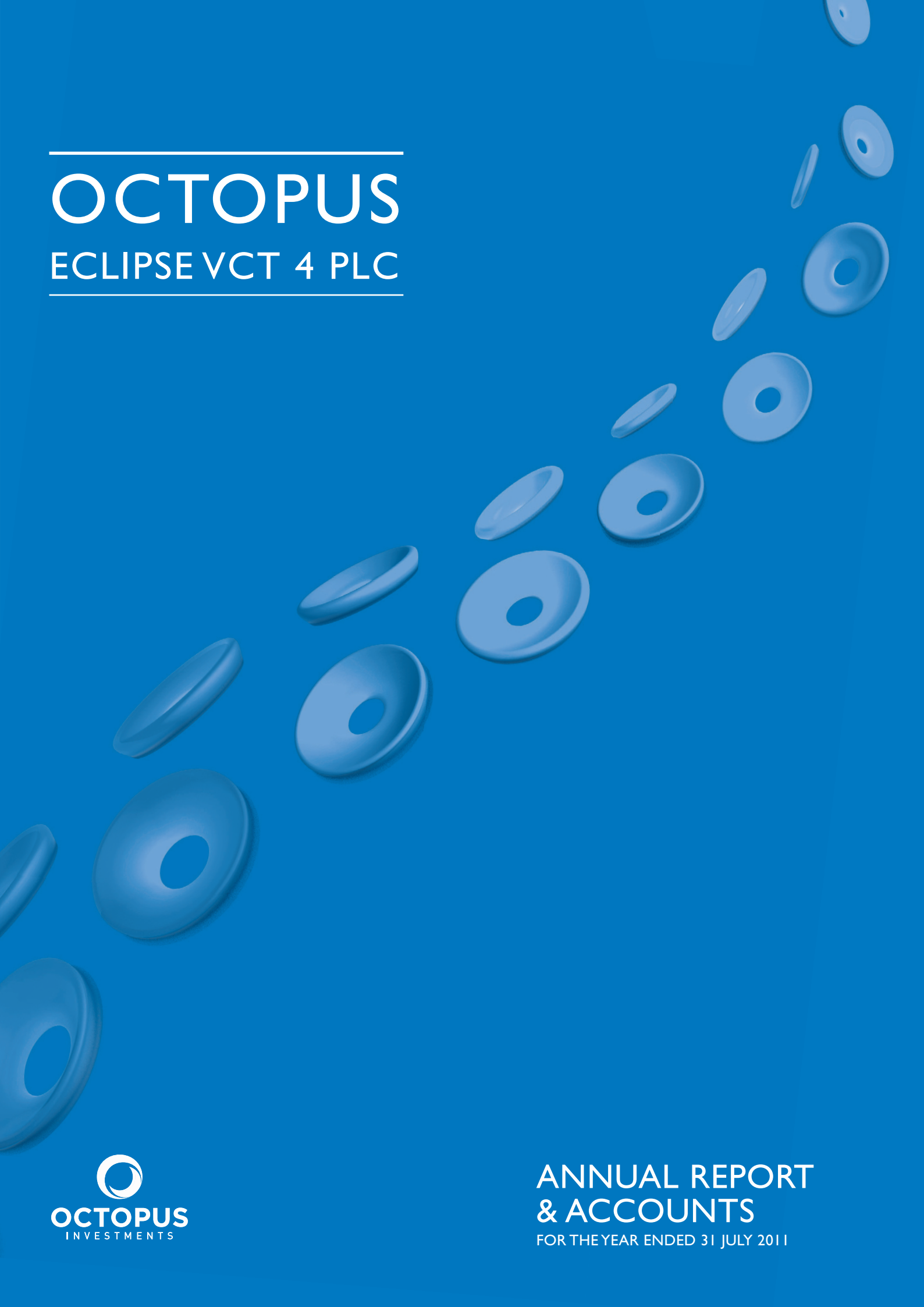

OCTOPUS

ECLIPSE VCT 4 PLC



FINANCIAL HEADLINES

- 59.3p Net asset value (NAV) at 31 July 2011
- 11.7p Cumulative dividends paid since launch
- 71.0p Net asset value plus cumulative dividends paid
- 2.0p Proposed final dividend for the year to 31 July 2011

CONTENTS

1	Shareholder Information and Contact Details
3	About Octopus Eclipse VCT 4 plc
4	Financial Headlines
5	Chairman's Statement
8	Investment Manager's Review
21	Details of Directors
22	Directors' Report
37	Directors' Remuneration Report
40	Directors' Responsibility Statement
41	Report of the Independent Auditor
43	Income Statement
45	Reconciliation of Movements in Shareholders' Funds
46	Balance Sheet
47	Cash Flow Statement
49	Notes to the Financial Statements
67	Directors and Advisers
68	Notice of Annual General Meeting
71	Proxy Form

SHAREHOLDER INFORMATION AND CONTACT DETAILS

Financial Calendar

The Company's financial calendar is as follows:

9 December 2011	Annual General Meeting
16 December 2011	2011 Final dividend paid
March 2012	Half-yearly results to 31 January 2012 published
November 2012	Annual results for year to 31 July 2012 announced; Annual Report and financial statements published

Dividends

Dividends will be paid by the Registrar on behalf of the Company. 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. Queries relating to dividends, shareholdings and requests for mandate forms should be directed to the Company's Registrar, Capita Registrars, by calling 0871 664 0300 (calls cost 10p per minute plus network extras. Lines are open Monday–Friday 8.30am–5.30pm), or by writing to them at:

Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

The table below shows the net asset value per share (NAV) and lists the dividends that have been paid since the launch of Octopus Eclipse VCT 4 plc:

Period Ended	NAV	Dividends paid in period	NAV + cumulative dividends (total return)
28 February 2006	94.9p	–	94.9p
31 August 2006	95.7p	–	95.7p
28 February 2007	103.0p	0.7p	103.7p
31 August 2007	101.1p	–	101.8p
29 February 2008	94.1p	1.5p	96.3p
31 August 2008	78.0p	1.0p	81.2p
28 February 2009	67.6p	1.5p	72.3p
31 July 2009	64.5p	1.0p	70.2p
31 January 2010	64.7p	1.5p	71.9p
31 July 2010	69.4p	1.5p	78.1p
31 January 2011	66.1p	1.5p	76.3p
31 July 2011	59.3p	1.5p	71.0p

The proposed final dividend of 2.0p will, if approved by shareholders, be paid on 16 December 2011 to shareholders on the register on 18 November 2011.

SHAREHOLDER INFORMATION AND CONTACT DETAILS (continued)

Share Price

The Company's share price can be found on various financial websites including: www.londonstockexchange.com, with the following TIDM/EPIC code:

	Ordinary shares
TIDM/EPIC code	OEC4
Latest share price (4 November 2011)	53.0p per share

Buying and Selling Shares

The Company's Ordinary shares can be bought and sold in the same way as any other company quoted on the London Stock Exchange via a stockbroker. There may be tax implications in respect of selling all or part of your holdings, so shareholders should contact their independent financial adviser if they have any queries.

Octopus Eclipse VCT 4 plc operates a policy of buying its own shares for cancellation as they become available. The VCT is, however, unable to buy back shares directly from shareholders. If you are considering selling your shares or trading in the secondary market, please contact the Company's Corporate Broker, Matrix Corporate Capital ('Matrix').

Matrix is able to provide details of close periods (when the Company is prohibited from buying in shares) and details of the price at which the VCT has bought in shares. Matrix can be contacted as follows:

Chris Lloyd
0203 206 7176 chris.lloyd@matrixgroup.co.uk

Paul Nolan
0203 206 7177 paul.nolan@matrixgroup.co.uk

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 VCT's registrar, Capita Registrars, under the signature of the registered holder. Their contact details are provided on page 67.

Other Information for Shareholders

Previously published Annual Reports and Half-yearly Reports are available for viewing on the Investment Manager's website at www.octopusinvestments.com by navigating to Services, Investor Services, Venture Capital Trusts, Octopus Eclipse VCT 4. All other statutory information will also be found there.

Warning to Shareholders

Many companies are aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based 'brokers' who target UK shareholders offering to sell them what often turn out to be worthless or high risk shares in US or UK investments. They can be very persistent and extremely persuasive. Therefore, shareholders are advised to be very wary of any unsolicited advice, offers to buy shares at a discount or premium, or offers for free company reports.

Please note that it is very unlikely that either Octopus or the Registrar would make unsolicited telephone calls to shareholders and that any such calls would relate only to official documentation already circulated to shareholders and never in respect of investment advice.

If you are in any doubt about the veracity of an unsolicited phone call, please call either Octopus or the Registrar at the numbers provided at the back of this report.

ABOUT OCTOPUS ECLIPSE VCT 4 PLC

Octopus Eclipse VCT 4 plc ('Eclipse 4', 'Company' or 'VCT') is a venture capital trust (VCT) which aims to provide shareholders with attractive tax-free dividends and long-term capital growth, by investing in a diverse portfolio of unquoted and AIM-quoted companies. The VCT is managed by Octopus Investments Limited ('Octopus' or 'Investment Manager').

Eclipse 4 was launched in August 2005 and raised approximately £29.1 million (£28.7 million net of expenses) through an Offer for Subscription. Eclipse 4 co-invests with other funds managed by Octopus. This allows the VCT to invest in a wider range of opportunities and in larger and more developed companies than are typically available to a single VCT. Further details of the VCT's progress are discussed in the Chairman's Statement and Investment Manager's Review on pages 5 to 20.

Venture Capital Trusts (VCTs)

VCTs were introduced in the Finance Act 1995 to provide a means for private individuals to invest in unquoted companies in the UK. Subsequent Finance Acts have introduced changes to VCT legislation. The tax benefits currently available to eligible new investors in VCTs include:

- up to 30% up-front income tax relief;
- exemption from income tax on dividends paid; and
- exemption from capital gains tax on disposals of shares in VCTs.

Eclipse 4 has been approved as a VCT by HM Revenue & Customs (HMRC). In order to maintain its approval, the VCT must comply with certain requirements on a continuing basis. Above all, Eclipse 4 is required at all times to hold at least 70% of its investments (as defined in the legislation) in VCT 'qualifying holdings', of which at least 30% must comprise eligible Ordinary shares. A 'qualifying holding' consists of up to £1 million invested in any one year in new shares or securities in an unquoted UK company (or companies quoted on AIM) which is carrying on a qualifying trade, and whose gross assets do not exceed a prescribed limit at the time of investment. The definition of a 'qualifying trade' excludes certain activities such as property investment and development, financial services and asset leasing. The VCT will continue to ensure its compliance with these qualification requirements.

FINANCIAL HEADLINES

	Year to 31 July 2011	Year to 31 July 2010
Net assets (£'000s)	15,715	19,265
Return on ordinary activities after tax (£'000s)	(1,993)	2,112
Net asset value per share (NAV)	59.3p	69.4p
Dividends paid and proposed relating to the year	3.5p	3.0p
Cumulative dividends since launch – paid and proposed	13.7p	10.2p

CHAIRMAN'S STATEMENT

Please find below the results for the year ended 31 July 2011 for Octopus Eclipse VCT 4 plc.

This has proved to be an even more challenging year than had been expected at the time of the half-yearly report. The green shoots seen in 2010 have withered as economic growth rates have disappointed and high debt levels across the globe weigh heavily on governments, companies, the banking market and individuals alike. Against this backdrop, the Investment Manager's time has continued to be spent protecting and nurturing the portfolio.

In the year to 31 July 2011 Eclipse 4 reported a negative total return (being the change in net asset value (NAV) plus cumulative dividends paid) of 9.1%. After adding back the dividends paid in the year of 3.0p, the NAV per share decreased by 7.1p which was largely attributable to a decrease in the fair value of the unquoted portfolio. Given the current economic climate and the relative vulnerability of small companies, the portfolio has not developed as well as had previously been expected. By comparison, the FTSE Small Cap total return was 20.4% which was propelled by a high weighting in stocks rebounding from their lows, in which VCTs are unable to invest.

Eclipse 4 is invested in 13 unquoted and 11 AIM-quoted companies. By value, 77.6% of the Company's net assets are in unquoted investments, 6.8% in AIM quoted investments and the remaining 15.6% of the Company's net assets are currently in cash or cash equivalents. The focus continues to remain on the existing portfolio, which is being supported where appropriate. Limited new additions to the portfolio are envisaged in the near future as there have been no significant realisations in the year due to current market conditions limiting the range of exit opportunities.

The Board's strategy continues to be to maintain an appropriate level of liquidity in the balance sheet to continue to achieve four aims:

- to support further investment in existing portfolio companies if required;
- to take advantage of new investment opportunities as they arise;
- to assist liquidity in the shares through the buy-back facility; and
- to support a consistent dividend flow.

Dividend and Dividend Policy

It is your Board's policy to strive to maintain a regular dividend flow where possible and this primarily relies on the level of profitable realisations and available cash reserves. Taking these factors into account, the Board is pleased to propose a final dividend of 2.0p per share.

Subject to shareholder approval at the Annual General Meeting, this dividend will be paid on 16 December 2011 to those shareholders on the register on 18 November 2011. This will take dividends for the year ended 31 July 2011 to 3.5p per share.

Investment Portfolio

The last year has continued to challenge many businesses and it is still uncertain as to when, and to what degree, an improvement in the economic environment may commence. The tone of the media remains cautious and, as mentioned in last year's report, there is clear recognition that there will be no rapid move out of the downturn.

Two companies, Sweet Cred and Perfect Pizza, have been put into administration this year as they struggled against challenging market conditions and lack of liquidity. These businesses had been suffering for some time and the low levels of cash meant they were unable to continue trading. A fall in fair value also occurred in The History Press, Brandspace and T4 Holdings. The impact of these downward movements has been reduced by uplifts in a number of companies in the portfolio that have performed particularly well in these tough times. Hydrobolt and Tristar have both had positive years, the latter trading ahead of budget. In addition to these companies, AVM has continued to

CHAIRMAN'S STATEMENT (continued)

perform well with a further uplift in its fair value in the year.

As noted in the half-year report, we received proceeds of £706,000 from CSL during the year in respect of the redemption of 50% of Eclipse 4's loan notes, along with a redemption premium and accrued interest. This company has continued to grow well throughout the downturn. Also, Vulcan Services was liquidated resulting in proceeds of £949,000, realising a small loss of £51,000.

On the quoted side the overall position has improved. We fully disposed of our holding in Pressure Technologies realising a small gain in the year and the quoted portfolio valuation increased by £271,000. This uplift was largely due to Plastics Capital continuing to recover its value seeing an increase of £260,000 during the year. Since the year end a further small realisation has been made following the takeover of CBG, realising a small premium to book value.

Further details about the portfolio, including further investments and realisations, can be found in the Investment Manager's Review on pages 8 to 20.

VCT Qualifying Status

PricewaterhouseCoopers LLP provides the Board and Investment Manager with advice on the ongoing compliance with HMRC rules and regulations concerning VCTs. The Board has been advised that Eclipse 4 is in compliance with the conditions laid down by HMRC for maintaining approval as a VCT.

A key requirement is for 70% of the portfolio to remain invested in qualifying investments. As at 31 July 2011, over 81% of the portfolio (as measured by HMRC rules) was invested in VCT qualifying investments. The requirement to maintain the level of qualifying investments above the 70% threshold will be

supported by the continuing deal flow from the Investment Manager.

Outlook

Current market conditions, particularly the weak consumer demand and lack of bank liquidity, give reason to remain cautious about how the economic climate will develop over the coming months. This uncertainty and lack of confidence in the future continues to challenge our portfolio of investee companies as it has had a significant effect on many small companies. Despite this, the general signs from most of our investee companies remain positive and the Investment Manager continues to work closely with the businesses that are struggling to overcome the challenges that the current environment presents. In light of the continuing difficult economic conditions that are affecting both the UK economy and global stock markets, as well as the performance of the VCT, your Board has held discussions with the Investment Manager so that together we may maximise the value of the VCT over the long term, whilst delivering returns to shareholders through a tax free dividend stream.

Our interests remain aligned with those of the entrepreneurs' companies we have invested into, being that of boosting growth and profitability. Although the concerns about the major issues facing the world have not changed significantly since we last wrote to you, we are cautiously optimistic about the future. We continue to expect that interest rates will remain low for the next six months, which is positive for small companies, and there are opportunities in this environment for companies to progress through making good value acquisitions. We will be working to ensure that portfolio companies can make the most of these as they arise, as well as continuing to look for new investments when the opportunity allows.

In the short term there remains a risk of setbacks from some of the more vulnerable portfolio companies, although the Investment Manager has done much to strengthen the teams and support the businesses which are believed to have exciting and positive long term potential. Many of the investee companies are now showing improved trading results, illustrating the underlying strength of their management teams, so we anticipate, once market conditions settle, that the overall portfolio performance will improve and that Eclipse 4 will be presented with opportunities to exit from some of the more mature investee companies. The timing of recovery in the economy is uncertain and shareholders are again asked to be patient whilst the global financial upheaval unfolds and hopefully leads to calmer waters in due course.

We would like to take this opportunity to thank our shareholders for their continued support.



Alex Hambro

Chairman

4 November 2011

INVESTMENT MANAGER'S REVIEW

Personal Service

At Octopus we focus on both managing your investments and keeping you informed throughout the investment process. We are committed to providing our investors with regular and open communication. Our updates are designed to keep you informed about the progress of your investment, which is of particular importance during this time of economic upheaval, and we are working hard to manage your money in the current climate.

Octopus Investments Limited was established in 2000 and has a strong commitment to both smaller companies and to VCTs. We currently manage 17 VCTs, including this VCT, and manage over £340m in the VCT sector. Octopus has over 200 employees and has been voted as 'Best VCT Provider of the Year' by the financial adviser community for the last four years.

Investment Policy

The focus of Eclipse 4 is on generating long-term capital growth and attractive tax-free dividends for its investors. In order to achieve this goal, the VCT focusses on providing development and expansion funding to unquoted companies with a typical investment size of £0.25 million to £1 million. Additionally, up to 20% of the VCT may be invested in AIM-quoted companies.

Investment Strategy

Having reached the level of invested funds required by HMRC, our focus shifted to managing the portfolio and helping the companies through a difficult economic period. As a result, no investments in new companies have been made during the period and sufficient liquidity has been maintained in the VCT to ensure that adequate resources are available to support further portfolio funding needs as they arise. The environment has remained challenging for smaller companies, which have felt the effects of the credit squeeze combined with the economic slowdown. As well as seeing reductions in banking facilities, small companies also find themselves under pressure from suppliers who want to be paid earlier, customers who

delay payments and weaker trading conditions. The resulting pressure on cash remains due to increasing working capital requirements and we are monitoring all of our investee companies to ensure that they control costs but also take advantage of some of the opportunities that occur in these circumstances.

We have sought to support further those companies that we believe have strong growth potential but need some financial assistance to realise it. Each company that we target is expected to have unique selling points and be capable of growing to a size that will make it attractive for acquisition by a larger company or will enable it to float on the stock market.

Portfolio review

This time last year it seemed that confidence was returning to the economy and we anticipated reviewing more new investment opportunities but, as discussed below, the economic climate has remained fragile, with uncertain times ahead of us, so there has been a lack of suitable new investments available. We have however, made small follow-on investments into History Press, Brandspace, Perfect Pizza and Lilestone Holdings.

Unquoted investments

The performance of the unquoted portfolio has continued to be mixed since the half-year results were announced in March. Although there have been uplifts in fair value in a number of portfolio companies, these uplifts have been offset by decreases in fair value in other companies resulting in an overall decrease of £2,209,000 in value in the unquoted portfolio for the year.

The most significant uplifts in fair value during the year related to Hydrobolt and Tristar. Hydrobolt has performed well during the downturn and the management team has done particularly well at increasing the level of export sales. Tristar has also increased in fair value in the year, trading ahead of budget, with operational changes within the company and international expansion making a positive contribution to achieving targets. Audio Visual

Machines (AVM) has also seen an increase in value as it has continued to have a positive year, managing to control overheads in order to increase profitability and the management team has demonstrated an ability to successfully integrate acquisitions.

Perfect Pizza's trading activity continued to worsen in a very challenging market. We instigated numerous changes and a small further investment was made into the company, but the competition and pricing pressures meant the business continued to struggle and it has now been sold through an administration process, resulting in a full write off for the VCT. The other disappointment in the portfolio is Sweet Cred which was unable to recover from its lack of liquidity and, despite expectations in the last annual report, has now ceased trading and gone into administration. After a small uplift in value at 31 January due to good recovery being made in 2010, a drop in fair value has been taken against T4 at 31 July, due to a difficult start to 2011, largely due to the reduction of government spending. In addition to this, Brandspace continued to see its profits impacted by weak results in the poster media business resulting in a lower fair value at the year end. The movements in value across the portfolio have predominately been based on calculations by reference to reported earnings and discounted market multiples in accordance with the valuation guidelines, as detailed in the report.

On a more positive note, as mentioned in the half-year report, CSL Dualcom redeemed 50% of the Eclipse 4 loan notes in the period, as well as paying a redemption premium and accrued interest, which realised an overall gain of £381,000.

Conditions are still tough across many business sectors and there remain domestic and international pulls which result in continued uncertainty in the future. However, a number of the portfolio companies are showing strength in their markets and we remain cautiously optimistic that these companies will take advantage of the economic environment and provide

the VCT with exit and future investment opportunities.

AIM-quoted investments

The AIM-quoted element of the portfolio has seen an overall increase in fair value of £271,000 in the year to 31 July 2011. This uplift is primarily due to the holding in Plastics Capital which has continued to trade well. The remaining companies in Eclipse 4's portfolio have performed consistently in the reporting period with slight uplifts in fair value in the holdings in Hasgrove and Tanfield. The only disposal in the year was of the holding in Pressure Technologies as mentioned in the half-year report which realised a small profit. Since the year end the holding in CBG has been subject to a cash bid for the company by a competitor at 32p per share which has recovered a small premium to the book value for this stock. Although there has been limited activity in this side of the portfolio in the last year, we continue to regularly review the position of the investee companies to ensure that further investments and exits are made at the appropriate time.

As discussed in the half-year report, we remain confident that the AIM companies in the portfolio are valued at low ratings so anticipate that there will be further appreciation in the coming year. For this reason, we intend to retain the majority of the holdings.

If you have any questions on any aspect of your investment, please do not hesitate to call one of the team on 0800 316 2295.



Chris Allner

Octopus Investments Limited
4 November 2011

INVESTMENT MANAGER'S REVIEW (continued)

Valuation Methodology

Initial measurement

Financial assets are measured at fair value. The initial best estimate of fair value of a financial asset that is either quoted or not quoted in an active market is the transaction price (i.e. cost).

Subsequent measurement

Subsequent adjustment to the fair value of unquoted investments has been made using sector multiples based on information as at 31 July 2011, where applicable. In some cases the multiples have been compared to equivalent companies, particularly where a sector multiple does not appear appropriate. It is currently the industry norm to discount the quoted earnings multiple applied to private companies to reflect the lack of liquidity in the investment, with

there being no ready market for our holdings. Typically the discount is 30% but in some cases we have increased the discount, where the relevant multiple appears too high. A lower discount would also be possible if an investment was close to an exit event.

In accordance with the International Private Equity and Venture Capital (IPEVC) valuation guidelines, investments made within 12 months are usually kept at cost unless performance indicates that fair value has changed.

Quoted investments are valued at market bid price. No discounts are applied.

If you would like to find out more regarding the IPEVC valuation guidelines, please visit their website at: www.privateequityvaluation.com.

INVESTMENT MANAGER'S REVIEW (continued)

The table below shows a summary of the Eclipse 4 investment portfolio:

Unquoted Investments	Sector	Investment at cost 31 July 2011 (£'000)	Holding gain/(loss) (£'000)	Carrying value at 31 July 2011 (£'000)	Change in valuation in the year (£'000)	% equity held by Eclipse 4	% equity held by all funds managed by Octopus
CSL DualCom Limited	Technology & Telecommunications	620	1,909	2,529	(57)	11.5%	45.8%
The History Press Limited	Publishing	2,315	(109)	2,206	(108)	15.2%	60.0%
Hydrobolt Limited	Engineering & Machinery	1,396	690	2,086	458	16.3%	43.5%
Tristar Worldwide Limited	Transport Services	1,000	448	1,448	448	10.0%	30.0%
Brandspace Limited	Media & Marketing Services	2,112	(809)	1,303	(1,314)	13.1%	40.5%
Audio Visual Machines Limited	Technology & Telecommunications	711	436	1,147	264	10.1%	40.4%
Bruce Dunlop & Associates Limited	Media & Marketing Services	1,524	(600)	924	-	12.4%	31.9%
T4 Holdings Limited	Media & Marketing Services	1,141	(891)	250	(310)	14.2%	53.3%
Convivial London Pubs plc	Leisure & Hotels	200	(48)	152	4	1.1%	7.8%
Blanc Brasseries Holdings plc	Leisure & Hotels	92	16	108	14	0.7%	2.95%
Lilestone Holdings Limited	General Retail	448	(412)	36	(6)	2.0%	18.8%
Perfect Pizza Limited *	Leisure & Hotels	553	(553)	-	(325)	9.6%	65.0%
Sweet Cred Holdings Limited *	Consumer Products	2,315	(2,315)	-	(1,277)	n/a	n/a
Total unquoted investments		14,427	(2,238)	12,189	(2,209)		
AIM-quoted Investments							
Plastics Capital plc	Engineering & Machinery	500	(65)	435	260	1.8%	16.5%
Hasgrove plc	Media & Marketing Services	400	(207)	193	27	1.4%	13.3%
Vertu Motors plc	General Retail	250	(133)	117	6	0.2%	5.0%
Brulines Group plc	Support Services	95	(19)	76	(17)	0.3%	4.6%
CBG Group plc	Financial Services	383	(310)	73	(19)	1.7%	17.2%
Tanfield Group plc	Engineering & Machinery	142	(85)	57	17	0.1%	1.9%
Cohort plc	Engineering & Machinery	69	(19)	50	4	0.1%	4.3%
Autoclenz Holdings plc	Support Services	125	(86)	39	1	1.0%	11.6%
Northern Bear plc	Construction & Materials	299	(268)	31	(8)	1.2%	6.0%
Cantono plc *	Technology & Telecommunications	420	(420)	-	-	n/a	n/a
Hexagon Human Capital plc *	Support Services	677	(677)	-	-	n/a	n/a
Total AIM-quoted investments		3,360	(2,289)	1,071	271		
Total investments		17,787	(4,527)	13,260	(1,938)		
Money market securities		2,472	-	2,472			
Cash at bank		150	-	150			
Total investments and cash at bank		20,409	(4,527)	15,882			
Debtors less creditors				(167)			
Total net assets				15,715			

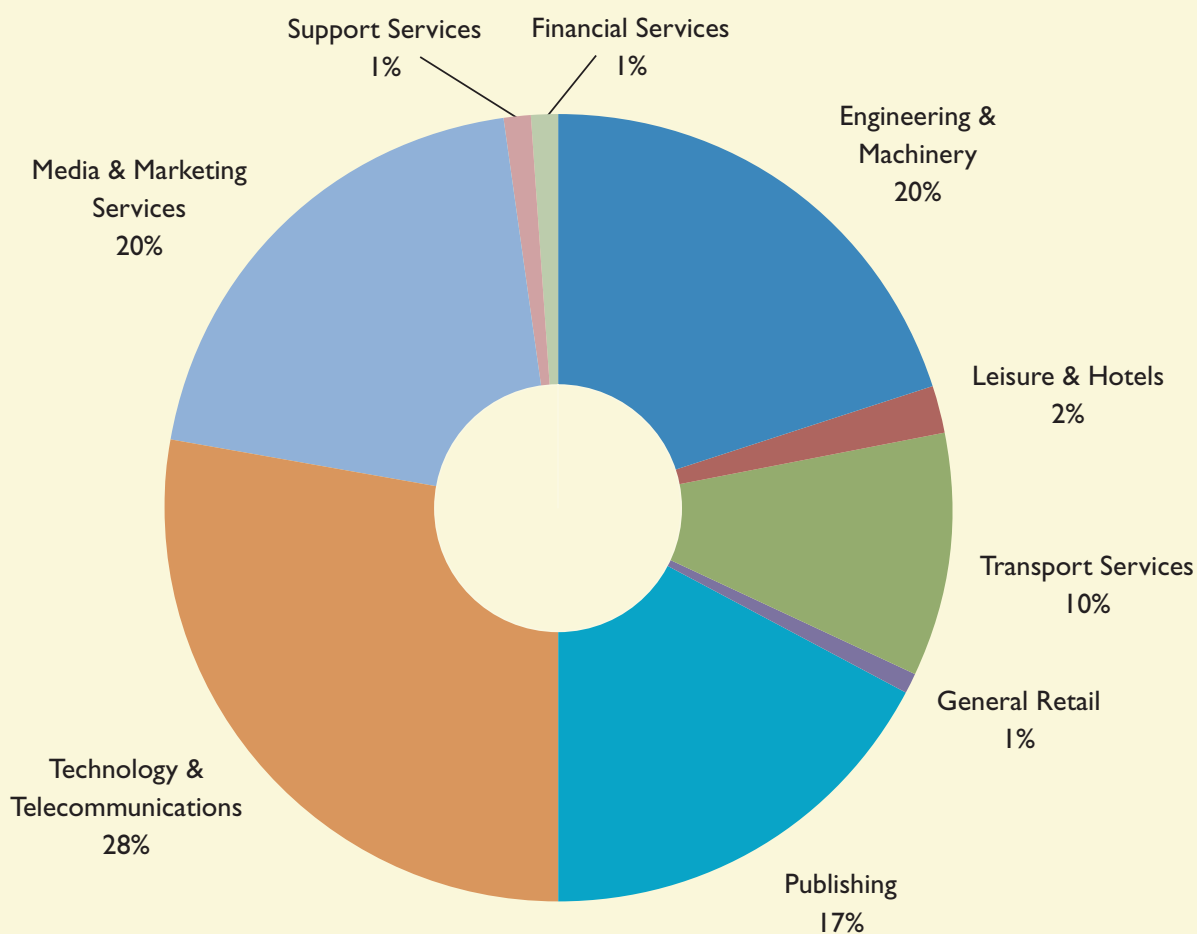
* in administration

INVESTMENT MANAGER'S REVIEW (continued)

Sector Analysis

The graph below shows the sectors that Eclipse 4 is invested in and their respective proportions on a valuation basis.

Total Qualifying Investments by Value



INVESTMENT MANAGER'S REVIEW (continued)

The table below shows the split between the sectors in the unquoted and AIM-quoted investments.

Unquoted Investments	Investment at cost (£'000)	Fair value at 31 July 2011 (£'000)	Number of investments in sector	% of net assets by value
Technology & Telecommunications	1,331	3,676	2	23.4%
Media & Marketing Services	4,777	2,477	3	15.8%
Publishing	2,315	2,206	1	14.0%
Engineering & Machinery	1,396	2,086	1	13.3%
Transport Services	1,000	1,448	1	9.2%
Leisure & Hotels	845	260	3	1.7%
General Retail	448	36	1	0.2%
Consumer Products	2,315	–	1	0.0%
Total unquoted investments	14,427	12,189	13	77.6%
AIM-quoted Investments				
Engineering & Machinery	711	542	3	3.5%
Media & Marketing Services	400	193	1	1.2%
General Retail	250	117	1	0.7%
Support Services	897	115	3	0.7%
Financial Services	383	73	1	0.5%
Construction & Materials	299	31	1	0.2%
Technology & Telecommunications	420	–	1	0.0%
Total AIM-quoted investments	3,360	1,071	11	6.8%

INVESTMENT MANAGER'S REVIEW (continued)

Review of Investments

At 31 July 2011 the Eclipse 4 portfolio comprised investments in 13 unquoted and 11 AIM-quoted companies. The unquoted investments are in Ordinary shares with full voting rights as well as loan note securities. The AIM-quoted investments are in Ordinary shares, also with full voting rights.

Quoted and unquoted investments are valued in accordance with the accounting policy set out on page 50, which takes account of current industry guidelines for the valuation of venture capital portfolios and is compliant with International Private Equity and Venture Capital Valuations guidelines and current financial reporting standards. The valuations listed are a reflection of the total investment i.e. both the equity and loan note elements.

Ten Largest Holdings

Listed below are the ten largest investments by value as at 31 July 2011:

CSL DualCom Limited

CSL DualCom is the UK's leading supplier of dual path signalling devices which link burglar alarms to the police or a private security firm. The devices communicate using a telephone line or broadband connection and a wireless link from Vodafone, which has been a partner since 2000. CSL DualCom has developed a number of new products which have enabled the business to steadily grow its market share and profitability most recently by expanding into Ireland. Following the success in Ireland the Company is now exploring other international markets. The return on the investment has increased during the year with proceeds of £706,000 being received, realising an overall gain of £381,000.

	Total £'000	Ordinary shares £'000	Loan stock £'000
Cost	620	90	530
Valuation	2,529	1,762	767

Initial investment date:	June 2006	
Equity held:	11.5%	
Valuation basis:	Steady state cashflow multiple	
Income recognised for the year:	£58,364	
Last audited accounts:	31 March 2010	31 March 2009
Revenues (£'000):	8,236	7,243
Profit before interest & tax (£'000):	1,220	750
Net assets (£'000):	1,239	724



Further information can be found at the company's website www.csldual.com

INVESTMENT MANAGER'S REVIEW (continued)

The History Press Limited

The History Press ('THP') is the UK market leading publisher of distinctive 'local interest' history books. It has operations in France, Germany, Ireland, Belgium and the US. The Group houses four main imprints: Pitkin, Phillimore, Spellmount and The History Press. Despite a continuing challenging retail environment, THP had a successful year to December 2010, achieving a full year operating profit. The performance was mixed across the Group with the UK successfully demonstrating a turnaround in profitability of £500k. France had a more difficult year, with the market particularly tough, but a restructuring has resulted in a stronger start to 2011. Germany saw some title slippage but has made a small move into the Austrian market. The US continues to perform well and shows high growth, making its first annual profit and expanding into the Midwest. With a stronger sustained performance in the Group, the management team are able to explore opportunities for further growth in the next twelve months. In 2011 the UK has been hit by the lack of sales at Waterstones, although this was somewhat mitigated by Royal Wedding activity. Given the continued evidence of poor trading on the high street and in retail in general, it has been deemed prudent to make a small adjustment to the valuation in this period.

	Total £'000	Ordinary shares £'000	Loan stock £'000
Cost	2,315	109	2,206*
Valuation	2,206	–	2,206*

* includes cash guarantee of £547,000

Initial investment date:	December 2007	
Equity held:	15.2%	
Valuation basis:	Revenue multiple	
Income recognised for the year:	£nil	
Last audited accounts:	31 December 2010	31 December 2009
Revenues (£'000):	11,402	11,747
Profit/(loss) before interest & tax (£'000):	7	(426)
Net liabilities (£'000):	(3,822)	(2,569)



Further information can be found at the company's website www.thehistorypress.co.uk

INVESTMENT MANAGER'S REVIEW (continued)

Hydrobolt Limited

Hydrobolt is a manufacturer and supplier of special fasteners and petro-chemical grade studbolts. It differentiates itself by its quality of service, flexibility and full traceability of its products, which are often a small but critical part of a large machine or assembly in the oil and gas market. After a difficult period over 2009-2010 and reflected in the results to March 2011, the current year has seen a marked improvement, most notably with the order book increasing by over 100% since the low point. This has given rise to a valuation uplift in the period. We are particularly pleased to see the rapid development of international sales, which has more than made up for sluggish performance in the UK.

	Total £'000	Ordinary shares £'000	Loan stock £'000
Cost	1,396	143	1,253
Valuation	2,086	707	1,379

Initial investment date:	February 2008		
Equity held:	16.3%		
Valuation basis:	Earnings multiple		
Income recognised for the year:	£99,400		
Last audited accounts:	31 March 2011	31 March 2010	
Revenues (£'000):	15,384	14,464	
Profit before interest & tax (£'000):	1,460	1,473	
Net assets (£'000):	2,004	1,920	



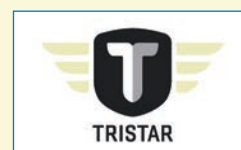
Further information can be found
at the company's website
www.hydrobolt.co.uk

Tristar Worldwide Limited

Tristar is one of the world's leading chauffeur companies, carrying over 500,000 passengers for 400 clients in the last year alone. The business operates in 70 countries with its own vehicles in the UK and the US and has a newly opened and rapidly expanding service in Hong Kong. It has a blue chip customer base which includes Virgin, Emirates, BP, Goldman Sachs and many other leading multinationals. Having seen a slowdown in the aftermath of the credit crunch, the business staged a recovery during the course of 2011 in the UK and is seeing good trading in the US and Asia, both of which are ahead of plan. As a result of this performance, the value of the investment has been increased.

	Total £'000	Ordinary shares £'000	B Ordinary shares £'000	Loan stock £'000
Cost	1,000	79	23	898
Valuation	1,448	527	23	898

Initial investment date:	January 2008		
Equity held:	10.0%		
Valuation basis:	Earnings multiple		
Income recognised for the year:	£50,126		
Last audited accounts:	31 May 2010	31 May 2009	
Revenues (£'000):	32,608	35,118	
Profit before interest & tax (£'000):	779	694	
Net assets (£'000):	1,951	1,994	



Further information can be found
at the company's website
www.tristarworldwide.com

INVESTMENT MANAGER'S REVIEW (continued)

Brandspace Limited (formerly Promotion Space Limited)

Brandspace provides promotional space management for property owners, brands, agencies and retailers. It exclusively represents some of the UK's most exciting venues for sponsorship, events, promotions, sampling campaigns, customer acquisition drives and tactical retail opportunities. Since our initial investment the business has more than trebled in size through organic and acquisition-led growth. The second half of 2010 was challenging for Brandspace with the advertising market slowing and margins coming under pressure. Following a financial review of the company it was decided that a change of leadership was required and a new CEO was appointed and a number of other management changes were made. To reflect the shortfall in expectations, and the transition of the business between management teams, a provision has been made against the Ordinary shares and the loan notes. However, we are confident that the actions taken will improve the prospects for the company going forward.

	Total £'000	Ordinary shares £'000	Loan stock £'000
Cost	2,112	237	1,875
Valuation	1,303	–	1,303

Initial investment date:	April 2007	
Equity held:	13.1%	
Valuation basis:	Provision, Earnings multiple	
Income recognised for the year:	£253,756 (includes £181,487 interest capitalised into a new loan note in January 2011)	
Last audited accounts:	31 March 2010	31 March 2009
Revenues (£'000):	18,705	17,092
Profit before interest & tax (£'000):	736	141
Net assets (£'000):	2,906	3,618



Further information can be found
at the company's website
www.brandspace.com

INVESTMENT MANAGER'S REVIEW (continued)

Audio Visual Machines Limited

Audio Visual Machines ('AVM') carries out the full design, installation and support of complex Video Conferencing and Audio Visual systems and is the UK's leading VC & AV maintenance and support provider. The company employs over 190 people and has sales offices throughout the UK. Since our initial investment in 2006 AVM has made four acquisitions, including the acquisition of Matrix Display Systems Limited, which principally operates in the education sector. A small acquisition was completed earlier in the year of VC-Net. VC-Net is a provider of managed video services and increases AVM's offering in this area. Despite a continued difficult trading environment, AVM grew its profits in the year to June 2011 by 10%.

	Total £'000	Ordinary shares £'000	Loan stock £'000
Cost	711	73	68
Valuation	1,147	450	697

Initial investment date:	September 2006	
Equity held:	10.1%	
Valuation basis:	Earnings multiple	
Income recognised for the year:	£51,714	
Last audited accounts:	30 June 2011	30 June 2010
Revenues (£'000):	35,535	34,785
Profit before interest & tax (£'000):	1,023	930
Net assets (£'000):	201	63



Further information can be found
at the company's website
www.avmachines.com

Bruce Dunlop & Associates Limited

Bruce Dunlop & Associates International Limited (BDA) provides promotion and design services to broadcasters and advertisers worldwide and also creates brand films and internal communications for leading UK corporations. Customers include Hallmark, Barclays, The Discovery Channel and Sony. After a tough period in 2009 and 2010 the business has stabilised its trading and started to make some progress. There have been several significant customer wins including CCTV, the largest TV channel in the world based in China.

	Total £'000	Ordinary shares £'000	Loan stock £'000
Cost	1,524	341	1,183
Valuation	924	–	924

Initial investment date:	December 2007	
Equity held:	12.4%	
Valuation basis:	Provision, Earnings multiple	
Income recognised for the year:	£nil	
Last audited accounts:	30 June 2010	30 June 2009
Revenues (£'000):	8,624	8,909
Loss before interest & tax (£'000):	(602)	(1,217)
Net (liabilities)/assets (£'000):	(32)	854



Further information can be found
at the company's website
www.bdacreative.com

INVESTMENT MANAGER'S REVIEW (continued)

Plastics Capital plc

AIM-quoted Plastics Capital plc is a specialist manufacturer of plastic components, often with specific applications, with customers worldwide and in a wide range of industries. The company suffered from adverse currency movements and a decline in orders during the downturn. However, sales momentum has recovered strongly over the last year and the company is now expected to achieve a profit of £4.4 million for the year ending 31 March 2012, an increase of 22% compared to the year to 31 March 2011.

	Total £'000	Ordinary shares £'000	Loan stock £'000
Cost	500	500	–
Valuation	435	435	–

Initial investment date: December 2007

Equity held: 1.8%

Valuation: Bid price

Income recognised for the year: £nil

Last audited accounts: 31 March 2011 31 March 2010

Revenues (£'000): 33,509 26,688

Profit before interest & tax (£'000): 3,597 1,792

Net assets (£'000): 17,798 14,657



Further information can be found
at the company's website
www.plasticscapital.com

T4 Holdings Limited

T4 provides opportunities for advertisers to interact with audiences in an accountable manner through clearly available media. The company has the rights to advertise on train station ticket gates, car park barriers, petrol pump nozzles and doors of petrol forecourts. Trading conditions continue to be tough, exacerbated by cuts in spend by Public Sector bodies, in particular campaigns relating to road safety. The business saw a recovery in 2010, but so far 2011 has been challenging which has hit trading performance. There has been a reduction in the carrying value of the investment as a result.

	Total £'000	Ordinary shares £'000	Loan stock £'000
Cost	1,141	592	549
Valuation	250	–	250

Initial investment date: July 2007

Equity held: 14.2%

Valuation basis: Earnings multiple

Income recognised for the year: £nil

Last audited accounts: 31 December 2010 31 December 2009

Revenues (£'000): 4,964 2,664

Profit/(loss) before interest & tax (£'000): 185 (331)

Net assets (£'000): 1,498 1,575



Further information can be found
at www.t4media.com or
www.alvernmedia.co.uk

INVESTMENT MANAGER'S REVIEW (continued)

Hasgrove plc

AIM-quoted Hasgrove plc is a Digital and Communication Services company. The company has four subsidiaries; Amaze, Interact Intranet, the Chase and Landmarks which offer a range of digitally focused marketing and technology services such as digital strategy, infrastructure build and intranet solutions. The company is expected to achieve a profit of £3.0 million on turnover of £29.0 million for the year ending December 2011.

	Total £'000	Ordinary shares £'000	Loan stock £'000
Cost	400	400	–
Valuation	193	193	–
Initial investment date:	November 2006		
Equity held:	1.4%		
Valuation:	Bid price		
Income recognised for the year:	£1,667		
Last audited accounts:	31 December 2010	31 December 2009	
Revenues (£'000):	35,358	32,393	
Profit before interest & tax (£'000):	2,127	1,473	
Net assets (£'000):	27,649	26,813	



Further information can be found
at the company's website
www.hasgrove.com

DETAILS OF DIRECTORS

Alex Hambro (49 – Chairman) has spent the last 21 years in the venture capital and private equity sector, much of this time at Hambros plc and associate organisations. As a Director of Hambro Group Investments, he was responsible for the establishment and operations of the Hambro Private Equity Group, which sponsored nine fund managers in the UK, Europe, the US and Australia. Since leaving Hambros in 1999, he has assisted a number of venture capital organisations with their fundraising and marketing programmes and has acted as a consultant to a number of investors on their venture capital investment strategies.

Matt Cooper (44 – Director) is the Chairman of Octopus Investments Limited, the Investment Manager of Octopus Eclipse VCT 4 plc. Prior to joining Octopus Matt was the Principal Managing Director of Capital One (Bank) Europe plc, where he was responsible for all aspects of the company's strategic direction and day-to-day operations in Europe. He led the UK portion of the business from start-up to two million customers, generating revenues of over £275 million and employing over 2,000 people. Matt is also Chairman of Imaginatik plc and a Non-Executive Director of Carbon Search Limited, KMI Brands Limited, IOduke Software Limited, MyDish Limited and nine other VCTs.

Rob Mills (61 – Director) is a Director of Electrometals Technologies Limited and Semper Holdings, companies respectively involved in metals recovery and energy-efficient power and cooling for datacentres. Previously he was CEO of Jarrolds, a group involved in printing, publishing, retail and property. Prior to focussing on the SME sector, Rob was Chief Operating Officer of Caradon plc, the international building materials group and chaired various advanced building management, security control and fire protection specialists in Europe and America. Earlier in his career, Rob was the Chief Executive of Fison's plc's international chemical and horticultural interests, before which he worked for Tube Investments as a Managing Director of various subsidiaries in consumer durables. Rob has degrees in economics from Cambridge University and an MBA from London Business School.

DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the year ended 31 July 2011.

This report has been prepared by the Directors in accordance with the requirements of s415 of the Companies Act 2006. The Company's independent auditor is required by law to report on whether the information given in the Directors' Report (including the Business Review) is consistent with the financial statements. The auditor's opinion is included in their report on pages 41 and 42.

Principal Activity and Status

The principal activity of the Company is to invest in a diversified portfolio of AIM quoted and smaller unquoted UK companies in order to generate capital growth over the long-term as well as an attractive tax-free dividend stream. The Company has been granted approval as a VCT by HMRC.

In order to maintain approved status, the Company must comply on a continuing basis with the provisions of s274 of the Income Tax Act 2007; in particular, the Company is required at all times to hold at least 70% of its investments (as defined in the legislation) in VCT qualifying holdings, of which at least 30% must comprise eligible Ordinary shares.

For this purpose, a 'VCT qualifying holding' consists of up to £1 million invested in any one year in new shares or securities of a UK quoted company (which may be quoted on AIM) or unquoted company which is carrying on a qualifying trade, and whose gross assets at the time of investment do not exceed a prescribed limit. The definition of 'qualifying trade' excludes certain activities such as property investment and development, financial services and asset leasing.

Investment company status was revoked on 30 July 2007. The Directors are required by the Articles of Association to propose an Ordinary Resolution at the Company's Annual General Meeting in December 2016 that the Company should continue as a VCT for a further five-year period and at each fifth subsequent Annual General Meeting thereafter.

If any such resolution is not passed, the Directors shall within four months convene a general meeting to consider the proposals for the reorganisation or winding-up of the Company.

Review of Business Activities

The Directors are required by s417 of the Companies Act 2006 to include a Business Review to shareholders. The Business Review is set out below but also includes the Chairman's Statement on pages 5 and 7, the Investment Manager's Review on pages 8 to 20 and the notes to the financial statements on pages 49 to 66.

The purpose of this review is to provide information about the main trends and factors likely to affect the future development, performance and position of the Company. The following events occurred between the balance sheet date and the signing of these financial statements:

- Perfect Pizza Limited went into administration on 1 August 2011. The conditions that resulted in the company going into administration were evident at 31 July 2011 and therefore taken into account when assessing the fair value of the investment at the year end.
- There was a part disposal of the holding in Northern Bear plc on 26 August 2011 realising a loss of £17,000.
- The holding in CBG Group plc was subject to a cash bid on 31 August 2011 realising a loss of £296,000.
- Blanc Brasseries Holdings plc was sold on 30 September 2011 realising a profit of £18,000.

Performance and Key Performance Indicators (KPIs)

As a VCT the Company's objective is to provide shareholders with an attractive income and capital return by investing its funds in a broad spread of AIM-quoted and unquoted UK companies which meet the relevant criteria for VCTs.

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

A record of some of these indicators is detailed in the Financial Headlines. Additional comments are provided in the Chairman's Statement discussing the performance of the Company over the current year. The total expense ratio in the period was 3.2%, below the annual limit of 3.5%. Share buy-backs have generally been completed at discounts ranging from 17% to 22%. Combined, these KPIs compare favourably with the wider VCT market.

The Board assesses the performance of the Investment Manager in meeting the Company's objectives against the KPIs highlighted above.

Clearly, when making investments in unquoted companies at an early stage of their development, some are likely to disappoint. Investing the funds raised in high growth companies, with the potential to become market leaders, creates an environment of improved return for shareholders. The growth of these companies is largely dependent on the UK economic environment as the state of the economy will often

have a significant impact on sales levels and also result in changes to corporate spending patterns. Therefore, the current volatile economy is likely to have a negative impact on the development of the investee companies.

Performance, measured by the change in NAV per share and total return per share, is also measured against the FTSE Small-Cap Index. This is shown in the graph on page 38 of the Directors' Remuneration Report. This index has been adopted as an informal benchmark. Investment performance, cash returned to shareholders and share price are also measured against the Company's peer group of other generalist VCTs.

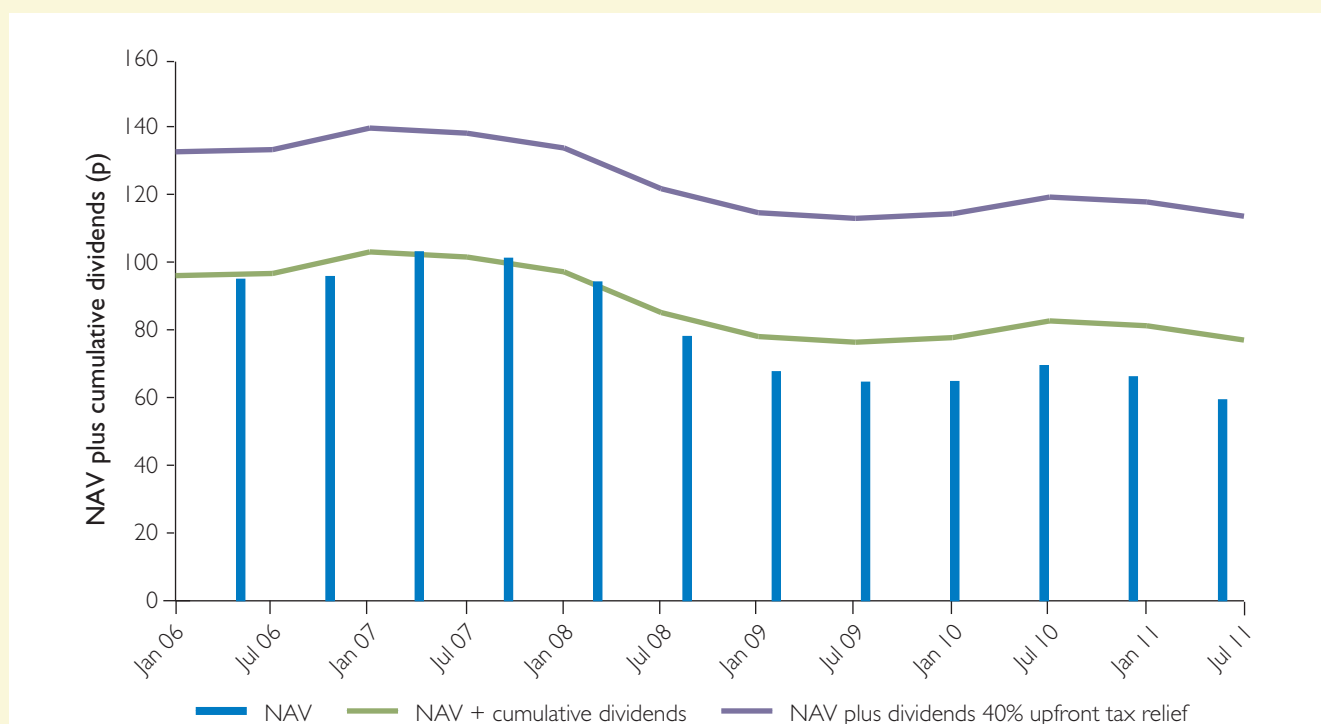
Results and Dividend

	Year ended 31 July 2011 £'000	Year ended 31 July 2010 £'000
Net return attributable to shareholders	(1,993)	2,112
Appropriations:		
Final dividend proposed 2.0p per share (2010 – 1.5p per share)	530	416

The proposed final dividend will, if approved by shareholders, be paid on 16 December 2011 to shareholders on the register on 18 November 2011.

DIRECTORS' REPORT (continued)

The graph below shows Eclipse 4's NAV and dividend history since launch:



Objective and Investment Policy

The objective of the Company is to invest in a broad range of smaller unquoted UK companies and AIM-quoted companies which meet the relevant criteria for VCTs in order to generate income and capital growth over the long-term. Investments are made selectively across a range of sectors in companies that have the potential to grow and enhance their value.

The Company's investment policy has been designed to enable the Company to comply with the VCT qualifying conditions set out above. The Directors intend that the long-term disposition of the Company's assets will be not less than 80% in a portfolio of AIM-quoted and unquoted investments and up to 20% in cash or near-cash investments, to provide a reserve of liquidity which will maximise the Company's flexibility as to the timing of investment acquisitions and disposals, dividend payments and share buy-backs.

Investments will be structured using various quoted and unquoted investment instruments, including Ordinary and Preference shares, loan stocks and convertible securities, to achieve an appropriate balance of income and capital growth, having regard to the VCT legislation. The portfolio will be diversified by investing in a broad range of industry sectors and by holding investments in companies at various stages of maturity in the corporate development cycle. The normal investment holding period will be in the range from three to seven years. Any uninvested funds will typically be held in cash and money market securities.

Risk is spread by investing in a number of different businesses within different industry sectors using a mixture of securities. In order to qualify as an investment in a VCT qualifying holding, the maximum amount invested in any one company is limited to £1 million in a fiscal year and generally no more than £2.5 million, at cost, will be invested in the same

company. The value of an individual investment is expected to increase over time as a result of trading progress and a continuous assessment is made of its suitability for sale. However, shareholders should be aware that the Company's VCT qualifying investments are held with a view to long-term capital growth as well as income and will often have limited marketability; as a result it is possible that individual holdings may grow in value to the point where they represent a significantly higher proportion of total assets prior to a realisation opportunity being available. Investments will normally be made using the Company's shareholders' funds and it is not intended that the Company will take on any long-term borrowings.

No material changes may be made to the Company's investment policy described above without the prior approval of shareholders by the passing of an Ordinary Resolution. The Directors will continually monitor the investment process and ensure compliance with the investment policy.

The Company will not borrow money for the purposes of making investments and any investment decisions made must adhere to the HMRC qualification rules as stated below.

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

- evidence of high margin products 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 floated, usually within three to five years.

A review of the investment portfolio and of market conditions during the period is included in the Chairman's Statement and Investment Manager's Review.

VCT Regulation

Compliance with required rules and regulations is considered when investment decisions are made. The company is further monitored on a continual basis to ensure compliance. The main criteria to which the company must adhere include:

- at least 70% of investments must be made in qualifying shares or securities;
- at least 30% of the 70% of qualifying investments must be invested into Ordinary shares with no preferential rights;
- no single investment made can exceed 15% of the total company value; and
- a minimum of 10% of each qualifying investment must be in Ordinary shares with no preferential rights.

Principal risks, risk management and regulatory environment

The Board carries out a regular review of the risk environment in which the Company operates. The main areas of risk identified by the Board are as follows:

VCT qualifying status risk: the Company is required at all times to observe the conditions laid down in the Income Tax Act 2007 for the maintenance of approved VCT status. The loss of such approval could lead to the Company losing its exemption from corporation tax on capital gains, to investors being liable to pay income tax on dividends received from the Company and, in certain circumstances, to investors being required to repay the initial income tax relief on their investment. The Investment Manager keeps the Company's VCT qualifying status under continual review and reports to the Board regularly throughout the year. The Board has also retained PricewaterhouseCoopers LLP to undertake an independent VCT status monitoring role.

Investment risk: the majority of the Company's investments are in AIM-quoted and unquoted companies which are VCT qualifying holdings, and

DIRECTORS' REPORT (continued)

which by their nature entail a higher level of risk and lower liquidity than investments in large quoted companies.

The Directors and the Investment Manager aim to limit the risk attached to the portfolio as a whole by careful selection and timely realisation of investments, by carrying out rigorous due diligence procedures and by maintaining a wide spread of holdings in terms of financing stage, industry sector and geographical location. The Board reviews the investment portfolio with the Investment Manager on a regular basis.

Financial risk: as most of the Company's investments involve medium to long-term commitment and are relatively illiquid, the Directors consider that it is inappropriate to finance the Company's activities through borrowing. Accordingly, they seek to maintain a proportion of the Company's assets in cash or cash equivalents in order to be in a position to provide further support to investee companies and consider new investment opportunities. The Company has no exposure to foreign currency risk and does not enter into derivative transactions. The Company has cash deposits which are held on the balance sheet of HSBC Bank plc and in money market funds managed by Goldman Sachs and BlackRock. The risk of loss of this cash is deemed to be extremely low due to the historical credit ratings and a current S&P rating of AA for HSBC and AAA for the Goldman Sachs and BlackRock funds. Inadequate controls might lead to misappropriation of assets. Inappropriate accounting policies might lead to mis-posting or breaches of regulations.

Regulatory risk: the Company is required to comply with the Companies Act, 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 risk: inadequate or failed controls might result in breaches of regulation and loss of shareholder trust.

Internal control risk: the Board regularly reviews the system of internal controls, both financial and non-financial, operated by the Company and the Investment Manager. These include controls designed to ensure that the Company's assets are safeguarded and that proper accounting records are maintained.

Competitive risk: Octopus has a significant commitment to private equity investment which means it has a broad team focussed on unquoted investments. This mitigates against the short term risk of any one individual leaving.

Price risk: the risk that the value of a security or portfolio of securities will decline in the future is mitigated by holding a diversified portfolio, across a broad range of sectors.

Cash flow risk: the risk that the Company's available cash will not be sufficient to meet its financial obligations is managed by frequent budgeting and close monitoring of available cash resources.

Due to the nature of the Company, environmental, social and employee issues do not apply and therefore no disclosures in respect of these have been included in the Directors' Report.

The Board seeks to mitigate the internal risks by setting policy, regular review of performance, enforcement of contractual obligations and monitoring progress and compliance. In the mitigation and management of these risks, the Board applies rigorously the principles detailed in the 'Turnbull' guidance. Details of the Company's internal controls are contained in the Corporate Governance section on pages 31 to 36.

Further details of the Company's financial risk management objectives and policies are provided in note 16 to the financial statements.

Directors

The Directors of the Company during the year and their interests (in respect of which transactions are notifiable under Disclosure and Transparency Rule 3.1.2R) in the issued Ordinary shares of 10p each are shown in the table below:

	Ordinary shares of 10p each 31 July 2011	Ordinary shares of 10p each 31 July 2010
Alex Hambro (Chairman)	7,875	7,875
Rob Mills	0	N/A
Matt Cooper	5,250	5,250

All of the Directors' shares were held beneficially. There have been no changes in the Directors' share interests between 31 July 2011 and the date of this report.

Alex Hambro retires by rotation, and being eligible, offers himself for re-election. The Board has considered provision B.7.2 of The UK Corporate Governance Code and following a formal performance evaluation believes that Alex Hambro continues to be effective and demonstrates commitment to his role. They, therefore, recommend his re-election at the forthcoming Annual General Meeting.

On 20 September 2010, Rob Mills was appointed as a Director and, on the same day, Greg Melgaard resigned.

Brief biographical notes on the Directors are given on page 21.

Directors' and Officers' Liability Insurance

The Company has, as permitted by s236 of the Companies Act 2006, maintained insurance cover on behalf of the Directors and Company Secretary indemnifying them against certain liabilities which may be incurred by them in relation to the Company.

Whistleblowing

The Board has considered the arrangements in accordance with the recommendations of The UK Corporate Governance Code to encourage staff of the Investment Manager to raise concerns, in confidence, within their organisation about possible improprieties in matters of financial reporting or other matters. It is satisfied that adequate arrangements are in place to allow an independent investigation, and follow on action where necessary, to take place within the organisation.

Management

Octopus Investments Limited ("Investment Manager") acts as Investment Manager to the Company. The principal terms of the Company's management agreement with Octopus are set out in notes 3 and 19 to the financial statements. The Investment Manager also provides secretarial, administrative and custodian services to the Company.

The Company has in place an agreement with Octopus Investments Limited to act as Investment Manager which is central to the ability of the Company to continue in business. There are no other contracts which are deemed to be essential to the business of the Company.

As required by the Listing Rules, the Directors confirm that in their opinion the continuing appointment of Octopus as Investment Manager is in the best interest of the shareholders as a whole. In reaching this conclusion the independent Directors have taken into account the performance of the investment portfolio and the ability of the Investment Manager to produce satisfactory investment performance in the future. It also considered the length of the notice period of the management agreement and fees payable to the Investment Manager, together with the standard of other services provided which include secretarial and accounting services.

With the exception of Matt Cooper, no Director has an interest in any contract to which the Company is party. Matt Cooper is Chairman of Octopus. Details of

DIRECTORS' REPORT (continued)

the fees paid to Octopus in respect of services provided are detailed in note 19 to the financial statements.

The Company has established a performance incentive scheme whereby the Investment Manager is entitled to an annual performance-related incentive fee in the event that certain performance criteria are met, commencing at the end of the 2007/08 financial year. Further details of this scheme are disclosed within note 19 to the financial statements. No performance fee was payable at 31 July 2011.

It should be noted that there is no formal management engagement committee as matters of this nature are dealt with by the independent Non-Executive Directors.

The Board has delegated the routine management decisions such as the payment of standard running costs to the Investment Manager. However, investment decisions are discussed and agreed with the Board.

Share Issues

There are no open offers and no shares were issued in the year to 31 July 2011.

Share Buy-backs

During the year the Company purchased 1,273,798 Ordinary shares, with a nominal value of 10p, for cancellation at a weighted average price of 57.9p per share (2010: 944,882 Ordinary shares at a weighted average price of 56.6p per share) for total consideration of £739,000. These were repurchased in accordance with the Company's share buy-back facility in an attempt to assist the marketability of the shares and prevent the shares trading at a wide discount to the NAV.

Share Capital, Rights Attaching to the Shares and Restrictions on Voting and Transfer

The Company's share capital, as at 31 July 2011, was 26,500,306 Ordinary shares (2010: 27,774,104) of 10p each (as at that date none of the shares were held by the Company as Treasury shares).

Subject to any suspension or abrogation of rights pursuant to relevant law or the Company's Articles of Association, the shares confer on their holders (other than the Company in respect of any Treasury shares) the following principal rights:

- (a) the right to receive out of profits available for distribution such dividends as may be agreed to be paid (in the case of a final dividend in an amount not exceeding the amount recommended by the Board as approved by shareholders in a general meeting or in the case of an interim dividend in an amount determined by the Board). All dividends unclaimed for a period of 12 years after having become due for payment are forfeited automatically and cease to remain owing by the Company;
- (b) the right, on a return of assets on a liquidation, reduction of capital or otherwise, to share in the surplus assets of the Company remaining after payment of its liabilities *pari passu* with the other holders of Ordinary shares; and
- (c) the right to receive notice of and to attend and speak and vote in person or by proxy at any general meeting of the Company. On a show of hands, every member present or represented and voting has one vote, and on a poll, every member present or represented and voting has one vote for every share of which that member is the holder. The appointment of a proxy must be received not less than 48 hours before the time of the holding of the relevant meeting or adjourned meeting or, in the case of a poll taken otherwise than at or on the same day as the relevant meeting or adjourned meeting, be received after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll.

These rights can be suspended. If a member, or any other person appearing to be interested in shares held by that member, has failed to comply within the time limits specified in the Company's Articles of Association with a notice pursuant to s793 of the

Companies Act 2006 (notice by the Company requiring information about interests in its shares), the Company can, until the default ceases, suspend the right to attend and speak and vote at a general meeting. If the shares represent at least 0.25% of their class the Company can also withhold any dividend or other money payable in respect of the shares (without any obligation to pay interest) and refuse to accept certain transfers of the relevant shares. Shareholders, either alone or with other shareholders, have other rights as set out in the Company's Articles of Association and in company law (principally the Companies Act 2006).

A member may choose whether his shares are evidenced by share certificates (certificated shares) or held in electronic (un-certificated) form in CREST (the UK electronic settlement system). Any member may transfer all or any of his shares, subject in the case of certificated shares to the rules set out in the Company's Articles of Association or in the case of un-certificated shares to the regulations governing the operation of CREST (which allow the Directors to refuse to register a transfer as therein set out); the transferor remains the holder of the shares until the name of the transferee is entered in the register of members. The Directors may refuse to register a transfer of certificated shares in favour of more than four persons jointly or where there is no adequate evidence of ownership or the transfer is not duly stamped (if so required). The Directors may also refuse to register a share transfer if it is in respect of a certificated share which is not fully paid up or on which the Company has a lien provided that, where the share transfer is in respect of any share admitted to the Official List maintained by the UK Listing Authority, any such discretion may not be exercised so as to prevent dealings taking place on an open and proper basis, or if in the opinion of the Directors (and with the concurrence of the UK Listing Authority) exceptional circumstances so warrant, provided that the exercise of such power will not disturb the market in those shares. Whilst there are no squeeze-out and

sell out rules relating to the shares in the Company's Articles of Association, shareholders are subject to the compulsory acquisition provisions in s974 to s991 of the Companies Act 2006.

Appointment and Replacement of Directors

A person may be appointed as a Director of the Company by the shareholders in a general meeting by Ordinary Resolution (requiring a simple majority of the persons voting on the relevant resolution) or by the Directors. No person, other than a Director retiring by rotation or otherwise, shall be appointed or reappointed a Director at any general meeting unless he is recommended by the Directors or, not less than seven nor more than 42 clear days before the date appointed for the meeting, notice is given to the Company of the intention to propose that person for appointment or re-appointment in the form and manner set out in the Company's Articles of Association. Each Director who is appointed by the Directors (and who has not been elected as a Director of the Company by the members at a general meeting held in the interval since his appointment as a Director of the Company) is to be subject to election as a Director of the Company by the members at the first Annual General Meeting of the Company following his or her appointment. At each Annual General Meeting of the Company one third of the Directors for the time being, or if their number is not three or an integral multiple of three the number nearest to but not exceeding one-third, are to be subject to re-election. The Companies Act allows shareholders in a general meeting by Ordinary Resolution (requiring a simple majority of the persons voting on the relevant resolution) to remove any Director before the expiration of his or her period of office, but without prejudice to any claim for damages which the Director may have for breach of any contract of service between him or her and the Company. A person also ceases to be a Director if he or she resigns in writing, ceases to be a Director by virtue of any provision of the Companies Act, becomes prohibited by law from being a Director,

DIRECTORS' REPORT (continued)

becomes bankrupt or is the subject of a relevant insolvency procedure, or becomes of unsound mind, or if the Board so decides following at least six months' absence without leave or if he or she becomes subject to relevant procedures under the mental health laws, as set out in the Company's Articles of Association.

Powers of the Directors

Subject to the provisions of the Companies Act, the Memorandum and Articles of Association of the Company and any directions given by shareholders by Special Resolution, the Articles of Association specify that the business of the Company is to be managed by the Directors, who may exercise all the powers of the Company, whether relating to the management of the business or not. In particular the Directors may exercise on behalf of the Company its powers to purchase its own shares to the extent permitted by shareholders. Authority was given at the Company's 2010 Annual General Meeting to make market purchases of up to 5 per cent of the issued Ordinary share capital at any time up to the 2011 Annual General Meeting and otherwise on the terms set out in the relevant resolution, and renewed authority is being sought at the 2011 Annual General Meeting as set out in the notice of meeting.

International Financial Reporting Standards

As the Company is not part of a group it is not mandatory for it to comply with International Financial Reporting Standards. The Company does not anticipate that it will voluntarily adopt International Financial Reporting Standard, nor would the current proposals issued by the ASB on 16 June 2011 require it to adopt them as part of the 'Future of UK GAAP' project. However, in accordance with the 'Future of UK GAAP' project, as a publicly accountable entity, the Company will be required to report under full IFRS should this be implemented. This is not expected to have a significant impact upon the balances included in the financial statements, but will give rise to significant changes in presentational information and disclosures.

Creditor Payment Policy

The Company's payment policy for the forthcoming financial year is to agree terms of payment before business is transacted and to settle accounts in accordance with those terms. The Company does not follow any code or standard with regard to creditor payment practice. At 31 July 2011 there were no trade creditors (2010: £nil).

Environmental Policy

The Board has no specific environmental policy, however, the Company recognises the need to conduct its business, including investment decisions, in a manner that is responsible to the environment wherever possible.

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 Chairman's Statement and Investment Manager's Review on pages 5 to 20. Further details on the management of financial risk may be found in note 16 to the financial statements.

The Board receives regular reports from the Investment Manager and the Directors believe that, as no material uncertainties leading to significant doubt about going concern have been identified, it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

The assets of the Company consist of securities which are readily realisable (15.0% of net assets) and, accordingly, the Company has adequate financial resources to continue in operational existence for the foreseeable future.

Substantial Shareholdings

As at the date of this report, no disclosures of major shareholdings had been made to the Company under Disclosure and Transparency Rule 5 (Vote Holder and Issuer Notification Rules).

Annual General Meeting

Notice convening the 2011 Annual General Meeting of the Company and a form of proxy in relation to the meeting can each be found at the end of this document.

Independent Auditor

Grant Thornton UK LLP offer themselves for reappointment as auditor. A resolution to re-appoint Grant Thornton UK LLP as auditor and to authorise the Directors to fix their remuneration will be proposed at the forthcoming Annual General Meeting.

Directors' Authority to Allot Shares and to Dis-apply Pre-emption Rights

The authority proposed under Resolution 6 is required so that the Directors may offer existing shareholders the opportunity to add to their investment or to offer to potential shareholders an opportunity to invest in the Company in a tax-efficient manner without the Company having to incur substantial costs. Any consequent modest increase in the size of the Company will, in the opinion of the Directors, be in the interests of shareholders generally. Any issue proceeds will be available for investment in line with the Company's investment policy and may be used, in part, to purchase Ordinary shares in the market. Resolution 6 renews the Directors' authority to allot Ordinary shares. This would enable the Directors until December 2012 to allot up to 2,650,031 Ordinary shares (representing approximately 10 per cent of the Company's issued share capital as at 31 July 2011).

Resolution 7 renews and extends the Directors' authority to allot equity securities for cash without pre-emption rights applying in certain circumstances. This Resolution would authorise the Directors, until the date falling 15 months after the date of the passing of the Resolution or, if earlier, the conclusion of the next Annual General Meeting of the Company, to issue Ordinary shares for cash without pre-emption rights applying or re-issue shares out of Treasury up to a maximum of 2,650,031 Ordinary shares

(representing approximately 10 per cent of the Company's issued share capital as at 31 July 2011). This power will be exercised only if, in the opinion of the Directors, it would be in the best interests of shareholders, as a whole.

Directors' Authority to Make Market Purchases of its Own Shares

The authority proposed under Resolution 8 is required so that the Directors may make purchases of up to approximately 5 per cent of the Company's issued share capital and seeks renewal of such authority until the next Annual General Meeting (or the expiry of 15 months, if earlier). The price paid for shares will not be less than the nominal value nor more than the maximum amount permitted to be paid in accordance with the rules of the UK Listing Authority in force as at the date of purchase. This power will be exercised only if, in the opinion of the Directors, it would be in the best interests of shareholders as a whole. Any shares purchased under this authority will either be cancelled or held in Treasury for future re-sale in appropriate market conditions.

Corporate Governance

The Board of Octopus Eclipse VCT 4 plc has considered the principles and recommendations of the Association of Investment Companies Code of Corporate Governance (AIC Code) by reference to the Association of Investment Companies Corporate Governance Guide for Investment Companies (AIC Guide). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in The UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company. The Board considers that reporting against the principles and recommendations of the AIC Code, by reference to the AIC Guide which incorporates and is used in addition to The UK Corporate Governance Code, will provide better information to shareholders.

The Company is committed to maintaining high standards in Corporate Governance. The Directors

DIRECTORS' REPORT (continued)

consider that the Company has, throughout the year under review, complied with the provisions set out in The UK Corporate Governance Code with the exceptions set out in the Compliance Statement on page 35.

Board of Directors

The Company has a Board of three Non-Executive Directors, two of whom are considered to be independent. Matt Cooper is not considered to be independent due to his role as Chairman of Octopus. The Board meets regularly on a quarterly basis, and on other occasions as required, to review the investment performance and monitor compliance with the investment policy laid down by the Board. The Board has a formal schedule of matters specifically reserved for its decision which include:

- the consideration and approval of future developments or changes to the investment policy, including risk and asset allocation;
- consideration of corporate strategy;
- approval of the appropriate dividend to be paid to the shareholders;
- the appointment, evaluation, removal and remuneration of the Investment Manager;
- the performance of the Company, including monitoring of the discount of the NAV to the share price; and

- monitoring shareholder profiles and considering shareholder communications.

The Chairman leads the Board in the determination of its strategy and in the achievement of its objectives. The Chairman is responsible for organising the business of the Board, ensuring its effectiveness and setting its agenda, and has no involvement in the day to day business of the Company. He facilitates the effective contribution of the Directors and ensures that they receive accurate, timely and clear information and that they communicate effectively with shareholders.

The Company Secretary is responsible for advising the Board through the Chairman on all governance matters. All of the Directors have access to the advice and services of the Company Secretary, who has administrative responsibility for the meetings of the Board and its committees. Directors may also take independent professional advice at the Company's expense where necessary in the performance of their duties. As all of the Directors are Non-Executive, it is not considered appropriate to identify a member of the Board as the senior independent Director of the Company.

The Company's Articles of Association and the schedule of matters reserved to the Board for decision provide that the appointment and removal of the Company Secretary is a matter for the full Board.

During the year the following were held:

	Full Board meetings held	No. of meetings attended	Audit Committee meetings held	Audit Committee meetings attended
Matt Cooper	4	3	N/A	N/A
Alex Hambro (Chairman)	4	4	2	2
Greg Melgaard	4	N/A	2	N/A
Rob Mills	4	3	2	2

Additional meetings were held as required to address specific issues including considering recommendations from the Investment Manager and purchases of its own shares. A brief biographical summary of each Director is given on page 21.

The Company's Articles of Association require that one third of Directors should retire by rotation each year and seek re-election at the Annual General Meeting and that Directors appointed by the Board should seek re-appointment at the next Annual General Meeting. All Directors are required to submit themselves for re-election at least every three years. This practice was followed during the year under review.

	Date of Original Appointment	Date of Resignation	Due date for Re-election/election
Matt Cooper	02/08/2005	N/A	AGM 2012
Alex Hambro (Chairman)	02/08/2005	N/A	AGM 2011
Greg Melgaard	02/08/2005	20/09/2010	N/A
Rob Mills	20/09/2010	N/A	AGM 2013

The Board has appointed two committees to make recommendations to the Board in specific areas:

Audit Committee:

To 20 September 2010:

Alex Hambro (Chairman)
Greg Melgaard

From 20 September 2010:

Rob Mills (Chairman)
Alex Hambro

The Audit Committee, currently chaired by Rob Mills, consists of two independent Directors. The Audit Committee believes Rob Mills possesses appropriate and relevant financial experience as per the requirements of The UK Corporate Governance Code. The Board considers that the members of the Committee are independent and collectively have the skills and experience required to discharge their duties effectively.

The Audit Committee's terms of reference include the following responsibilities:

- reviewing and making recommendations to the Board in relation to the Company's published financial statements and other formal announcements relating to the Company's financial performance;
- reviewing and making recommendations to the Board in relation to the Company's internal control (including internal financial control) and risk management systems;
- periodically considering the need for an internal audit function;
- making recommendations to the Board in relation to the appointment, re-appointment and removal of the external auditor and approving the remuneration and terms of engagement of the external auditor;
- reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional regulatory requirements;
- monitoring the extent to which the external auditor is engaged to supply non-audit services; and
- ensuring that the Investment Manager has arrangements in place for the investigation and follow-up of any concerns raised confidentially by staff in relation to propriety of financial reporting or other matters.

DIRECTORS' REPORT (continued)

The Committee reviews its terms of reference and its effectiveness annually and recommends to the Board any changes required as a result of the review. The terms of reference are available on request from the Company Secretary. The Committee meets twice per year and has direct access to Grant Thornton UK LLP, the Company's external auditor. The Audit Committee has reviewed the non-audit service provided by the external auditor, being corporation tax compliance, and does not believe it is sufficient to influence their independence or objectivity due to the fee being an immaterial expense. When considering whether to recommend the re-appointment of the external auditor the committee took into account the tenure of the current auditor in addition to comparing the fees charged to similar sized audit firms.

Once the Committee has made a recommendation to the Board in relation to the appointment of the external auditor, this is then ratified at the AGM through an Ordinary Resolution.

The Company does not have an independent internal audit function as it is not deemed appropriate given the size of the Company and the nature of the Company's business. However, the Committee considers annually whether there is a need for such a function and if so would recommend this to the Board.

During the year ended 31 July 2011, the Audit Committee discharged its responsibilities by:

- reviewing and approving the external auditor's terms of engagement and remuneration;
- reviewing the external auditor's plan for the audit of the Company's financial statements, including identification of key risks and confirmation of auditor independence;
- reviewing Octopus' statement of internal controls in relation to the Company's business and assessing the effectiveness of those controls in minimising the impact of key risks;

- reviewing periodic reports on the effectiveness of Octopus' compliance procedures;
- reviewing the appropriateness of the Company's accounting policies;
- reviewing the Company's draft annual financial and interim results statements prior to Board approval; and
- reviewing the external auditor's detailed reports to the Committee on the annual financial statements.

Nomination Committee:

To 20 September 2010:	From 20 September 2010:
Matt Cooper	Matt Cooper
Greg Melgaard (Chairman)	Alex Hambro (Chairman)

In relation to the recent appointment of a new Non-Executive Director, given the size of the Board it was not considered appropriate for this Committee to meet and the board as a whole, after due consideration, resolved to make such appointment. The Nomination Committee considers the selection and appointment of Directors and makes recommendations to the Board as to the level of Directors' fees, if appropriate. It has not yet been necessary for the Committee to meet and therefore terms of reference will be agreed if and when appropriate. The Board does not have a separate remuneration committee as the Company has no employees or executive Directors. Detailed information relating to the remuneration of Directors is given in the Directors' Remuneration Report.

Performance Evaluation

In accordance with The UK Corporate Governance Code, a performance evaluation was conducted by the Directors completing a questionnaire which was returned to the Chairman who provided a summary of the findings to the Board at the following meeting. The performance of the Chairman was evaluated by the other Directors.

Internal Control

The Directors have overall responsibility for keeping under review the effectiveness of the Company's systems of internal controls. The purpose of these controls is to ensure that proper accounting records are maintained, the Company's assets are safeguarded and the financial information used within the business and for publication is accurate and reliable; such a system can only provide reasonable and not absolute assurance against material misstatement or loss. The system of internal controls is designed to manage rather than eliminate the risk of failure to achieve the business objectives. The Board regularly reviews financial results and investment performance with the Investment Manager.

The Investment Manager identifies investment opportunities which are reviewed by the Board prior to completion. Octopus monitors the portfolio of investments and makes recommendations to the Board in terms of suggested disposals and further acquisitions.

Octopus is engaged to carry out the accounting function and retains physical custody of the documents of title relating to unquoted investments. Quoted investments are held in Crest. Octopus regularly reconciles the client asset register with the physical documents.

The internal control systems include the production and review of monthly bank and management accounts. All outflows made from the VCT's accounts require authorisation at appropriate levels of the Investment Manager's employees. The VCT is subject to a full annual audit and the Auditors also act as auditors for some of the other VCTs managed by the Investment Manager. Further to this, the Audit Partner has open access to the Directors of the VCT and the Investment Manager is subject to regular review by the Octopus Compliance Department.

The Directors confirm that they have established a continuing process throughout the year and up to the date of this report for identifying, evaluating and

managing the significant potential risks faced by the Company, and have reviewed the effectiveness of the internal control systems. As part of this process, an annual review of the internal control systems is carried out in accordance with the Financial Reporting Council guidelines for internal control. The Board do not consider it appropriate to have an internal audit function.

Financial Risk Management Objectives and Policies

The Company is exposed to the risks arising from its operational and investment activities. Further details can be found in note 16 to the Financial Statements.

Relations with Shareholders

Shareholders have the opportunity to meet the Board at the AGM. In addition to the formal business of the AGM, the Board is available to answer any questions a shareholder may have.

The Board is also happy to respond to any written queries made by shareholders during the course of the year and can be contacted at 20 Old Bailey, London, EC4M 7AN. Alternatively, the team at Octopus is happy to answer any questions a shareholder may have and can be contacted on 0800 316 2295.

Compliance Statement

The Listing Rules require the Board to report on compliance throughout the accounting period with all relevant provisions set out in The UK Corporate Governance Code. The preamble to The UK Corporate Governance Code does, however, acknowledge that some provisions may have less relevance for investment companies adding that the AIC Code and AIC Guide can assist in meeting the obligations under The UK Corporate Governance Code. With the exception of the limited items outlined below, the Company has complied throughout the accounting year to 31 July 2011 with the provisions set out in The UK Corporate Governance Code. The section references to The UK Corporate Governance Code are shown in brackets.

DIRECTORS' REPORT (continued)

1. The Company does not have a Chief Executive Officer or a senior independent Director. The Board does not consider this necessary for the size of the Company. [A.2.2 and A.4.1]
2. New Directors have not received a full, formal and tailored induction on joining the Board. Such matters were addressed on an individual basis as they arose. [B.4.1]
3. The Company has two independent Directors, Viscount Cobham and Roger Penlington, as defined by The UK Corporate Governance Code. Matt Cooper holds Directorships of other companies with the same Investment Manager and with the Investment Manager itself. The Board considers that all Directors have sufficient experience to be able to exercise proper judgement within the meaning of The UK Corporate Governance Code. [B.1.1]
4. All of the Directors are not subject to annual election by the shareholders as one third of the Directors retire by rotation and are offered for re-election at the Annual General meeting in accordance with the Articles of Association of the Company. [B.7.1]
5. The Company conducts a formal review as to whether there is a need for an internal audit function. However, the Directors do not consider that an internal audit would be an appropriate control for a VCT. [C.3.2]
6. The Company does not have a Remuneration Committee as it does not have any executive Directors. [D.1.1 – 2.4]
7. The Company has no major shareholders therefore shareholders are not given the opportunity to meet any Non-Executive Directors at a specific meeting other than the Annual General Meeting. [E.1.1 & E.1.2]
8. The Notice of the AGM to shareholders did not provide for at least 20 working days before the meeting. However, the Company did comply with the requirement of s307 Companies Act 2006 to give 21 days notice of the AGM. [E.2.4]



Celia L Whitten FCIS

Company Secretary

4 November 2011

DIRECTORS' REMUNERATION REPORT

Introduction

This report is submitted in accordance with chapter 6 of Part 15 of the Companies Act 2006, in respect of the year to 31 July 2011. An Ordinary Resolution for the approval of this report will be put to the members at the forthcoming Annual General Meeting.

The Company's auditor, Grant Thornton UK LLP, is required to give its opinion on certain information included in this report; this comprises the Directors' emoluments section below only. Their report on these and other matters is set out on pages 41 and 42.

Consideration by the Directors of Matters Relating to Directors' Remuneration

The Board as a whole considers Directors' remuneration and has not appointed a separate committee in this respect. The Board has not sought advice or services from any person in respect of its consideration of Directors' remuneration during the year (although the Directors expect from time to time to review the fees against those paid to the boards of Directors of other VCTs).

Statement of the Company's Policy on Directors' Remuneration

The Board consists entirely of Non-Executive Directors, who meet at least four times a year and on other occasions as necessary, to deal with the important aspects of the Company's affairs. Directors are appointed with the expectation that they will serve for, at least, a period of three years. All Directors retire at the first general meeting after election and thereafter one third of all Directors are subject to retirement by rotation at subsequent Annual General Meetings. Re-election will be recommended by the Board but is dependent upon the shareholder vote.

Each Director received a letter of appointment. A Director may resign by notice in writing to the Board at any time. None of the Directors are entitled to compensation payable upon early termination of their contract other than in respect of any unexpired notice period.

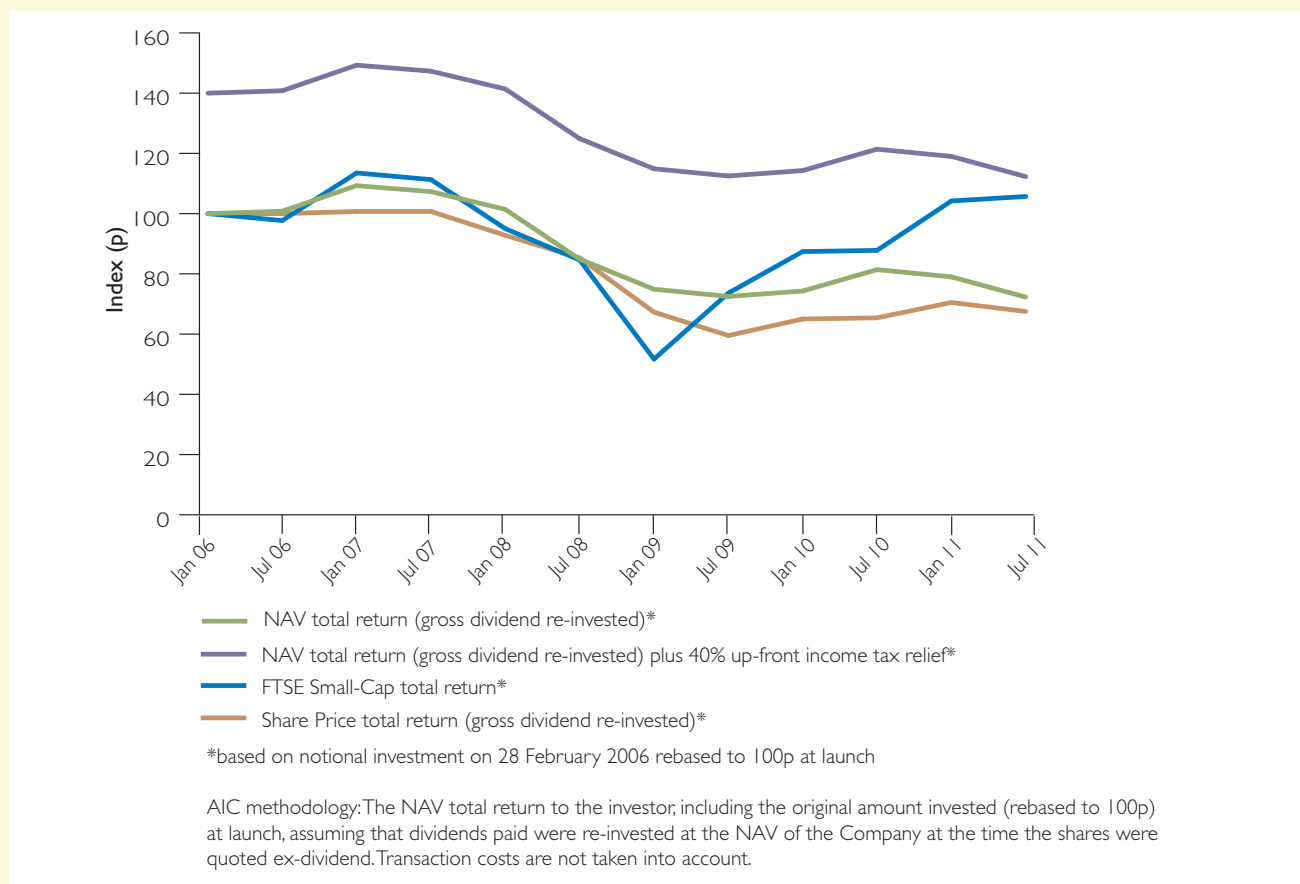
The Company's policy is that the fees payable to the Directors should reflect the time spent by the Board on the Company's affairs and the responsibilities borne by the Directors. They should be sufficient to attract candidates of high calibre to be recruited. The policy is for the Chairman of the Board to be paid higher fees than the other Directors in recognition of his more onerous role. The policy is to review these rates from time to time, although such review will not necessarily result in any changes.

Company Performance

The Board is responsible for the Company's investment strategy and performance, although the management of the Company's investment portfolio is delegated to the Investment Manager through the Investment Management Agreement, as referred to in the Directors' Report. The graph overleaf compares the share price total return and NAV total return (gross dividend reinvested) of Eclipse 4 over the period from February 2006 to July 2011, with the total return from a notional investment in the FTSE Small-Cap index over the same period. This index is considered to be the most appropriate broad equity market index for comparative purposes. However, the Directors wish to point out that VCTs are not able to make qualifying investments in companies quoted on the Main Market in their observance of the VCT rules.

DIRECTORS' REMUNERATION REPORT (continued)

Net asset value and share price total return since launch against the FTSE Small-Cap Index total return



Directors' Emoluments (information subject to audit)

Amount of each Director's emoluments:


	Year ended 31 July 2011 £	Year ended 31 July 2010 £
Alex Hambro (Chairman)	21,000	8,000
Rob Mills	14,000	N/A
Matt Cooper	8,000	8,000
Greg Melgaard (Former Chairman – resigned 20 September 2010)	1,000	11,500
Total	44,000	27,500

The annual rate of Directors' fees remained unchanged for the year to 31 July 2011. In the past Octopus Eclipse VCT 3 & 4 plc had common Directors. Due to the change in Listing Rules it has been necessary to split the Boards so that each Board has a majority of independent Directors. Accordingly in order for fees not to be reduced for individual Directors it has been necessary to increase the rate of Directors' remuneration in the case of independent Non-Executive Directors. However, the remuneration for Matt Cooper remains the same.

The Directors do not receive any other form of emoluments in addition to the Directors' fees.

The Company's policy is for the Directors to be remunerated in the form of fees, payable quarterly in arrears. The fees are not specifically related to the Directors' performance, either individually or collectively. There are no service contracts, long term incentive schemes, share option schemes or pension schemes in place. No other remuneration or compensation was paid or payable by the Company during the year to any of the Directors.

By Order of the Board



Celia L Whitten FCIS

Company Secretary

4 November 2011

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

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 laws). 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 and 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

In so far as each of the Directors is aware:

- there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

To the best of my 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 undertakings included in the consolidation taken as a whole; and
- the management 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 they face.

On behalf of the Board



Alex Hambro

Chairman

4 November 2011

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF OCTOPUS ECLIPSE VCT 4 PLC

We have audited the financial statements of Octopus Eclipse VCT 4 plc for the year ended 31 July 2011 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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective Responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibility Statement set out on page 40, 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 July 2011 and of its return for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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.

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF OCTOPUS ECLIPSE VCT 4 PLC (continued)

Under the Listing Rules, we are required to review:

- the Directors' statement, set out on page 30, in relation to going concern;
- the part of The UK Corporate Governance Statement relating to the Company's compliance UK Corporate Governance Code specified for our review; and
- certain elements of the report to the shareholders by the Board on Directors' Remuneration.

Tracey James

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

Oxford

4 November 2011

INCOME STATEMENT

	Notes	Year to 31 July 2011		Total £'000
		Revenue £'000	Capital £'000	
Realised gain on disposal of fixed asset investments	10	–	84	84
Realised gain on disposal of current asset investments	12	–	2	2
Fixed asset investment holding gains	10	–	(1,938)	(1,938)
Current asset investment holding gains	12	–	–	–
Other income	2	549	–	549
Investment management fees	3	(96)	(289)	(385)
Other expenses	4	(305)	–	(305)
Return on ordinary activities before tax		148	(2,141)	(1,993)
Taxation on return on ordinary activities	6	–	–	–
Return on ordinary activities after tax		148	(2,141)	(1,993)
Earnings/(loss) per share – basic and diluted	8	0.5p	(7.8)p	(7.3)p

- The 'Total' column of this statement is the profit and loss account of the Company; the supplementary revenue return and capital return columns have been prepared under guidance published by the Association of Investment Companies.
- All revenue and capital items in the above statement derive from continuing operations.
- The Company has only one class of business and derives its income from investments made in shares and securities and from bank and money market funds.

The Company has no recognised gains or losses other than the results for the year as set out above.

The accompanying notes are an integral part of the financial statements.

INCOME STATEMENT

	Notes	Year to 31 July 2010		Total £'000
		Revenue £'000	Capital £'000	
Realised gain on disposal of fixed asset investments		–	411	411
Fixed asset investment holding gains		–	1,970	1,970
Current asset investment holding gains		–	32	32
Other income	2	364	–	364
Investment management fees	3	(95)	(284)	(379)
Other expenses	4	(286)	-	(286)
Return on ordinary activities before tax		(17)	2,129	2,112
Taxation on return on ordinary activities	6	–	–	–
Return on ordinary activities after tax		(17)	2,129	2,112
Earnings/(loss) per share – basic and diluted	8	(0.1)p	7.4p	7.3p

- The 'Total' column of this statement is the profit and loss account of the Company; the supplementary revenue return and capital return columns have been prepared under guidance published by the Association of Investment Companies.
- All revenue and capital items in the above statement derive from continuing operations.
- The Company has only one class of business and derives its income from investments made in shares and securities and from bank and money market funds.

The Company has no recognised gains or losses other than the results for the year as set out above.

The accompanying notes are an integral part of the financial statements.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Year ended 31 July 2011 £'000	Year ended 31 July 2010 £'000
Shareholders' funds at start of year	19,265	18,539
Return on ordinary activities after tax	(1,993)	2,112
Purchase of own shares	(739)	(535)
Dividends paid	(818)	(851)
Shareholders' funds at end of year	15,715	19,265

The accompanying notes form an integral part of the financial statements.

BALANCE SHEET

	Notes	As at		As at	
		31 July 2011	31 July 2010	31 July 2011	31 July 2010
		£'000	£'000	£'000	£'000
Fixed asset investments*	10		13,260		16,478
Current assets:					
Debtors	11	27		11	
Money market securities* and other deposits	12	2,472		2,667	
Cash at bank		150		243	
		2,649		2,921	
Creditors: amounts falling due within one year	13	(194)		(134)	
Net current assets			2,455		2,787
Net assets			15,715		19,265
Called up equity share capital	14	2,650		2,775	
Special distributable reserve	15	22,749		23,488	
Capital redemption reserve	15	302		177	
Capital reserve – losses on disposal	15	(5,598)		(4,472)	
– investment holding losses	15	(4,527)		(2,794)	
Revenue reserve	15	139		91	
Total equity shareholders' funds			15,715		19,265
Net asset value per share	9		59.3p		69.4p

*Held at fair value through profit and loss

The accompanying notes are an integral part of the financial statements.

The statements were approved by the Directors and authorised for issue on 4 November 2011 and are signed on their behalf by:

Alex Hambro

Chairman

Company number: 05487744

CASH FLOW STATEMENT

	Notes	Year ended 31 July 2011 £'000	Year ended 31 July 2010 £'000
Net cash outflow from operating activities		(97)	(38)
Financial investment			
Purchase of fixed asset investments	10	(392)	(871)
Sale of fixed asset investments	10	1,756	911
Management of liquid resources			
Purchase of current asset investments	12	(5,516)	(1,485)
Sale of current asset investments	12	5,713	3,038
Taxation		–	–
Dividends paid	7	(818)	(851)
Financing			
Purchase of own shares	14	(739)	(535)
(Decrease)/increase in cash resources at bank		(93)	169

The accompanying notes form an integral part of the financial statements.

RECONCILIATION OF RETURN BEFORE TAXATION TO CASH FLOW FROM OPERATING ACTIVITIES

	Notes	Year to 31 July 2011 £'000	Year to 31 July 2010 £'000
Return on ordinary activities before tax		(1,993)	2,112
Loss/(gain) on valuation of fixed asset investments	10	1,938	(1,970)
Loss/(gain) on valuation of current asset investments	12	–	(32)
Gain on disposal on fixed asset investments	10	(84)	(411)
Gain on disposal on current asset investments	12	(2)	–
(Increase)/decrease in debtors		(16)	318
Increase/(decrease) in creditors		60	(55)
Net cash outflow from operating activities		(97)	(38)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	Notes	Year to 31 July 2011 £'000	Year to 31 July 2010 £'000
(Decrease)/increase in cash at bank		(93)	169
Movement in cash equivalents	12	(195)	(1,521)
Opening net cash resources		2,910	4,262
Net funds at 31 July		2,622	2,910

Net funds at 31 July comprised:

	Year to 31 July 2011 £'000	Year to 31 July 2010 £'000
Cash at bank	150	243
Money market securities and other deposits	2,472	2,667
Net funds at 31 July	2,622	2,910

The accompanying notes are an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

I. Principal Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, except for the measurement at fair value of certain financial instruments, and in accordance with UK Generally Accepted Accounting Practice (UK GAAP), and the Statement of Recommended Practice (SORP) 'Financial Statements of Investment Trust Companies' (revised 2009).

The principal accounting policies have remained unchanged from those set out in the Company's 2010 Annual Report and financial statements. A summary of the principal accounting policies is set out below.

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.

The preparation of the financial statements requires Management to make judgements and estimates that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates and assumptions mainly relate to the fair valuation of the fixed asset investments particularly unquoted investments. Estimates are based on historical experience and other assumptions that are considered reasonable under the circumstances. The estimates and the assumptions are under continuous review with particular attention paid to the carrying value of the investments.

Capital valuation policies are those that are most important to the depiction of the Company's financial position and that require the application of subjective and complex judgements, often as a result of the need to make estimates about the effects of matters that are inherently uncertain and may change in subsequent periods. The critical accounting policies that are declared will not necessarily result in material changes to the financial statements in any given period but rather contain a potential for material change. The main accounting and valuation policies used by the Company are disclosed below. Whilst not all of the significant accounting policies require subjective or complex judgements, the Company considers that the following accounting policies should be considered critical.

The Company has designated all fixed asset investments as being held at fair value through profit and loss; therefore all gains and losses arising from investments held are attributable to financial assets held at fair value through profit and loss. Accordingly, all interest income, fee income, expenses and investment gains and losses are attributable to assets designated as being at fair value through profit and loss.

Current asset investments comprising money market funds are held at fair value through the profit and loss. Cash and short term deposits are held at amortised cost.

Investments are regularly reviewed to ensure that the fair values are appropriately stated. Quoted investments are valued in accordance with the bid-price on the relevant date, unquoted investments are valued in accordance with current IPEVC valuation guidelines, although this does rely on subjective estimates such as appropriate sector earnings multiples, forecast results of investee companies, asset values of subsidiary companies and liquidity or marketability of the investments held.

Although the Company believes that the assumptions concerning the business environment and estimates of future cash flows are appropriate, changes in estimates and assumptions could require changes in the stated values. This could lead to additional changes in fair value in the future.

NOTES TO THE FINANCIAL STATEMENTS (continued)

I. Principal Accounting policies (continued)

Investments

Purchases and sales of investments are recognised in the financial statements at the date of the transaction (trade date).

These investments will be managed and their performance evaluated on a fair value basis in accordance with a documented investment strategy and information about them has to be provided internally on that basis to the Board. Accordingly, as permitted by FRS 26, the investments will be designated as fair value through profit and loss (FVTPL) on the basis that they qualify as a group of assets managed, and whose performance is evaluated, on a fair value basis in accordance with the documented investment strategy. The Company's investments are measured at subsequent reporting dates at fair value with the holding gains and losses recorded in the income statement each year. In accordance with the investment strategy, the investments are held with a view to long-term capital growth and it is therefore possible that individual holdings may increase in value to a point where they represent a significantly higher proportion of total assets than the original cost.

In the case of investments quoted on a recognised stock exchange, fair value is established by reference to the closing bid price on the relevant date or the last traded price, depending upon convention of the exchange on which the investment is quoted. This is consistent with the IPEVC valuation guidelines.

In the case of unquoted investments, fair value is established by using measures of value such as the price of recent transactions, earnings multiple and net assets. This is consistent with IPEVC valuation guidelines.

Profits arising from the revaluation of investments at the year end are recognised as part of the capital return within the income statement and allocated to the capital reserve – investment holding gains/(losses).

In the preparation of the valuations of assets the Directors are required to make judgements and estimates that are reasonable and incorporate their knowledge of the performance of the investee companies.

Current asset investments

Current asset investments comprise money market funds, bonds and OEICs and are designated as FVTPL. Gains and losses arising from changes in fair value of investments are recognised as part of the capital return within the Income Statement and allocated to the capital reserve – investment gains/(losses) on disposal.

The current asset investments are all invested with the Company's cash manager and are readily convertible into cash at the option of the Company. The current asset investments are held for trading, are actively managed and the performance is evaluated in accordance with a documented investment strategy.

Information about them has to be provided internally on that basis to the Board.

Income

Investment income includes interest earned on bank balances and money market funds and includes income tax withheld at source. Dividend income is shown net of any related tax credit.

Dividends receivable are brought into account when the Company's right to receive payment is established and there is no reasonable doubt that payment will be received. Fixed returns on debt and money market funds are recognised so as to reflect the effective interest rate; provided there is no reasonable doubt that payment will be received in due course.

I. Principal Accounting policies (continued)

Expenses

All expenses are accounted for on an accruals basis. Expenses are charged wholly to revenue with the exception of the investment management fee, which has been charged 25% to the revenue account and 75% to the capital reserve to reflect, in the Directors' opinion, the expected long-term split of returns in the form of income and capital gains respectively from the investment portfolio.

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

Revenue and capital

The revenue column of the income statement includes all income and revenue expenses of the Company. The capital column includes gains and losses on disposal and gains and losses arising from the revaluation of investments at the period end. Gains and losses arising from changes in fair value of investments are recognised as part of the capital return within the income statement.

Taxation

Corporation tax payable is applied to profits chargeable to corporation tax, if any, at the current rate. The tax effect of different items of income/gain and expenditure/loss is allocated between capital and revenue return on the 'marginal' basis as recommended in the SORP.

Deferred tax is recognised on an undiscounted basis in respect of all timing differences that have originated but not reversed at the balance sheet date or where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less tax. This is with the exception that deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing can be deducted.

Cash and liquid resources

Cash, for the purposes of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand. Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market. Liquid resources comprise term deposits of less than one year (other than cash), government securities, investment grade bonds and investments in money market funds, as well as OEICs.

Loans and receivables

The Company's loans and receivables are initially recognised at fair value which is normally transaction cost and subsequently measured at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS (continued)

I. Principal Accounting policies (continued)

Financing strategy and capital structure

FRS 29 'Financial Instruments: Disclosures' comprises disclosures relating to financial instruments.

We define capital as shareholders' funds and our financial strategy in the medium term is to manage a level of cash that balances the risks of the business with optimising the return on equity. The Company currently has no borrowings nor does it anticipate that it will drawdown any borrowing facilities in the future to fund the acquisition of investments.

The Company does not have any externally imposed capital requirements.

The value of the managed capital is indicated in note 15. The Board considers the distributable reserves and the total return for the year when recommending a dividend. In addition, the Board is authorised to make market purchases up to a maximum of 5% of the issued Ordinary share capital of the Company in accordance with Special Resolution 8 in order to maintain sufficient liquidity in the VCT.

Capital management is monitored and controlled using the internal control procedures set out on page 35 of this report. The capital being managed includes equity and fixed-interest investments, cash balances and liquid resources including debtors and creditors.

Financial instruments

The Company's principal financial assets are its investments and the policies in relation to those assets are set out above. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities. Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Dividends

Dividends payable are recognised as distributions in the financial statements when the Company's liability to make payment has been established. This liability is established for interim dividends when they are declared by the Board, and for final dividends when they are approved by the shareholders.

2. Income

	Year ended 31 July 2011 £'000	Year ended 31 July 2010 £'000
Money market securities and bank balances	17	43
Dividend income	15	19
Loan note interest receivable	517	302
	549	364

3. Investment management fees

	Year ended 31 July 2011			Year ended 31 July 2010		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	96	289	385	95	284	379

For the purposes of the revenue and capital columns in the income statement, the management fee has been allocated 25% to revenue and 75% to capital, in line with the Board's expected long-term return in the form of income and capital gains respectively from the Company's investment portfolio.

Octopus provides investment management and accounting and administration services to the Company under a management agreement. This agreement ran for a period of five years with effect from 4 October 2005 and may now be terminated at any time with no less than 12 months' notice given by either party. No compensation is payable in the event of terminating the agreement by either party, if the required notice period is given. The fee payable, should insufficient notice be given, will be equal to the fee that would have been paid should continuous service be provided, or the required notice period was given. The basis upon which the management fee is calculated is disclosed within note 19 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. Other expenses

	Year ended 31 July 2011 £'000	Year ended 31 July 2010 £'000
Accounting and administration services	58	56
Directors' remuneration	44	27
Fees payable to the Company's auditor for the audit of the financial statements	14	14
Fees payable to the Company's auditor for other services – tax compliance	3	3
Legal and professional expenses	7	2
Other expenses	179	184
	305	286

Total annual running costs are capped at 3.5% of net assets (excluding irrecoverable VAT, trail commission and exceptional expenses). For the year to 31 July 2011 the running costs, as defined in the prospectus, were 3.2% of net assets (2010: 3.0%).

5. Directors' remuneration

	Year to 31 July 2011		Year to 31 July 2010	
	Emoluments £'000	National Insurance £'000	Emoluments £'000	National Insurance £'000
Alex Hambro (Chairman)	21	2	8	–
Rob Mills	14	–	–	–
Matt Cooper	8	–	8	–
Greg Melgaard*	1	–	11	–
	44	2	27	–

*resigned 20 September 2010

None of the Directors received any other remuneration or benefit from the Company during the year. The Company has no employees other than Non-Executive Directors. The average number of Non-Executive Directors in the year was three (2010: three). See the Directors' Remuneration Report for further details of the Directors' remuneration policies.

6. Tax on Ordinary Activities

The corporation tax charge for the year was £nil (2010: £nil).

The current tax charge for the year differs from the standard rate of corporation tax in the UK of 27.3% (2010: 28%).

The differences are explained below.

	Year ended 31 July 2011 £'000	Year ended 31 July 2010 £'000
Return on ordinary activities before tax	(1,993)	2,112
Current tax at 27.3% (2010: 28%)	(545)	591
Adjustment in respect of previous periods	–	(3)
Expenses not deductible for tax purposes	498	(691)
Unrelieved losses	47	100
Total current tax charge	–	(3)

Excess management charges of £754,000 (31 July 2010: £590,000) have been carried forward at 31 July 2011 and are available for offset against future taxable income subject to agreement with HMRC. The associated deferred tax asset of £206,000 (31 July 2010: £165,000) has not been recognised.

Approved VCTs are exempt from tax on capital gains within the Company. Since the Directors intend that the Company will continue to conduct its affairs so as to maintain its approval as a VCT, no current deferred tax has been provided in respect of any capital gains or losses arising on the revaluation or disposal of investments.

7. Dividends

	Year ended 31 July 2011 £'000	Year ended 31 July 2010 £'000
Recognised as distributions in the financial statements for the year		
Previous year's final dividend	416	430
Current year's interim dividend	402	421
	818	851
Paid and proposed in respect of the year		
Interim dividend paid – 1.5p per share (2010: 1.5p per share)	402	421
Proposed final dividend – 2.0p per share (2010: 1.5p per share)	530	416
	932	837

The final dividend of 2.0p per share for the year to 31 July 2011, subject to shareholder approval at the Annual General Meeting, will be paid on 16 December 2011 to those shareholders on the register on 18 November 2011.

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. Earnings per Share

The total, revenue and capital earnings per share is based on 27,328,902 (31 July 2010: 28,668,324) Ordinary shares, being the weighted average number of shares in issue during the year.

There are no potentially dilutive capital instruments in issue and, therefore, no diluted return per share figures are relevant. The basic and diluted earnings per share are therefore identical.

9. NAV per Share

The calculation of NAV per share as at 31 July 2011 is based on 26,500,306 (31 July 2010: 27,774,104) Ordinary shares in issue at that date.

10. Fixed asset investments

Effective from 1 August 2009, the Company adopted the amendment to FRS 29 regarding financial instruments that are measured in the balance sheet at fair value; this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

Level 1: quoted prices in active markets for identical assets and liabilities. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held is the current bid price. These instruments are included in level 1 and comprise AIM-listed investments classified as held at fair value through profit or loss.

Level 2: the fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. The Company held no such investment in the current or prior year.

Level 3: the fair value of financial instruments that are not traded in an active market (for example investments in unquoted companies) is determined by using valuation techniques such as earnings multiples. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There have been no transfers between these classifications in the year (2010: none). The change in fair value for the current and previous year is recognised through the income statement.

All items held at fair value through profit or loss were designated as such upon initial recognition. Movements in investments at fair value through profit or loss during the year to 31 July 2011 are summarised below and in note 12.

10. Fixed asset investments (continued)

	Level 1: AIM quoted investments £'000	Level 3: Unquoted investments £'000	Total £'000
Valuation and net book amount:			
Book cost as at 1 August 2010	3,458	15,598	19,056
Cumulative revaluation	(2,575)	(3)	(2,578)
Valuation at 1 August 2010	883	15,595	16,478
Movement in the year:		–	
Purchases at cost	–	392	392
Disposal proceeds	(100)	(1,656)	(1,756)
Profit/(loss) on realisation of investments	17	67	84
Revaluation in year	271	(2,209)	(1,938)
Valuation at 31 July 2011	1,071	12,189	13,260
Book cost at 31 July 2011:	3,360	14,427	17,787
Revaluation to 31 July 2011:	(2,289)	(2,238)	(4,527)
Valuation at 31 July 2011	1,071	12,189	13,260

The investment portfolio is managed with capital growth as the primary focus. The loan and equity investments are considered to be one instrument due to the legal binding within the investment agreement and therefore they are combined in the table shown above.

Level 3 valuations include assumptions based on non-observable market data, such as discounts applied either to reflect fair value of financial assets held at the price of recent investment, or, in the case of unquoted investments, to adjust earnings multiples. Further details in respect of the methods and assumptions applied in determining the fair value of the investments are disclosed in the Investment Manager's Review and within the principal accounting policies in note 1. The sensitivity of these valuations to a reasonable possible change in such assumptions is given in note 16.

At 31 July 2011 and 31 July 2010 there were no commitments in respect of investments not yet completed.

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. Debtors

	31 July 2011 £'000	31 July 2010 £'000
Prepayments and accrued income	27	11

12. Current asset investments

	£'000	£'000
Cost at 1 August 2010: Money market funds	2,921	
Revaluation to 1 August 2010: Money market funds	(254)	
Valuation as at 1 August 2010		2,667
Movement in the year: Purchases at cost: Money market funds	5,516	
Disposal proceeds: Money market funds	(5,713)	
Profit in year on realisation of investments: Money market funds	2	
Revaluation in year: Money market funds	–	
Valuation as at 31 July 2011		2,472
Cost at 31 July 2011: Money market funds	2,472	
Revaluation to 31 July 2011: Money market funds	–	
Valuation as at 31 July 2011		2,472

All current asset investments held at the year end sit with the level 1 hierarchy for the purposes of FRS 29. Level 1 money market funds: Level 1 valuations are based on quoted prices (unadjusted) in active markets for identical assets or liabilities. The valuation of money market funds at 31 July 2011 was £2,472,000 (2010: £2,677,000).

13. Creditors: amounts falling due within one year

	31 July 2011 £'000	31 July 2010 £'000
Accruals	70	45
Other creditors	124	89
	194	134

14. Share Capital

	31 July 2011 £'000	31 July 2010 £'000
Authorised:		
50,000,000 Ordinary shares of 10p	5,000	5,000
Allotted and fully paid up:		
26,500,306 Ordinary shares of 10p (2010: 27,774,104)	2,650	2,775

The capital of the Company is managed in accordance with its investment policy with a view to the achievement of its investment objective as set out on page 24. The Company is not subject to any externally imposed capital requirements.

The Company did not issue any shares in the year (2010: nil).

The Company repurchased the following Ordinary shares for cancellation (2010: 944,882 Ordinary shares at a weighted average price of 56.6p per share):

- 12 November 2010: 135,000 at a price of 61p per share
- 6 December 2010: 166,000 at a price of 60p per share
- 23 December 2010: 43,332 at a price of 60p per share
- 31 January 2011: 85,078 at a price of 60p per share
- 8 April 2011: 391,690 at a price of 58p per share
- 23 May 2011: 132,487 at a price of 56p per share
- 17 June 2011: 128,232 at a price of 55.9p per share
- 8 July 2011: 90,254 at a price of 55.4p per share
- 29 July 2011: 101,725 at a price of 55p per share

The total nominal value of the shares repurchased was £127,380 (2010: £94,488) representing 4.8% (2010: 3.4%) of the issued share capital.

NOTES TO THE FINANCIAL STATEMENTS (continued)

15. Reserves

	Share capital £'000	Special distributable reserve £'000	Capital redemption reserve £'000	Capital reserve – gains/(losses) on disposal £'000	Capital reserve – holding gains/(losses) £'000	Revenue reserve £'000
As at 1 August 2010	2,775	23,488	177	(4,472)	(2,794)	91
Purchase of own shares	(125)	(739)	125	–	–	–
Return on ordinary activities after tax	–	–	–	–	–	148
Management fees allocated as capital expenditure	–	–	–	(289)	–	–
Prior period gains/(losses) on disposal	–	–	–	(205)	205	–
Current year gains on disposal	–	–	–	86	–	–
Current year losses on fair value of investments	–	–	–	–	(1,938)	–
Dividends paid	–	–	–	(718)	–	(100)
Balance as at 31 July 2011	2,650	22,749*	302	(5,598)*	(4,527)*	139*

*Available for potential distribution by way of a dividend

When the Company revalues the investments during the year, any gains or losses arising are credited/charged to the income statement. Unrealised gains/losses are then transferred to the 'capital reserve – holding gains/(losses)'. When an investment is sold any balance held on the 'capital reserve – holding gains/(losses)' is transferred to the 'capital reserve – gains/(losses) on disposal' as a movement in reserves.

Reserves available for potential distribution by way of a dividend are:

	£'000
As at 1 August 2010	16,313
Movement in year	(3,550)
As at 31 July 2011	12,763

The purpose of the special distributable reserve was to create a reserve which will be capable of being used by the Company to pay dividends and for the purpose of making repurchases of its own shares in the market with a view to narrowing the discount to net asset value at which the Company's Ordinary shares trade. In the event that the revenue reserve and capital reserve gains/(losses) on disposal do not have sufficient funds to pay dividends, these will be paid from the special distributable reserve.

16. Financial instruments and risk management

The Company's financial instruments comprise equity and fixed interest investments, cash balances and liquid resources including debtors and creditors. The Company holds financial assets in accordance with its investment policy of investing mainly in a portfolio of VCT-qualifying unquoted securities whilst holding a proportion of its assets in cash or near-cash investments in order to provide a reserve of liquidity.

Classification of financial instruments

Eclipse 4 held the following categories of financial instruments, all of which are included in the balance sheet at fair value, at 31 July 2011.

	31 July 2011 £'000	31 July 2010 £'000
Assets at fair value through profit or loss		
Investments	13,260	16,478
Current asset investments	2,472	2,667
Total	15,732	19,145
Loans and receivables		
Cash at bank	150	243
Total	150	243
Liabilities at amortised cost		
Accruals and other creditors	194	134
Total	194	134

Fixed asset investments (see note 10) are valued at fair value. Unquoted investments are carried at fair value as determined by the Directors in accordance with current venture capital industry guidelines. The fair value of all other financial assets and liabilities is represented by their carrying value in the balance sheet. The Directors believe that the fair value of the assets held at the year end is equal to their book value.

In carrying on its investment activities, the Company is exposed to various types of risk associated with the financial instruments and markets in which it invests. The most significant types of financial risk facing the Company are price risk, interest rate risk, credit risk and liquidity risk. The Company's approach to managing these risks is set out below together with a description of the nature and amount of the financial instruments held at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. Financial instruments and risk management (continued)

Market risk

The Company's strategy for managing investment risk is determined with regard to the Company's investment objective, as outlined on page 24. The management of market risk is part of the investment management process and is a central feature of venture capital investment. The Company's portfolio is managed in accordance with the policies and procedures described in the Corporate Governance statement on pages 31 to 36, having regard to the possible effects of adverse price movements, with the objective of maximising overall returns to shareholders. Investments in unquoted companies, by their nature, usually involve a higher degree of risk than investments in companies quoted on a recognised stock exchange, though the risk can be mitigated to a certain extent by diversifying the portfolio across business sectors and asset classes. The overall disposition of the Company's assets is regularly monitored by the Board.

Details of the Company's investment portfolio at the balance sheet date are set out on page 11.

6.8% (31 July 2010: 4.6%) by value of the Company's net assets comprises equity securities listed on the London Stock Exchange or quoted on AIM. Every 5% increase in the bid price of these securities as at 31 July 2011 would have increased net assets and the total return for the year by £54,000 (31 July 2010: £44,000); a corresponding fall would have reduced net assets and the total return for the year by the same amount.

77.6% (31 July 2010: 80.9%) by value of the Company's net assets comprises investments in unquoted companies held at fair value. The valuation methods used by the Company include the application of a price/earnings ratio derived from listed companies with similar characteristics, and consequently the value of the unquoted element of the portfolio can be indirectly affected by price movements on the London Stock Exchange. A 5% overall increase in the valuation of the unquoted investments at 31 July 2011 would have increased net assets and the total return for the year by £609,000 (31 July 2010: £780,000); an equivalent change in the opposite direction would have reduced net assets and the total return for the year by the same amount.

The Investment Manager considers that the majority of the investment valuations are based on earnings multiples which are ascertained with reference to the individual sector multiple or similarly listed entities. It is considered that due to the diversity of the sectors, the 10% sensitivity discussed above provides the most meaningful potential impact of average multiple changes across the portfolio.

Interest rate risk

Some of the Company's financial assets are interest-bearing, of which some are at fixed rates and some variable. As a result, the Company is exposed to fair value interest rate risk due to fluctuations in the prevailing levels of market interest rates.

16. Financial instruments and risk management (continued)

Fixed rate

The table below summarises weighted average effective interest rates for the fixed interest-bearing financial instruments:

	As at 31 July 2011			As at 31 July 2010		
	Total fixed rate portfolio by value £'000	Weighted average interest rate %	Weighted average time for which rate is fixed in years	Total fixed rate portfolio £'000	Weighted average interest rate %	Weighted average time for which rate is fixed in years
Fixed rate investments in unquoted companies	9,387	7.9	1.0	7,619	6.9	2.0

Due to the expected period to maturity of the fixed rate investments held within the portfolio, it is considered that an increase or decrease of 1% in interest rates as at the reporting date would not have had a significant effect on the Company's net assets or total return for the year.

The weighted average interest rate includes investments which have terms allowing debt interest to be rolled up, payable in future years. This interest is not recognised in the accounts until it is paid.

Floating rate

The Company's floating rate investments comprise cash held on interest-bearing deposit accounts and, where appropriate, within interest bearing money market funds. The benchmark rate which determines the rate of interest receivable on such investments is the bank base rate, which was 0.5% at 31 July 2011 (31 July 2010: 0.5%). The amounts held in floating rate investments at the balance sheet date were as follows:

	31 July 2011 £'000	31 July 2010 £'000
Money market funds	2,472	2,667
Cash on deposit	150	243
	2,622	2,910

A 1% increase in the base rate would increase income receivable from these investments and the total return for the year by £26,250 (31 July 2010: £29,100).

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. Financial instruments and risk management (continued)

Credit risk

Credit risk is the risk that counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The Investment Manager and the Board carry out a regular review of counterparty risk. The carrying values of financial assets represent the maximum credit risk exposure at the balance sheet date.

At 31 July 2011, the Company's financial assets exposed to credit risk comprised the following:

	31 July 2011 £'000	31 July 2010 £'000
Investments in fixed interest instruments	9,387	7,619
Cash on deposit & money market funds	2,622	2,910
Accrued dividends and interest receivable	12	–
	12,021	10,529

Credit risk relating to listed money market funds (being investments in floating rate instruments) is mitigated by investing in a portfolio of investment instruments of high credit quality, comprising securities issued by the UK Government and major UK companies and institutions. Credit risk relating to loans to and preference shares in unquoted companies is considered to be part of market risk.

Those assets of the Company which are traded on recognised stock exchanges are held on the Company's behalf by third party custodians (Goldman Sachs and BlackRock in the case of listed money market securities and Charles Stanley Limited in the case of quoted equity securities). Bankruptcy or insolvency of a custodian could cause the Company's rights with respect to securities held by the custodian to be delayed or limited.

Credit risk arising on the sale of investments is considered to be small due to the short settlement and the contracted agreements in place with the settlement lawyers.

The Company's interest-bearing deposit and current accounts are maintained with HSBC Bank plc. The Investment Manager has in place a monitoring procedure in respect of counterparty risk which is reviewed on an ongoing basis. Should the credit quality or the financial position of HSBC deteriorate significantly, the Investment Manager will move the cash holdings to another bank.

There were no significant concentrations of credit risk to counterparties at 31 July 2011 or 31 July 2010. By cost, no individual investment exceeded 14.7% of the Company's net assets at 31 July 2011 (31 July 2010: 12.0%).

16. Financial instruments and risk management (continued)

Liquidity risk

The Company's financial assets include investments in unquoted equity securities which are not traded on a recognised stock exchange and which generally may be illiquid. They also include investments in AIM-quoted companies which, by their nature, involve a higher degree of risk than investments on the main market. As a result, the Company may not be able to realise some of its investments in these instruments quickly at an amount close to their fair value in order to meet its liquidity requirements, or to respond to specific events such as deterioration in the creditworthiness of any particular issuer.

The Company's listed money market funds are considered to be readily realisable as they are of high credit quality as outlined above.

The Company's liquidity risk is managed on a continuing basis by the Investment Manager in accordance with policies and procedures laid down by the Board. The Company's overall liquidity risks are monitored on a quarterly basis by the Board.

The Company maintains sufficient investments in cash and readily realisable securities to pay accounts payable and accrued expenses. At 31 July 2011 these investments were valued at £2,622,000 (31 July 2010: £2,910,000).

17. Post balance sheet events

The following events occurred between the balance sheet date and the signing of these financial statements:

- Perfect Pizza Limited went into administration on 1 August 2011. The conditions that resulted in the company going into administration were evident at 31 July 2011 and therefore taken into account when assessing the fair value of the investment at the year end.
- There was a part disposal of the holding in Northern Bear plc on 26 August 2011 realising a loss of £17,000.
- The holding in CBG Group plc was subject to a cash bid on 31 August 2011 realising a loss of £296,000.
- Blanc Brasseries Holdings plc was sold on 30 September 2011 realising a profit of £18,000.

18. Contingencies, Guarantees and Financial Commitments

Provided that an intermediary continues to act for a shareholder and the shareholder continues to be the beneficial owner of the shares, intermediaries will be paid an annual trail commission up to 0.5% of the initial net asset value. Trail commission of £67,000 was paid during the year (2010: £69,000) and there was £nil outstanding at the year end.

There were no other contingencies, guarantees or financial commitments as at 31 July 2011 (2010: none).

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. Related party transactions

Eclipse 4 has employed Octopus Investments Limited throughout the year as Investment Manager.

Matt Cooper, a Non-Executive Director of Eclipse 4, is also Chairman of Octopus Investments Limited.

Eclipse 4 has paid Octopus Investments £385,000 (2010: £379,000) in the year as a management fee and there is £nil (2010: £nil) outstanding at the balance sheet date. The management fee is payable quarterly in advance and is based on 2.0% of the net asset value calculated at annual intervals as at 31 July.

Octopus Investments Limited also provides accounting and administrative services to the Company, payable quarterly in advance for a fee of 0.3% of the net asset value calculated at annual intervals as at 31 July.

During the year £58,000 (2010: £56,000) was paid to Octopus and there is £nil outstanding at the balance sheet date, for the accounting and administrative services.

In addition, Octopus is entitled to annual performance related incentive fees in the event that performance criteria in relation to the increase in net assets, after adding back distributions, are exceeded. Commencing no earlier than the close of the 2007/08 financial year and in the event that distributions per share have reached 40p in aggregate, subsequently increased to 45p following approval of the Coinvestment Agreement approved at the EGM in 2006, and the performance value at that date exceeds 130p per share, then Octopus will be entitled to an incentive fee equal to 20% of the excess of such performance value over 100p per share. The Board considers that the liability becomes due at the point that the performance criteria are met; this has not been achieved and therefore no liability has been recognised.

The Directors received the following dividends from the Company:

	31 July 2011	31 July 2010
Alex Hambro (Chairman)	£236	£236
Matt Cooper	£158	£158

DIRECTORS AND ADVISERS

Board of Directors

Alex Hambro (Chairman)
Matt Cooper
Rob Mills (appointed 20 September 2010)

Company Number

Registered in England & Wales
No. 5487744

Secretary and Registered Office

Celia L Whitten FCIS
Octopus Investments Limited
20 Old Bailey
London
EC4M 7AN

Investment and Administration Manager

Octopus Investments Limited
20 Old Bailey
London
EC4M 7AN
Tel: 0800 316 2295
www.octopusinvestments.com

Corporate Broker

Matrix Corporate Capital LLP
1 Vine Street
London
W1J 0AH
Tel: 0203 206 7176

Independent Auditor and Taxation Adviser

Grant Thornton UK LLP
3140 Rowan Place
John Smith Drive
Oxford Business Park South
Oxford
OX4 2WB

VCT Status Adviser

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Bankers

HSBC Bank plc
31 Holborn
London
EC1N 2HR

Registrars

Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU
Tel: 0871 664 0300
(calls cost 10p per minute plus network extras)
www.capitaregistrars.com

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Octopus Eclipse VCT 4 plc will be held at 20 Old Bailey, London, EC4M 7AN on Friday, 9 December 2011 at 2.30 p.m. for the purposes of considering and if thought fit, passing the following resolutions of which Resolutions 1 to 6 will be proposed as Ordinary Resolutions and Resolutions 7 and 8 will be proposed as Special Resolutions:

ORDINARY BUSINESS

1. To receive and adopt the financial statements for the year to 31 July 2011 and the Directors' and Auditor's Reports thereon.
2. To approve a final dividend of 2.0 pence per share.
3. To approve the Directors' Remuneration Report.
4. To re-elect Alex Hambro as a Director.
5. To re-appoint Grant Thornton UK LLP as auditor of the Company and to authorise the Directors to determine their remuneration.

SPECIAL BUSINESS

To consider and if thought fit, pass Resolution 6 as an Ordinary Resolution and Resolutions 7 and 8 as Special Resolutions:

6. AUTHORITY TO ALLOT RELEVANT SECURITIES

THAT the Directors be and are generally and unconditionally authorised in accordance with s551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company up to a maximum nominal amount of £265,003 (representing approximately 10% of the Ordinary share capital in issue at today's date) such authority to expire at the later of the conclusion of the Company's Annual General Meeting next following the passing of this Resolution and the expiry of 15 months from the passing of the relevant Resolution (unless previously revoked, varied or extended by the Company in a general meeting but so that such authority allows the Company to make offers or agreements before the expiry thereof, which would or might require relevant securities to be allotted after the expiry of such authority).

7. EMPOWERMENT TO MAKE ALLOTMENTS OF EQUITY SECURITIES

TO empower the Directors pursuant to s571 of the Companies Act 2006 to allot or make offers or agreements to allot equity securities (as defined in s560(1) of the said Act) for cash pursuant to the authority referred to in Resolution 6 as if s561(1) of the said Act did not apply to any such allotments and so that:

- (a) reference to allotment in this Resolution shall be construed in accordance with s560(2) of the said Act; and
- (b) the power conferred by this Resolution shall enable the Company to make any offer or agreement before the expiry of the said power which would or might require equity securities to be allotted after the expiry of the said power and the Directors may allot equity securities in pursuance of such offer or agreement notwithstanding the expiry of such power.

And this power, unless previously varied, revoked or renewed, shall come to an end at the conclusion of the Annual General Meeting of the Company next following the passing of this Resolution or, if earlier, on the expiry of 15 months from the passing of this Resolution.

8. AUTHORITY TO MAKE MARKET PURCHASES

THAT the Company be and is hereby generally and unconditionally authorised to make market purchases (within the meaning of s693(4) of the Act) of Ordinary shares of 10p each in the Company ('Ordinary shares') provided that:

- (a) the maximum number of Ordinary shares so authorised to be purchased shall not exceed 5% of the present issued Ordinary share capital of the Company;
- (b) the minimum price which may be paid for an Ordinary share shall be 10p;
- (c) the maximum price, exclusive of expenses, which may be paid for an Ordinary share is an amount equal to 105% of the average of the middle market quotations for an Ordinary share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Ordinary share is contracted to be purchased;
- (d) the authority conferred comes to an end at the conclusion of the next Annual General Meeting of the Company or upon the expiry of 15 months from the passing of this Resolution, whichever is the later; and
- (e) that the Company may enter into a contract to purchase its Ordinary shares under this authority prior to the expiry of this authority which would or might be completed wholly or partly after the expiry of this authority.

By Order of the Board

20 Old Bailey
London
EC4M 7AN



Celia L Whitten FCIS

Company Secretary

4 November 2011

NOTICE OF ANNUAL GENERAL MEETING

(continued)

NOTES

- (a) A member entitled to attend and vote at the Annual General Meeting may appoint one or more proxies to attend and vote on his or her behalf. A proxy need not be a member.
- (b) A form of proxy is enclosed which, to be effective, must be completed and delivered to the registrars of the Company, **Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU** so as to be received by no later than 48 hours before the time the Annual General Meeting is scheduled to begin. The completion and return of the form of proxy will not affect the right of a member to attend and vote at the Annual General Meeting.
- (c) As an alternative to returning a hard-copy proxy form by post, you can appoint a proxy by sending it by fax to Octopus Investments Limited on 020 7657 3338. For the proxy appointment to be valid, your appointment must be received by Octopus Investments Limited in such time as it can be transmitted to the registrars of the Company so as to be received no later than 48 hours before the time appointed for the meeting or any adjourned meeting, or in the case of a poll taken subsequent to the date of the meeting or adjourned meeting, so as to be received no later than 24 hours before the time appointed for taking the poll. Capita Registrars will not be liable for any proxy forms rendered illegible by means of fax transmission.
- (d) Any person receiving a copy of the Notice as a person nominated by a member to enjoy information rights under section 146 of the Companies Act 2006 (a 'Nominated Person') should note that the provisions in Notes (a) and (b) above concerning the appointment of a proxy or proxies to attend the meeting in place of a member, do not apply to a Nominated Person as only Shareholders have the right to appoint a proxy. However, a Nominated Person may have a right under an agreement between the Nominated Person and the member by whom he or she was nominated 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 have a right under such an agreement to give instructions to the member as to the exercise of voting rights at the meeting.
- (e) Section 319A of the Companies Act 2006 requires the Directors to answer any question raised at the AGM which relates to the business of the meeting although no answer need be given (a) if to do so would interfere unduly with the preparation of the meeting or involve disclosure of confidential information; (b) if the answer has already been given on the Company's website; or (c) if it is undesirable in the best interests of the Company or the good order of the meeting.
- (f) Members satisfying the thresholds in section 527 of the Companies Act 2006 can require the Company to publish a statement on its website setting out any matter relating to (a) 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 Annual General Meeting; or (b) any circumstances connected with an auditor of the Company ceasing to hold office since the last Annual General Meeting, that the members propose to raise at the meeting. The Company cannot require the members requesting the publication to pay its expenses. Any statement required to be placed on the website must also be sent to the Company's auditors no later than the time it makes its statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required to publish on its website.
- (g) Under sections 338 and 338A Companies Act 2006, members meeting the threshold requirements in those sections have the right to require the Company:
- (i) To give, to members of the Company entitled to receive notice of the meeting, notice of a resolution which may properly be moved and is intended to be moved at the meeting, and/or
 - (ii) To include the business to be dealt with at the meeting any matters (other than a proposed resolution) which may be properly included in the business.
- A resolution may properly be moved or a matter may properly be included in the business unless:
- (i) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the company's constitution or otherwise);
 - (ii) It is defamatory of any person; or
 - (iii) It is frivolous or vexatious.
- Such a request may be in hard copy form or in electronic form, and must identify the resolution of which notice is to be given or the matter to be included in the business, must be authorised by the person or persons making it, must be received by the Company not later than six weeks before the meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.
- (h) A copy of the Notice of Annual General Meeting and the information required by Section 311A Companies Act 2006 is included on the Company's website, www.octopusinvestments.com under Products/Venture Capital Trusts.
- (i) Copies of the Directors' Letters of Appointment, the Register of Directors' Interests in the Ordinary shares of the Company kept in accordance with the Listing Rules and a copy of the Memorandum and Articles of Association of the Company will be available for inspection at the registered office of the Company during usual business hours on any weekday from the date of this notice until the Annual General Meeting, and at the place of that meeting for at least 15 minutes prior to the commencement of the meeting until its conclusion.

PROXY FORM

OCTOPUS ECLIPSE VCT 4 PLC

Annual General Meeting – 9 December 2011 at 2.30p.m.

I/We.....

(BLOCK CAPITALS PLEASE)

of

being a member of Octopus Eclipse VCT 4 plc, hereby appoint the Chairman of the meeting or;

Name of Proxy..... Number of Shares.....

as my/our proxy and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 9 December 2011, notice of which was sent to shareholders with the Directors' Report and the accounts for the year to 31 July 2011, and at any adjournment thereof. The proxy will vote as indicated below in respect of the resolutions set out in the notice of meeting.

Please indicate by ticking the box if this proxy appointment is one of multiple appointments being made.

For the appointment of more than one proxy, please refer to the explanatory note 4 overleaf.

RESOLUTION NUMBER	FOR	AGAINST	WITHHELD
ORDINARY BUSINESS			
1. To receive, consider and adopt the financial statements for the year to 31 July 2011	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. To approve a final dividend of 2.0 pence per share	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. To approve the Directors' Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-elect Alex Hambro as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-appoint Grant Thornton UK LLP as auditor and authorise the Directors to agree their remuneration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SPECIAL BUSINESS			
6. To authorise the Directors to allot shares under s551 of the Companies Act 2006 (Ordinary Resolution)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. To disapply s561 of the Companies Act 2006 and allot shares on a non-rights issue basis (Special Resolution)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. To authorise the Directors to make market purchases of its own shares (Special Resolution)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Signed: Dated: 2011

If you are unable to attend the AGM and wish to pass on any comments to the Board, please use the box below:



NOTES

1. To be valid, the proxy form must be received by the Registrars of Octopus Eclipse VCT 4 plc at, **Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU**, no later than 48 hours before the commencement of the meeting. If delivering by courier please use the full address of Capita set out in the Notice.
2. Where this form of proxy is executed by a corporation it must be either under its seal or under the hand of an officer or attorney duly authorised.
3. Every holder has the right to appoint some other person(s) of their choice, who need not be a shareholder as his proxy to exercise all or any of his rights, to attend, speak and vote on their behalf at the meeting. If you wish to appoint a person other than the Chairman, please insert the name of your chosen proxy holder in the space provided. If the proxy is being appointed in relation to less than your full voting entitlement, please enter next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. If left blank your proxy will be deemed to be authorised in respect of your full voting entitlement. (or if this proxy form has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account.)
4. To appoint more than one proxy, you may photocopy this form. Please indicate 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 should be returned together in the same envelope.
5. The 'Vote Withheld' option is provided to enable you to abstain on any particular resolution. However, it should be noted that a 'Vote Withheld' is not a vote in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.
6. If the proxy form is signed and returned without any indication as to how the proxy shall vote, the proxy will exercise his/her discretion as to whether and how he/she votes.
7. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, entitlement to attend and vote at the meeting and the number of votes which may be cast thereat will be determined by reference to the Register of Members of the Company at 6 p.m. on the day which is two days before the day of the meeting or adjourned meeting. Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting.
8. The address on the envelope containing this notice is how your address appears on the Register of Members. If this information is incorrect please ring the Registrar's helpline on 0871 664 0300. (calls cost 10p per minute plus network extras, lines are open 8.30 a.m. - 5.30 p.m. Monday - Friday) to request a change of address form.
9. The completion and return of this form will not preclude a member from attending the meeting and voting in person.

PLEASE USE THE REPLY PAID ENVELOPE PROVIDED

the 1990s, the number of people with a mental health problem has increased in the UK, and this is expected to continue in the future (Mental Health Foundation, 2005).

There is a growing awareness of the need to improve the lives of people with mental health problems. This has led to a number of initiatives, including the development of mental health services, the promotion of self-help and peer support, and the development of mental health awareness campaigns. The aim of this paper is to explore the experiences of people with mental health problems who have participated in a self-help programme.

The paper is structured as follows. First, a brief overview of the self-help programme is given. Then, the experiences of participants are described, and finally, the implications for practice are discussed.

Method

Design

The study was a qualitative study of the experiences of people with mental health problems who had participated in a self-help programme. The study was conducted in a community mental health team in the north of England.

The study was conducted over a period of 12 months. The data were collected through a series of focus group discussions and individual interviews.

The focus group discussions were conducted with groups of three to five participants. The individual interviews were conducted with one participant at a time.

The data were analysed using the template analysis approach (Crabtree, 2005). This approach involves identifying themes in the data and then using these themes to develop a template for analysis.

The template analysis approach is a form of content analysis that is used to identify and describe the patterns of meaning that emerge from a body of text (Crabtree, 2005).

The template analysis approach is a form of content analysis that is used to identify and describe the patterns of meaning that emerge from a body of text (Crabtree, 2005).

The template analysis approach is a form of content analysis that is used to identify and describe the patterns of meaning that emerge from a body of text (Crabtree, 2005).

The template analysis approach is a form of content analysis that is used to identify and describe the patterns of meaning that emerge from a body of text (Crabtree, 2005).

The template analysis approach is a form of content analysis that is used to identify and describe the patterns of meaning that emerge from a body of text (Crabtree, 2005).

The template analysis approach is a form of content analysis that is used to identify and describe the patterns of meaning that emerge from a body of text (Crabtree, 2005).

The template analysis approach is a form of content analysis that is used to identify and describe the patterns of meaning that emerge from a body of text (Crabtree, 2005).

The template analysis approach is a form of content analysis that is used to identify and describe the patterns of meaning that emerge from a body of text (Crabtree, 2005).

The template analysis approach is a form of content analysis that is used to identify and describe the patterns of meaning that emerge from a body of text (Crabtree, 2005).

