

# Oxford Technology 4 Venture Capital Trust Plc

## Unaudited Half-Yearly Report

For the period

1 March 2018 to 31 August 2018

### Financial Headlines

	6 Months Ended 31 August 2018	Year Ended 28 February 2018
Net Assets at Period End	£5.60m	£5.28m
Net Asset Value per Share	48.6p	45.9p
Cumulative Dividend per Share	40.0p	37.0p
Total NAV Return per Share	88.6p	82.9p
Share Price at Period End (Mid-Price)	29.5p	39.0p
Earnings per Share	5.7p	(6.0) p



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

## Statement on behalf of the Board

I am pleased to present the unaudited results for the six month period ended 31 August 2018.

### Results

The Company's net asset value (NAV) per share has increased from 45.9p at 28 February 2018 by 2.7p to 48.6p at 31 August 2018, largely due to a rise in the share price of Castleton Technology. During the period, a 3.0p dividend was declared and paid on 31 August 2018 taking the cumulative dividend paid to 40.0p.

### Portfolio Review

Your Company's portfolio now consists of 17 holdings: 3 listed, 12 unlisted and 2 which have been reduced to nil value. Of the listed companies, Castleton is by far the largest holding, and its share price has performed extremely well during the period, rising from 68.7p on 28 February to 101.0p on 31 August. This rise coincided with a reasonable trading volume, allowing your company to dispose of £790k of shares: £346k of this has been distributed as a dividend. We will continue to seek further realisation opportunities for Castleton shares: a further £30k has been realised since the period end. Abzena has recently agreed a cash offer of 16.0p per share following a bid from Astro BidCo Limited.

The 12 unlisted companies within the portfolio continue to develop, and where required and permitted under VCT rules your Company continues to invest to support that development. ImmBio is in negotiations with pharma partners regarding PnuBiovax, and during the period an additional investment of £57k was made to enable the first deals to be closed. After the period end, £79k was invested in Orthogem, which now has CE approval for its putty product and has begun sales and is signing up new distributors. £30k has also been invested in ZuvaSyntha to enable the company to pursue a large Innovate UK grant. Whilst the grant was won, a new implementation of EU rules meant it was no longer eligible to receive the grant or any further grants. Without the grant, the remaining investment required was beyond the capability of existing investors, and ZuvaSyntha has made the decision to cease trading.

Arecor continues to make encouraging technical and commercial progress, and has secured a £6m funding round, led and 80% funded by 3 VCT groups; Calculus, Downing and Albion. We take this as a strong third party vote of confidence in the company, its technology and its business plan. Your Company has invested £99k in this fund raising. This is significantly less than its pro-rata allocation, but its participation was scaled back by the requirement to conform to VCT regulations.

Select Technology, a photocopier (or more generally Multi Function Device, or MFD) software company, suffered a setback with the loss of a master distributorship for Europe with one product in 2017, which led to the company becoming loss-making for a period. Since then Select has been making good progress with IDEA - the International Document Evolution Alliance. This is a global network of distributors who all understand software, networks and the document management business, and who can offer a one stop global distribution network which is attractive to developers. Sales and profit margins have been increasing and the prospects for the future are encouraging. The company attended our recent AGM and its presentation can be found on our website.

Oxis Energy are busy leading a £7m Innovate project and have started construction of a manufacturing plant in Brazil, but unfortunately raised money recently at a significant reduction to the previous round. The impact of the preferential rights of certain share classes further amplifies the effect of this dilution.

The Directors along with the Investment Adviser continue to take an active interest in the remaining 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 Adviser to be able to provide support when such approaches occur is essential for maximising value.

### Liquidity

The Directors are not proposing any further dividend at this time, as we need to ensure that the Company retains sufficient cash to ensure it can continue to operate for the foreseeable future and remain VCT qualifying. Some portfolio companies will require further financing, and as always, these will be considered on a case by case basis.

### **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.

### **Change of Auditor**

James Cowper Kreston, our auditors for the last 13 years, have decided to withdraw from auditing Public Interest Entities for the time being due to the increasing regulatory landscape and associated costs. Unfortunately, this includes VCTs. The Board would like to thank them for all their support and constructive feedback during their period in office. Shareholders will recall that last year, we carried out a tender for the audit. The Audit Committee was also impressed by one of the other firms who responded, and on its recommendation, the Board is therefore pleased to appoint UHY Hacker Young LLP ("UHY") to fill the casual vacancy that has arisen. UHY will audit the Company's 2019 annual results, and shareholders will be asked to reappoint them at next year's AGM for the following year's audit.

### **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. We do not expect that recent changes will 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.

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.

**David Livesley**  
**Chairman**  
**23 October 2018**

## Investment Portfolio as at 31 August 2018

Company	Description	Net Cost of investment £'000	Carrying value at 31/08/18 £'000	Change in value for the 6 month period £'000	% Equity held OT4	% Equity held All OTVCTs	% Net Assets
Castleton Technology (bid price 101.0p)	Mobile software for contractors	118	1,441	(150)	1.7	1.7	25.7
Select Technology	Photocopier interfaces	237	962	81	18.4	58.6	17.2
Arecor	Protein stabilisation	491	808	73	7.0	12.1	14.4
ImmBio	Novel vaccines	789	596	143	12.0	20.9	10.6
Diamond Hard Surfaces	Diamond coatings	640	446	(72)	49.9	49.9	8.0
Dynamic Extractions	Separation technology	377	313	-	30.4	30.4	5.6
Orthogem	Bone graft material	230	135	-	7.1	19.9	2.4
Zuvasyntha	Microbial technology	413	133	(28)	29.1	29.1	2.4
Oxis Energy	Rechargeable batteries	305	121	(13)	0.2	0.4	2.2
Insense	Wound healing	476	67	-	2.5	6.8	1.2
Novacta	Bioengineering & antibiotics	347	59	-	2.3	2.3	1.0
Plasma Antennas	Directional antennas	700	41	-	30.9	48.8	0.7
MirriAd Advertising (bid price 31.8p)	Virtual product placement	0	16	(7)	0	0	0.3
Abzena (bid price 15.2p)	Protein based peptide drugs	33	15	(10)	0	0.1	0.3
Metal Nanopowders	Production of metal powders	52	4	-	16.7	36.7	0.1
Superhard Materials	Production of hard materials	9	1	-	18.2	40.0	-
Glide Technologies	Needle free injector	975	-	-	5.6	8.8	-
Historic Futures	Traceability software	420	-	-	6.6	6.6	-
<b>Total Investments</b>		<b>6,611</b>	<b>5,158</b>	<b>17</b>			<b>92.1</b>
Other Net Assets			441				7.9
<b>Net Assets</b>			<b>5,599</b>				<b>100</b>

## 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**  
**23 October 2018**

## Income Statement

	Six months to 31 Aug 2018			Six months to 31 Aug 2017			Year to 28 February 2018		
	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	-	176	176	-	-	-	-	-	-
Unrealised gain/(loss) on valuation of fixed asset investments	-	544	544	-	376	376	-	(579)	(579)
Investment management fees	(7)	(20)	(27)	(8)	(22)	(30)	(15)	(45)	(60)
Other expenses	(28)	-	(28)	(27)	-	(27)	(56)	-	(56)
<b>Return on ordinary activities before tax</b>	<b>(35)</b>	<b>700</b>	<b>665</b>	<b>(35)</b>	<b>354</b>	<b>319</b>	<b>(71)</b>	<b>(624)</b>	<b>(695)</b>
Taxation on ordinary activities	-	-	-	-	-	-	-	-	-
<b>Return on ordinary activities after tax</b>	<b>(35)</b>	<b>700</b>	<b>665</b>	<b>(35)</b>	<b>354</b>	<b>319</b>	<b>(71)</b>	<b>(624)</b>	<b>(695)</b>
<b>Earnings per share – basic and diluted</b>	<b>(0.3)p</b>	<b>6.0p</b>	<b>5.7p</b>	<b>(0.3)p</b>	<b>3.1p</b>	<b>2.8p</b>	<b>(0.6)p</b>	<b>(5.4)p</b>	<b>(6.0)p</b>

- 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 2018		As at 31 Aug 2017		As at 28 Feb 2018	
	£'000	£'000	£'000	£'000	£'000	£'000
Fixed asset investments (At fair value through profit and loss)		5,158		6,096		5,141
<b>Current assets:</b>						
Debtors	21		19		2	
Creditors: Amounts falling due within one year	(20)		(19)		(10)	
Cash at Bank	440		198		147	
Net current assets		441		198		139
<b>Net assets</b>		<b>5,599</b>		<b>6,294</b>		<b>5,280</b>
Called up equity share capital		1,152		1,152		1,152
Share premium		813		813		813
Unrealised capital reserve		(1,453)		(502)		(1,457)
Profit and Loss account reserve		5,087		4,831		4,772
<b>Total equity shareholders' funds</b>		<b>5,599</b>		<b>6,294</b>		<b>5,280</b>
<b>Net asset value per share</b>		<b>48.6p</b>		<b>54.7p</b>		<b>45.9p</b>

## Statement of Changes in Equity

	Share Capital £'000	Share Premium Reserve £'000	Unrealised Capital Reserve £'000	Profit & Loss Reserve £'000	Total £'000
<b>As at 1 March 2017</b>	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 fair value of investments	-	-	376	-	376
<b>Balance as at 31 August 2017</b>	<b>1,152</b>	<b>813</b>	<b>(502)</b>	<b>4,831</b>	<b>6,294</b>
<b>As at 1 March 2017</b>	1,152	813	(878)	4,888	5,975
Revenue return on ordinary activities after tax	-	-	-	(71)	(71)
Expenses charged to capital	-	-	-	(45)	(45)
Current period losses on fair value of investments	-	-	(579)	-	(579)
<b>Balance as at 28 February 2018</b>	<b>1,152</b>	<b>813</b>	<b>(1,457)</b>	<b>4,772</b>	<b>5,280</b>
<b>As at 1 March 2018</b>	1,152	813	(1,457)	4,772	5,280
Revenue return on ordinary activities after tax	-	-	-	(35)	(35)
Expenses charged to capital	-	-	-	(20)	(20)
Current period gains on disposal	-	-	-	176	176
Current period gains on fair value of investments	-	-	544	-	544
Dividends paid	-	-	-	(346)	(346)
Prior years' unrealised gains now realised	-	-	(540)	540	-
<b>Balance as at 31 August 2018</b>	<b>1,152</b>	<b>813</b>	<b>(1,453)</b>	<b>5,087</b>	<b>5,599</b>

## Statement of Cash Flows

	Six months to 31 Aug 2018 £'000	Six months to 31 Aug 2017 £'000	Year to 28 Feb 2018 £'000
<b>Cash flows from operating activities</b>			
Return on ordinary activities before tax	665	319	(695)
Adjustments for:			
Increase in debtors	(19)	(17)	-
Increase/(Decrease) in creditors	10	(15)	(24)
Gain on disposal of fixed asset investments	(176)	-	-
(Gain)/Loss on valuation of fixed asset investments	(544)	(376)	579
<b>Outflow from operating activities</b>	<b>(64)</b>	<b>(89)</b>	<b>(140)</b>
<b>Cash flows from investing activities</b>			
Purchase of fixed asset investments	(87)	(149)	(149)
Sale of fixed asset investments	790	-	-
<b>Total cash flows from investing activities</b>	<b>703</b>	<b>(149)</b>	<b>(149)</b>
<b>Cash flows from financing activities</b>			
Dividends paid	(346)	-	-
<b>Total cash flows from financing activities</b>	<b>(346)</b>	<b>-</b>	<b>-</b>
<b>Increase/(Decrease) in cash and cash equivalents</b>	<b>293</b>	<b>(238)</b>	<b>(289)</b>
Opening cash and cash equivalents	147	436	436
<b>Closing cash and cash equivalents</b>	<b>440</b>	<b>198</b>	<b>147</b>

## Notes to the Half-Yearly Report

### 1. Basis of preparation

The unaudited half-yearly results which cover the six months to 31 August 2018 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 2018 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 2018 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 2018. 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. Events after the Balance Sheet Date

In September 2018, OT4 invested £79,000 in Orthogem Limited and £99,000 in Arecor Limited. A further £30,450 Castleton shares were sold in September to October 2018. ZuvaSyntha, following withdrawal of an Innovate UK grant, has taken the decision to cease trading.

8. 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](http://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](http://www.oxfordtechnology.com/vct4)