

Oxford Technology 3 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	£5.53m	£5.60m
Net Asset Value per Share	81.6p	82.5p
Cumulative Dividend per Share	36.0p	32.0p
Total NAV Return per Share	117.6p	114.5p
Share Price at Period End	42.5p	52.5p
Earnings per Share	3.1p	(4.1)p



Ixaris – Payment Solutions

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 decreased from 82.5p at 28 February 2017 by 0.9p to 81.6p at 31 August 2017. The underlying NAV per share rose by 3.1p but was offset by the payment of a 4p per share dividend on 21 July 2017. Further dividends are likely to require a profitable investee company exit.

Portfolio Review

The companies within the 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 Immbio (£31k), Plasma Antennas (£50k) and Scancell (£50k).

Following a successful first in human clinical trial, Immbio is now negotiating commercial licences for its Pneumococcal Vaccine Pnubiovax. Plasma Antennas continues to develop its unique technology while looking for commercial partners. Scancell has a strong novel cancer related clinical development pipeline. SCIB1, targeting malignant melanoma, has had good Phase1/2 results and a Phase 2 combination trial with an immune checkpoint inhibitor is planned for 2018. SCIB2 targets non-small lung cancer and Modi-1 targets breast and ovarian cancers and osteosarcoma. Four Phase1/2 trials on each target are also planned for 2018.

Another of the listed companies within the portfolio Abzena raised money within the period by way of a placing at 33p per share. Your company did not participate in the placing.

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 primarily Ixaris and Glide Pharmaceutical. Ixaris has continued to grow sales significantly and generate cash. As a result, our loan of £108k along with accrued interest of £79k will be repaid shortly after period end. 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 £48k of investment.

The Directors along with the Investment Advisor 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 be noted that the current portfolio is highly concentrated with Ixaris representing 58% and Scancell 15% of investments and the VCT NAV is very sensitive to changes in these valuations.

Liquidity

At period end we had net current assets of £711k which continues to provide us with flexibility to make follow-on investments if attractive.

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 its potential impact on both the VCT and its 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 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.

We were pleased to welcome a large number of shareholders to our AGM in July. Two of our investee companies made presentations: Arecor and Immbio. These presentations are on the Oxford Technology website.

The directors' view remains that the portfolio, while concentrated, still holds significant potential over the medium term but is not without risk. Finally I would like to take this opportunity to thank shareholders for their continued support.

Robin Goodfellow - 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 OT3	% Equity held All OT	% of fund investment value
Ixaris Group Holdings	Internet payments	535	2,802	152	7.3	7.3	58.1
Scancell (bid price 14p)	Antibody based cancer therapeutics	409	718	70	1.6	3.8	14.9
Plasma Antennas	Directional antennas	358	290	40	12.4	48.9	6.0
ImmBio	Novel vaccines	432	277	39	4.9	16.2	5.7
Arecor	Protein stabilisation	224	256	-	2.6	11.3	5.3
Orthogem	Bone graft material	234	142	-	7.6	20.2	2.9
Select Technology	Photocopier interfaces	47	131	2	2.8	58.6	2.7
Abzena (bid price 44p)	Protein & peptide based drugs	69	88	15	0.1	0.1	1.8
Insense	Wound healing	333	60	-	2.3	6.8	1.3
Inaplex	Data transformation software	58	22	-	13.3	34.8	0.5
Invro	Low power electronics	40	20	-	33.1	33.1	0.4
Metal Nanopowders	Production of metal powders	153	13	-	20.0	36.7	0.3
Superhard Materials	Production of hard materials	11	3	-	21.8	40.0	0.1
Microarray	Insense spinout	2	0	-	2.0	2.0	-
Glide Technologies	Needle free injector	225	0	(48)	-	-	-
Total Investments		3,130	4,822	270			100%
Other Net Assets			711				
Net Assets			5,533				

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:

Robin Goodfellow – Chairman
20 October 2017

Income Statement

	Six months to 31 Aug 2017			Six months to 31 Aug 2016			Year to 29 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	-	9	9	-	-	-	-	154	154
Unrealised gain/(loss) on valuation of fixed asset investments	-	247	247	-	85	85	-	(417)	(417)
Performance fee accrual	-	-	-	-	23	23	-	23	23
Investment income	9	-	9	-	-	-	84	-	84
Investment management fees	(7)	(21)	(28)	(9)	(26)	(35)	(17)	(52)	(69)
Other expenses	(28)	-	(28)	(27)	-	(27)	(55)	-	(55)
Return on ordinary activities before tax	(26)	235	209	(36)	82	46	12	(292)	(280)
Taxation on ordinary activities	-	-	-	-	-	-	-	-	-
Return on ordinary activities after tax	(26)	235	209	(36)	82	46	12	(292)	(280)
Earnings per share – basic and diluted	(0.4)p	3.5p	3.1p	(0.5)p	1.2p	0.7p	0.2p	(4.3)p	(4.1)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 29 February 2017	
	£'000	£'000	£'000	£'000	£'000	£'000
Fixed asset investments *		4,822		4,917		4,552
Current assets:						
Debtors	226		17		103	
Creditors: Amounts falling due within one year	(29)		(52)		(55)	
Cash at Bank	514		1,064		995	
Net current assets		711		1,029		1,043
Creditors: Amounts falling due in more than one year		-		(24)		-
Net assets		5,533		5,922		5,595
Called up equity share capital		679		679		679
Share premium		718		719		718
Unrealised capital reserve		1,596		1,998		1,349
Profit and Loss account reserve		2,540		2,526		2,849
Total equity shareholders' funds		5,533		5,922		5,595
Net asset value per share		81.6p		87.3p		82.5p

* 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	679	718	1,913	3,583	6,893
Revenue return on ordinary activities after tax	-	-	-	(36)	(36)
Expenses charged to capital	-	-	-	(3)	(3)
Current period gains on fair value of investments	-	-	85	-	85
Dividends paid	-	-	-	(1,018)	(1,018)
Balance as at 31 August 2016	679	718	1,998	2,526	5,922
As at 1 March 2016	679	718	1,913	3,583	6,893
Revenue return on ordinary activities after tax	-	-	-	12	12
Expenses charged to capital	-	-	-	(29)	(29)
Current period gains on disposal	-	-	-	154	154
Current period losses on fair value of investments	-	-	(417)	-	(417)
Prior years' unrealised gains now realised	-	-	(147)	147	-
Dividends paid	-	-	-	(1,018)	(1,018)
Balance as at 28 February 2017	679	718	1,349	2,849	5,595
As at 1 March 2017	679	718	1,349	2,849	5,595
Revenue return on ordinary activities after tax	-	-	-	(26)	(26)
Expenses charged to capital	-	-	-	(21)	(21)
Current period gains on disposal	-	-	-	9	9
Current period gains on fair value of investments	-	-	247	-	247
Dividends paid	-	-	-	(271)	(271)
Balance as at 31 August 2017	679	718	1,596	2,540	5,533

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	209	46	(280)
Adjustments for:			
Increase in debtors	(124)	(15)	(101)
Decrease in creditors	(25)	(49)	(70)
Gain on disposal of fixed asset investments	(9)	-	(154)
(Gain)/loss on valuation of fixed asset Investments	(247)	(85)	417
Movement in investment debtors and creditors	(10)	-	30
Outflow from operating activities	(206)	(103)	(158)
Cash flows from investing activities			
Purchase of fixed asset investments	(131)	(709)	(1,009)
Sale of fixed asset investments	127	-	286
Total cash flows from investing activities	(4)	(709)	(723)
Cash flows from financing activities			
Dividends paid	(271)	(1,018)	(1,018)
Total cash flows from financing activities	(271)	(1,018)	(1,018)
Increase/(decrease) in cash and cash equivalents	(481)	(1,830)	(1,899)
Opening cash and cash equivalents	995	2,894	2,894
Closing cash and cash equivalents	514	1,064	995

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 (6,785,233 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

OT3 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/vct3.

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

Investment Manager: OT3 Managers Ltd with services contracted to Oxford Technology Management Ltd

Website: www.oxfordtechnology.com/vct3