

Oxford Technology 2 Venture Capital Trust Plc

Unaudited Half-Yearly Report

For the period

1 March 2016 to 31 August 2016

Financial Headlines

	6 Months Ended 31 August 2016	Year Ended 29 February 2016
Net Assets at Period End	£1.90m	£1.91m
Net Asset Value per Share	28.0p	28.2p
Cumulative Dividend per Share	13.0p	13.0p
Total NAV Return per Share	41.0p	41.2p
Share Price	22.0p	20.0p
Earnings per Share	(0.2)p	2.9p



OC Robotics – Laser Snake

Statement on behalf of the Board

I am pleased to present the unaudited results for the six month period ended 31 August 2016.

Results and dividends

The Company's net asset value (NAV) per share has reduced from 28.2p at 29 February 2016 by 0.2p to 28.0p at 31 August 2016. No dividend was declared or paid in the period, and further dividends are likely to require further investee company exits.

Portfolio review

The new VCT rules have not prevented us from investing £50k to support one of our existing portfolio companies, ImmBio, on attractive terms at the end of their successful clinical trials. Our very small holding in DHA was exited at around book value for cash.

The Directors have reviewed the valuations of each investee company in the unquoted portfolio but have made only minor changes. Several companies in the portfolio have had minor valuation increases in the period to reflect their continued growth (although their effect was offset by the Company's running costs).

Shareholders should remain aware that the portfolio is very concentrated with just three holdings representing nearly three quarters of our NAV. The value of the portfolio is thus very sensitive to changes in valuations of these three holdings: OCR, Select and Plasma.

The Directors continue to take an active interest in the investee companies and look forward to continuing to work with OTM to maximise shareholder value and to secure profitable exits from these investee companies at the appropriate time and to enable further dividends to be paid.

Liquidity

At period end our Company had net current assets of £236k. This provides sufficient resource to match the expected short term support required for the portfolio, and post the period end we have committed to invest in Arecor and Orthogem.

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.

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 Registrars 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

The last six months has seen a number of changes to qualification conditions for VCTs. However, as we are not looking to invest in new companies we do not believe that these changes will give rise to any issues for our Company. Likewise, any uncertainties surrounding the departure from the EU are unlikely to affect us directly. OCR still dominates the portfolio, representing 45% of net assets; it continues to progress well, although several other investees also show promise. The board remains focused on ensuring these are realised in a timely and appropriate fashion (although this is still not without risk), allowing a further return of funds to shareholders in due course.

We were pleased to welcome a large number of shareholders to our AGM in July and I would like to take this opportunity to thank shareholders for their continued support.

Richard Roth
Chairman
19 October 2016

Investment Portfolio as at 31 August 2016

Company	Description	Net Cost of investment £'000	Carrying value at 31/8/16 £'000	Change in value for the 6 month period £'000	% Equity held OT2	% Equity held All OT	% of fund investment value
OC Robotics	Snake arm robots	311	860	-	36.9	36.9	51.5
Select Technology	Photocopier interfaces	132	388	7	7.4	58.5	23.2
Plasma Antennas	Solid state antennas	188	139	-	6.7	45.1	8.3
Orthogem	Bone graft material	317	75	-	7.2	14.6	4.5
ImmBio	Novel vaccines	225	62	50	1.2	13.9	3.7
Arecor	Protein stabilisation	14	46	8	0.5	7.3	2.7
Insense	Active wound healing dressings	204	38	-	3.5	12.1	2.3
Inaplex	Data transformation software	138	36	-	21.5	34.8	2.2
Oxis Energy	Rechargeable batteries	540	27	5	0.2	0.5	1.6
Total Investments		2,070	1,672	70			100%
Other Net Assets			227				
Net Assets			1,899				

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:

Richard Roth
Chairman
19 October 2016

Income Statement

	Six months to 31 Aug 2016			Six months to 31 Aug 2015			Year to 29 February 2016		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gain on disposal of fixed asset investments	-	-	-	-	-	-	-	142	142
Gain on valuation of fixed asset investments	-	20	20	-	187	187	-	83	83
Other income	-	-	-	-	-	-	36	-	36
Investment management fees	(2)	(8)	(10)	(2)	(7)	(9)	(3)	(14)	(17)
Other expenses	(23)	-	(23)	(23)	-	(23)	(52)	-	(52)
Return on ordinary activities before tax	(25)	12	(13)	(25)	180	155	(19)	211	192
Taxation on ordinary activities	-	-	-	-	-	-	-	-	-
Return on ordinary activities after tax	(25)	12	(13)	(25)	180	155	(19)	211	192
Earnings per share – basic and diluted	(0.4)p	0.2p	(0.2)p	(0.4)p	2.7p	2.3p	(0.2)p	3.1p	2.9p

- 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 accompanying notes are an integral part of the half-yearly report.
- 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 period as set out above. Accordingly a Statement of Comprehensive Income is not required.

Balance Sheet

	As at 31 Aug 2016		As at 31 Aug 2015		As at 29 February 2016	
	£'000	£'000	£'000	£'000	£'000	£'000
Fixed asset investments *		1,672		1,907		1,602
Current assets:						
Debtors	14		30		21	
Creditors:						
Amounts falling due within one year	(23)		(5)		(27)	
Cash at Bank	245		160		333	
Net current assets		236		165		327
Creditors:						
Amounts falling due in more than one year		(9)		(27)		(17)
Net assets		1,899		2,045		1,912
Called up equity share capital		679		679		679
Share premium		376		376		376
Unrealised capital reserve		(398)		990		(418)
Profit and Loss account reserve		1,242		-		1,275
Total equity shareholders' funds		1,899		2,045		1,912
Net asset value per share		28.0p		30.1p		28.2p

* At fair value through profit and loss

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 2015	679	376	803	32	1,890
Revenue return on ordinary activities after tax	-	-	-	(25)	(25)
Expenses charged to capital	-	-	-	(7)	(7)
Current period gains on fair value of investments	-	-	187	-	187
Balance as at 31 August 2015	679	376	990	-	2,045
As at 1 March 2015	679	376	803	32	1,890
Revenue return on ordinary activities after tax	-	-	-	(19)	(19)
Expenses charged to capital	-	-	-	(14)	(14)
Current period gains on disposal	-	-	-	142	142
Current period gains on fair value of investments	-	-	83	-	83
Prior years' unrealised gains now realised	-	-	(207)	207	-
Movement in reserves	-	-	(1,097)	1,097	-
Dividends paid	-	-	-	(170)	(170)
Balance as at 29 February 2016	679	376	(418)	1,275	1,912
As at 1 March 2016	679	376	(418)	1,275	1,912
Revenue return on ordinary activities after tax	-	-	-	(25)	(25)
Expenses charged to capital	-	-	-	(8)	(8)
Current period gains on fair value of investments	-	-	20	-	20
Balance as at 31 August 2016	679	376	(398)	1,242	1,899

Statement of Cash Flows

	Six months to 31 Aug 2016 £'000	Six months to 31 Aug 2015 £'000	Year to 29 February 2016 £'000
Cash flows from operating activities			
Return on ordinary activities before tax	(13)	155	192
Adjustments for:			
Decrease/(increase) in debtors	7	(12)	(2)
(Decrease)/increase in creditors	(12)	(9)	(17)
Gain on disposal of fixed asset investments	-	-	(142)
Gain on valuation of fixed asset investments	(20)	(187)	(83)
Net cash generated from operating activities	(38)	(53)	(52)
Cash flows from investing activities			
Purchase of fixed asset investments	(50)	-	(13)
Sale of fixed asset investments	-	-	355
Total cash flows from investing activities	(50)	-	342
Cash flows from financing activities			
Dividends paid	-	-	(170)
Total cash flows from financing activities	-	-	(170)
Increase/(decrease) in cash and cash equivalents	(88)	(53)	120
Opening cash and cash equivalents	333	213	213
Closing cash and cash equivalents	245	160	333

Notes to the Half-Yearly Report

1. Basis of preparation

The unaudited half-yearly results which cover the six months to 31 August 2016 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 2016 do not constitute statutory accounts within the meaning of Section 415 of the Companies Act 2006. The comparative figures for the year ended 29 February 2016 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 (6,792,923 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 29 February 2016. The Company's principal risks and uncertainties have not changed materially since the date of that report.

6. Related party transactions

OT2 Managers Ltd, a wholly owned subsidiary, provides investment management services to the Company for a fee of 1% of net assets per annum.

7. Copies of this statement are available from Oxford Technology Management, The Magdalen Centre, Oxford Science Park, Oxford OX4 4GA and on the Company's website – www.oxfordtechnology.com/vct2.

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

Investment Manager: OT2 Managers Ltd with services contracted to Oxford Technology Management Ltd

Website: www.oxfordtechnology.com/vct2