Murray
VCT 4
PLC

Long term capital and income growth principally through investment in smaller unquoted companies in the United Kingdom

Interim Report

31 August 2001

Corporate Information

Directors	Sir Gavin Laird CBE (Chairman) S J Dobbie CBE A G MacMillan C G Stuart-Menteth A E Whitworth
Manager & Secretary	Murray Johnstone Limited 123 St Vincent Street Glasgow G2 5EA Tel: 0141 306 7400
Registered Office	One Bow Churchyard Cheapside London EC4M 9HH Registered in England and Wales Company Registration Number: 3908220
Registrars	Capita IRG Plc Balfour House 390/398 High Road Essex IG1 INQ Shareholder helpline: 020 8639 2000
Stockbroker	UBS Warburg
Solicitor	S J Berwin & Co
Auditors	Ernst & Young LLP
Custodian Banker	JP Morgan Chase Bank

Analysis of Unlisted Portfolio

As at 31 August 2001

FTSE Actuaries Industry Sector	Valuation £'000	%
Media & Photography	1,904	19.9
Health	1,422	14.9
Support Services	1,361	14.3
General Retailers	1,000	10.5
Transport	783	8.2
Engineering & Machinery	641	6.7
Distributors	641	6.7
Construction & Building Materials	600	6.3
Household Goods & Textiles	530	5.6
Leisure, Entertainment & Hotels	526	5.5
Telecommunication Services	130	1.4
	9,538	**100.0**

Deal Type	Number of deals	Valuation £'000	%
Management buyouts	10	3,937	41.3
Development Capital	4	3,209	33.6
Acquisition Finance	3	1,862	19.5
Management buy-ins	1	530	5.6
	18	**9,538**	**100.0**

Aberdeen Murray Johnstone Regional Office	Number of deals	Valuation £'000	%
Birmingham	6	4,335	45.4
Manchester	7	3,463	36.3
Leeds	3	1,610	16.9
Glasgow	1	130	1.4
London	1	–	–
	18	**9,538**	**100.0**

Note: The total portfolio of investments, including both listed and unlisted investments, is valued at £35,465,000.

Investment Review

Investment Activity

New investments during the six months to 31 August 2001 totalled £3.4 million taking the portfolio to 18 investments at a total cost of £11.0 million. This represented a qualifying investment level of 28% on the funds raised in March 2000.

The following new investments have been made since the publication of the annual report:

Businesshealth Group PLC (May 2001) - £495,000

Based in London, Businesshealth provide health management services to employers. The total fundraising was £0.8 million. Murray VCT, Murray VCT 2, Murray VCT 3, Aberdeen Growth VCT 1 and South Yorkshire Pension Authority were co-investors.

Unique Communications Group Limited (June 2001) - £732,000

Based in Manchester, Unique provides TV production and communications services. The total fundraising was £4.0 million. Murray VCT, Murray VCT 2, Murray VCT 3, Ventures North West and Aberdeen Development Capital were co-investors.

Citel Technologies Limited (August 2001) - £130,000

Based in Nottingham, Citel is a provider of Internet Protocol ("IP") telephony solution services. The total fundraising was £2.125 million. Murray VCT, Murray VCT 2, Murray VCT 3, Aberdeen Growth VCT 1, Aberdeen Development Capital and Aberdeen City Council Superannuation Fund were co-investors.

The Board is confident that Murray VCT 4 will achieve the target of having at least 70% of its total investments in qualifying holdings, to comply with the Venture Capital Trust legislation, within the three year qualifying period which ends on 28 February 2003.

Market Conditions

Conditions in the UK economy, in particular for manufacturing industry, have continued to be very difficult and the fall-out from the downturn in the technology sector has also continued in the second half of the financial year. The immediate impact of the terrorist attacks in the United States was extremely negative on all markets and the US economy is in recession. Central banks have responded by cutting interest rates and the oil price has been kept low so far. Nevertheless, all businesses are affected and certain cost increases such as insurance are inevitable. In taking account of these very unusual conditions, the Board has taken a prudent approach to the valuations.

Portfolio Developments

Notwithstanding the difficult market conditions most companies in the portfolio are trading satisfactorily; however there is as yet only a short trading history in most of the companies and it is still too early to judge long term prospects. The majority of deals to date have been development capital transactions. All investments have been valued at cost apart from three, against which provisions have been made due to trading difficulties being encountered by those companies.

Net Asset Value

The net asset value per share at 31 August 2001 before payment of the interim dividend was 93.2p compared with 95.0p at 28 February 2001. Although the basis of valuation is different, the 1.9% reduction in NAV compares with reductions over the same period of 14% in the FTSE SmallCap index, 23% in the FTSE AIM index and 37% in the FTSE techMARK 100 index, all of which have seen further falls since the period end.

Murray VCT 4's investments in unlisted companies are valued in accordance with the British Venture Capital Association guidelines. Investments are normally valued at cost or cost less a provision until they have been held for at least one year. As a result, should performance be ahead of plan, which would imply an increase in the value of the investment, this would not be reflected for at least 12 months; on the other hand material underperformance would be immediately reflected in a reduced valuation.

Investment Review (continued)

Dividends

In the annual report for the year ended 28 February 2001, the Board proposed a final dividend of 1.8p per share. The dividend was paid on 13 July 2001 to shareholders on the register at close of business on 15 June 2001. The Directors declare an interim dividend of 1p per share in respect of the year ended 28 February 2002 (2001 – 1p). The dividend will be paid on 7 December 2001 to shareholders on the register at close of business on 9 November 2001.

Since the Company's launch, most shareholders will have received 3.8p in tax-free dividends. To an investor who took advantage of all of the available tax reliefs and deferrals, this represents a return of over 9% of the effective initial investment cost of 40p per share and is equivalent to an annual dividend yield of 8.9% from a conventional listed equity for a higher rate taxpayer. This compares with the FTSE SmallCap yield of 2.6% and the FTSE All-Share yield of 2.3%.

The timing of realisations and the resulting distributions of capital gains will be unpredictable and the dividend stream is likely to vary from year to year.

Dividend Reinvestment

Shareholders may opt to reinvest their dividends in new Murray VCT 4 shares and enjoy the same tax reliefs as were available on their initial investment. Full details of the terms and conditions applicable to the reinvestment of dividends are available from the Manager.

Co-investment

Murray VCT 4 has co-invested with other clients of the Aberdeen Asset Management group in a number of investments and is expected to continue to do so. The advantages are that, together, the funds are able to underwrite a wider range and size of transaction than would otherwise be the case.

The presence of parallel funds ensures that when one fund becomes fully invested, adequate deal flow continues to be attracted by the others, thus ensuring availability of opportunities for future investment when holdings are realised.

Murray VCT, Murray VCT 2 and Murray VCT 3 have all passed the 70% qualifying investment level and no longer have any prior right to investment opportunities. Murray VCT 4 therefore has a prior right to investment opportunities under £750,000 until the fund has reached the 70% investment threshold.

Larger investment opportunities will be apportioned between the venture capital trusts pro rata to the capital raised after expenses, as will all investments after Murray VCT 4 has passed the 70% threshold. Participation in each case is also dependent on the availability of funds and other portfolio requirements.

The Directors have approved these co-investment arrangements; their approval is required to depart from these.

Outlook

The investment rate in the period since launch of Murray VCT 4 has been encouraging; however these results have been achieved in a financial year in which economic conditions have worsened steadily. Although the economic downturn has been confined largely to the technology and manufacturing sectors, the events of 11 September 2001 had a negative impact on all markets. Whilst the portfolio contains a solid core of companies whose prospects should be good, the immediate future will remain unclear until the political and economic climate have stabilised.

Whilst deal flow remains strong throughout the Aberdeen Murray Johnstone Private Equity network and the Manager is confident of adequate opportunities in which to invest the balance of the uninvested funds, the Manager will be exercising greater caution in the current climate in the pricing and selection of new investment opportunities.

By order of the Board
Murray Johnstone Limited
Manager and Secretary

16 October 2001

Summary of Investment Changes

For the six months ended 31 August 2001

	Valuation 28 February 2001 £'000	%	Net investment (disinvestment) £'000	Appreciation (depreciation) £'000	Valuation 31 August 2001 £'000	%
Unlisted investments						
Equities	2,303	6.3	1,597	(281)	3,619	10.2
Preference shares	950	2.6	4	(399)	555	1.5
Loan stocks	4,108	11.3	1,813	(557)	5,364	15.1
	7,361	**20.2**	**3,414**	**(1,237)**	**9,538**	**26.8**
Listed investments						
Fixed income	28,703	78.8	(2,810)	34	25,927	73.1
Total investments	**36,064**	**99.0**	**604**	**(1,203)**	**35,465**	**99.9**
Other net assets	368	1.0	(343)	–	25	0.1
Total assets*	**36,432**	**100.0**	**261**	**(1,203)**	**35,490**	**100.0**

*Total assets represents equity shareholders' funds.

Investment Portfolio Summary

As at 31 August 2001

	Nature of business	Valuation £'000	% of total assets
Unlisted investments			
Conveco	Convenience store operator	1,000	2.8
Synexus	Management of clinical trials	927	2.6
TLC (Tender Loving Childcare)	Operator of day care nurseries	832	2.3
CCM Motorcycles	Motorcycle manufacturer	783	2.2
Unique Communications	Communications & media consultancy	732	2.1
ELE Advanced Technologies	Precision engineering	641	1.8
First Line	Supplier and distributor of automotive parts to aftermarket	641	1.8
Visual Gold	Creative design and animation services	622	1.8
Jupiter II	Supplier to the construction industry	600	1.6
Cool Beans Productions	Digital animation & design studio	550	1.6
Interak	Import & distribution of small household items	530	1.5
Other investments valued individually at less than £530,000		1,680	4.7
		9,538	**26.8**
Listed fixed income investments			
Treasury 5% 7/6/2004		9,290	26.2
Treasury 8.5% 7/12/2005		5,312	15.0
Treasury 9.75% 27/8/2002		4,427	12.5
European Investment Bank 6% 26/11/2004		3,562	10.0
Treasury 8% 10/6/2003		3,336	9.4
		25,927	**73.1**
Total investments		**35,465**	**99.9**

Independent Review Report to the Shareholders of Murray VCT 4 PLC

Introduction

We have been instructed by the Company to review the financial information for the six months ended 31 August 2001 which comprises the Statement of Total Return, Balance Sheet, Cash Flow Statement and the related notes 1 to 3. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Directors' Responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the Directors. The Directors are reponsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the annual accounts except where any changes, and the reasons for them, are disclosed.

Review of Work Performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and underlying financial data and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with United Kingdom Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

Review Conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 31 August 2001.

Ernst & Young LLP
Glasgow

16 October 2001

Statement of Total Return

(Incorporating the Revenue Account of the Company*)

For the six months ended 31 August 2001 (unaudited)

	Six months to 31 August 2001		
	Revenue £'000	**Capital £'000**	**Total £'000**
Realised gains on sales	–	47	47
Unrealised (losses) gains	–	(1,250)	(1,250)
(Losses) gains on investments	–	(1,203)	(1,203)
Income from investments	1,033	–	1,033
Other income	13	–	13
Investment management fees	(173)	(260)	(433)
Other expenses	(86)	–	(86)
Net return on ordinary activities before taxation	**787**	**(1,463)**	**(676)**
Tax on ordinary activities	(242)	242	–
Return attributable to equity shareholders	**545**	**(1,221)**	**(676)**
Ordinary dividends on equity shares	(385)	–	(385)
Transfer to (from) reserves	**160**	**(1,221)**	**(1,061)**
Returns per Ordinary share (pence)	**1.4**	**(3.2)**	**(1.8)**

*The revenue column of this statement is the profit and loss account of the Company.

Notes to the Financial Statements

1. Accounting policies

The financial information contained in this report has been prepared on the basis of the accounting policies set out in the Annual Report for the year ended 28 February 2001.The results for the year ended 28 February 2001 are abridged from the full accounts for that year, which received an unqualified report from the Auditors and have been filed with the Registrar of Companies.

2. Returns per share

The returns per Ordinary share have been calculated using the average number of shares in issue during the period of 38,398,921. The net asset value per Ordinary share has been calculated using the number of shares in issue at 31 August 2001 of 38,489,088.

33 weeks to 31 August 2000			59 weeks to 28 February 2001		
Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
–	27	27	–	99	99
–	55	55	–	324	324
–	82	82	–	423	423
830	–	830	1,919	–	1,919
25	–	25	34	–	34
(106)	(159)	(265)	(237)	(355)	(592)
(77)	–	(77)	(177)	–	(177)
672	**(77)**	**595**	**1,539**	**68**	**1,607**
(202)	48	(154)	(455)	(96)	(551)
470	**(29)**	**441**	**1,084**	**(28)**	**1,056**
(383)	–	(383)	(1,073)	–	(1,073)
87	**(29)**	**58**	**11**	**(28)**	**(17)**
1.2	**(0.1)**	**1.1**	**2.83**	**(0.07)**	**2.76**

3. **Movement in reserves**	Share premium account £'000	Capital reserve - realised £'000	Capital reserve - unrealised £'000	Revenue reserve £'000
As at 1 March 2001	32,612	(180)	152	11
Issue of shares	106	–	–	–
Gains on sales of investments	–	47	–	–
Decrease in unrealised appreciation	–	–	(1,249)	–
Investment management fees	–	(260)	–	–
Tax effect of capital items	–	64	178	–
Retained profit for the period	–	–	–	160
As at 31 August 2001	**32,718**	**(329)**	**(919)**	**171**

Balance Sheet

As at 31 August 2001 (unaudited)

	31 August 2001 £'000	31 August 2000 £'000	28 February 2001 £'000
Fixed assets			
Investments	35,465	35,982	36,064
Current assets			
Debtors	798	552	1,058
Cash and overnight deposits	461	663	798
	1,259	1,215	1,856
Creditors			
Amounts falling due within one year	1,234	756	1,488
Net current assets	25	459	368
	35,490	**36,441**	**36,432**
Capital and reserves			
Called up share capital	3,849	3,830	3,837
Share premium	32,718	32,553	32,612
Capital reserve - realised	(329)	(85)	(180)
Capital reserve - unrealised	(919)	56	152
Revenue reserve	171	87	11
Equity shareholders' funds	**35,490**	**36,441**	**36,432**
Net asset value per Ordinary share (pence)	**92.2**	**95.2**	**95.0**

Sir Gavin Laird

16 October 2001 Director

Cash Flow Statement

For the six months ended 31 August 2001 (unaudited)

	Six months to 31 August 2001 £'000	33 weeks to 31 August 2000 £'000	59 weeks to 28 February 2001 £'000
Operating activities			
Investment income received	905	538	1,848
Deposit interest received	15	24	32
Investment management fees paid	(381)	(100)	(426)
Secretarial fees paid	(30)	(9)	(39)
Cash paid to and on behalf of Directors	(29)	(7)	(26)
Other cash payments	(41)	(8)	(31)
Net cash inflow from operating activities	**439**	**438**	**1,358**
Financial investment			
Purchase of investments	(2,883)	(40,371)	(50,886)
Sale of investments	2,679	4,252	14,260
Net cash outflow from financial investment	**(204)**	**(36,119)**	**(36,626)**
Equity dividends paid	(690)	–	(383)
Net cash outflow before financing	**(455)**	**(35,681)**	**(35,651)**
Financing			
Issue of Ordinary shares	118	38,298	38,364
Expenses of share issue	–	(1,954)	(1,915)
Net cash inflow from financing	**118**	**36,344**	**36,449**
(Decrease) increase in cash	**(337)**	**663**	**798**

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Regulated by IMRO

Member of the Aberdeen Asset Management Group of Companies