

Oxford Technology 4 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	£5.00m	£5.64m
Net Asset Value per Share	43.4p	49.0p
Cumulative Dividend per Share	43.0p	40.0p
Total NAV Return per Share	86.4p	89.0p
Share Price at Period End (Mid-Price)	26.5p	29.5p
Earnings per Share	(2.6)p	6.1p



ImmBio – Innovating Vaccines

Company Number: 5038854

Registered Address: 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 2019.

Results and Dividend

The Company's net asset value (NAV) per share has decreased from 49.0p at 28 February 2019 by 5.6p to 43.4p at 31 August 2019. This is partially down to reductions in the valuations of Diamond Hard Surfaces and Orthogem, although the 3.0p dividend per share paid in April accounts for over 50% of the reduction.

Total return which includes net asset value and dividends paid per share reduced by the smaller amount of 2.6p from 89.0p to 86.4p over the same period.

During the period, your company disposed of a further 520,000 Castleton shares at £0.95 per share realising £494,000. This enabled a dividend payment of 3.0p per share to be paid on 26 April 2019. The Castleton share price has risen from 89p to 98p during the period.

A further investment of £38,433 was made into ImmBio to support the company before revenue is received from the Chinese licencing deal.

Following the decision to cease trading after the withdrawal of the Innovate UK grant, ZuvaSyntha was dissolved on 11 June 2019. As the investment was already fully provided for, this had no impact on either the NAV or the P&L.

Portfolio Review

During the period, the portfolio has remained stable with steady progress being reported by most companies:

- Arecor have started dosing in their Phase 1 clinical trial of rapid action insulin. They have also signed multiple development agreements to develop room temperature liquid formulations with global pharmaceutical companies.
- Orthogem have agreed terms with a new UK distributor, TRB Chemica. The valuation of Orthogem has been reduced to reflect that sales of the putty product have been slow to arrive. Overseas regulatory approval has been much slower than anticipated, for example in Australia which has been a leading market for Orthogem.
- ImmBio have begun the processes of technology transfer to the national Chinese biotechnology company CNBG as foreseen by the license agreement. Discussions are also ongoing with pharma companies in other regions of the world.
- Select 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's sales grew to just over £7m in the year to July 2019, an all-time high for the company, and resulted in a small profit.
- Castleton reported revenue growth of 13% to £26.4m and EBITDA growth of 24% on the previous year. The share price was 98.0p at 31 August 2019, up on the start of our financial year but down from a peak of 111p at the beginning of April. The National Housing Federation has chosen Castleton as its preferred supplier of Housing Management Solutions.
- DHS continues to pursue sales opportunities, particularly for its electronics heat dissipation product, but sales have not grown as expected and therefore the valuation has been decreased.

Liquidity

The Directors are not proposing to recommend a further 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. Whilst the Company currently exceeds this limit, as qualifying investments are realised and distributions made to shareholders maintaining compliance may become more difficult.

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.

The Board continues to review the future structure and cost base of your Company, with particular focus on the impact of the reduction of asset base as funds are returned to shareholders. 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 who may be interested in increasing the asset base, but to date, 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.

Meanwhile your Board and Investment Manager continue to work together so as to best position your VCT such that, when valuations and opportunities allow, holdings can be exited. Subject to ongoing liquidity requirements, proceeds will then be distributed to shareholders.

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

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 OT4	% Equity held All OTVCTs	% Net Assets
Select – STL Management Ltd	Photocopier interfaces	237	1,123	60	18.4	58.6	22.5
ImmBio	Novel vaccines	827	1,018	6	12.8	22.2	20.3
Arecor	Protein stabilisation	590	907	-	5.6	10.5	18.1
Castleton Technology (bid price 98.0p)	Mobile software for contractors	72	859	(384)	1.1	1.1	17.2
Dynamic Extractions	Separation technology	377	313	-	30.4	30.4	6.3
Diamond Hard Surfaces	Diamond coatings	640	148	(189)	49.9	49.9	3.0
Orthogem	Bone graft material	309	93	(134)	10.7	29.8	1.9
Insense	Active wound healing dressings	476	67	-	2.5	6.8	1.3
Novacta	Antibiotics Development	347	59	-	2.3	2.3	1.2
Plasma Antennas	Directional antennas	700	41	-	30.9	48.8	0.8
Oxis Energy	Rechargeable batteries	305	41	(49)	0.2	0.3	0.8
MirriAd Advertising (bid price 13.0p)	Virtual product placement	-	6	(1)	0	0	0.1
Metal Nanopowders	Production of metal nanopowders	52	-	-	16.7	36.7	-
Superhard Materials	Very hard materials	9	-	-	18.2	40.0	-
Total Investments		4,941	4,675	(691)			93.5
Other Net Assets			327				6.5
Net Assets			5,002				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:

David Livesley
Chairman
18 September 2019

Income Statement

	Six months to 31 Aug 2019			Six months to 31 Aug 2018			Year to 28 February 2019		
	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	-	29	29	-	176	176	-	185	185
Unrealised (loss)/gain on valuation of fixed asset investments	-	(266)	(266)	-	544	544	-	617	617
Investment income	-	-	-	-	-	-	11	-	11
Investment management fees	(7)	(21)	(28)	(7)	(20)	(27)	(13)	(40)	(53)
Other expenses	(26)	-	(26)	(28)	-	(28)	(56)	-	(56)
Return on ordinary activities before tax	(33)	(258)	(291)	(35)	700	665	(58)	762	704
Taxation on ordinary activities	-	-	-	-	-	-	-	-	-
Return on ordinary activities after tax	(33)	(258)	(291)	(35)	700	665	(58)	762	704
Earnings per share – basic and diluted	(0.3)p	(2.3)p	(2.6)p	(0.3)p	6.0p	5.7p	(0.5)p	6.6p	6.1p

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)		4,675		5,158		5,366
Current assets:						
Debtors	18		21		2	
Creditors: Amounts falling due within one year	(6)		(20)		(13)	
Cash at Bank	315		440		284	
Net current assets		327		441		273
Net assets		5,002		5,599		5,639
Called up equity share capital		1,152		1,152		1,152
Share premium		813		813		813
Unrealised capital reserve		(266)		(1,453)		7
Profit and Loss account reserve		3,303		5,087		3,667
Total equity shareholders' funds		5,002		5,599		5,639
Net asset value per share		43.4p		48.6p		49.0p

Statement of Changes in Equity

	Share Capital £'000	Share Premium Reserve £'000	Unrealised Capital Reserve £'000	Profit & Loss Reserve £'000	Total £'000
As at 1 March 2018	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	-
Balance as at 31 August 2018	1,152	813	(1,453)	5,087	5,599
As at 1 March 2018	1,152	813	(1,457)	4,772	5,280
Revenue return on ordinary activities after tax	-	-	-	(58)	(58)
Expenses charged to capital	-	-	-	(40)	(40)
Current period gains on disposal	-	-	-	185	185
Current period gains on fair value of investments	-	-	617	-	617
Prior years' unrealised losses now realised	-	-	847	(847)	-
Dividends paid	-	-	-	(345)	(345)
Balance as at 28 February 2019	1,152	813	7	3,667	5,639
As at 1 March 2019	1,152	813	7	3,667	5,639
Revenue return on ordinary activities after tax	-	-	-	(33)	(33)
Expenses charged to capital	-	-	-	(21)	(21)
Current period gains on disposal	-	-	-	29	29
Current period losses on fair value of investments	-	-	(266)	-	(266)
Dividends paid	-	-	-	(346)	(346)
Prior years' unrealised gains now realised	-	-	(7)	7	-
Balance as at 31 August 2019	1,152	813	(266)	3,303	5,002

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	(291)	665	704
Adjustments for:			
Increase in debtors	(16)	(19)	-
(Decrease)/increase in creditors	(7)	10	3
Gain on disposal of fixed asset investments	(29)	(176)	(185)
Loss/(gain) on valuation of fixed asset investments	266	(544)	(617)
Outflow from operating activities	(77)	(64)	(95)
Cash flows from investing activities			
Purchase of fixed asset investments	(38)	(87)	(265)
Sale of fixed asset investments	492	790	842
Inflow from investing activities	454	703	577
Cash flows from financing activities			
Dividends paid	(346)	(346)	(345)
Outflow from financing activities	(346)	(346)	(345)
Increase in cash and cash equivalents	31	293	137
Opening cash and cash equivalents	284	147	147
Closing cash and cash equivalents	315	440	284

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 (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 2019. 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, Magdalen Centre, Oxford Science Park, Oxford OX4 4GA and on the Company's website.

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.oxfordtechnologyvct.com/vct4.html