

Oxford Technology Venture Capital Trust Plc

Unaudited Half-Yearly Report

For the period

1 March 2019 to 31 August 2019

Financial Headlines

	6 Months Ended 31 August 2019	Year Ended 28 February 2019
Net Assets at Period End	£2.690m	£2.693m
Net Asset Value per Share	49.5p	49.6p
Cumulative Dividend per Share	55.0p	55.0p
Total NAV Return per Share	104.5p	104.6p
Share Price at Period End (Mid-Market)	35.0p	35.0p
Earnings per Share	(0.1)p	(2.8)p



Scancell



Select Technology – Scan2Everywhere

Statement on behalf of the Board

I am pleased to present the unaudited results for the six month period ended 31 August 2019.

Results and Dividend

The Company's net asset value (NAV) per share has reduced fractionally by 0.1p from 49.6p at 28 February 2019 to 49.5p at 31 August 2019. Some minor changes in valuation within the unquoted portfolio netted off to create this – essentially flat – outcome for the period.

The Directors are actively reviewing the financing needs of the Company. There is a continued expectation of a growth in dividends from the profitable companies in the VCT's portfolio, though with a degree of uncertainty around the timing of cash inflows to the VCT due to portfolio-specific market conditions.

The unquoted portfolio is unlikely to need additional equity funding and, in any case, the VCT would likely be limited by VCT rules from making equity investments into its existing portfolio companies.

I am also pleased to report that the Company has agreed a reduction in its ongoing management fees. The Company's investment manager is now charging an ongoing fee of 0.5% of NAV per annum, a 50% reduction. Several of the directors have also agreed to a partial waiver of their directors' remuneration, which will reduce the total annual spend on directors' emoluments to £16,000, a 22% reduction. These changes have been backdated to the start of the current financial reporting period, i.e. 1 March 2019.

Portfolio Review

Select Technology represents over two thirds of the portfolio. It distributes high quality document management software via its global channel partners while adding significant value through its development team by providing integrations or bespoke solutions. Select Technology's sales grew to just over £7m in the year to July 2019 and the company recorded a small profit. The industry has been undergoing considerable changes as various mergers, acquisitions and consolidations have been taking place, introducing a degree of uncertainty regarding the immediate near term. Nevertheless, Select is optimistic about its future prospects.

Scancell, the Company's AIM quoted investment, continues to make progress, and makes up just over a sixth of the portfolio. It has announced approval to start the UK Phase 2 SCIB1 trial and has begun screening potential patients. It has also started the first joint programme on its AvidiMab anti-glycan antibody technology, having partnered with an unnamed large pharma on glycans: AvidiMab antibodies target sugars rather than proteins on the cell surface. Scancell raised £3.9 million through the issue of new shares to Vulpes Life Science Fund in June. The money will support the transition of Modi-1 to the clinic. Vulpes now owns 16.67% of Scancell – Martin Diggle from Vulpes was appointed to the board, which we believe increases the chance of a successful outcome for this investment.

OT1 was the first investor in Getmapping in 1999; Getmapping is just over 8% of the portfolio. The company combines aerial photography with street level lidar imagery to produce complete 3D immersive models of cities. The company is based in the UK and South Africa where the processing of the raw data takes place, and its imagery covers the UK, and many other cities in Africa, Europe the US and the Middle East. Sales grew again last year, though there are no guarantees that growth can be sustained – the company operates in a challenging market. However, Getmapping has ambitious plans for expansion, recently moving to new offices and focusing particularly on selling 'solutions', which enable customers of different types to make profitable use of Getmapping's data.

OT1 was the original investor in BioCote in 1997. Today the business provides its anti-microbial coating to more than 70 customers around the world and has recently moved to new and larger premises on its industrial estate. Sales were £2.3m in the last financial year – a new high – and BioCote has been paying a regular dividend in recent years. BioCote is almost 6% of the portfolio.

Liquidity

The Company has adequate liquidity to meet its obligations. The Directors are not proposing to pay a dividend at this present time.

VCT qualifying status

The Board has procedures in place to ensure that the Company continues to comply with the conditions laid down by HMRC for maintaining approval as a VCT. The Directors are closely assessing the implications of meeting the new 80% qualifying holding limit required to be in place by 29 February 2020 (as at 31 August 2019, OT1 is at 88%, comfortably within the current 70% qualifying holding limit). Despite the cushion, OT1's small size makes balancing the needs of prudent management of the Company and meeting the various VCT qualifying tests all the more challenging.

Presentation of half-yearly report

In order to reduce the length of this report, we have omitted details of the Company's objectives and investment strategy, its Advisers and Registrar and how to buy and sell shares in the Company. These details are all included in the Annual Reports, which together with previous half-yearly reports, are available for viewing on the Oxford Technology website.

Outlook

Your Directors continue to monitor changes to VCT legislation, and their potential impact on both the VCT and its investee companies. Recent rule changes to tax efficient investment schemes are not expected to have any material impact on the current portfolios or on current investors as the VCT is fully invested. Likewise, whilst the impact of Brexit remains unclear, your Directors do not expect its eventual outcome to have a material impact on portfolio valuations.

In recent communications with shareholders, the Board has set out its preference to expand the asset base of the Company by raising funds with a new manager. The uptick in interest in 'business as usual' VCT venture and growth investing has resulted in these listed retail investment vehicles becoming of more interest to mainstream fund managers who do not already have a VCT as part of their 'waterfront'. We continue to believe your VCT is an appropriate structure to hold your Company's investments, albeit it would be preferable to have a larger asset base to share the operating costs. We have had detailed conversations with potential parties, but to date, we have not been in a position to agree terms. We have always made clear that there is no certainty such an opportunity can be found but the Directors will continue seeking such opportunities.

In any event, your Board and Investment Manager continue to work together so as to best position your VCT such that – when valuations and liquidity allow – holdings can be exited and proceeds distributed to shareholders, whilst keeping a keen eye on keeping costs as low as possible in the interim.

Finally, I would like to take this opportunity to thank shareholders, many of whom we were able to welcome to our AGM in July, for their continued support.

Alex Starling

Chairman

18 September 2019

Investment Portfolio as at 31 August 2019

Company	Description	Net Cost of investment £'000	Carrying value at 31/08/19 £'000	Change in value for the 6 month period £'000	% Equity held OT1	% Equity held All OTVCTs	% Net assets
Select – STL Management Ltd	Photocopier interfaces	488	1,834	97	30.0	58.6	68.2
Scancell (bid price 6.8p)	Cancer therapeutics	344	468	(14)	1.4	2.7	17.4
Getmapping	Aerial photography	518	227	(73)	3.7	3.7	8.4
BioCote	Bactericidal additives	85	158	7	6.6	6.6	5.9
Total Investments		1,435	2,687	17			99.9
Other Net Assets			3				0.1
Net Assets			2,690				100

Responsibility Statement of the Directors in respect of the half-yearly report

We confirm that to the best of our knowledge:

- the half-yearly financial statements have been prepared in accordance with the statement “Interim Financial Reporting” issued by the Financial Reporting Council;
- the half-yearly report includes a fair review of the information required by the Financial Services Authority Disclosure and Transparency Rules, being:
 - an indication of the important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements.
 - a description of the principal risks and uncertainties for the remaining six months of the year.
 - a description of related party transactions that have taken place in the first six months of the current financial year that may have materially affected the financial position or performance of the Company during that period and any changes in the related party transactions described in the last annual report that could do so.

On behalf of the Board:

Alex Starling
Chairman
18 September 2019

Income Statement

	Six months to 31 Aug 2019			Six months to 31 Aug 2018			Year to 28 Feb 2019		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Unrealised (loss)/ gain on valuation of fixed asset investments	-	17	17	-	(40)	(40)	-	(93)	(93)
Investment income	10	-	10	7	-	7	24	-	24
Investment management fees	(2)	(5)	(7)	(4)	(11)	(15)	(7)	(21)	(28)
Other expenses	(23)	-	(23)	(27)	-	(27)	(54)	-	(54)
Return on ordinary activities before tax	(15)	12	(3)	(24)	(51)	(75)	(37)	(114)	(151)
Taxation on ordinary activities	-	-	-	-	-	-	-	-	-
Return on ordinary activities after tax	(15)	12	(3)	(24)	(51)	(75)	(37)	(114)	(151)
Earnings per share – basic and diluted	(0.3)p	0.2p	(0.1)p	(0.5)p	(0.9)p	(1.4)p	(0.7)p	(2.1)p	(2.8)p

There was no other Comprehensive Income recognised during the year.

The 'Total' column of the Income Statement is the Profit and Loss Account of the Company, the supplementary Revenue 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.

Balance Sheet

	As at 31 Aug 2019		As at 31 Aug 2018		As at 28 Feb 2019	
	£'000	£'000	£'000	£'000	£'000	£'000
Fixed asset investments (At fair value through profit and loss)		2,687		2,723		2,670
Current assets:						
Debtors	8		21		2	
Creditors: Amounts falling due within one year	(21)		(19)		(12)	
Cash at Bank	16		44		33	
Net current assets		3		46		23
Net assets		2,690		2,769		2,693
Called up equity share capital		543		543		543
Share premium		176		176		176
Unrealised capital reserve		1,252		1,288		1,235
Profit and Loss account reserve		719		762		739
Total equity shareholders' funds		2,690		2,769		2,693
Net asset value per share		49.5p		51.0p		49.6p

Statement of Changes in Equity

	Share Capital £'000	Share Premium £'000	Unrealised Capital Reserve £'000	Profit & Loss Reserve £'000	Total £'000
As at 1 March 2018	543	176	1,328	797	2,844
Revenue return on ordinary activities after tax	-	-	-	(24)	(24)
Expenses charged to capital	-	-	-	(11)	(11)
Current period losses on fair value of investments	-	-	(40)	-	(40)
Balance as at 31 August 2018	543	176	1,288	762	2,769
As at 1 March 2018	543	176	1,328	797	2,844
Revenue return on ordinary activities after tax	-	-	-	(37)	(37)
Expenses charged to capital	-	-	-	(21)	(21)
Current period losses on fair value of investments	-	-	(93)	-	(93)
Balance as at 28 February 2019	543	176	1,235	739	2,693
As at 1 March 2019	543	176	1,235	739	2,693
Revenue return on ordinary activities after tax	-	-	-	(15)	(15)
Expenses charged to capital	-	-	-	(5)	(5)
Current period gains on fair value of investments	-	-	17	-	17
Balance as at 31 August 2019	543	176	1,252	719	2,690

Statement of Cash Flows

	Six months to 31 Aug 2019 £'000	Six months to 31 Aug 2018 £'000	Year to 28 Feb 2019 £'000
Cash flows from operating activities			
Return on ordinary activities before tax	(3)	(75)	(151)
Adjustments for:			
Increase in debtors	(6)	(19)	-
Increase in creditors	9	7	-
(Gain)/Loss on valuation of fixed asset investments	(17)	40	93
Outflow from operating activities	(17)	(47)	(58)
Cash flows from investing activities			
Purchase of fixed asset investments	-	-	-
Disposal of investments	-	-	-
Total cash flows from investing activities	-	-	-
Cash flows from financing activities			
Dividends paid	-	-	-
Total cash flows from financing activities	-	-	-
Decrease in cash and cash equivalents	(17)	(47)	(58)
Opening cash and cash equivalents	33	91	91
Closing cash and cash equivalents	16	44	33

Notes to the Half-Yearly Report

1. Basis of preparation

The unaudited half-yearly results which cover the six months to 31 August 2019 have been prepared in accordance with the Financial Reporting Council's (FRC) Financial Reporting Standard 104 Interim Financial Reporting ('FRS 104') and the Statement of Recommended Practice (SORP) for Investment Companies re-issued by the Association of Investment Companies in November 2014. Details of the accounting policies and valuation methodologies are included in the Annual Report.

2. Publication of non-statutory accounts

The unaudited half-yearly results for the six months ended 31 August 2019 do not constitute statutory accounts within the meaning of Section 415 of the Companies Act 2006. The comparative figures for the year ended 28 February 2019 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, in accordance with chapter 3, part 16 of the Companies Act 2006, was unqualified. This half-yearly report has not been reviewed by the Company's auditor.

3. Earnings per share

The calculation of earnings per share for the period is based on the return attributable to shareholders divided by the weighted average number of shares in issue during the period. There are no potentially dilutive capital instruments in issue and, therefore, no diluted returns per share figures are relevant.

4. Net asset value per share

The net asset value per share is based on the net assets at the period end divided by the number of shares in issue at that date (5,431,655 in each case).

5. Principal risks and uncertainties

The Company's assets consist of equity and fixed interest investments, cash and liquid resources. Its principal risks are therefore market risk, credit risk and liquidity risk. Other risks faced by the Company include economic, loss of approval as a Venture Capital Trust, investment and strategic, regulatory, reputational, operational and financial risks. These risks, and the way in which they are managed, are described in more detail in the Company's Annual Report and Accounts for the year ended 28 February 2019. The Company's principal risks and uncertainties have not changed materially since the date of that report.

6. Related party transactions

OT1 Managers Ltd, a wholly owned subsidiary, provides investment management services to the Company for a fee of 0.5% of net assets per annum. As outlined in the Chairman's statement, in the year to 28 February 2019, the fee was 1%.

7. Copies of this statement are available from Oxford Technology Management, Magdalen Centre, Oxford Science Park, Oxford OX4 4GA and on the Company's website.

Board Directors: Alex Starling, Robin Goodfellow, Richard Roth and David Livesley

Investment Manager: OT1 Managers Ltd with services contracted to Oxford Technology Management Ltd

Website: www.oxfordtechnologyvct.com/vct1.html