406,483	Cost less impairment	200,000	200,000
Biofortuna Limited	312,503	312,503	Cost	—	—
VectorCommand Limited	1,468,750	307,645	Discounted revenue multiple	1,468,750	407,667
i-plas Group Limited	1,121,210	280,302	Cost less impairment	891,210	823,361
Snell Corporation Limited	231,915	223,817	Cost less impairment	223,817	223,817
alwaysON Group Limited	270,090	202,567	Cost less impairment	270,090	202,567
Silvigen Limited	769,429	192,357	Cost less impairment	567,339	439,288
Amberfin Holdings Limited	101,914	75,996	Cost less impairment	84,040	71,453
Aigis Blast Protection Limited	347,226	60,895	Discounted revenue multiple	347,226	59,057
Crumb Rubber Limited	362,500	—	Nil value	n/a	n/a
SkillsMarket Limited	890,242	—	Nil value	890,242	—
Signum Technologies Limited	1,254,000	—	Nil value	1,254,000	—
Vertal Limited	1,300,133	—	Nil value	—	—
	30,600,260	31,206,278		24,347,121	32,305,932

* Top ten investments by value shown on pages 16 to 18.

Amount invested is the value of equity and loan stock received as part of consideration during the recapitalisation of Autologic Diagnostics Holdings Limited in January 2012.



Investment Summary

C Shares Fund

Investment	31 March 2012			31 March 2011	
	Amount Invested £	Valuation £	Valuation Methodology	Amount Invested £	Valuation £
The Fin Machine Limited	5,104,965	4,511,992	* Discounted price/earnings multiple	n/a	n/a
Defaqto Group Limited	3,890,945	3,700,823	* Discounted revenue multiple	n/a	n/a
Hallmarq Systems Limited	985,908	1,164,946	* Discounted price of recent funding round	n/a	n/a
Wholesale Efficiency Limited	1,000,000	1,000,000	* Cost	n/a	n/a
Leisure Efficiency II Limited	675,150	675,150	* Cost	n/a	n/a
Connect 2 Media Limited	941,850	511,280	* Discounted revenue multiple	n/a	n/a
Biofortuna Limited	312,503	312,503	* Cost	n/a	n/a
Future Noise plc	Nil	—	Nil Value	n/a	n/a
Loseley Diary Ice Cream Limited	Nil	—	Nil Value	n/a	n/a
Munro Global Limited	Nil	—	Nil Value	n/a	n/a
Red Reef Media Limited	Nil	—	Nil Value	n/a	n/a
Sport Media Group plc	Nil	—	Nil Value	n/a	n/a
Amber Taverns Limited	Nil	—	Nil Value	n/a	n/a
1st Dental Laboratories Plc	Nil	—	Nil Value	n/a	n/a
Brand Acquisitions Limited	Nil	—	Nil Value	n/a	n/a
	12,911,321	11,876,694		n/a	n/a

Amount invested refers to the valuation of these investments at acquisition and therefore the price paid by Foresight 4 VCT Plc

* All investments with a carrying value shown on pages 19 to 20.

Investment Summary Realisation Summary

Disposals

In the year ended 31 March 2012

Company	Detail	Original Cost/ Take-On Value* £'000	Proceeds £'000	Gain/(loss) £'000	Exit Multiple	Valuation at 31 March 2011 £'000
Ordinary Shares Fund						
Autologic Diagnostics Holdings Limited*	Refinancing	634	3,376	2,742	5.3	1,744
Trilogy Communications Limited	Loan repayment	223	247	24	1.1	1,705
Datapath Limited	Refinancing	27	713	686	26.1	713
Zoo Digital Group plc	Loan repayment	48	48	—	1.0	1,479
Total Ordinary disposals		932	4,384	3,452	4.7	11,196
C SHARES FUND						
PFS Downing Active Management	Full disposal	174	205	31	1.2	n/a
Total C disposals		174	205	31	1.2	n/a
Total disposals		1,106	4,589	3,483	4.1	11,196

* As part of the refinancing, shares in Autologic Diagnostics Holdings Limited, including unrealised gains were converted into shares in Autologic Diagnostics Group Limited. As a result of this, the unrealised gain became part of a cost of investment and therefore the total gain above is not the same as the realised gain in note 8.

Investment Summary Ordinary Shares Portfolio

Top ten investments by value as at 31 March 2012 are detailed below:

Datapath Group Limited



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

First investment	September 2007	Year ended:	31 March 2011 £'000
% Equity/Voting Rights	12.9%	Sales	10,286
Income received in the year	£—	Profit before Tax	2,963
Equity at cost	£73,250	Retained Profit	2,208
Loan stock at cost	£—	Net Assets	6,155

Closed Loop Recycling Limited



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

First investment	February 2007	Year ended:	30 June 2010 £'000
% Equity/Voting Rights	13.1%	Sales	6,727
Income received in the year	£—	Loss before Tax	(6,491)
Equity at cost	£583,333	Retained Loss	(6,491)
Loan stock at cost	£3,441,720	Net Liabilities	(11,417)

The Bunker Secure Hosting Limited



provides ultra secure IT data centre and managed services to companies from owned and leased facilities totalling 41,500 square feet in bunkers previously constructed for military use at Ash, Kent and Greenham Common, Berkshire. With particular expertise in Open Source and Microsoft software and systems, web and digital security, The Bunker builds, hosts and manages ultra secure, high availability IT infrastructure platforms for its customers and provides secure co-location services to host customers' servers or back-up servers. The Bunker is highly regarded for its technical skills by its customers, which include top financial, telecoms and web-based businesses, concerned with data security who have made the decision to outsource their mission critical IT systems. The Bunker continues to make good progress in increasing revenues from existing customers and winning new customers under term contracts which generate high visibility of future revenues. In the year to December 2011, sales increased to £7.4 million and the company is now generating substantial profits. In order to cope with growing demand and increase capacity, major capital investment programmes were completed during 2011.

First investment	May 2006	Year ended:	31 December 2011 £'000
% Equity/Voting Rights	10.7%	Sales	7,427
Income received in the year	£—	Profit before Tax	142
Equity at cost	£404,558	Retained Profit	142
Loan stock at cost	£1,213,690	Net Assets	1,788

Investment Summary continued

O-Gen Acme Trek Limited



owns a biomass energy facility in Stoke-on-Trent. The facility was one of the leading such plants in the UK being the first advanced thermal conversion technology plant to receive double ROCs (Renewable Energy Certificates) from OFGEM and was hibernated in December 2011 following a technical review. Following the successful commissioning of the Withion Power sister plant in Derby, the company is currently exploring contractor and financing options to bring its plant to full operations.

First investment	May 2007	Year ended:	30 November 2010 £'000
% Equity/Voting Rights	31.2%	Sales	24
Income received in the year	£—	Loss before Tax	(2,609)
Equity at cost	£329,002	Retained Loss	(6,697)
Loan stock at cost	£4,564,442	Net Liabilities	(4,381)

Autologic Diagnostics Group Limited (incorporating Autologic Diagnostics Limited and Autologic Diagnostics Holdings Limited)



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

A secondary buy-out of Autologic was completed on 20 January 2012, realising proceeds of £2,789,576 for Foresight 4 VCT plc. Foresight 4 VCT plc retains a loan and share investment in the company.

First investment	February 2009	Year ended:	31 December 2011 £'000
% Equity/Voting Rights	4.9%	Sales	12,231
Income received in the year	£107,595	Profit before Tax	7,068
Equity at cost	£24,716	Retained Profit	6,646
Loan stock at cost	£1,957,100	Net Assets	6,416

TFC Europe Limited



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

First investment	March 2007	Year ended:	31 March 2011 £'000
% Equity/Voting Rights	17.8%	Sales	13,497
Income received in the year	£50,236	Profit before Tax	879
Equity at cost	£156,370	Retained Profit	473
Loan stock at cost	£626,207	Net Assets	1,598

Ixaris Systems Limited



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

First investment	March 2006	Year ended:	31 December 2011 (Draft) £'000
% Equity/Voting Rights	8.1%	Sales	9,062
Income received in the year	£—	Profit before Tax	(318)
Equity at cost	£750,000	Retained Profit	(281)
Loan stock at cost	£—	Net Assets	935

Investment Summary continued

Trilogy Communications Limited



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

First investment	September 2005	Year ended:	28 February 2011 £'000
% Equity/Voting Rights	12.2%	Sales	8,624
Income received in the year	£13,628	Profit before Tax	864
Equity at cost	£206,250	Retained Profit	877
Loan stock at cost	£395,465	Net Liabilities	(1,320)

Adepra Limited



is headquartered in Reading with offices, service facilities and client implementations across Europe, North America and Asia Pacific. Adepra is the global market leader in automating key call centre customer interactions to reduce costs and dramatically increase performance. Applications include fraud detection, payment reminders, collections, customer service and opt in marketing. Customers include ten of the largest global retail banks, seven of North America's top ten financial institutions, nine of the ten top UK card issuers and major Australian banks. Increasing customer demand combined with substantial investment in R&D, product strategy, operations and service structure have resulted in 43% overall growth in annual sales from 2007 to 2010. Adepra is experiencing strong growth in the Asia Pacific region. Future growth is expected following the launch of its Decision Engine technology.

The Company's commitment to the highest standards of data security compliance was recently reconfirmed as Adepra became the first Interactive Voice Messaging organisation to meet both Payment Card Industry Security Standard (PCI DSS) v1.2 and ISO27001 standards on a global basis.

First investment	December 2009	Year ended:	31 December 2011 £'000
% Equity/Voting Rights	2.7%	Sales	23,834
Income received in the year	£—	Profit before Tax	5,960
Equity at cost	£800,274	Retained Profit	6,101
Preference shares at cost	£504,444	Net Assets	2,757

Evance Wind Turbines Limited



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

First investment	March 2007	Year ended:	31 March 2011 £'000
% Equity/Voting Rights	10.3%	Sales	2,815
Income received in the year	£—	Loss before Tax	(1,472)
Equity at cost	£197,060	Retained Loss	(1,340)
Loan stock at cost	£1,548,850	Net Liabilities	(3,552)

Investment Summary C Shares Portfolio

All investments with carrying value at 31 March 2012 are detailed below:

The Fin Machine Limited



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

First investment	February 2012*	15 months ended:	31 December 2010 £'000
% Equity/Voting rights	55%	Sales	13,950
Income received in the year	£—	Loss before Tax	(5,130)
Equity at cost	£2,595,000	Retained Loss	(5,041)
Loan stock at cost	£11,004,324	Net Liabilities	(1,305)

Defaqto Group Limited



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

First investment	February 2012*	Year ended:	31 March 2012 £'000
% Equity/Voting rights	33.5%	Sales	8,745
Income received in the year	£—	Loss before Tax	(607)
Equity at cost	£710,016	Retained Loss	(973)
Loan stock at cost	£4,427,492	Net Liabilities	(8,908)

Wholesale Efficiency Limited

an acquisition vehicle preparing to trade and invest in energy efficiency.

First investment	March 2012	
% Equity/Voting rights	49.9%	No accounts filed since the investment was made
Income received in the year	£—	
Equity at cost	£100,000	
Loan stock at cost	£900,000	

Hallmarq Systems Limited



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

First investment	February 2012*	Year ended:	August 2011 £'000
% Equity/Voting rights	7.8%	Sales	2,667
Income received in the year	£—	Loss before Tax	(12)
Equity at cost	£551,866	Retained Profit	20
Loan stock at cost	£345,134	Net Liabilities	2,767

Investment Summary continued

Leisure Efficiency II Limited

an acquisition vehicle preparing to trade and invest in energy efficiency.

First investment	March 2012	
% Equity/Voting rights	49.9%	No accounts filed since the investment was made
Income received in the year	£—	
Equity at cost	£67,510	
Loan stock at cost	£607,640	

Connect 2 Media Limited



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

CONNECT2MEDIA	First investment	February 2012*	Year ended:	31 December 2010
				£'000
	% Equity/Voting rights	34.0%	Sales	5,709
	Income received in the year	£—	Loss before Tax	(990)
	Equity at cost	£4,852,693	Retained Loss	(990)
	Loan stock at cost	£—	Net Assets	1,553

Biofortuna Limited



has developed unique expertise in the important area of enzyme stabilisation – effectively hi-tech freeze drying. Its first range of products is a series of genetic compatibility tests for Organ transplant recipients.

BIOFORTUNA [®]	First investment	March 2012	Year ended:	28 February 2011
				£'000
	% Equity/Voting rights	0.2%	Sales	23
	Income received in the year	£—	Loss before Tax	(801)
	Equity at cost	£31,265	Retained Loss	(714)
	Loan stock at cost	£281,238	Net Assets	(1,075)

* The first investment date is the date of the merger on 6 February 2012.

Investment Summary continued

at 31 March 2012

Co-investing funds

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

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

Investee	Foresight 2		Foresight 3	Foresight 4	Foresight Sustainable	Total held by Foresight %
	Foresight VCT	O & C Shares				
	£	£	£	£	£	
AtFutsal Group Limited	270,988	1,895,058	541,977	541,977	—	40.0%
Abacus Group Wood Limited	567,647	2,141,367	—	804,593	2,400,436	38.6%
Aigis Blast Protection Limited	860,325	1,262,636.00	—	347,226	—	25.8%
alwaysON Group Limited	405,306	1,350,448.00	—	270,090	—	77.8%
Autologic Diagnostics Group Limited	813,604	2,299,962	1,981,816	1,981,816	—	39.0%
Biofortuna Limited	312,531	—	312,531	625,006	—	22.4%
Closed Loop Recycling Limited	2,502,986	5,423,334	5,848,628	4,025,053	2,944,127	58.2%
Datapath Group Limited	—	73,250	73,250	73,250	—	37.4%
Evance Wind Turbines Limited	—	1,513,123	1,396,728	1,745,910	603,448	24.4%
Global Immersion Limited	—	333,330	1,133,332	533,338	—	60.0%
Infrared Integrated Systems Limited	250,005	749,985.00	—	250,005	—	6.5%
i-plas Group Limited	1,144,392	2,059,644	2,578,934	1,121,210	1,733,331	66.6%
Ixaris Systems Limited	—	700,000	550,000	750,000	—	21.7%
Leisure Efficiency II Limited	675,150	—	—	675,150	—	99.9%
O-Gen Acme Trek Limited	—	2,070,652	4,425,873	4,893,444	1,291,667	84.0%
O-Gen UK Limited	—	530,007	310,012	345,014	1,315,000	69.3%
Probability plc (AIM listed)	—	—	583,065	598,026	—	5.0%
Silvigen Limited	749,429	1,250,348	1,538,824	769,429	796,184	91.3%
Sindicatum Carbon Capital Limited	—	125,006	174,993	200,063	—	1.0%
TFC Europe Limited	—	939,092	626,061	782,577	—	53.5%
The Bunker Secure Hosting Limited	—	1,112,521	1,314,773	1,618,248	—	26.7%
Trilogy Communications Limited	1,551,715	2,153,431	—	401,715	—	48.7%
Wholesale Efficiency Limited	1,000,000	—	—	1,000,000	—	99.9%
ZOO Digital Group plc (AIM listed)	—	195,000	1,415,031	1,132,458	—	14.2%

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

Where Foresight Group controls over 50% of an investment by virtue of its discretionary management of one or more VCTs, decisions either have to be taken by the individual Boards of the VCTs or voting is limited to 50%.

Foresight Group also manages Foresight Solar VCT plc, Albany Ventures Fund III Limited, Foresight Environmental Fund LP, Foresight European Solar Fund LLP and Foresight Solar EIS but there are no common investments between these funds and Foresight 4 VCT plc.

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Directors' Report

The Directors present their report together with the audited financial statements of the Company for the year ended 31 March 2012.

Principal activity and status

The principal activity of the Company is the making of investments in unquoted or AIM-listed companies in the UK. The Company is not an investment company within the meaning of Section 833 of the Companies Act 2006. It has satisfied the requirements as a Venture Capital Trust under sections 274–280A of the Income Tax Act 2007. Confirmation of the Company's compliance has been received up to 31 March 2011 as a Venture Capital Trust and the Directors have managed and intend to continue to manage the Company's affairs in such a manner as to comply with these regulations.

Business review

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

Nature of the Company

Foresight 4 VCT plc is a Venture Capital Trust listed on The London Stock Exchange.

Investment objective

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

A proportion of realised gains will normally be retained for reinvestment and to meet future costs. Subject to this, the Company will endeavour to maintain a regular dividend payment of the order of 5p per share, although a greater or lesser sum may be paid in any year. It is the intention to maximise tax-free income available to investors from a combination of dividends and interest received on investments and the distribution of capital gains arising from trade sales or flotations.

Investment policy

The Company will target UK unquoted companies which it believes will achieve the objective of producing attractive returns for Shareholders.

Investment securities

The Company invests in a range of securities including, but not limited to, ordinary and preference shares, loan stock, convertible securities, and fixed-interest securities as well as cash. Unquoted investments are usually structured as a combination of ordinary shares and loan stock, while AIM investments are primarily held in ordinary shares. Pending investment in unquoted and AIM-listed securities, cash is primarily held in interest bearing money market open ended investment companies (OEICs), as well as in a range of non-qualifying companies. Non-qualifying investments may include holdings in money-market instruments, short-dated bonds, unit-

trusts, OEICs, structured products and other assets where it is believed that the risk/return portfolio is consistent with the overall investment objectives of the portfolio.

UK companies

Investments are primarily made in companies which are substantially based in the UK, although many will trade overseas. The companies in which investments are made must have no more than £7 million of gross assets at the time of investment (or £15 million, depending on applicable HMRC rules) to be classed as a VCT qualifying holding.

Asset mix

The Company aims to be significantly invested in growth businesses subject always to the quality of investment opportunities and the timing of realisations. Any uninvested funds are held in cash, interest bearing securities and a range of non-qualifying investments. It is intended that the significant majority (no less than 70%) of any funds raised by the Company will ultimately be invested in VCT qualifying investments.

Risk diversification and maximum exposures

Risk is spread by investing in a number of different businesses within different industry sectors using a mixture of securities. The maximum amount invested in any one company is limited to 15% of the portfolio at the time of investment.

Investment style

Investments are selected in the expectation that value will be enhanced by the application of private equity disciplines including an active management style for unquoted companies through the placement of an investor director on investee company boards.

Borrowing powers

The Company has a borrowing limit of an amount not exceeding an amount equal to the adjusted capital and reserves (being the aggregate of the amount paid up on the issued share capital of the Company and the amount standing to the credit of its reserves). Whilst the Company does not currently borrow, its policy allows it to do so.

Management

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

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

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

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

A review of the investment portfolio and of market conditions during the period is included within the Investment Manager's Report.

Principal risks, risk management and regulatory environment

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

- Economic risk — events such as an economic recession and movement in interest rates could affect smaller companies' performance and valuations.
- Loss of approval as a Venture Capital Trust — the Company must comply with Section 274 of the Income Tax Act 2007 which allows it to be exempted from capital gains tax on investment gains. Any breach of these rules may lead to: the Company losing its approval as a VCT; qualifying shareholders who have not held their shares for the designated holding period having to repay the income tax relief they obtained; and future dividends paid by the Company becoming subject to tax. The Company would also lose its exemption from corporation tax on capital gains.
- Investment and strategic — inappropriate strategy, poor asset allocation or consistent weak stock selection might lead to under performance and poor returns to shareholders.
- Regulatory — the Company is required to comply with the Companies Act 2006, the rules of the UK Listing Authority and United Kingdom Accounting Standards. Breach of any of these might lead to suspension of the Company's Stock Exchange listing, financial penalties or a qualified audit report.

- Reputational — inadequate or failed controls might result in breaches of regulations or loss of shareholder trust.
- Operational — failure of the Manager's or Company Secretary's accounting systems or disruption to its business might lead to an inability to provide accurate reporting and monitoring.
- Financial — inadequate controls might lead to misappropriation of assets. Inappropriate accounting policies might lead to misreporting or breaches of regulations. Additional financial risks, including interest rate, credit, market price and currency, are detailed in note 15 to the accounts.
- Market risk — investment in AIM traded, PLUS traded and unquoted companies by its nature involves a higher degree of risk than investment in companies traded on the main market. In particular, smaller companies often have limited product lines, markets or financial resources and may be dependent for their management on a smaller number of key individuals. In addition, the market for stock in smaller companies is often less liquid than that for stock in larger companies, bringing with it potential difficulties in acquiring, valuing and disposing of such stock.
- Liquidity risk — the Company's investments, both unquoted and quoted, may be difficult to realise. Furthermore, the fact that a share is traded on AIM or PLUS Markets does not guarantee its liquidity. The spread between the buying and selling price of such shares may be wide and thus the price used for valuation may not be achievable.

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

Performance and key performance indicators (KPIs)

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

A record of some of these indicators is contained on page 1 entitled 'Summary and Financial Highlights'. Additional comments are provided in the Chairman's Statement discussing the performance of the Company over the current year. The total expense ratio in the year was less than 3.5%. Share buy-backs have been completed at discounts ranging from 9.6% to 14.2%. Combined, these KPIs compare favourably with the wider VCT marketplace based on independently published information.

Directors' Report continued

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

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

Clearly, some investments in unquoted companies at an early stage of their development are likely to disappoint, but investing the funds raised in high growth companies with the potential to become market leaders creates an opportunity for enhanced returns to shareholders. The growth of some of these companies is, however, largely dependent on the continuing level of expenditure on relevant products and services by larger corporations.

Foresight 4 VCT is a venture capital trust and has four Non-Executive Directors but no employees and, contracts-out its investment activities to its investment manager, Foresight Group. The Manager is currently enjoying strong dealflow in sectors which fit well with the Company's investment policy.

The Company's investment in clean energy and environmental infrastructure projects have clear environmental benefits and include projects concentrating on reducing the amount of carbon emissions polluting the atmosphere, clean generation of electricity and efficient recycling of waste materials.

Results

	Year ended 31 March 2012		13 months ended 31 March 2011	
	Ordinary Shares	C Shares	Ordinary Shares	C Shares
(Loss)/return on ordinary activities after taxation	(3,549)	(1,064)	6,039	n/a
Dividend paid	(1,901)	—	(1,728)	n/a
	(5,540)	(1,064)	4,311	n/a

Dividend

An interim dividend of 5.0p per Ordinary Share was paid on 24 February 2012 (4 February 2011: 5.0p per Ordinary Share).

Share Issues and Share Buybacks

During the year 1,110,690 Ordinary Shares were allotted at prices ranging from 115.0p to 119.0p.

During the year, the Company purchased for cancellation 722,708 shares for a total cost of £711,000. During the year 1,503,382 Ordinary Shares were issued to former Foresight Clearwater VCT plc shareholders as part of the merger. A total of 18,693,098 C Shares were issued to former Acuity VCT 3 plc and Foresight 5 VCT plc Shareholders as part of the merger.

At 31 March 2012 the Company had 37,756,345 Ordinary Shares and 18,693,098 C Shares in issue.

CREST

The Company entered CREST, a paperless settlement system, on 27 September 2001.

CREST is a voluntary system and those Shareholders who wish to retain their certificates may do so. Shareholders should be aware of the fact that a disposal of their Ordinary Shares before the fifth anniversary (third anniversary if bought between 6 April 2004 and 5 April 2006) of their allotment may lead to a loss of tax relief obtained by their investment in the Company.

Directors

The Directors who held office at the end of the year and their interests in the issued Ordinary Shares of 1p each of the Company were as follows:

	31 March 2012		31 March 2011	
	Ordinary Shares	C Shares	Ordinary Shares	C Shares
Philip Stephens	14,893	—	14,893	n/a
Peter Dicks	34,552	—	16,706	n/a
Roger Brooke	202,005	11,512	158,308	n/a
Raymond Abbott	—	—	n/a	n/a

Philip Stephens, Peter Dicks and Roger Brooke participated in the enhanced buyback in April 2012 and as a result their holdings have reduced to 14,446, 34,050 and 198,573 respectively.

Philip Stephens also participated in the top up offer in April 2012 purchasing 484 Ordinary Shares.

In accordance with the Articles of Association and the requirements of the Combined Code, Mr Stephens, Mr Dicks, Mr Abbott and Mr Brooke retire through rotation and, being eligible, offer themselves for re-election. Biographical notes on the Directors are given on page 2. The Board believes that Mr Stephens, Mr Dicks', Mr Abbott's and Mr Brooke's balance of skills, experience and knowledge continue to complement each other and add value to the Company and recommends their re-election to the Board.

None of the Directors has a contract of service with the Company.

Management

Foresight Group is the Investment Manager of the Company and provides management and other administrative services.

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

Foresight Fund Managers Limited is the Secretary of the Company. The principal terms of the investment management and secretarial services agreement are set out in Note 3 of the accounts.

No Director has an interest in any contract to which the Company is a party. Foresight Group, which acts as investment manager to the Company in respect of its venture capital investments and which earned fees of £1,128,000 during the year period including carried interest of £285,000 (2011: £1,295,000 including carried interest of £259,000). Foresight Fund Managers Limited, Company Secretary, received fees of £116,731 plus VAT (2011: £86,294 plus VAT) during the period. Foresight Group, received from investee companies arrangement fees of £226,487 and Directors' fees of £168,557. Foresight Group is also a party to the performance incentive agreement described in Note 13 to the financial statements.

VCT status monitoring

SGH Martineau LLP advise Foresight 4 VCT on compliance with legislative requirements relating to VCTs. SGH Martineau LLP review investment activity as appropriate and carry out regular reviews of Foresight 4 VCT's investment portfolio. SGH Martineau LLP work closely with Foresight Fund Managers Ltd, but report directly to the Board.

Substantial shareholdings

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

Financial instruments

Details of all financial instruments used by the Company during the year are given in Note 15 to the financial statements.

Purchase of own shares

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

Payment to suppliers

It is the Company's payment policy to obtain the best possible terms for all business and therefore there is no consistent policy as to the terms used. The Company contracts with its suppliers the terms on which business will take place and seeks to abide by such terms. The number of creditor days at 31 March 2012 was 10 days (2011: 1 day).

Directors' and officers' liability insurance

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

Annual General Meeting

A formal notice convening the Annual General Meeting to be held on 27 September 2012 can be found on pages 58 to 60. Resolutions 1 to 8 will be proposed as ordinary resolutions meaning that for each resolution to be passed more than half of the votes cast at the meeting must be in favour of the resolution. Resolutions 9 and 10 will be proposed as special resolutions meaning that for each resolution to be passed at least 75% of the votes cast at the meeting must be in favour of the resolution. Resolutions 8 to 10 will be in substitution for existing authorities and are explained below.

Resolution 8

Resolution 8 will authorise the Directors to allot relevant securities generally, in accordance with Section 551 of the Companies Act 2006, up to a nominal amount of £260,000 (representing 0.46% of the current issued share capital of the Company) for the purposes listed under the authority requested under Resolution 9. This includes authority to issue shares pursuant to performance incentive fee arrangements with Foresight Group and top-up offers for subscription to raise new funds for the Company if the Board believes this to be in the best interests of the Company. Any offer is intended to be at an offer price linked to NAV. The authority and power conferred by Resolution 8 will expire on the fifth anniversary of the passing of the resolution.

Directors' Report continued

Resolution 9

Resolution 9 will sanction, in a limited manner, the disapplication of pre-emption rights in respect of the allotment of equity securities (i) with an aggregate nominal value of up to £100,000 in each class of share in the Company pursuant to offer(s) for subscription, (ii) with an aggregate nominal value of up to 10% of the issued Ordinary share capital in the Company pursuant to performance incentive arrangements with Foresight Group and (iii) with an aggregate nominal value of up to 10% of the issued share capital in each class of share in the Company, for general purposes, in each case where the proceeds of such issue may in whole or part be used to purchase the Company's shares. This authority will expire at the conclusion of the Annual General Meeting to be held in 2013.

Resolution 10

It is proposed by Resolution 10 that the Company be authorised to make market purchases of the Company's own shares. Under this authority the Directors may purchase up to 5,713,362 Ordinary Shares and/or 2,803,348 C Shares, representing approximately 14.99% of each share class. When buying shares, the Company cannot pay a price per share which is more than 105% of the average of the middle market quotation for the relevant class of share, taken from the London Stock Exchange daily official list of the five business days immediately before the day on which shares are purchased or, if greater, the amount stipulated by Buyback and Stabilisation Regulation 2003. This authority will expire at the conclusion of the Annual General Meeting to be held in 2013.

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

Audit Information

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and

each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Section 992 of the Companies Act

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

Capital structure

The Company has issued share capital of 37,756,345 Ordinary Shares and 18,693,098 C Shares at 31 March 2012.

Voting rights in the Company's shares

Details of the voting rights in the Company's shares at the date of this report are given in note 5 in the Notice of Annual General Meeting on page 60.

Notifiable Interests in the Company's voting rights

At the date of this report no notifiable interests had been declared in the Company's voting rights.

Auditor

In accordance with Section 485 of the Companies Act 2006, a resolution to appoint KPMG Audit Plc as the Company's auditors will be put to the forthcoming Annual General Meeting.

Corporate Governance

The Directors of Foresight 4 VCT confirm that the Company has taken the appropriate steps to enable it to comply with the Principles set out in Section 1 of the UK Corporate Governance Code on Corporate Governance ("UK Corporate Governance Code") issued by the Financial Reporting Council in June 2010, as appropriate for a Venture Capital Trust. As a Venture Capital Trust, most of the Company's day-to-day responsibilities are delegated to third parties and the Directors are all non-executive. Thus not all the procedures of the UK Corporate Governance Code are directly applicable to the Company. Unless noted as an exception below, the requirements of the UK Corporate Governance Code were complied with throughout the year ended 31 March 2012.

The Board

The Company has a Board of four Non-Executive Directors, all of whom (other than Peter Dicks who is considered non-independent under the listing rules by virtue of being a director of several Foresight VCTs which are all managed by Foresight Group) are considered to be independent.

Peter Dicks is also a Director of Foresight VCT plc, Foresight 2 VCT plc and Foresight 3 VCT plc. The Board believes, having regard to the specialist nature of VCTs and the fact that the Manager advises a number of VCTs, that it is in the best interests of shareholders if, on each of the boards of the VCTs advised by the Manager, there are

certain Directors who are common. That is to say, a common Director is able to assess how the Manager performs in respect of one fund with the valuable background knowledge of how well or badly the Manager is performing in relation to other funds for which he also has responsibility as a Director. Where conflicts of interest arise between the different funds then the common Director would seek to act fairly and equitably between different groups of shareholders. Where this is difficult or others might perceive that it was so, then decisions would be taken by the Directors who are not common Directors. The most likely source of potential conflicts would normally be the allocation of investment opportunities but as these are allocated by the Manager pro rata to the cash raised by each fund, subject to the availability of funds, in practice such conflicts do not arise. Additionally, 'specialist funds' may be allocated investments specific to their investment policy in priority to more generalist funds.

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

Individual Directors may, at the expense of the Company, seek independent professional advice on any matter that concerns them in the furtherance of their duties. In view of its non-executive nature and the requirements of the Articles of Association that all Directors retire by rotation at the Annual General Meeting, the Board considers that it is not appropriate for the Directors to be appointed for a specific term as recommended by provision B.23 of the UK Corporate Governance Code. However, the Board has agreed that each Director will retire and, if appropriate, may seek re-election after three years' service and annually after serving on the Board for more than nine years. Non-independent Directors are required to retire annually.

Full details of duties and obligations are provided at the time of appointment and are supplemented by further details as requirements change, although there is no formal induction programme for Directors as recommended by provision B.4.1.

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

Meeting attendance during the year

	Board	Audit	Nomination	Remuneration
Philip Stephens	4/4	2/2	1/1	1/1
Peter Dicks	3/4	2/2	1/1	1/1
Roger Brooke	4/4	2/2	1/1	1/1
Raymond Abbott	—	—	—	—

In the light of the responsibilities retained by the Board and its committees and of the responsibilities delegated to Foresight Group, Foresight Fund Managers Limited, SGH Martineau LLP and the Company Secretary, the Company has not appointed a chief executive officer, deputy Chairman or a senior independent non-executive Director as recommended by provision A.4.1 of the UK Corporate Governance Code. The provisions of the UK Corporate Governance Code which relate to the division of responsibilities between a chairman and a chief executive officer are, accordingly, not applicable to the Company.

Directors indemnification and insurance

The Directors have the benefit of indemnities under the articles of association of the Company against, to the extent only as permitted by law, liabilities they may incur in relation to the Company.

An insurance policy is maintained by the Company which indemnifies the Directors of the Company against certain liabilities arising in the conduct of their duties. There is no cover against fraudulent or dishonest actions.

Board committees

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

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

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

As a result of a tender process carried out in October 2010, the Board appointed KPMG Audit Plc.

KPMG Audit Plc provides taxation services in addition to undertaking

Directors' Report continued

the Company's external audit. The Audit Committee is of the opinion that KPMG are best placed to provide these taxation services. These non-audit services are less in value than the audit, and the Audit Committee believes that they do not compromise the objectivity or independence of the external auditor.

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

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

The Remuneration Committee also reviews the appointment of the Manager.

Board Evaluation

The Board undertakes a formal evaluation of its own performance and that of its committees and individual Directors on a rolling three year basis. This methodology is a departure from principal B.6 of the UK Corporate Governance Code, which requires annual evaluation. Initially, the evaluation takes the form of a questionnaire for the Board (and its committees) and individual Directors. The Chairman then discusses the results with the Board (and its committees) as a whole and Directors individually. Following completion of this second stage of the evaluation, the Chairman will take appropriate action to address any issues arising from the process.

Relations with Shareholders

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

Internal control

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

The internal controls system is designed to manage rather than eliminate the risks of failure to achieve the Company's business objectives. The system is designed to meet the particular needs of the Company and the risks to which it is exposed and by its nature can provide reasonable but not absolute assurance against misstatement or loss.

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

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

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

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

Following publication of Internal Control: Guidance for Directors on the UK Corporate Governance Code (the Turnbull guidance), the Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company, that has been in place for the year under review and up to the date of approval of the annual report and financial statements, and that this process is regularly reviewed by the Board and accords with the guidance. The process is based principally on the Manager's existing risk-based approach to internal control whereby a test matrix is created that identifies the key functions carried out by the Manager and other service providers, the individual activities undertaken within those functions, the risks associated with each activity and the controls employed to minimise those risks. A residual risk rating is then applied. The Board is provided with reports highlighting all material changes to the risk ratings and confirming the action, which has been, or is being, taken. This process

covers consideration of the key business, operational, compliance and financial risks facing the Company and includes consideration of the risks associated with the Company's arrangements with Foresight Group, SGH Martineau LLP and Foresight Fund Managers Limited.

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

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

The Board has reviewed the need for an internal audit function. The Board has decided that the systems and procedures employed by the Manager, the Audit Committee and other third party advisers provide sufficient assurance that a sound system of internal control, which safeguards shareholders' investment and the Company's assets, is maintained. In addition, the Company's financial statements are audited by external auditors. An internal audit function, specific to the Company, is therefore considered unnecessary.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on page 22. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are described in the Chairman's Statement, Business Review and Notes to the Accounts. In addition, the financial statements include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

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

Cash flow projections have been reviewed and show that the Company has sufficient funds to meet both its contracted expenditure and its discretionary cash outflows in the form of the share buy-back programme and dividend policy. The Company has no external loan finance in place and therefore is not exposed to any gearing covenants.

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

By order of the Board

Foresight Fund Managers Limited

Company Secretary

31 July 2012

Directors' Remuneration Report

Introduction

The Board has prepared this report, in accordance with the requirements of Schedule 8 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008. An ordinary resolution for the approval of this report will be put to the members at the forthcoming Annual General Meeting.

The law requires the Company's auditors, KPMG Audit Plc, to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The auditors' opinion is included in the 'Independent Auditors' Report'.

Consideration by the Directors of matters relating to Directors' Remuneration

The Remuneration Committee comprises three Directors: Philip Stephens (Chairman), Peter Dicks, Roger Brooke and Raymond Abbott.

The Remuneration Committee has responsibility for reviewing the remuneration of the Directors, specifically reflecting the time commitment and responsibilities of the role, and meets at least annually. The Remuneration Committee also undertakes external comparisons and reviews to ensure that the levels of remuneration paid are broadly in line with industry standards and members have access to independent advice where they consider it appropriate. During the year neither the Board nor the Remuneration Committee has been provided with advice or services by any person in respect of its consideration of the Directors' remuneration.

The remuneration policy set by the Board is described below. Individual remuneration packages are determined by the Remuneration Committee within the framework of this policy.

No Director is involved in deciding their own remuneration.

Remuneration policy

The Board's policy is that the remuneration of non-executive Directors should reflect time spent and the responsibilities borne by the Directors on the Company's affairs and should be sufficient to enable candidates of high calibre to be recruited. The levels of Directors' fees paid by the Company for the period ended 31 March 2012 were agreed during the year.

It is considered appropriate that no aspect of Directors' remuneration should be performance related in light of the Directors' non-executive status, and Directors are not eligible for bonuses or other benefits.

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

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

Service contracts

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

P Stephens, P Dicks, R Brooke, R Abbott	AGM 2012
P Stephens, P Dicks, R Brooke	AGM 2013
P Stephens, P Dicks, R Brooke	AGM 2014

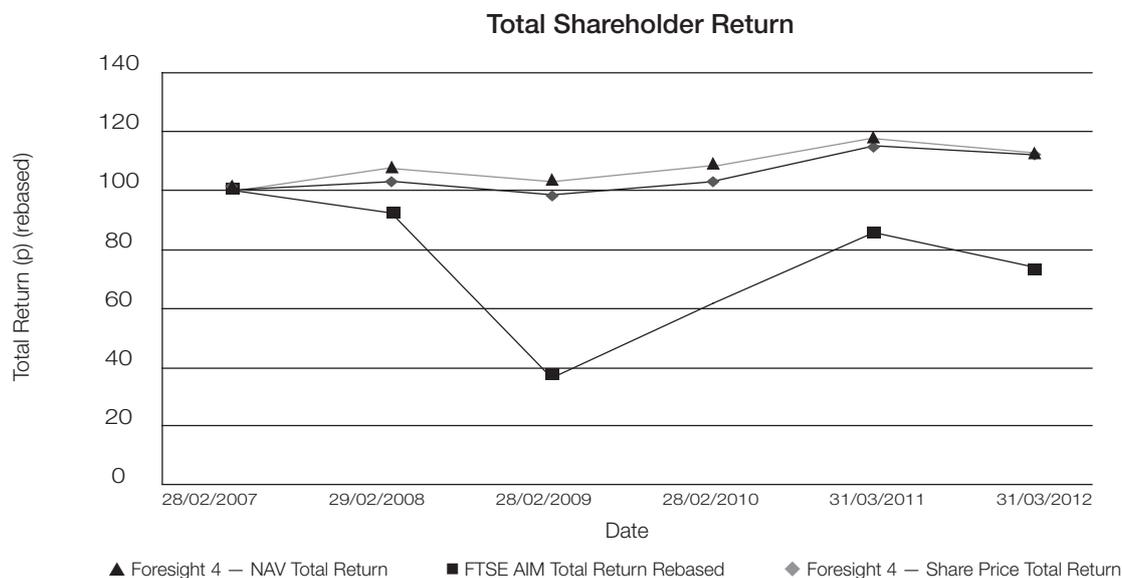
Details of individual emoluments and compensation

The emoluments in respect of qualifying services and compensation of each person who served as a Director during the year were as shown on page 31. No Director has waived or agreed to waive any emoluments from the Company in either the current year or previous period.

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

Total shareholder return

The graph on the following page charts the total shareholder return to 31 March 2012, on the hypothetical value of £100 invested by a Shareholder. The return is compared to the total shareholder return on a notional investment of £100 in the FTSE AIM All-Share Index, which is considered by the Board an appropriate index against which to measure the Company's performance both given that the profile of many AIM companies are similar to those held by Foresight 4 VCT.



Audited Information

Only the information below has been audited. See the Independent Auditors' Report on page 35.

	Directors' fees (£) year ended 31 March 2012	Directors' fees (£) 13 months ended 31 March 2011
Philip Stephens	25,000	22,500
Peter Dicks	20,000	21,250
Roger Brooke	20,000	19,167
Raymond Abbott	—	n/a
Total	65,000	62,917

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

Approval of report

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

This Directors' Remuneration Report was approved by the Board on 30 July 2012 and is signed on its behalf by Roger Brooke (Director).

On behalf of the Board

Roger Brooke

Director

31 July 2012

Statement of Directors' Responsibilities

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

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

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

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

The Directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website, www.foresightgroup.eu. Visitors to the website should be aware that legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

We confirm that to the best of our knowledge:

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

On behalf of the Board

Philip Stephens

Chairman

31 July 2012

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

Income Statements

for the year ended 31 March 2012

	Ordinary Shares Fund			C Shares Fund		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment holding losses	—	(7,353)	(7,353)	—	(1,535)	(1,535)
Realised gains on investments	—	5,086	5,086	—	531	531
Income	222	—	222	—	—	—
Investment management fees	(211)	(917)	(1,128)	—	—	—
Other expenses	(376)	—	(376)	(60)	—	(60)
Loss on ordinary activities before taxation	(365)	(3,184)	(3,549)	(60)	(1,004)	(1,064)
Taxation	—	—	—	—	—	—
Loss on ordinary activities after taxation	(365)	(3,184)	(3,549)	(60)	(1,004)	(1,064)
Return per share	(1.0)p	(8.7)p	(9.7)p	(2.1)p	(35.7)p	(37.8)p

Balance Sheets

at 31 March 2012

	Ordinary Shares Fund £'000	C Shares Fund £'000
Fixed Assets		
Investments held at fair value through profit or loss	31,206	11,877
Current assets		
Debtors	3,221	647
Money market securities and other deposits	1,539	—
Cash	1,656	6,118
	6,416	6,765
Creditors		
Amounts falling due within one year	(1,055)	(987)
Net current assets	5,361	5,778
Net assets	36,567	17,655
Capital and reserves		
Called-up share capital	378	187
Share premium account	1,417	18,532
Capital redemption reserve	1,851	—
Profit and loss account	32,921	(1,064)
Equity shareholders' funds	36,567	17,655
Number of shares in issue	37,756,345	18,693,098
Net asset value per share	96.9p	94.4p

At 31 March 2012 there was an inter-share debtor/creditor of £343,000 which has been eliminated on aggregation.

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

Reconciliations of Movements in Shareholders' Funds

for the year ended 31 March 2012

	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
Ordinary Shares					
Book cost as at 1 April 2011	359	25,137	1,844	12,823	40,163
Share issues in the year	26	2,829	—	—	2,855
Expenses in relation to share issues	—	(290)	—	—	(290)
Repurchase of shares	(7)	—	7	(711)	(711)
Cancellation of share premium	—	(26,259)	—	26,259	—
Dividends	—	—	—	(1,901)	(1,901)
Loss for the year	—	—	—	(3,549)	(3,549)
As at 31 March 2012	378	1,417	1,851	32,921	36,567
C Shares					
As at 1 April 2011	—	—	—	—	—
Share issues in the year	187	18,516	—	—	18,703
Expenses in relation to share issues	—	16	—	—	16
Loss for the year	—	—	—	(1,064)	(1,064)
As at 31 March 2012	187	18,532	—	(1,064)	17,655

Independent Auditor's Report

to the Members of Foresight 4 VCT plc

We have audited the financial statements of Foresight 4 VCT plc for the year ended 31 March 2012 which comprise the Income Statement, the Reconciliation of Movements in Shareholders' Funds, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of Directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 32, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2012 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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

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

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 29, in relation to going concern;
- the part of the Corporate Governance Statement on page 26 relating to the Company's compliance with the nine provisions of the June 2010 UK Corporate Governance Code for our review; and
- certain elements of the report to shareholders by the Board on directors' remuneration.

Gareth Horner (Senior Statutory Auditor)

for and on behalf of
KPMG Audit Plc
 Statutory Auditor
 Chartered Accountants
 Edinburgh
 31 July 2012



Income Statement

for the year ended 31 March 2012

	Notes	Year ended 31 March 2012			13 months ended 31 March 2011		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment holding (losses)/gains	8	—	(8,888)	(8,888)	—	6,637	6,637
Realised gains on investments	8	—	5,617	5,617	—	30	30
Income	2	222	—	222	1,025	—	1,025
Investment management fees	3	(211)	(917)	(1,128)	(259)	(1,036)	(1,295)
Other expenses	4	(436)	—	(436)	(358)	—	(358)
(Loss)/return on ordinary activities before taxation		(425)	(4,188)	(4,613)	408	5,631	6,039
Taxation	5	—	—	—	(93)	93	—
(Loss)/return on ordinary activities after taxation		(425)	(4,188)	(4,613)	315	5,724	6,039
Return per share:							
Ordinary Share	7	(1.0)p	(8.7)p	(9.7)p	1.0p	17.8p	18.8p
C Share	7	(0.3)p	(5.4)p	(5.7)p	n/a	n/a	n/a

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

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

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

The notes on pages 40 to 55 form part of these financial statements.

Reconciliation of Movements in Shareholders' Funds

	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
13 month period ended 31 March 2011					
Company					
As at 1 March 2010	270	15,425	1,837	9,181	26,713
Share issues in the period	96	10,056	—	—	10,152
Expenses on share issues	—	(344)	—	—	(344)
Repurchase of shares	(7)	—	7	(669)	(669)
Return for the period	—	—	—	6,039	6,039
Dividend	—	—	—	(1,728)	(1,728)
As at 31 March 2011	359	25,137	1,844	12,823	40,163

	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
Year ended 31 March 2012					
Company					
Book cost as at 1 April 2011	359	25,137	1,844	12,823	40,163
Share issues in the year	213	21,345	—	—	21,558
Expenses in relation to share issues	—	(274)	—	—	(274)
Repurchase of shares	(7)	—	7	(711)	(711)
Cancellation of share premium*	—	(26,259)	—	26,259	—
Dividends	—	—	—	(1,901)	(1,901)
Loss for the year	—	—	—	(4,613)	(4,613)
As at 31 March 2012	565	19,949	1,851	31,857	54,222

* The share premium of the Company was cancelled by order of the High Court of Justice, Chancery Division, on 23 November 2011 and registered at Companies House on 23 November 2011. This has enabled the Company to increase its distributable reserve to which, amongst other things, losses can be written off, providing the Company greater flexibility when considering dividend payments to shareholders and from which share buybacks can be financed.

The notes on pages 40 to 55 form part of these financial statements.



Balance Sheet

at 31 March 2012

Registered Number: 03506579

	Notes	As at 31 March 2012 £'000	As at 31 March 2011 £'000
Fixed assets			
Investments held at fair value through profit or loss	8	43,083	32,306
Current assets			
Debtors	9	3,525	2,502
Money market securities and other deposits		1,539	3,368
Cash		7,774	3,401
		12,838	9,271
Creditors			
Amounts falling due within one year	10	(1,699)	(1,414)
Net current assets		11,139	7,857
Net assets		54,222	40,163
Capital and reserves			
Called-up share capital	11	565	359
Share premium account		19,949	25,137
Capital redemption reserve		1,851	1,844
Profit and loss account		31,857	12,823
Equity shareholders' funds		54,222	40,163
Net asset value per share:			
Ordinary Share	12	96.9p	112.0p
C Share	12	94.4p	—

The financial statements were approved by the Board of Directors and authorised for issue on 31 July 2012 and were signed on its behalf by:

Roger Brooke

Director

The notes on pages 40 to 55 form part of these financial statements.

Cash Flow Statement

for the year ended 31 March 2012

	Year ended 31 March 2012 £'000	13 months ended 31 March 2011 £'000	
Cash flow from operating activities			
Investment income received	245	354	
Deposit and similar interest received	23	39	
Investment management fees paid	(1,217)	(1,326)	
Secretarial fees paid	(82)	(119)	
Other cash payments	(394)	(293)	
Net cash outflow from operating activities and returns on investment	(1,425)	(1,345)	
Taxation	—	—	
Investing activities			
Purchase of unquoted investments and investments quoted on AIM	(9,158)	(4,290)	
Net proceeds on sale of unquoted investments	4,589	826	
Net proceeds on deferred consideration	592	148	
Net capital outflow from investing activities	(3,977)	(3,316)	
Equity dividends paid	(1,901)	(1,728)	
Net cash outflow before financing and liquid resource management	(7,303)	(6,389)	
Management of liquid resources			
Movement in money market funds	1,829	(1,428)	
	1,829	(1,428)	
Financing			
Proceeds of fund-raising	179	10,040	
Acquisition issue shares	10,956	—	
Expenses of fund-raising	(155)	(145)	
Repurchase of own shares	(1,133)	(728)	
Net cash inflow from financing activities	9,847	9,167	
Increase in cash	4,373	1,350	
Reconciliation of net cash flow to movement in net cash			
Increase in cash for the year	4,373	1,350	
Net cash at start of year	3,401	2,051	
Net cash at end of year	7,774	3,401	
Analysis of changes in net debt			
	At 1 April 2011 £'000	Cash flow £'000	At 31 March 2012 £'000
Cash and cash equivalents	3,401	4,373	7,774

The notes on page 40 to 55 form part of these accounts.

Notes to the Accounts

for the year ended 31 March 2012

1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the 13 month period, are set out below:

a) Basis of accounting

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

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

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

All investments held by the Company are classified as “fair value through profit and loss”. The Directors fair value investments in accordance with the International Private Equity and Venture Capital Valuation (“IPEVCV”) guidelines, as updated in August 2010. This classification is followed as the Company’s business is to invest in financial assets with a view to profiting from their total return in the form of capital growth and income.

For investments actively traded on organised financial markets, fair value is generally determined by reference to Stock Exchange market quoted bid prices at the close of business on the balance sheet date. Purchases and sales of quoted investments are recognised on the trade date where a contract of sale exists whose terms require delivery within a time frame determined by the relevant market. Purchases and sales of unlisted investments are recognised when the contract for acquisition or sale becomes unconditional.

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

All investments are held at the price of a recent investment for an appropriate period where there is considered to have been no change in fair value. Where such a basis is no longer considered appropriate, the following factors will be considered:

- (i) Where a value is indicated by a material arms-length transaction by an independent third party in the shares of a company, this value will be used.
- (ii) In the absence of i), and depending upon both the subsequent trading performance and investment structure of an investee company, the valuation basis will usually move to either:
 - a) an earnings multiple basis. The shares may be valued by applying a suitable price-earnings ratio to that company’s historic, current or forecast post-tax earnings before interest and amortisation (the ratio used being based on a comparable sector but the resulting value being adjusted to reflect points of difference identified by the Investment Manager compared to the sector including, inter alia, a lack of marketability);
 - or
 - b) where a company’s underperformance against plan indicates a diminution in the value of the investment, provision against cost is made, as appropriate. Where the value of an investment has fallen permanently below cost, the loss is treated as a permanent impairment and as a realised loss, even though the investment is still held. The Board assesses the portfolio for such investments and, after agreement with the Investment Manager, will agree the values that represent the extent to which an investment loss has become realised. This is based upon an assessment of objective evidence of that investment’s future prospects, to determine whether there is potential for the investment to recover in value.
- (iii) Premiums on loan stock investments are accrued at fair value when the Company receives the right to the premium and when considered recoverable.
- (iv) Where an earnings multiple or cost less impairment basis is not appropriate and overriding factors apply, discounted cash flow, a net asset valuation, or industry specific valuation benchmarks may be applied. An example of an industry specific valuation benchmark would be by applying a suitable turnover multiple to that company’s historic, current and forecast turnover (the multiple used based on a comparable sector but the resulting value being adjusted to reflect points of difference identified by the Investment Manager compared to the sector including, inter alia, a lack of marketability).

1 Accounting policies (continued)

c) Income

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

d) Expenses

All expenses (inclusive of VAT) are accounted for on an accruals basis. Expenses are charged through the revenue column of the Income Statement, with the exception that 75% of the fees payable to Foresight Group for management fees are allocated against the capital column of the Income Statement. The basis of the allocation of management fees is expected to reflect the revenue and capital split of long-term returns in the portfolio.

Performance incentive payments will relate predominantly to the capital performance of the portfolio and will therefore be charged 100% to capital.

e) Financial Instruments

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

f) Taxation

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

g) Deferred Taxation

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

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

h) Investment recognition and derecognition

Investments are recognised at the trade date, being the date that the risks and rewards of ownership are transferred to the Company. Upon initial recognition, investments are held at the fair value of the consideration payable. Transaction costs in respect of acquisitions made are recognised directly in the income statement. Investments are derecognised when the risks and rewards of ownership are deemed to have transferred to a third party. Upon realisation, the gain or loss on disposal is recognised in the Income Statement.



Notes to the Accounts continued

for the year ended 31 March 2012

2 Income

	Year ended 31 March 2012 £'000	13 months ended 31 March 2011 £'000
Loan stock interest	199	985
Overseas based Open Ended Investments Companies ("OEICs")	21	28
Bank deposits	2	12
	222	1,025

3 Investment management fees

	Year ended 31 March 2012 £'000	13 months ended 31 March 2011 £'000
Investment management fees charged to the revenue account		
— Gross	211	259
	211	259
Investment management fees charged to the capital account		
— Gross	632	777
— Performance-related incentive on dividend payment	285	259
	917	1,036
	1,128	1,295

Foresight Group provide investment management services to the Company under an agreement dated 30 July 2004 (and novated to Foresight Group CI Limited on 19 December 2011) and receive management fees, paid quarterly in advance, of 2.5% of net assets per annum. If the annual expenses of the Company exceed 3.5% of the Company's total assets less current liabilities, the Company is entitled to reduce the fees paid to the Manager by the amount of the excess.

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

Foresight Fund Managers Limited is the Secretary of the Company and receives annual fees, paid quarterly in advance, for the services provided of £116,731 (2011: £86,294). The annual secretarial fee (which is payable together with any applicable VAT) is adjusted annually in line with the UK Retail Prices Index.

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

Details of the performance-related incentive are given in note 13.

4 Other expenses

	Year ended 31 March 2012 £'000	13 months ended 31 March 2011 £'000
Secretarial services excluding VAT	117	86
Directors' remuneration including employer's National Insurance contributions	68	69
Auditors' remuneration including VAT		
— audit services	26	21
— other services — interim review	—	4
— taxation services	7	4
Other	218	174
	436	358

5 Tax on ordinary activities

	Year ended 31 March 2012 £'000	13 months ended 31 March 2011 £'000
a) Analysis of charge in the year:		
Corporation tax	—	—
Total tax for the year	—	—

b) Factors affecting current tax charge for the year:

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for a venture capital fund (26%).

The differences are explained below:

	Year ended 31 March 2012 £'000	13 months ended 31 March 2011 £'000
Net income before taxation	(4,613)	6,039
Corporation tax at 26% (2011: 28%)	(1,199)	1,691
Effect of:		
Realised (gains)/losses not deductible	(1,460)	(8)
Net unrealised gains not taxable	2,311	(1,859)
Non-taxable dividend income	(5)	(8)
Utilisation of brought forward excess expenses	353	184
Movement in unutilised management expenses	—	—
Current tax charge for the period	—	—

c) There is an unrecognised deferred tax asset of approximately £1,197,000 (2011: £1,029,000). The deferred tax asset relates to the current and prior year unutilised expenses. It is considered too uncertain that there will be taxable profits in the future against which the deferred tax assets can be offset and, therefore, in accordance with FRS 19, the asset has not been recognised.



Notes to the Accounts continued

for the year ended 31 March 2012

6 Dividends

	Year ended 31 March 2012 £'000	13 months ended 31 March 2011 £'000
Ordinary Shares		
Dividends — paid in the year (interim dividend 5.0p paid per share (2011: 5.0p))	1,901	1,728
C Shares		
Dividends — paid in the year	—	n/a

The Board is not recommending a final dividend on the Ordinary Shares or C Shares (2011: £nil) for the year ended 31 March 2012.

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

	Year ended 31 March 2012 £'000	13 months ended 31 March 2011 £'000
Income available for distribution by way of dividends for the year	—	315
Interim revenue dividend for the year ended 31 March 2012	—	300

The interim revenue dividend of £nil (2011: £300,000) incorporated in the total 5.0p interim dividend (2011: 5.0p) fulfilled the requirements of Section 259 and Section 274 of the Income Tax Act 2007.

7 Return per share

	Year ended 31 March 2012		13 months ended 31 March 2011	
	Ordinary Shares £'000	C Shares £'000	Ordinary Shares £'000	C Shares £'000
Total (loss)/return after taxation	(3,549)	(1,064)	6,039	n/a
Total (loss)/return per share (note a)	(9.7)p	(5.7)p	18.8p	n/a
Revenue (loss)/return from ordinary activities after taxation	(365)	(60)	315	n/a
Revenue (loss)/return per share (note b)	(1.0)p	(0.3)p	1.0p	n/a
Capital (loss)/return from ordinary activities after taxation	(3,184)	(1,004)	5,724	n/a
Capital (loss)/return per share (note c)	(8.7)p	(5.4)p	17.8p	n/a
Weighted average number of shares in issue in the period	36,604,335	18,693,098	32,204,092	n/a

Notes:

- Total return per share is total return after taxation divided by the weighted average number of shares in issue during the period.
- Revenue return per share is revenue return taxation divided by the weighted average number of shares in issue during the period.
- Capital return per share is capital return after taxation divided by the weighted average number of shares in issue during the period.

8 Investments held at fair value through profit or loss

	2012	2011	
	£'000	£'000	
Quoted investments	1,087	1,812	
Unquoted investments	41,996	30,494	
	43,083	32,306	
	Quoted	Unquoted	Total
	£'000	£'000	£'000
Company			
Book cost as at 1 April 2011	1,600	22,747	24,347
Investment holding gains	212	7,747	7,959
Book cost as at 1 April 2011	1,812	30,494	32,306
Movements in the year:			
Cost of investments acquired from Acuity Growth/Foresight 5 VCT plc	—	5,956	5,956
Cost of investment acquired from Acuity VCT 3 plc	174	3,868	4,042
Purchases at cost	167	9,076	9,243
Disposal proceeds	(253)	(4,336)	(4,589)
Realised gains	31	4,982	5,013
Investment holding losses	(844)	(8,044)	(8,888)
Valuation at 31 March 2012	1,087	41,996	43,083
Book cost at 31 March 2012	1,719	42,293	44,012
Investment holding losses	(632)	(297)	(929)
Valuation at 31 March 2012	1,087	41,996	43,083
Ordinary Shares			
Book cost as at 1 April 2011	1,600	22,747	24,347
Investment holding gains	212	7,747	7,959
Valuation at 1 April 2011	1,812	30,494	32,306
Movements in the year:			
Purchases at cost	167	5,488	5,655
Disposal proceeds	(48)	(4,336)	(4,384)
Realised gains	—	4,982	4,982
Investment holding losses	(844)	(6,509)	(7,353)
Valuation at 31 March 2012	1,087	30,119	31,206
Book cost at 31 March 2012	1,719	28,881	30,600
Investment holding (losses)/gains	(632)	1,238	606
Valuation at 31 March 2012	1,087	30,119	31,206

Deferred consideration of £104,000 was also recognised by the Ordinary Shares Fund during the year.



Notes to the Accounts continued

for the year ended 31 March 2012

8 Investments held at fair value through profit or loss (continued)

	Quoted £'000	Unquoted £'000	Total £'000
C Shares			
Book cost and valuation as at 1 April 2011	—	—	—
Movements in the year:			
Cost of Investments acquired from Acuity Growth/Foresight 5 VCT plc	—	5,956	5,956
Cost of Investments acquired from Acuity 3 VCT plc	174	3,868	4,042
Purchases at cost	—	3,588	3,588
Disposal proceeds	(205)	—	(205)
Realised gains	31	—	31
Investment holding losses	—	(1,535)	(1,535)
Valuation at 31 March 2012	—	11,877	11,877
Book cost at 31 March 2012	—	13,412	13,412
Investment holding losses	—	(1,535)	(1,535)
Valuation at 31 March 2012	—	11,877	11,877

Deferred consideration of £500,000 was also recognised by the C Shares Fund during the year.

9 Debtors

	2012 £'000	2011 £'000
Deferred consideration	862	851
Prepayments	525	56
Accrued income	1,428	1,557
Enhanced buy back debtor	500	—
Other debtors	210	38
	3,525	2,502

10 Creditors: amounts falling due within one year

	2012 £'000	2011 £'000
Trade creditors	358	3
Accruals	83	55
Fundraising amounts received still to be allotted	—	578
Amounts owed to Foresight 3 VCT plc - as a result of the linked fundraising	4	287
Fundraising creditor	—	167
Trail commission	219	—
Other creditors	1,035	324
	1,699	1,414

11 Called-up share capital

	2012 £'000	2011 £'000
Allotted, called up and fully paid:		
37,756,345 Ordinary Shares of 1p each (2011: 35,864,981)	378	359
18,693,098 C Shares of 1p each (2011: n/a)	187	n/a

During the year the Company issued 1,110,690 Ordinary Shares (2011: 9,606,153) raising gross proceeds of £1.3 million (2011: £10.2 million). Where appropriate these funds will be used to make follow-on investments in existing portfolio companies as well as making investments in new investment opportunities.

A total of 1,503,382 Ordinary Shares were allotted to former Foresight Clearwater VCT plc shareholders as part of the merger and 18,693,098 C Shares were allotted to former Acuity VCT 3 plc and Foresight 5 VCT plc shareholders as part of the merger.

Additionally, 722,708 Ordinary Shares (2011: 711,942) were purchased for cancellation at a cost of £711,000 (2011: £669,000).

	2012 Ordinary Shares No.	2012 C Shares No.	2011 Ordinary Shares No.	2011 C Shares No.
At 1 April 2011/1 March 2010	35,864,981	—	26,970,770	n/a
Allotments	2,614,072	18,693,098	9,606,153	n/a
Repurchase of own shares	(722,708)	—	(711,942)	n/a
At 31 March 2012/ 2011	37,756,345	18,693,098	35,864,981	n/a

12 Net asset value per share

Net asset value per Ordinary Share is based on net assets at the year end of £36,567,000 (2011: £40,163,000) and on 37,756,345 (2011: 35,864,981) Ordinary Shares, being the number of Ordinary Shares in issue at that date.

Net asset value per C Share is based on net assets at the year end of £17,655,000 (2011: n/a) and on 18,693,098 C Shares, being the number of C Shares in issue at that date.

13 Performance-related incentive

Foresight Group is entitled to a payment equal to 15% of dividends paid to Ordinary Shareholders, subject to the net asset value plus cumulative dividends paid per Ordinary Share following the date of the Extraordinary General Meeting exceeding 100.0p per Share ("High Watermark"), both immediately before and immediately after the performance related incentive fee is paid.

After each distribution is made to Ordinary Shareholders where a performance incentive is paid to Foresight Group, the High Watermark required to be achieved by the Company to trigger a further performance incentive fee increases by a per Ordinary Share amount equivalent to the aggregate amount of the dividend paid less the 15% performance fee paid to Foresight Group.

The performance incentive fee may be satisfied by either a cash payment or the issue of Ordinary Shares (or by a combination of both) ultimately at the Board's discretion. Any new Ordinary Shares to be issued to Foresight Group would be calculated by dividing the performance fee cash equivalent amount by the latest net asset value per Ordinary Share after adding the cumulative dividends to be paid.

A performance incentive fee of £285,000 was paid in cash during the year. Had the payment been made in Ordinary shares, 269,631 Ordinary shares would have been issued based on a net asset value of 105.7p per Ordinary share on 24 February 2012.

Notes to the Accounts continued

for the year ended 31 March 2012

14 Capital commitments and contingent liabilities

The Company had no capital commitments and contingent liabilities at 31 March 2012 (31 March 2011: £nil).

15 Financial instrument risk management

The Company's financial instruments comprise:

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

Classification of financial instruments

The Company held the following categories of financial instruments, all of which are included in the balance sheet at fair value, at 31 March 2012:

	Ordinary Shares		C Shares	
	2012 (Fair value) £'000	2011 (Fair value) £'000	2012 (Fair value) £'000	2011 (Fair value) £'000
Assets at fair value through profit and loss				
Investment portfolio	31,206	32,306	11,877	n/a
Current asset investments (money market funds)	1,539	3,368	—	n/a
Cash at bank	1,656	3,401	6,118	n/a
	34,401	39,075	17,995	n/a
Receivables				
Deferred consideration	862	851	—	n/a
Prepayments and other debtors	2,359	1,651	647	n/a
Liabilities at amortised cost or equivalent				
Creditors	(1,055)	(1,414)	(987)	n/a
	36,567	40,163	17,655	n/a

15 Financial instrument risk management (continued)

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

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

The investment portfolio has a high concentration of risk towards small UK-based companies, the majority being unquoted sterling denominated equity and loan stock holdings (82.4% of net assets for the Ordinary Shares Fund, and 67.3% for the C Exit Shares Fund) or quoted on the sterling denominated UK AIM market (3.0% of net assets for the Ordinary Shares Fund and 0% for the C Exit Shares Fund).

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

The main risks arising from the Company's financial instruments are principally interest rate risk, credit risk and market price risk. The Board regularly reviews and agrees policies for managing each of these risks and they are summarised below.

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

Interest rate risk

The fair value of the Company's fixed rate securities and the net revenue generated from the Company's floating rate securities may be affected by interest rate movements. Investments are often in early stage businesses, which are relatively high risk investments sensitive to interest rate fluctuations. Due to the short time to maturity of some of the Company's fixed rate investments, it may not be possible to reinvest in assets which provide the same rates as those currently held. When making investments of an equity and debt nature, consideration is given during the structuring process to the potential implications of interest rate risk and the resulting investment is structured accordingly. The maximum exposure to interest rate risk for the Ordinary Shares fund was £17,501,000 at 31 March 2012 (31 March 2011: £20,317,000), and for the C Shares fund was £15,243,000 at 31 March 2012 (31 March 2011: n/a).

	Total portfolio		Weighted average interest rate		Weighted average time for which rate is fixed	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Ordinary Shares Portfolio	£'000	£'000	%	%	Days	Days
Short-term fixed interest securities						
— exposed to cash flow interest rate risk	1,539	3,368	0.6%	0.6%	—	—
Loan stock						
— exposed to fixed interest risk	8,557	9,460	10.3%	10.1%	824	1,029
Loan stock						
— exposed to variable interest rate risk	5,749	4,088	3.7%	4.3%	—	—
Cash	1,656	3,401	—	—	—	—
Total exposed to interest rate risk	17,501	20,317				
Loan stock						
— not exposed to interest rate risk	58	41	—	—	—	—
Total	17,559	20,358				

Notes to the Accounts continued

for the year ended 31 March 2012

15 Financial instrument risk management (continued)

	Total portfolio	
	31 March 2012 £'000	31 March 2011 £'000
Maturity analysis:		
— in one year or less	7,077	10,178
— in more than one year but no more than two years	2,706	1,615
— in more than two years but no more than three years	2,173	3,642
— in more than three years but no more than four years	2,081	2,113
— in more than four years but no more than five years	3,522	2,810
Total	17,559	20,358

	Total portfolio		Weighted average interest rate		Weighted average time for which rate is fixed	
	31 March 2012 £'000	31 March 2011 £'000	31 March 2012 %	31 March 2011 %	31 March 2012 Days	31 March 2011 Days
C Shares Portfolio						
Loan stock						
— exposed to fixed interest risk	9,125	n/a	11.0%	n/a	419	n/a
Cash	6,118	n/a	—	n/a	—	n/a
Total exposed to interest rate risk	15,243	n/a				

	Total portfolio	
	31 March 2012 £'000	31 March 2011 £'000
Maturity analysis:		
— in one year or less	12,767	n/a
— in more than one year but no more than two years	468	n/a
— in more than two years but no more than three years	—	n/a
— in more than three years but no more than four years	500	n/a
— in more than four years but no more than five years	1,508	n/a
Total	15,243	n/a

During the course of the year the Company also held cash balances. The benchmark rate, which determines the interest payments received on cash and loan balances held, is the bank base rate which was 0.5% at 31 March 2012 (0.5% at 31 March 2011).

15 Financial instrument risk management (continued)

Credit risk

Credit risk is the risk of failure by counterparties to deliver securities which the Company has paid for, or the failure by counterparties to pay for securities which the Company has delivered. The Company has exposure to credit risk in respect of the loan stock investments it has made into investee companies, most of which have no security attached to them, and where they do, such security ranks beneath any bank debt that an investee company may owe. The Board manages credit risk in respect of the current asset investments and cash by ensuring a spread of such investments in separate money market funds such that none exceed 15% of the Company's total investment assets. These money market funds are all triple A rated funds, and so credit risk is considered to be low. The Manager receives management accounts from portfolio companies, and members of the investment management team often sit on the boards of unquoted portfolio companies; this enables the close identification, monitoring and management of investment-specific credit risk. The maximum exposure to credit risk at 31 March 2012 was £20,743,000 (31 March 2011: £22,860,000) for the Ordinary Shares fund, and £5,890,000 (31 March 2011: n/a) for the C Shares fund based on cash, money market funds and other receivables (amounts due on investments, dividends and interest). The majority of the Company's assets are held in its own name in certificated form and therefore custodian default risk is negligible. Several small AIM holdings held by a third party custodian in CREST are ring fenced from the assets of the custodian or other client companies.

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

	Ordinary Shares		C Shares	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Loan stocks	14,364	13,589	9,125	n/a
Current asset investments (money market funds)	1,539	3,368	—	n/a
Deferred consideration	862	851	—	n/a
Prepayments and other debtors	2,359	1,651	647	n/a
Cash at bank	1,656	3,401	6,118	n/a
Total	20,780	22,860	15,890	n/a

Market price risk

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

The investments in equity and fixed interest stocks of unquoted companies are rarely traded (and AIM listed companies which the Company holds are thinly traded) and as such the prices are more volatile than those of more widely traded securities. In addition, the ability of the Company to realise the investments at their carrying value may at times not be possible if there are no willing purchasers. The ability of the Company to purchase or sell investments is also constrained by the requirements set down for Venture Capital Trusts. The potential maximum exposure to market price risk, being the value of the investment portfolio as at 31 March 2012 is: £31,206,278 for the Ordinary Shares fund (31 March 2011: £32,305,932) and £11,876,694 for the C Shares fund (31 March 2011: n/a).

Liquidity risk

The investments in equity and fixed interest stocks of unquoted companies that the Company holds are not traded and they are not readily realisable. The ability of the Company to realise the investments at their carrying value may at times not be possible if there are no willing purchasers. The Company's ability to sell investments may also be constrained by the requirements set down for VCTs. The maturity profile of the Company's loan stock investments disclosed within the consideration of credit risk above indicates that these assets are also not readily realisable until dates up to five years from the year-end.

To counter these risks to the Company's liquidity, the Investment Manager maintains sufficient cash and money market funds to meet running costs and other commitments. The Company invests its surplus funds in high quality money market funds which are all accessible on an immediate basis.

Notes to the Accounts continued

for the year ended 31 March 2012

15 Financial instrument risk management (continued)

Sensitivity analysis

Equity price sensitivity

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

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

The Board considers that even the loan stocks are 'quasi-equity' in nature, as the value of the loan stocks is determined by reference to the enterprise value of the investee company. Such value is considered to be sensitive to changes in quoted share prices, in so far as such changes eventually affect the enterprise value of unquoted companies. The table below shows the impact on profit and net assets if there were to be a 15% (2011: 15%) movement in overall share prices, which might in part be caused by changes in interest rate levels, but it is not considered practical to evaluate separately the impact of changes in interest rates upon the value of the Company's portfolios of investments in small, unquoted companies.

The sensitivity analysis below assumes that each of these sub categories of investments (shares and loan stocks) held by the Company produces an overall movement of 15%, and that the actual portfolio of investments held by the Company is perfectly correlated to this overall movement in share prices. However, shareholders should note that this level of correlation would not be the case in reality. Movements may occur to both quoted and unquoted companies and be as a result of changes to the market or alternatively as a result of assumptions made when valuing portfolio or a combination of the two.

	2012	2011
	Return and	Return and
	net assets	net assets
Ordinary Shares		
If overall share prices fell by 15% (2011: 15%), with all other variables held constant — decrease (£'000)	(4,681)	(4,846)
Decrease in earnings, and net asset value, per Ordinary Share (in pence)	(12.40)p	(13.51)p

	2012	2011
	Return and	Return and
	net assets	net assets
If overall share prices increase by 15% (2011: 15%), with all other variables held constant — increase (£'000)	4,681	4,846
Increase in earnings, and net asset value, per Ordinary Share (in pence)	12.40p	13.51p

	2012	2011
	Return and	Return and
	net assets	net assets
C Shares		
If overall share prices fell by 15% (2011: 15%), with all other variables held constant — decrease (£'000)	(1,782)	n/a
Decrease in earnings, and net asset value, per C Share (in pence)	(9.53)p	n/a

	2012	2011
	Return and	Return and
	net assets	net assets
If overall share prices increase by 15% (2011: 15%), with all other variables held constant — increase (£'000)	1,782	n/a
Increase in earnings, and net asset value, per C Share (in pence)	9.53p	n/a

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

15 Financial instrument risk management (continued)

Interest rate sensitivity

Although the Company holds investments in loan stocks that pay interest, the Board does not believe that the value of these instruments is interest rate sensitive. This is because the Board does not consider that the impact of interest rate changes materially affects the value of the portfolio in isolation, other than the consequent impact that interest rate changes have upon movements in share prices, discussed under equity price risk above. The table below shows the sensitivity of income earned to changes in interest rates.

	2012	2011
	Profit and	Profit and
	net assets	net assets
Ordinary Shares		
If interest rates were 1% lower, with all other variables held constant — decrease (£'000)	(57)	(41)
Decrease in earnings, and net asset value, per Ordinary Share (in pence)	(0.15)p	(0.11)p
If interest rates were 1% higher, with all other variables held constant — increase (£'000)	57	41
Increase in earnings, and net asset value, per Ordinary Share (in pence)	0.15p	0.11p
	2012	2011
	Profit and	Profit and
	net assets	net assets
C Shares		
If interest rates were 1% lower, with all other variables held constant — decrease (£'000)	(41)	n/a
Decrease in earnings, and net asset value, per C Share (in pence)	(0.22)p	n/a
If interest rates were 1% higher, with all other variables held constant — increase (£'000)	41	n/a
Increase in earnings, and net asset value, per C Share (in pence)	0.22p	n/a

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

Fair value hierarchy

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- Inputs for the instrument that are not based on observable market data (unobservable inputs) (Level 3).

Ordinary Shares fund

As at 31 March 2012

	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Quoted investments	854	233	—	1,087
Unquoted investments	—	—	30,119	30,119
Current asset investments (money market funds)	1,539	—	—	1,539
Financial assets	2,393	233	30,119	32,745

As at 31 March 2011

	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Quoted investments	1,023	789	—	1,812
Unquoted investments	—	—	30,494	30,494
Current asset investments (money market funds)	3,368	—	—	3,368
Financial assets	4,391	789	30,494	35,674

Notes to the Accounts continued

for the year ended 31 March 2012

15 Financial instrument risk management (continued)

C Shares fund

As at 31 March 2012

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Quoted investments	—	—	—	—
Unquoted investments	—	11,877	—	11,877
Current asset investments (money market funds)	—	—	—	—
Financial assets	—	11,877	—	11,877

As at 31 March 2011 — n/a.

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

The gains/(losses) on level 3 investments are included within investment holding gains/(losses) and realised losses on investments in the Income Statement.

Year ended 31 March 2012

	Ordinary Shares fund Level 3 £'000	C Shares fund Level 3 £'000
Valuation brought forward at 1 April 2011	30,494	—
Cost of investments acquired	—	9,824
Purchases	5,488	3,588
Disposal proceeds	(4,336)	—
Realised gains	4,982	—
Investment holding losses	(6,509)	(1,535)
Valuation carried forward at 31 March 2012	30,119	11,877

Transfers

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

Based on recent economic volatility, the Board and Investment Manager feel that for indicative purposes, a movement of 15% in the unquoted investments within level 3 is appropriate to show how reasonably possible alternative assumptions change the fair value of the investments.

If unquoted Ordinary Share investments moved by 15%, this would create an increase or decrease in investments of £4.7 million.

If unquoted C Share investments moved by 15%, this would create an increase or decrease in investments of £1.8 million.

16 Management of Capital

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

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

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

The Company has no external imposed capital requirements.

17 Post-balance sheet events

In April 2012, the Company repurchased 5,587,587 ordinary shares at 101.99p per share and issued a further 5,422,774 shares at 105.20p per share as part of the enhanced buyback offer dated 2 March 2012.

Additionally, 522,726 ordinary shares were issued at 105.20p per share and 149,983 C shares were issued at 100.30p under the offer as a result of further subscriptions under the open offer dated 2 March 2012.

18 Related party transactions

Foresight Group LLP, Foresight Fund Managers Limited and Foresight Group GI Limited are considered to be related parties of the Company. Details of arrangements with these parties are given in the Directors' Report and Note 3.

Foresight Group, which acts as investment manager to the Company in respect of its venture capital investments earned fees of £1,128,000 during the year (2011: £1,295,000), including carried interest of £285,000 (2011: £259,000).

Foresight Fund Managers Limited is the Secretary of the Company and received fees of £116,731 (2011: £86,294) during the year. The annual secretarial fee (which is payable together with any applicable VAT) is adjusted annually in line with the UK Retail Prices Index.

At the balance sheet date there was £110,000 (2011: £nil) due from Foresight Group and £35,000 (2011: £nil) due to Foresight Fund Managers Limited. No amounts have been written off in the year in respect of debts due to or from related parties.

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

Foresight Group is also a party to the performance incentive agreement described in note 13.



Shareholder Information

Dividends

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

Share price

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

Investor Centre

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

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

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

Notification of change of address

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

Trading shares

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

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

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

Indicative financial calendar

November 2012	Announcement of interim results for the six months to 30 September 2012
July 2013	Announcement of annual results for the year ended 31 March 2013
July 2013	Posting of the Annual Report for the year ended 31 March 2013
July 2013	Annual General Meeting

Open invitation to meet the Investment Manager

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

Enquiries

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

Foresight 4 VCT plc is managed by Foresight Group CI which is authorised and regulated 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.

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.



Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Foresight 4 VCT plc (“the Company”) will be held on 27 September 2012 at 12.00 pm at the offices of SGH Martineau LLP, One America Square, Crosswall London, EC3N 2SG for the purpose of considering and, if thought fit, passing the following resolutions, of which resolutions 1 to 8 will be proposed as ordinary resolutions and resolutions 9 and 10 will be proposed as special resolutions.

- Resolution 1 To receive the report and accounts for the year ended 31 March 2012.
- Resolution 2 To approve the directors’ remuneration report.
- Resolution 3 To re-elect Philip Stephens as a director.
- Resolution 4 To re-elect Peter Dicks as a director.
- Resolution 5 To re-elect Roger Brooke as a director.
- Resolution 6 To re-elect Raymond Abbott as a director
- Resolution 7 To re-appoint KPMG Audit Plc as auditor and to authorise the directors to fix the auditor’s remuneration.
- Resolution 8 That, in substitution for all existing authorities, the directors be and they are generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company (“Rights”) up to an aggregate nominal amount of £260 000 provided that this authority shall expire on the fifth anniversary of the date of passing of this resolution, save that the Company shall be entitled to make offers or agreements before the expiry of such authority which would or might require shares to be allotted or Rights to be granted after such expiry and the directors shall be entitled to allot shares and grant Rights pursuant to any such offer or agreement as if this authority had not expired.
- Resolution 9 That, in substitution for existing authorities, the directors be and they are empowered pursuant to section 570 and section 573 of the Companies Act 2006 to allot equity securities (within the meaning of section 560 of that Act) for cash either pursuant to the authority conferred by Resolution 8 above or by way of a sale of treasury shares as if section 561(1) of that Act did not apply to any such allotment, provided that this power shall be limited to:
- (a) the allotment of equity securities with an aggregate nominal amount of up to but not exceeding £100,000 by way of issue of ordinary shares of 1p each (“Ordinary Shares”) and/or £100,000 by way of issue of C ordinary shares of 1p each (“C Shares”), in each case pursuant to offer(s) for subscription;
 - (b) the allotment of equity securities with an aggregate nominal amount of up to but not exceeding an amount equal to 10% of the issued share capital from time to time by way of an issue of Ordinary Shares pursuant to performance incentive arrangements with Foresight Group LLP, such shares to be issued at nominal value; and
 - (c) the allotment (otherwise than pursuant to sub-paragraphs (a) and (b) of this resolution) to any person or persons of equity securities with an aggregate nominal amount of up to but not exceeding an amount equal to 10% of the issued Ordinary Share capital from time to time and/or 10% of the issued C Share capital from time to time

in each case where the proceeds may be used in whole or part to purchase shares in the capital of the Company, such authority to expire on the conclusion of the annual general meeting of the Company to be held in the year 2013, save that the Company shall be entitled to make offers or agreements before the expiry of such power which would or might require equity securities to be allotted after such expiry and the directors shall be entitled to allot equity securities pursuant to any such offers or agreements as if the power conferred hereby had not expired.

Resolution 10 That, in substitution for all existing authorities, the Company be empowered to make market purchases (within the meaning of Section 693(4) of the Companies Act 2006) of its own shares provided that:

- (i) the aggregate number of shares to be purchased shall not exceed 5,713,362 Ordinary Shares and/or 2,803,348 C Shares;
- (ii) the minimum price which may be paid for a share is 1 pence (the nominal value thereof);
- (iii) the maximum price which may be paid for Ordinary Shares or C Shares (as the case may be) is the higher of (1) an amount equal to 105% of the average of the middle market quotation for Ordinary Shares or C Shares (as the case may be) taken from the London Stock Exchange daily official list for the five business days immediately preceding the day on which the Ordinary Shares or C Shares (as the case may be) are purchased, and (2) the amount stipulated by Article 5(1) of the BuyBack and Stabilisation Regulation 2003;
- (iv) the authority conferred by this resolution shall expire on the conclusion of the annual general meeting of the Company to be held in the year 2013 unless such authority is renewed prior to such time; and
- (v) the Company may make a contract to purchase Ordinary Shares or C Shares (as the case may be) under the authority conferred by this resolution prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Ordinary Shares or C Shares (as the case may be) pursuant to such contract.

By order of the Board

Foresight Fund Managers Limited

Company Secretary
31 July 2012

ECA Court
24–26 South Park
Sevenoaks
Kent
TN13 1DU

Notice of Annual General Meeting continued

Notes:

1. No Director has a service contract with the Company. Directors' appointment letters with the Company will be available for inspection at the registered office of the Company until the time of the meeting and from 15 minutes before the meeting at the location of the meeting, as well as at the meeting.
2. To be entitled to attend and vote at the meeting (and for the purposes of the determination by the Company of the votes they may cast), members must be registered in the Register of Members of the Company at 6.00 pm on 25 September 2012 (or, in the event of any adjournment, 6.00 pm on the date which is two days before the time of the adjourned meeting). Changes to the Register of Members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
3. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his or her behalf. A proxy need not also be a member but must attend the meeting to represent you. Details of how to appoint the chairman of the meeting or another person as your proxy using the form of proxy are set out in the notes on the form of proxy which is enclosed. If you wish your proxy to speak on your behalf at the meeting, you will need to appoint your own choice of proxy (not the chairman) and give your instructions directly to them.
4. You may appoint more than one proxy, provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, (an) additional form(s) of proxy may be obtained by contacting Computershare Investor Services plc on 0870 703 6385. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and returned together in the same envelope.
5. As at 30 July 2012 (being the last business day prior to the publication of this notice), the Company's issued share capital was 38,114,495 Ordinary Shares and 18,701,459 C Shares, carrying one vote each. Therefore, the total voting rights in the Company as at 30 July 2012 was 56,815,954.
6. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may, under an agreement between him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
7. The statement of the rights of members in relation to the appointment of proxies in paragraphs 2 to 4 above does not apply to Nominated Persons. The rights described in those paragraphs can only be exercised by members of the Company.
8. Appointment of a proxy will not preclude a member from subsequently attending and voting at the meeting should he or she subsequently decide to do so. You can only appoint a proxy using the procedures set out in these notes and the notes to the form of proxy.
9. The Register of Directors' Interests will be available for inspection at the meeting.
10. Information regarding the meeting, including the information required by section 311A of the Companies Act 2006, is available from www.foresightgroup.eu.
11. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If you either select the "Discretionary" option or if no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
12. A form of proxy and reply paid envelope is enclosed. To be valid, it should be lodged with the Company's Registrar, Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol BS99 6ZY or the proxy must be registered electronically at www.eproxyappointment.com, in each case, so as to be received no later than 48 hours before the time appointed for holding the meeting or any adjourned meeting. To vote electronically, you will be asked to provide your Control Number, Shareholder Reference Number and PIN which are detailed on your proxy form. This is the only acceptable means by which proxy instructions may be submitted electronically.
13. Under section 319A of the Companies Act 2006, the Company must answer any question you ask relating to the business being dealt with at the meeting unless answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information or the answer has already been given on a website in the form of an answer to a question or it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
14. Pursuant to Chapter 5 of Part 16 of the Companies Act 2006 (sections 527 to 531), where requested by a members or members meeting the qualification criteria the Company must publish on its website, a statement setting out any matter that such members propose to raise at the meeting relating to the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the meeting. Where the Company is required to publish such a statement on its website it may not require the members making the request to pay any expenses incurred by the Company in complying with the request, it must forward the statement to the Company's auditors no later than the time the statement is made available on the Company's website and the statement may be dealt with as part of the business of the meeting.



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Corporate Information

Directors

Philip Stephens (Chairman)
Peter Dicks
Roger Brooke
Raymond Abbott (appointed 1 March 2012)

Auditor and Tax Advisers

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Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

Company Secretary

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

Solicitors and VCT Status Advisers

SGH Martineau LLP
No. 1 Colmore Square
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B4 6AA

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La Plaiderie
St Peter Port
Guernsey
GY1 1WF

Registrar

Computershare Investor Services plc
PO Box 82
The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ

Registered Office

ECA Court
South Park
Sevenoaks
TN13 1DU

Registered Number

03506579

Contact Numbers

Registrar's Shareholder Helpline: Computershare (0870 703 6292)
General and Portfolio Queries: Foresight Group (01732 471812)



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