

Oxford Technology 4 Venture Capital Trust Plc

Unaudited Half-Yearly Report

For the period

1 March 2017 to 31 August 2017

Financial Headlines

	6 Months Ended 31 August 2017	Year Ended 28 February 2017
Net Assets at Period End	£6.29m	£5.98m
Net Asset Value per Share	54.7p	51.9p
Cumulative Dividend per Share	37.0p	37.0p
Total NAV Return per Share	91.7p	88.9p
Share Price at Period End	37.0p	40.0p
Earnings per Share	2.8p	(14.9)p



Castleton Technology - infrastructure solutions in the social housing, commercial and public sectors

Company Number: 5038854

Registered Address: The Magdalen Centre, Oxford Science Park, Oxford OX4 4GA

Statement on behalf of the Board

I am pleased to present the unaudited results for the six month period ended 31 August 2017.

Results and Dividends

The Company's net asset value (NAV) per share has risen from 51.9p at 28 February 2017 by 2.8p to 54.7p at 31 August 2017. No dividend was declared or paid in the period, and further dividends are likely to require the realisation of further assets.

Portfolio Review

The companies within the VCT portfolio continue to develop, and where required and permitted under VCT rules your company continues to invest to support that development. During the period, additional investments were made into Immunobiology Limited (Immbio) (£59k), Plasma Antennas (£50k) and Zuvasyntha (£40k). Following a successful first in human clinical trial, Immbio is now negotiating commercial licences for its Pneumococcal Vaccine Pnubiovax. Plasma continues to develop its unique technology whilst looking for commercial partners and Zuvasyntha to develop its manufacturing processes to scale output.

Abzena (ABZA) raised additional capital, placing additional shares representing approximately 55.0 per cent of the company's existing issued share capital at a price of 33 pence per share raising proceeds of approximately £25 million (before expenses). Your company did not participate in the placing. Since the placing a trading update reported revenues for Abzena to be below the Board's expectations. As a result, Abzena expects revenue for the first half of the year to not be significantly higher than the revenue reported for the six months to 30 September 2016, with a corresponding impact on the Group's expected loss.

The Castleton Technology (CTP) share price rose from 56.5p on 28 February 2017 to 66.0p per share on 31 August 2017. This recovery places the share price at a small premium 2.0p per share to the share price on 31 August 2016.

The Directors have reviewed the valuation of each investee company in the unquoted portfolio. Changes have been made to a number of valuations to reflect company performance including Diamond Hard Services whose valuation has risen by £117k to reflect its continuing revenue growth. The recent investment in Immbio was in a new class of share with a significant preference. This has resulted in an uplift in the Immbio valuation of £28k. At the same time as subscribing for new shares in Plasma, we converted another instrument on beneficial terms, generating a valuation uplift of £76k. On a negative note, Glide went into administration after the period end after both the two previous major investors refused to put up further funds or renegotiate their preference shares leading to your company having to write off the remaining £85k of investment.

Select Technology, a photocopier and Multi-Function Device software company is profitable and continues to grow, despite the strategic decision to reduce dependency on one particular supplier increasing business resilience. Taking these developments into account, we have reverted to a valuation methodology based on a sales multiple to more appropriately reflect the prospects of the business, although the impact of this is small during the half year period.

The Directors along with the Investment Advisor continue to take an active interest in the companies within the portfolio, both to support their management teams to achieve company development, but also to prepare companies for realisation at the appropriate time. It should however be noted, that approaches do occur at other times, and the ability of the Directors and Investment Advisor to be able to provide support when such approaches occur is essential for maximising value.

Liquidity

At period end our Company had net current assets of £198k. This provides sufficient resource to match the expected short term support required for the portfolio.

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 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 their investee companies. The recent publication of the Patient Capital Review makes many recommendations regarding investment into early stage high growth companies. It is expected that this may drive additional changes to tax efficient investment schemes. Your Directors do not expect that this will have any impact on the current portfolios, or on current investors as the VCT is fully invested. Whilst the impact of Brexit remains unclear, your Directors do not expect its eventual outcome to have a material impact on portfolio valuations.

The Directors' view remains that the portfolio, continues to develop with a number of investees beginning to show their true potential. The ongoing strategy is to seek to crystallise value from the portfolio and distribute cash to shareholders when the opportunity arises.

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. Three of our investees Arecor, Castleton and Immbio presented at the AGM, and their presentations are available on the Oxford Technology website.

David Livesley
Chairman
20 October 2017

Investment Portfolio as at 31 August 2017

Company	Description	Net Cost of investment £'000	Carrying value at 31/8/17 £'000	Change in value for the 6 month period £'000	% Equity held OT4	% Equity held All OT	% of fund investment value
Castleton Technology (bid price 66.0p)	Mobile software for contractors	192	1,533	221	2.9	2.9	25.1
Select Technology	Photocopier interfaces	237	858	12	18.4	58.6	14.1
Plasma Antennas	Directional antennas	700	757	126	30.9	48.9	12.4
Arecor	Protein stabilisation	491	734	-	7.5	11.3	12.1
Diamond Hard Surfaces	Diamond coatings	640	639	117	49.9	49.9	10.5
ImmBio	Novel vaccines	731	534	87	9.3	16.2	8.8
Dynamic Extractions	Separation technology	377	313	-	30.4	30.4	5.1
Oxis Energy	Rechargeable batteries	305	183	-	0.3	0.5	3.0
Zuvasyntha	Microbial technology	383	162	40	31.1	31.1	2.7
Orthogem	Bone graft material	230	135	-	7.2	20.2	2.2
Insense	Wound healing	476	67	-	2.5	6.8	1.1
Novacta	Bioengineering & antibiotics	347	63	-	2.4	2.4	1.0
Abzena (bid price 44.0p)	Protein based peptide drugs	33	42	7	0.0	0.1	0.7
Historic Futures	Traceability software	420	32	-	6.6	6.6	0.5
MirriAd Advertising	Virtual product placement	-	31	-	0.1	0.1	0.5
Metal Nanopowders	Production of metal powders	52	11	-	16.7	36.7	0.2
Superhard Materials	Production of hard materials	9	2	-	18.2	40.0	0.0
Glide Technologies	Needle free injector	975	-	(85)	-	-	-
Total Investments		6,598	6,096	525			100%
Other Net Assets			198				
Net Assets			6,294				

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:

David Livesley - Chairman
20 October 2017

Income Statement

	Six months to 31 Aug 2017			Six months to 31 Aug 2016			Year to 28 February 2017		
	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	-	-	-	-	2	2	-	12	12
Unrealised gain/(loss) on valuation of fixed asset investments	-	376	376	-	32	32	-	(1,667)	(1,667)
Investment income	-	-	-	-	-	-	68	-	68
Investment management fees	(8)	(22)	(30)	(10)	(28)	(38)	(19)	(58)	(77)
Other expenses	(27)	-	(27)	(27)	-	(27)	(54)	-	(54)
Return on ordinary activities before tax	(35)	354	319	(37)	6	(31)	(5)	(1,713)	(1,718)
Taxation on ordinary activities	-	-	-	-	-	-	-	-	-
Return on ordinary activities after tax	(35)	354	319	(37)	6	(31)	(5)	(1,713)	(1,718)
Earnings per share – basic and diluted	(0.3)p	3.1p	2.8p	(0.3)p	0.0p	(0.3)p	(0.0)p	(14.9)p	(14.9)p

- 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 2017		As at 31 Aug 2016		As at 28 February 2017	
	£'000	£'000	£'000	£'000	£'000	£'000
Fixed asset investments *		6,096		6,961		5,571
Current assets:						
Debtors	19		18		2	
Creditors: Amounts falling due within one year	(19)		(32)		(34)	
Cash at Bank	198		729		436	
Net current assets		198		715		404
Creditors: Amounts falling due in more than one year		-		(14)		-
Net assets		6,294		7,662		5,975
Called up equity share capital		1,152		1,152		1,152
Share premium		813		813		813
Unrealised capital reserve		(502)		821		(878)
Profit and Loss account reserve		4,831		4,876		4,888
Total equity shareholders' funds		6,294		7,662		5,975
Net asset value per share		54.7p		66.5p		51.9p

* 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 2016	1,152	813	600	5,128	7,693
Revenue return on ordinary activities after tax	-	-	-	(37)	(37)
Expenses charged to capital	-	-	-	(28)	(28)
Current period gains on disposal	-	-	-	2	2
Current period gains on fair value of investments	-	-	32	-	32
Prior years' unrealised losses now realised	-	-	189	(189)	-
Balance as at 31 August 2016	1,152	813	821	4,876	7,662
As at 1 March 2016	1,152	813	600	5,128	7,693
Revenue return on ordinary activities after tax	-	-	-	(5)	(5)
Expenses charged to capital	-	-	-	(58)	(58)
Current period gains on disposal	-	-	-	12	12
Current period losses on fair value of investments	-	-	(1,667)	-	(1,667)
Prior years' unrealised losses now realised	-	-	189	(189)	-
Balance as at 28 February 2017	1,152	813	(878)	4,888	5,975
As at 1 March 2017	1,152	813	(878)	4,888	5,975
Revenue return on ordinary activities after tax	-	-	-	(35)	(35)
Expenses charged to capital	-	-	-	(22)	(22)
Current period gains on disposal	-	-	-	-	-
Current period gains on fair value of investments	-	-	376	-	376
Prior years' unrealised losses now realised	-	-	-	-	-
Balance as at 31 August 2017	1,152	813	(502)	4,831	6,294

Statement of Cash Flows

	Six months to 31 Aug 2017 £'000	Six months to 31 Aug 2016 £'000	Year to 28 February 2017 £'000
Cash flows from operating activities			
Return on ordinary activities before tax	319	(31)	(1,718)
Adjustments for:			
(Increase)/Decrease in debtors	(17)	1	25
Decrease in creditors	(15)	(17)	(29)
Gain on disposal of fixed asset investments	-	(2)	(12)
(Gain)/Loss on valuation of fixed asset investments	(376)	(32)	1,667
Movement in investment debtors and creditors	-	-	(7)
Outflow from operating activities	(89)	(81)	(74)
Cash flows from investing activities			
Purchase of fixed asset investments	(149)	(320)	(630)
Sale of fixed asset investments	-	19	29
Total cash flows from investing activities	(149)	(301)	(601)
Cash flows from financing activities			
Dividends paid	-	-	-
Total cash flows from financing activities	-	-	-
Increase/(decrease) in cash and cash equivalents	(238)	(382)	(675)
Opening cash and cash equivalents	436	1,111	1,111
Closing cash and cash equivalents	198	729	436

Notes to the Half-Yearly Report

1. Basis of preparation

The unaudited half-yearly results which cover the six months to 31 August 2017 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 2017 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 2017 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 (11,516,946 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 2017. The Company's principal risks and uncertainties have not changed materially since the date of that report.

6. Related party transactions

OT4 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/vct4.

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

Investment Manager: OT4 Managers Ltd with services contracted to Oxford Technology Management Ltd

Website: www.oxfordtechnology.com/vct4