



Eclipse VCT 4 plc  
Unaudited half-yearly report  
for the six months ended 29 February 2008

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## Financial Highlights

	Six months to 29 February 2008	Six months to 28 February 2007	Year to 31 August 2007
Net assets (£'000)	£27,729	£30,431	£29,815
Net total return after tax (£'000)	£(1,582)	£2,391	£1,805
Net asset value per share	94.1p	103.0p	101.1p
Cumulative dividends paid since launch	2.2p	0.7p	0.7p

**Eclipse VCT 4 plc (“Eclipse 4”, “Fund” or “Company”) is a venture capital trust (“VCT”) which aims to provide shareholders with attractive tax-free dividends and long-term capital growth.**

Eclipse 4 invests primarily in unquoted and AIM-quoted companies and aims to deliver absolute returns on its investments. Eclipse 4 was launched in August 2005 and raised approximately £29.1 million (£28.7 million net of expenses) through an offer for subscription which closed on 5 April 2006.

The Investment Manager is Octopus Investments Limited (“Octopus” or “Manager”). Eclipse 4 co-invests with other funds managed by Octopus. This is viewed as a benefit as it means Eclipse 4 will not only be able to invest in a wider range of opportunities but also in larger and more developed companies than are typically available to a single VCT.

The table below shows the movement in net asset value (“NAV”) per share and lists the dividends that have been paid since the launch of Eclipse 4:

Period Ended	NAV	Dividend paid in period	NAV + cumulative dividends
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

## Chairman's Statement

I am pleased to present the interim results for the six months to 29 February 2008 which indicate continued progress by the Manager in building a diversified investment portfolio in line with the original investment objectives.

### Results Review

In what have been turbulent times in the stock markets since last summer, particularly arising from concerns over the sub-prime mortgage lending in the US, there has been an impact on the volatility of the share prices of UK smaller companies listed on AIM, and the holdings within the quoted Eclipse 4 portfolio have not been immune. In the six months to 29 February 2008, the NAV per share decreased 6.9% to 94.1p. However, a 1.5p per share dividend has been paid in the period and as such the total return has only fallen 5.4%. The Manager crystallised a profit of nearly £619,000 from the sale of Gyro International Limited and took profits of £64,000 from the disposal of BBI Holdings plc. Unfortunately a loss on the exit from NPI Media Group Limited has cancelled out the returns on these profitable realisations. However, given the success of the Gyro realisation and the Board's intention to provide a regular, tax-free stream of dividends where possible, a dividend of 1.0p per share has been declared. This dividend will be paid on 27 June 2008 to those shareholders on the register on 30 May 2008. Dividends paid since launch will subsequently total 3.2p per share.

### Investment Portfolio

During the period, eight new investments and several follow-on investments were made totalling £8.3 million. As mentioned above, the Fund realised a gain on the disposal of BBI Holdings plc and from the sale of Gyro International Limited. The reduction in NAV, not otherwise attributed to the small net loss resulting from realisations, comes from a decline in the value of the AIM portfolio.

Further information on the holdings in the portfolio can be found in the Investment Manager's review.

### Share Price

The Company's mid market share price currently stands at 88.0p compared to the NAV of 94.1p. Octopus is working towards developing strategies to increase liquidity in the market by stimulating trade in VCT shares in the secondary market.

### VCT Qualifying Status

PricewaterhouseCoopers LLP provides the Board and Investment Manager with advice on the ongoing compliance with Her Majesty's Revenue & Customs ("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.

## Chairman's Statement (continued)

A key requirement is for 70% of the portfolio to be invested in qualifying investments by the end of the third accounting period following that in which new share capital was subscribed. As at 29 February 2008, over 67% of the portfolio (according to HMRC regulations) was invested in VCT qualifying investments, in line with our expectations at this stage of the Fund's life. In light of the current deal flow, the Board is confident of achieving the required investment level.

### Outlook

The Board's focus is to continue to generate capital growth. As the Fund becomes fully invested the challenge for the Manager will be the realisation and timing of gains from a relatively illiquid portfolio to support the development of an attractive tax-free dividend profile whilst also releasing funds for new investment. The diversified nature of the portfolio should assist the Manager in achieving this objective. However, the economic environment in the UK has become more uncertain over the last six months and this may have an impact on the liquidity in the markets, and as such, the volatility of company valuations in the future.



R Gregory Melgaard  
Chairman

23 April 2008

# Investment Manager's Review

## Personal Service

At Octopus, we pride ourselves not only on our team's track record but also on our personalised customer service. We believe in open communication and our regular updates are designed to keep you involved and informed.

If you have any questions about this review, or if it would help to speak to one of the fund managers, please do not hesitate to contact us on 020 7710 2800.

## Portfolio Review

During the period to 29 February 2008 a further £8.3 million was invested in eight new and several follow-on investments. This takes the total currently invested by Eclipse 4 in unquoted and AIM quoted investments to £16.9 million by value. The remaining funds are invested in cash and money market securities awaiting investment in suitable qualifying opportunities.

	Investment at cost (£'000)	Unrealised profit/(loss) (£'000)	Carrying value at 29 February 2008 (£'000)	% equity held by Eclipse VCT 4	% equity held by all funds managed by Octopus
<b>Unquoted investments</b>					
The Grill Group Limited	1,984	-	1,984	15.9%	51.6%
Sweet Cred Holdings Limited	1,677	-	1,677	7.7%	24.5%
The History Press Limited	1,604	-	1,604	15.2%	60.0%
Bruce Dunlop & Associates Limited	1,250	-	1,250	12.0%	33.3%
T4 Holdings Limited	1,000	-	1,000	11.1%	41.7%
Tristar Worldwide Limited	1,000	-	1,000	10.0%	35.0%
CSL DualCom Limited	918	68	986	11.5%	45.8%
Promotion Space Limited	727	-	727	9.1%	28.2%
Audio Visual Machines Limited	711	-	711	11.3%	45.0%
Adrenalin Design Limited	905	(226)	679	11.0%	42.9%
Hydrobolt Limited	410	-	410	0.0%	0.0%
Perfect Pizza Limited	372	-	372	4.9%	34.3%
The Capital Pub Company 2 plc	200	-	200	1.2%	8.2%
Blanc Brasserie Holdings plc	55	-	55	0.7%	3.3%
Red-M Group Limited	241	(241)	-	1.7%	9.3%
<b>Total unquoted investments</b>	<b>13,054</b>	<b>(399)</b>	<b>12,655</b>		
<b>AIM-quoted investments</b>					
Tanfield Group plc	143	545	688	0.2%	2.6%
Hexagon Human Capital plc	677	(32)	645	2.7%	11.5%
Plastics Capital plc	500	(65)	435	1.9%	12.7%
CBG Group plc	383	24	407	2.0%	14.2%
Hasgrove plc	400	(7)	393	1.6%	7.9%
Pressure Technologies plc	165	77	242	1.0%	5.3%
Northern Bear plc	299	(87)	212	1.2%	8.4%
Vertu Motors plc	250	(77)	173	0.5%	3.2%
Healthcare Locums plc	100	71	171	0.2%	0.9%
Brulines Holdings plc	147	23	170	0.5%	2.6%
Optimisa plc	195	(47)	148	1.0%	5.3%
Cantono plc	420	(273)	147	1.4%	9.9%
Concateno plc	85	55	140	0.1%	0.5%
Myhome International plc	350	(248)	102	0.8%	6.3%
Cohort plc	68	23	91	0.1%	2.2%
Autoclenz Holdings plc	125	(75)	50	1.0%	12.8%
Invocas plc	40	(5)	35	0.1%	1.3%
<b>Total AIM-quoted investments</b>	<b>4,347</b>	<b>(98)</b>	<b>4,249</b>		
<b>Total investments</b>	<b>17,401</b>	<b>(497)</b>	<b>16,904</b>		

## Investment Manager's Review (continued)

### Review of Investments

At 29 February 2008, the Eclipse 4 portfolio comprised investments in 15 unquoted and 17 AIM-quoted companies. The unquoted investments are in ordinary shares with full voting rights as well as loan note securities and a small number of preference shares. The AIM-quoted investments are in ordinary shares with full voting rights.

During the period, three investments were fully disposed of; Gyro International Limited, NPI Media Group Limited and BBI Holdings plc. Gyro was particularly successful crystallising a profit of nearly £619,000 for the Fund and returning a 69% IRR. We exited from BBI Holdings plc following an agreed bid for the company at a 99.4% premium to the original book cost.

On a less positive note the investment in NPI Media Group Limited was disposed of at a loss to a new vehicle, The History Press Limited, which Eclipse 4, and the other three Eclipse funds, are shareholders in. The value at which the transaction took place was considered prudent and, in due course, a recovery of the investment value may occur through the progress made by The History Press. The structure of the investment held by the Eclipse funds in The History Press ensures the Funds rank ahead of all other investors. In addition, a provision has been made against Adrenalin Design Limited and a further provision has been made against Red-M Group Limited, effectively valuing our holding in this company at zero. Octopus considers these provisions totalling £467,250 to be prudent, based on underperformance against the investment plan.

With regard to the AIM portfolio, it was a difficult period for small quoted companies resulting in the FTSE AIM All-Share falling by 8.0% over the six months to 29 February 2008. The AIM exposure of Eclipse 4 wasn't immune and also suffered, falling by a net £541,000 in value over the 6 month period. Since the period end the AIM portfolio has suffered further in the wake of recent volatility and lack of liquidity in the AIM market, however we remain confident that these investments will deliver value over the medium term. As at 29 February 2008, the AIM portfolio had contributed net realised gains of over £847,000.

A summary of the realisations in the period is shown below:

Realisations	Initial investment date	Cost of investment realised (£'000)	Proceeds of investment (£'000)	Total profit (£'000)
Gyro International Limited	October 2006	704	1,323	619
BBI Holdings plc	May 2006	64	127	63
NPI Media Group Limited	January 2007	1,898	912	(986)
		2,666	2,362	(304)

## Investment Manager's Review (continued)

### New Investments

During the period, eight new investments and several follow-on investments were made totalling £8.3 million. These investments are set-out below:

#### The Grill Group Limited (Unquoted)

**Investment date:** September 2007

**Cost:** £1,983,500

**Valuation:** £1,983,500

The Grill Group has three restaurant brands: Smollensky's, with nine Bar & Grill and Burgershack sites in London, Le Frog Bistros and Pastiche with eight restaurants in the North West and Midlands. In September 2007, Octopus committed £6 million to fund the acquisition of the Smollensky's chain of restaurants by the Shire Group, which owned the Le Frog and Pastiche chains. The investment strategy includes the operational turnaround of Smollensky's during the first twelve months, followed by the roll-out of the Smollensky's and Le Frog restaurant brands.

#### Optimisa plc (AIM-quoted)

**Investment date:** October 2007

**Cost:** £195,000

**Valuation:** £148,500

Optimisa provides market research and consultancy services. Recently Optimisa completed the earnings enhancing acquisition of EQ Group, a business operating in a very similar sector. Historically Optimisa and EQ have competed for contracts and we expect the larger and more diversified group to exploit a number of synergies and cross selling opportunities. Optimisa which is currently capitalised at £13.8 million is expected to make a profit of £2.8 million on a turnover of £24.1 million for the year to December 2008.

#### Myhome International plc (AIM-quoted)

**Investment date:** November 2007

**Cost:** £350,000

**Valuation:** £102,100

Myhome is an acquisitive national franchise group. The company has become a market leader in the growing sector of residential cleaning under the brand of Myhome, and has extended its offering by rolling out other franchises including electrical, plumbing and cleaning services. In June 2006 the company acquired Ovensclean, the UK's leading domestic oven cleaning franchise with a ten year growth history and over 165 franchisees. More recently Myhome completed the acquisition of ChipsAway, a mobile service delivered to customers' homes and offices, repairing scratches, chips and other minor damage to car paintwork using proprietary technology. Myhome which is currently capitalised at £11.3 million is expected to make a profit before tax of £3.6 million on a turnover of £16.2 million for the year to 30 September 2008.

## Investment Manager's Review (continued)

### Plastics Capital plc (AIM-quoted)

**Investment date:** December 2007

**Cost:** £500,000

**Valuation:** £435,000

Plastics Capital was set up to build a group of niche plastics manufacturing companies, each with a strong market position and good cash generation characteristics. The group currently comprises three separate businesses with factories located in Knaresborough, Leicester, Dartford and Poole with an aggregate turnover in excess of £15 million. We expect Plastics Capital, which is currently valued at £24.2 million, to achieve a profit before tax of £4.3 million for the year ending March 2009.

### The History Press Limited (Unquoted)

**Investment date:** December 2007

**Cost:** £1,603,506

**Valuation:** £1,603,506

The History Press was incorporated in order to buy the assets of NPI Media Limited from administration. It is the UK market leading publisher of distinctive 'local interest' history books. In December 2007 Eclipse 4 invested £1 million, as part of a £4 million investment by Octopus funds, into a new vehicle, The History Press Limited, set up to acquire NPI through a restructuring process. In addition, guarantees totalling £1.5 million (Eclipse 4 – £519,000) were provided to support working capital facilities. NPI had performed poorly since the initial investment and had been particularly impacted by its printing operations. Through the restructuring process, initiated by Octopus, The History Press only acquired the publishing assets from NPI and we believe that this will make a more robust and exciting investment for the future. Through the new investment, Eclipse 4 realised just under half its original investment in NPI, the balance being written off. A considerable amount of time has been put into the investment by Octopus, and this has included the recruitment of a new management team.

### Bruce Dunlop & Associates Limited (Unquoted)

**Investment date:** December 2007

**Cost:** £1,250,000

**Valuation:** £1,250,000

Bruce Dunlop & Associates provides promotion and design services to broadcasters and advertisers worldwide and also creates brand films and internal communications for leading UK corporations, including Hallmark, Barclays, Discovery and Sony. The company operates from offices in London, Munich, Dubai, Singapore and Sydney.

## Investment Manager's Review (continued)

### Tristar Worldwide Limited (Unquoted)

**Investment date:** January 2008

**Cost:** £1,000,000

**Valuation:** £1,000,000

Tristar is one of the world's leading chauffeur companies, carrying over 400,000 passengers for 400 clients in 2007 alone. The business operates in 44 countries with its own vehicles in the UK and a rapidly expanding service in the US. It has a blue chip customer base which includes Virgin, Emirates, BP, Goldman Sachs and Merrill Lynch.

### Hydrobolt Limited (Unquoted)

**Investment date:** February 2008

**Cost:** £410,000

**Valuation:** £410,000

Hydrobolt is a specialist manufacturer of high integrity fasteners for the oil & gas and energy sectors, and the investment was for the management buy-out of Hydrobolt.

In addition to the new investments above, the Company made follow-on investments in another three of the unquoted portfolio companies during the period under review. These include an investment of £136,927 in NPI Media Limited, which has subsequently been sold to The History Press Limited, £676,819 into Sweet Cred Holdings Limited and £209,311 into Promotion Space Limited.

## Recent Transactions

Since the period end, the Fund has made one further investment.

### *Hydrobolt Limited*

Eclipse 4 invested a further £998,500 in the management buy-out of Hydrobolt Limited in April 2008 as part of £3.5 million investment across all the Eclipse funds. As mentioned above, Hydrobolt is a specialist manufacturer of high integrity fasteners for the oil & gas and energy sectors.

If you have any questions on any aspect of your investment, please call one of the team on 020 7710 2800.



Simon Rogerson  
Chief Executive

## Profit and Loss Account

	Six months to 29 February 2008			Six months to 28 February 2007			Year to 31 August 2007		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gain on disposal of investments held at fair value	-	321	321	-	698	698	-	926	926
Unrealised (loss)/gain on fair value of investments	-	(1,762)	(1,762)	-	1,625	1,625	-	823	823
Income	346	-	346	506	-	506	948	-	948
Investment management fees	(87)	(263)	(350)	(82)	(247)	(329)	(166)	(499)	(665)
Other expenses	(173)	-	(173)	(109)	-	(109)	(194)	-	(194)
<b>Profit/(loss) on ordinary activities before tax</b>	<b>86</b>	<b>(1,704)</b>	<b>(1,618)</b>	<b>315</b>	<b>2,076</b>	<b>2,391</b>	<b>588</b>	<b>1,250</b>	<b>1,838</b>
Taxation on profit/(loss) on ordinary activities	-	-	-	(60)	60	-	(33)	-	(33)
<b>Profit/(loss) on ordinary activities after tax</b>	<b>86</b>	<b>(1,704)</b>	<b>(1,618)</b>	<b>255</b>	<b>2,136</b>	<b>2,391</b>	<b>555</b>	<b>1,250</b>	<b>1,805</b>
<b>Revenue and capital (loss)/return per share – basic and diluted</b>	<b>0.3p</b>	<b>(5.8)p</b>	<b>(5.5)p</b>	<b>0.9p</b>	<b>7.2p</b>	<b>8.1p</b>	<b>1.9p</b>	<b>4.2p</b>	<b>6.1p</b>

- the total column of this statement is the profit and loss account of the Company
- all revenue and capital items in the above statement derive from continuing operations
- the accompanying notes are an integral part of the interim financial information
- 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 securities

## Reconciliation of Movements in Shareholders' Funds

	Six months ended 29 February 2008 £'000	Six months ended 28 February 2007 £'000	Year to 31 August 2007 £'000
<b>Shareholders' funds at start of period</b>	<b>29,815</b>	28,247	28,247
(Loss)/profit on ordinary activities after tax	(1,618)	2,391	1,805
Cancellation of own shares	(26)	-	(30)
Dividends paid	(442)	(207)	(207)
<b>Shareholders' funds at end of period</b>	<b>27,729</b>	30,431	29,815

## Balance Sheet

	As at 29 February 2008		As at 28 February 2007		As at 31 August 2007	
	£'000	£'000	£'000	£'000	£'000	£'000
Fixed asset investments		16,892		9,705		12,535
Current assets:						
Investments – money market securities	10,223		18,557		17,080	
Debtors	201		1,690		241	
Cash at bank	493		584		46	
	10,917		20,831		17,367	
Creditors: amounts falling due within one year	(80)		(105)		(77)	
Net current assets		10,837		20,726		17,290
<b>Net assets</b>		<b>27,729</b>		<b>30,431</b>		<b>29,825</b>
Called up equity share capital	2,947		2,953		2,950	
Special distributable reserve	25,057		25,114		25,089	
Capital redemption reserve	6		208		3	
Revaluation Reserve	(376)		1,893		882	
Profit and loss account	95		263		901	
<b>Total shareholders' funds</b>		<b>27,729</b>		<b>30,431</b>		<b>29,825</b>
<b>Net asset value per share</b>		<b>94.1p</b>		<b>103.0p</b>		<b>101.1p</b>

## Cash Flow Statement

	Six months ended 29 February 2008 £'000	Six months to 28 February 2007 £'000	Year to 31 August 2007 £'000
Net cash inflow/(outflow) from operating activities	15	(1,606)	(112)
Financial investment:			
Purchase of investments	(8,319)	(5,384)	(9,551)
Sale of investments	2,362	1,282	1,965
Management of liquid resources:			
Decrease in money market securities	6,857	6,488	7,965
Dividends paid	(442)	(207)	(207)
Financing:			
Issue of own shares	–	–	–
Repurchase of own shares	(26)	–	(24)
<b>Increase in cash resources</b>	<b>447</b>	<b>573</b>	<b>36</b>

## Reconciliation of Net Cash Flow to Movement in Liquid Resources

	Six months ended 29 February 2008 £'000	Six months to 28 February 2007 £'000	Year to 31 August 2007 £'000
Increase in cash resources	447	573	31
Movement in liquid resources	(6,857)	(6,488)	(7,966)
Opening net liquid resources	17,121	25,056	25,056
<b>Net cash at end of period</b>	<b>10,711</b>	<b>19,141</b>	<b>17,121</b>

## Reconciliation of Operating Profit before Taxation to Cash Flow from Operating Activities

	<b>Six months ended 29 February 2008 £'000</b>	<b>Six months to 28 February 2007 £'000</b>	<b>Year to 31 August 2007 £'000</b>
(Loss)/profit on ordinary activities before tax	<b>(1,618)</b>	2,391	1,842
Profit on disposal of fixed asset investments	<b>(222)</b>	(698)	(940)
Decrease/(increase) in debtors	<b>40</b>	(1,675)	(225)
Increase/(decrease) in creditors	<b>3</b>	1	(61)
Unrealised loss/(gain) on fixed asset investments	<b>1,812</b>	(1,625)	(728)
<b>Inflow/(outflow) from operating activities</b>	<b>15</b>	(1,606)	(112)

# Notes to the Interim Financial Statements

## 1. Basis of Preparation

The unaudited interim results which cover the six months to 29 February 2008 have been prepared in accordance with applicable accounting standards in the United Kingdom, to include a Profit and Loss Account, Reconciliation of Movements in Shareholders' Funds, Balance Sheet and Cash Flow Statement.

## 2. Publication of Non-Statutory Accounts

The unaudited interim results for the six months ended 29 February 2008 and 28 February 2007 do not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985 and have not been delivered to the Registrar of Companies. The comparative figures for the year ended 31 August 2007 have been extracted from the audited financial statements for that year, which have been delivered to the Registrar of Companies. The independent auditor's report on those financial statements under Section 235 of the Companies Act 1985 was unqualified.

## 3. Earnings per Share

The calculation of the revenue and capital (loss)/return per share is based on the (loss)/return on ordinary activities after tax for the period and on 29,500,574 shares (31 August 2007: 29,525,085 and 28 February 2007: 29,541,147 shares), being the weighted average number of shares in issue during the period.

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

## 4. Net Asset Value per Share

The calculation of net asset value per share is based on the net assets at 29 February 2008 and on 29,475,498 shares being the number of shares in issue at the same date (31 August 2007: 29,502,003 and 28 February 2007: 29,541,147).

## 5. Dividend

The interim dividend of 1.0p per share for the six months ended 29 February 2008 will be paid on 27 June 2008 to shareholders on the register at the close of business on 30 May 2008. A final dividend of 1.5p per share, relating to the year ended 31 August 2007, was paid on 19 February 2008 to shareholders on the register on 25 January 2008.

6. During the six months ended 29 February 2008 the Company bought back 31,505 shares at a weighted average price of 83.7p per share.

7. Copies of this statement are being sent to all shareholders. Copies are also available from the registered office of the Company at 8 Angel Court, London, EC2R 7HP.





