

04

Murray VCT 4 PLC

Interim Report
Six months ended 31 August 2004



Aberdeen

Key Facts

	31 August 2004	29 February 2004	% change
Assets			
Net assets	£28,354,000	£28,367,000	(0.05%)
Cumulative returns to Shareholders since launch			
Net Asset Value total return ¹ (without tax reliefs)	88.2%	86.6%	
Net Asset Value total return ¹ (with tax reliefs ³)	111.9%	110.1%	
Total return ² (without tax reliefs)	84.6p	83.2p	
Total return ² (with tax reliefs ³)	104.6p	103.2p	
Ordinary shares			
Net Asset Value	74.6p	73.7p	1.22%
Share price	51.5p	53.5p	(3.74%)
Discount to Net Asset Value	31.0%	27.4%	
Ordinary shares in issue at period end	38,019,567	38,496,295	

¹ With dividends re-invested

² Sum of current Net Asset Value and dividends paid to date

³ Income tax relief at 20%

Source: Aberdeen Asset Managers Limited, except share price (Datastream).

Dividends

Year ended August	Payment date	Interim/final	Dividend paid (p)
2001	8 December 2000	Interim	1.0
	13 July 2001	Final	1.8
2002	7 December 2001	Interim	1.0
	22 July 2002	Final	1.5
2003	10 December 2002	Interim	1.0
	18 July 2003	Final	1.5
2004	12 December 2003	Interim	0.5
	16 July 2004	Final	1.2
2005	10 December 2004	Interim	0.5
Total			10.0

Yield Profile

Year shares issued	Years in issue	Subscription price (p)	Dividends paid (p)	Dividend yield since subscription*	Adjustment for VCT tax reliefs		
					Higher-rate taxpayer**	Effective yield 1†	Effective yield 2††
2000	4.5	100	10.0	2.2%	3.3%	4.1%	8.2%

* Dividend yield is the dividend paid, divided by the original subscription price, divided by the number of years shares have been held.

** The gross equivalent yield, had the dividends been subject to higher-rate tax.

† Effective yield 1 reduces the base cost of the investment by the 20% income tax relief on the original subscription price per share.

†† Effective yield 2 reduces the base cost of the investment by a further 40% of the original subscription price per share to account for capital gains tax deferral.

Analysis of Unlisted and AIM Portfolio

As at 31 August 2004

FTSE Actuaries Industrial Sector	£'000	%
Support Services	3,583	20.5
Transport	2,442	14.0
Health	2,276	13.1
Media & Entertainment	2,266	13.0
Food Producers & Processors	2,074	11.9
Engineering & Machinery	1,846	10.6
Leisure & Hotels	1,297	7.4
Household Goods & Textiles	700	4.0
Software & Computer Services	667	3.8
General Retailers	226	1.3
Telecommunication Services	75	0.4
Total Unlisted and AIM	17,452	100.0

Deal Type	No. of deals	£'000	%
Development Capital	25	8,631	49.5
Management Buy-outs	8	6,897	39.5
Acquisition Finance	3	1,213	6.9
Management Buy-ins	3	711	4.1
Total Unlisted and AIM	39	17,452	100.0

Aberdeen Murray Johnstone Regional Office	£'000	%
Birmingham	5,789	33.2
Glasgow	5,298	30.4
Manchester	4,298	24.6
Leeds	1,417	8.1
London	650	3.7
Total Unlisted and AIM	17,452	100.0

Note: The total portfolio of investments, including both listed and unlisted stocks, is valued at £22,714,000.

Investment Review

Investment activity

Further unlisted and AIM investment during the six months ended 31 August 2004 totalled £2.16 million. At 31 August 2004, the portfolio stood at 39 investments with a total cost of £24.29 million. The following new investments have been made since the publication of the Annual Report:

- **Award International Holdings plc * (March 2004) – £350,000:** Based in Margate, Award is a promotional marketing and merchandising company.
- **Public Recruitment Group plc * (April 2004) – £467,000:** Based in London, Public Recruitment Group is a public sector recruitment and placing agent.
- **RMS Europe Limited (July 2004) – £771,000:** RMS operates ports at Goole on the Humber Estuary and at Flixborough and Gunness on the River Trent, providing stevedoring and ships agency services together with the storage and onward transport of materials. The total fundraising was £3.6 million and Murray VCT PLC, Murray VCT 2 PLC, Murray VCT 3 PLC, Aberdeen Growth VCT 1 PLC, Aberdeen Growth Opportunities PLC, Aberdeen Development Capital PLC and West Yorkshire Pension Fund were co-investors.
- **Fountains plc * (July 2004) – £250,000:** Based in Banbury, Fountains is a provider of environmental services.

* AIM placing

Portfolio developments

Since the publication of the Annual Report, Black Teknigas has repaid the remainder of the loan stock (£220,000) at par, plus a redemption premium of £44,000.

It is anticipated that further proceeds will be received from Conveco, in addition to the £1.9 million repaid following the sale of the operating subsidiaries, when the escrow period has expired as the purchaser has confirmed that the major condition that governs further payments has been satisfied.

Performance

The Board is able to report an overall increase in the Net Asset Value (NAV) before provision for the interim dividend. As at 31 August 2004, before payment of the interim dividend, the NAV per share was 75.1p, an increase from 73.7p at 29 February 2004. This reflects the impact of buying back the Company's shares and input of the Board and the Manager in seeking to improve the performance of the portfolio, which is explained more fully below. The Directors consider that the increase in NAV, before payment of the interim dividend, is a sign of progress. The valuation of unlisted and AIM investments as at 31 August 2004 includes a number of provisions, representing an aggregate amount of £1,438,000, that have been made since the publication of the results for the year ended 29 February 2004. However, the Board believes that there are favourable prospects for an increasing number of the investee companies, although these will inevitably take some time to come through.

Investment strategy

As reported at 29 February 2004, the Board has implemented a comprehensive review of the investment strategy with the Manager, following which five primary objectives have been identified:

- intensive portfolio management to help restore profitability to the investee companies;
- concentration of resources on investments that display real exit or recovery potential;
- the resumption of dividend and interest payments to the Company from the portfolio, where these are in arrears;

- disposal of under-performing investments where possible; and
- investment of surplus cash, selectively, in larger companies with strong growth potential.

The aim of these objectives is to restore value and, ultimately, achieve successful disposals from a stronger position in an improved market.

Valuation process

Murray VCT 4's investments in unquoted companies are valued at fair value in accordance with the British Venture Capital Association guidelines. In line with normal industry practice for investment companies and investment trusts, investments listed on the Alternative Investment Market (AIM) or a recognised stock exchange are valued at their mid-market price, discounted where appropriate to reflect any trading restrictions.

Interim dividend

The Board declares an interim dividend of 0.5p per Ordinary share, payable on 10 December 2004 to Shareholders on the register at close of business on 12 November 2004.

Returns to date

Since the Company's launch, and including the interim dividend declared above, most Shareholders will have received 10.0p per share ("pps") in tax-free dividends. To an investor who took advantage of the initial income tax relief and who therefore has an effective initial investment cost of 80 pps, the tax free dividends represent a return of 12.5% of that cost. The total return, being the sum of dividends paid plus NAV, is 84.6pps representing 105.75% of the initial investment cost. The Board is confident that the Manager is taking all necessary actions to increase this figure. In the short-term, the NAV on its own is a less important measure of performance as the underlying investments are long-term in nature and not readily realisable. The most important measures for a VCT are the long-term record of dividend payments and the timing of those payments over the life of the Company.

Share buy-back policy

Purchases of shares will be made within guidelines established from time to time by the Board, at prices below the prevailing NAV per Ordinary share and in accordance with the rules of the UK Listing Authority. Share purchases will be funded from distributable reserves and, to the extent that shares are purchased at a discount, the NAV of the remaining shares will increase.

Outlook

The Company has a broad spread of investments and the Board and the Manager believe that a number of these have positive prospects, which should respond to an improvement in the economic environment for smaller companies, and to intensive management. The immediate priority of the Manager is to concentrate efforts with a view to improving performance. Market conditions are improving and the Manager expects that a number of exits will be actively pursued in the short to medium term. Deal flow has also increased and, if the pricing of new investments continues to be attractive, the Manager will continue to pursue new investments on a selective basis.

15 October 2004

On behalf of the Board
Murray Johnstone Limited
Manager and Secretary

Summary of Investment Changes

For the six months ended 31 August 2004

	Valuation 29 February 2004		Net investment/ (disinvestment) £'000	Appreciation/ (depreciation) £'000	Valuation 31 August 2004	
	£'000	%			£'000	%
Unlisted investments						
Equities	3,574	12.6	252	753	4,579	16.1
Preference shares	702	2.5	–	6	708	2.5
Loan stocks	12,184	43.0	(1,219)	(544)	10,421	36.8
	16,460	58.1	(967)	215	15,708	55.4
AIM investments						
Equities	516	1.8	1,067	161	1,744	6.1
Listed investments						
Fixed income	5,374	18.9	(78)	(34)	5,262	18.6
Total investments	22,350	78.8	22	342	22,714	80.1
Other net assets	6,017	21.2	(377)	–	5,640	19.9
Total assets	28,367	100.0	(355)	342	28,354	100.0

Investment Portfolio Summary

As at 31 August 2004

Nature of business		Valuation £'000	% of total assets
Unlisted and AIM investments			
Synexus	Management of clinical trials	1,458	5.1
PSCA	Government sector publishing	1,322	4.7
TLC (Tender Loving Childcare)	Operator of day care nurseries	1,321	4.7
Heathcotes Restaurants	Restaurant chain and providers of outside catering	975	3.4
Transys Projects	Provider of engineering services to the rail industry	894	3.2
TMI Foods	Supplier of cooked bacon products	826	2.9
RMS Europe	Port operator	771	2.7
ScotNursing	Provider of temporary and agency nursing and care staff	750	2.6
Transrent Holdings	Provider of transport and trailer solution services	718	2.5
Room 2	Retailer of textiles, furniture, lighting and home accessories	700	2.5
Other unlisted and AIM investments valued individually at less than £700,000		7,717	27.2
		17,452	61.5
Listed fixed income investments			
European Investment Bank 6% 26/11/2004		2,506	8.9
Conversion 9.5% 8/4/2005		1,226	4.3
Treasury 8.5% 7/12/2005		1,073	3.8
Treasury 6.75% 7/11/2004		457	1.6
		5,262	18.6
Total investments		22,714	80.1

Independent Review Report to Murray VCT 4 PLC

Introduction

We have been instructed by the Company to review the financial information for the six months ended 31 August 2004 which comprises the Profit and Loss Account, Balance Sheet, Cash Flow Statement, Statement of Total Recognised Gains and Losses 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.

This report is made solely to the Company in accordance with guidance contained in Bulletin 1999/4 'Review of interim financial information' issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

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 responsible 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 preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 'Review of interim financial information' 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 2004.

Ernst & Young LLP

Edinburgh

15 October 2004

Profit and Loss Account

For the six months ended 31 August 2004

	Six months to 31 August 2004 (unaudited)		
	Revenue £'000	Capital £'000	Total £'000
Investment income and deposit income	600	–	600
Investment management fees	(168)	(251)	(419)
Other expenses	(99)	–	(99)
Operating profit	333	(251)	82
Profit/(loss) on realisation of investments	–	398	398
Amounts written off investments	–	(569)	(569)
(Loss)/profit on ordinary activities before taxation	333	(422)	(89)
Tax on ordinary activities	(78)	78	–
(Loss)/profit on ordinary activities after taxation	255	(344)	(89)
Ordinary dividends on equity shares:			
Interim 0.5p (2004 – 0.5p)	(190)	–	(190)
Final 2004 – 1.2p	–	–	–
Over accrual in prior years	3	–	3
Balance transferred from reserves	68	(344)	(276)
Earnings per share (pence) (Note 3)	0.7	(0.9)	(0.2)

Statement of Total Recognised Gains and Losses

For the six months ended 31 August 2004

	Six months to 31 August 2004 (unaudited)		
	Revenue £'000	Capital £'000	Total £'000
(Loss)/profit on ordinary activities after taxation	255	(344)	(89)
Unrealised gain/(loss) on revaluation of investments	–	514	514
Current tax attributable to unrealised gains and losses on investments	78	(78)	–
Total recognised gains and losses relating to the period	333	92	425

Six months to 31 August 2003 (unaudited)			Year ended 29 February 2004 (audited)		
Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
611	–	611	1,518	–	1,518
(181)	(272)	(453)	(358)	(536)	(894)
(111)	–	(111)	(221)	–	(221)
319	(272)	47	939	(536)	403
–	2	2	–	(32)	(32)
–	–	–	–	–	–
319	(270)	49	939	(568)	371
(58)	52	(6)	(254)	174	(80)
261	(218)	43	685	(394)	291
(193)	–	(193)	(193)	–	(193)
–	–	–	(462)	–	(462)
–	–	–	–	–	–
68	(218)	(150)	30	(394)	(364)
0.7	(0.6)	0.1	1.8	(1.0)	0.8

Six months to 31 August 2003 (unaudited)			Year ended 29 February 2004 (audited)		
Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
261	(218)	43	685	(394)	291
–	(428)	(428)	–	(1,777)	(1,777)
58	(52)	6	254	(174)	80
319	(698)	(379)	939	(2,345)	(1,406)

Balance Sheet

As at 31 August 2004

	31 August 2004 (unaudited)	31 August 2003 (unaudited)	29 February 2004 (audited)
	£'000	£'000	£'000
Fixed assets			
Investments	22,714	21,832	22,350
Current assets			
Debtors	1,369	1,047	1,363
Cash and overnight deposits	4,737	7,505	5,461
	6,106	8,552	6,824
Creditors			
Amounts falling due within one year	466	482	807
Net current assets	5,640	8,070	6,017
	28,354	29,902	28,367
Capital and reserves			
Called up share capital	3,801	3,858	3,849
Share premium account	17,236	17,236	17,236
Revaluation reserve	(5,864)	(6,204)	(6,952)
Capital redemption reserve	82	27	36
Profit and loss account	13,099	14,985	14,198
Equity Shareholders' funds	28,354	29,902	28,367
Net Asset Value per Ordinary share (pence)	74.6	77.5	73.7

The Financial Statements were approved by the Board of Directors and were signed on its behalf by:

15 October 2004

A E Whitworth
Director

Cash Flow Statement

For the six months ended 31 August 2004

	Six months to 31 August 2004 (unaudited)	Six months to 31 August 2003 (unaudited)	Year ended 29 February 2004 (audited)
	£'000	£'000	£'000
Operating activities			
Investment income received	494	420	1,200
Deposit interest received	5	1	9
Other income received	12	4	–
Investment management fees paid	(177)	(474)	(1,145)
Secretarial fees paid	(19)	(32)	(80)
Cash paid to and on behalf of Directors	(25)	(32)	(53)
Other cash payments	(106)	(58)	(118)
Net cash inflow/(outflow) from operating activities	184	(171)	(187)
Financial investment			
Purchase of investments	(3,774)	(4,326)	(9,064)
Sale of investments	3,574	3,307	6,251
Net cash outflow from financial investment	(200)	(1,019)	(2,813)
Equity dividends paid	(459)	(577)	(770)
Net cash outflow before financing	(475)	(1,767)	(3,770)
Financing			
Issue of Ordinary shares	–	154	154
Repurchase of Ordinary shares	(249)	–	(41)
Net cash (outflow)/inflow from financing	(249)	154	113
Decrease in cash	(724)	(1,613)	(3,657)

Notes to the Financial Statements

1. Accounting policies

The financial information for the six months ended 31 August 2004 and the six months ended 31 August 2003 comprises non-statutory accounts within the meaning of Section 240 of the Companies Act 1985. 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 29 February 2004. The results for the year ended 29 February 2004 are extracted from the full accounts for that year, which received an unqualified report from the Auditors and have been filed with the Registrar of Companies.

Although the Company is no longer an investment company, as investment company status was revoked in order to permit the distribution of capital profits, the Directors believe that the presentation of the profit and loss account and the statement of total recognised gains and losses is enhanced by showing the returns attributable to revenue and to capital.

	Share premium account	Revaluation reserve	Capital redemption reserve	Profit and loss account
	£'000	£'000	£'000	£'000
2. Movement in reserves				
As at 1 March 2004	17,236	(6,952)	36	14,198
Transfer of realised losses to profit and loss account	–	574	–	(574)
Net increase in value of investments	–	514	–	–
Repurchase and cancellation of shares	–	–	46	(249)
Retained loss for the period	–	–	–	(276)
	17,236	(5,864)	82	13,099

3. Earnings per share

Earnings per Ordinary share have been calculated using the weighted average number of shares in issue during the period of 38,262,927. Net Asset Value per Ordinary share has been calculated using the number of shares in issue at 31 August 2004 of 38,019,567.

Corporate Information

Directors	A E Whitworth (Chairman) W E Holt A G MacMillan C G Stuart-Menteth F E Wollocombe
Manager and Secretary	Murray Johnstone Limited 123 St Vincent Street Glasgow G2 5EA Customer Services Department: freephone 0500 00 00 40 (open Monday to Friday, 9am to 5pm) E-mail: invtrusts@aberdeen-asset.com <i>Points of Contact</i> The Chairman and/or the Company Secretary at: 123 St Vincent Street Glasgow G2 5EA E-mail: company.secretary@invtrusts.co.uk
Website	www.aberdeen-asset.com
Registered Office	One Bow Churchyard Cheapside London EC4M 9HH Registered in England and Wales Company Registration Number: 3908220
Registrar	Capita Registrars The Registry 34 Beckenham Road Beckenham Kent BR3 4TU Shareholder Helpline: 0870 162 3100
Auditors	Ernst & Young LLP
Custodian Bankers	J P Morgan Chase Bank
Solicitors	S J Berwin
Stockbroker	Close Brothers Securities

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