Oxford Technology

Venture Capital Trust plc

Financial Statements

For the year ended 28 February 2005

Contents

Financial highlights

	Year ended 28 February 2005 per ordinary share	**Year ended 29 February 2004 per ordinary share**
Net asset value at year end after distributions	**86p**	**112p**
Net asset value at year end after recognising possible future payments from the sale of Valid Information Systems shares (see Note 6 on page 15)	94p	
Revenue return	**(1.98)p**	**(2.61)p**
Cumulative dividend (gross) from incorporation	**2.74p**	**2.74p**
Share price at year end	**77.0p**	**96.0p**

Statement on behalf of the Board

Investment Portfolio

There have been mixed results for the investee companies of Oxford Technology VCT, with some - particularly biotech companies - experiencing funding difficulties, whilst others have had a very successful year.

There has been much comment in the press about the increasing difficulties for pre-revenue biotech companies in the UK to raise capital, and that the valuations of these companies have fallen. Oxford Technology VCT (OTVCT) invested £100,000 (as part of a £200,000 seed round) at £6 per share in Avidex Ltd when it was founded in 1997. Since 1997, Avidex has, raised a further £30m, to which OTVCT contributed a further £200,000. These further fundraisings were done at share prices of £9, £12, and then £40 (OTVCT valued its shares at the most recent share price, as per British Venture Capital Association guidelines). However, in the recent rounds the investment terms have become more complicated with preference and anti-dilution provisions being introduced for later shareholders. For instance, in 2004/05, Avidex raised £10m by means of a loan at 2% per month interest, with the option to convert to shares at the price of the next round. But during all of this, the science has been going extremely well. The first product, *RhuDex*, a potential treatment for rheumatoid arthritis enters clinical trials in April 2005. In February 2005, Avidex announced the successful outcome of a collaboration with the US biotech firm, Anosys. In March, Avidex published data demonstrating for the first time that soluble, high affinity, human monoclonal T cell receptors (mTCRs) can be selected using phage display technology. Also in March, Avidex announced an agreement with Active Biotech AB to use Avidex's mTCR technology to help Active develop a novel cancer immunotherapeutic. Also in March, Avidex announced a research collaboration with the Ludwig Institute for Cancer Research. The collaboration is based on one of Avidex's mTCRs which targets the tumour associated antigen NY-ESO-1. This was originally discovered by researchers at the LICR and is one of the most immunogenic tumour antigens known. In summary, Avidex is making excellent progress with its business development. However, in the light of the fact that it is has become increasingly difficult to value the ordinary shares, OTVCT announced on 22 February 2005 that it would revalue its holding in Avidex at cost, rather than at the most recent share price. This had the effect of reducing the holding from £1.435m to £300,000, equivalent to a reduction of 23p per share. Naturally we hope that this will transpire to be a conservative valuation; only time will tell.

At the same time, Scancell, the Nottingham based company that develops anti-cancer therapeutics has found it similarly difficult to raise capital, despite the strength of its science. Again, the decision was taken to write down the value of the holding to reflect the difficulty in funding.

Armstrong Healthcare's medical robots were used for the first time in heart surgery, to enable bypass operations in the US, and mitral valve replacement/repair at St Mary's hospital, to be undertaken endoscopically, thereby avoiding the need for open heart surgery, with huge benefits to the patient. However, Armstrong failed to achieve its sales projections in 2004, and, as a result, needed to raise additional capital. At the time of writing, this is being raised by means of a rights issue at £1.50 per share, as opposed to the former share price of £4 per share.

The falls in the value of OTVCT's holdings in Avidex, Scancell and Armstrong thus contributed to a fall in the Net Asset Value per Share of OTVCT from £1.12 in the accounts to 29 February 2004 to 86p in these accounts.

Against this, there were gains in the value of Im-Pak, and, in September 2004, OTVCT received £278,000, the first earn-out payment from the sale of Valid, bringing the total received from this investment to £1.753m (against an original cost of £270,000). At the time of writing, Valid is on-track to achieve the final earn-out payment in August 2005, which (for OTVCT) should amount to £780,000 (although this is not certain). Along with the other shareholders in Valid, OTVCT signed various standard warranties associated with the sale so that, in theory, it could be required to repay some or all of the sale proceeds. Due to warranties which were signed on the sale of Valid, the Board has not yet paid a dividend with the proceeds of the sale, but will continue to review the situation and will pay a dividend as soon as it considers it prudent to do so.

Getmapping is making better progress, and although OTVCT is still showing a substantial loss on its investment overall, the share price has improved from 1.75p to 9p per share during 2005. Getmapping is now traded on Sharemark.co.uk where buyers and sellers may enter anonymous bids in a monthly auction.

Results for the year

Interest on bank deposits and investee loans together with dividend income produced gross revenue of £60,000 (2004: £43,000) in the year. Net revenue after taxation and management expenses was a loss of £96,000 (2004: loss of £127,000) and revenue return for the year was a loss of 1.98p (2004: loss of 2.61p) per share. Capital return was a loss of 23.86p (2004: loss of 0.31p) per share. The graph on page 7 shows the historical Net Current Assets (chiefly cash) plus Gilts per share, and Other Investments (the fund's venture capital investments) per share. Together, these two figures make up the total Net Asset Value per share. The graph also shows cumulative dividends paid to date.

AGM

Shareholders should note that the AGM for OTVCT will be held on Friday 10 June 2005, at the Magdalen Centre, Oxford Science Park, starting at 12.00 noon and will include presentations by some of the companies in which the Oxford Technology VCTs have invested. A formal Notice of AGM has been included at the back of these Accounts together with a Form of Proxy for those not attending.

Fuller information on each of the investee companies is given in the April 2005 newsletter.

Table of remaining investments in Oxford Technology VCT

Company	Date of initial investment	Net cost of investment £000	Percentage of voting rights held by company %
Armstrong Healthcare Ltd	Jun 98	447	9.2
Avidex Ltd	Feb 99	300	4.6
Biocote Ltd	Dec 97	145	4.5
Coraltech Ltd	Jul 99	113	12.0
Dataflow Ltd	Mar 98	156	5.5
Duncan Hynd Associates Ltd	Sep 99	150	26.9
Equitalk.co.uk Ltd	Jan 00	136	6.3
Getmapping plc	Mar 99	518	4.6
Im-Pak Technologies Ltd	Mar 03	113	7.4
Innovative Materials Processing Technologies Ltd	Mar 00	150	6.2
Membrane Extraction Technology Ltd	Dec 98	160	20.3
Oxford Sensor Technology Ltd	Feb 99	336	16.9
Scancell Ltd	Aug 99	192	10.6
STL Management Ltd	Sep 99	292	36.2
		3,208	

John Jackson
Chairman
6 May 2005

Board of Directors

John Jackson, 75, Chairman, worked full time for Philips Electrical Ltd and Philips Electronic and Associated Industries Ltd (“Philips Electronics”) in the UK from 1952 to 1980, becoming a director of Philips Electronics in 1966, on whose board he served until early 1994. Since 1980, he has joined the boards of a number of other companies in a wide range of industries, including electronics, engineering, biotechnology, pharmaceuticals and fine chemicals. He is currently chairman of Xenova Group plc, each of the four Oxford Technology VCTs, as well as the non-solicitor Chairman of Mishcon de Reya. He is a director of Brown & Jackson plc and a number of unlisted companies. In autumn of 2004, he retired as a director of WPP Group plc whilst continuing as a member of its advisory board. In 2003, he retired as Chairman of Celltech Group plc. He was the special adviser to the Korda Seed Capital Fund (unconnected with Seed Capital Ltd), which was established as a £5m fund to invest primarily in technology-based companies from March 1989 until its final distribution and cessation in 2003. He is particularly interested in high technology business start-ups.

Charles Breese, 58, Director, joined Larpent Newton in 1982 and has been managing director of Larpent Newton since 1986. He has played an active role in helping to launch a number of technology transfer start-up companies. He qualified as a chartered accountant in 1969 with the firm now known as Grant Thornton and thereafter worked for the firm now known as KPMG from 1969 to 1982. Charles Breese is an experienced venture capital manager and from 1982 until 1999, Larpent Newton managed The Growth Fund Ltd, a wholly-owned subsidiary of Friends Provident Life Office, which invested in businesses which were unquoted at time of initial investment and primarily technology-based early stage and start-up companies (including several technology start-ups out of universities). As well as being a director of each of the first three Oxford Technology VCTs, Charles Breese is also a director of Octopus Asset Management Ltd, a fund manager. As a result of the Octopus connection, he is a director of BioScience VCT, a fund which has a complementary strategy to the Oxford Technology VCTs and which has co-invested in two investee companies of the Oxford Technology VCTs, and is on the investment committee of Phoenix VCT.

Lucius Cary, 58, Director, is the founder and managing director of Seed Capital Ltd ,which has specialised in making and managing investments in start-up technology-based businesses since 1983. He has a degree in engineering and economics from Oxford University, an MBA from Harvard Business School and was an engineering apprentice at the Atomic Energy Research Establishment, Harwell. After forming and raising finance for his first business in 1972, he founded “Venture Capital Report” in 1978 and was its managing director for 17 years. In March 1996, he sold all his shares and became chairman so reducing his day-to-day involvement in order to concentrate more fully on Seed Capital’s investment activities. By 2003, Seed Capital had managed or advised seed capital funds which, between them, had made some 100 investments in early stage and start-up technology companies. In 2003, he was awarded an OBE for services to business.

Michael O’Regan, 58, Director, co-founded Research Machines Ltd in 1973 which floated on the London Stock Exchange as RM plc in 1994; he was an executive director until 1992 and remained a non-executive director until 2004. RM plc is the leading supplier to the UK education market of information technology solutions. He is a non-executive director of several unlisted companies and has been involved in the start-up and early stage financing of a number of technology-based companies. He is chairman of Hamilton Trust, an educational charity and is joint director of the Hamilton Maths and Reading Projects.

Sir Martin Wood, 77, Director, founded the company now known as Oxford Instruments plc in 1959 and is now Honorary President. He is a non-executive director of Oxford Innovation Ltd, which provides technology advice and consultancy. He has long taken an interest in the development of early stage technology companies and has been a director of and investor in a number of such businesses. He was a founder of the Oxford Trust, which encourages investment in start-up technology companies and provides incubator premises for technology start-ups; he remains a patron of the Oxford Trust. Since 1986, Sir Martin has been a non-executive director of Oxford Seedcorn Capital Ltd (unconnected with Seed Capital Ltd), which has made and managed 19 “seed” investments, 17 of which were in technology companies.

Report of the Directors

The directors present their report together with financial statements for the year ended 28 February 2005.

Principal activity

The company is an investment company and commenced business in March 1997. The company provides investment in start-up and early stage technology companies in general located within 60 miles of Oxford.

Business review

There was a net loss for the period after taxation amounting to £1,254,000 (2004: loss of £142,000) made up of a net capital loss on the value of investments of £1,158,000 (2004: loss of £15,000) and a revenue loss of £96,000 (2004: loss of £127,000). The revenue account comprises income of £60,000 (2004: £43,000) less management and other expenses of £156,000 (2004: £170,000). No dividends were recommended.

Directors

The present membership of the board, and their beneficial interests in the ordinary shares of the company at 28 February 2005 and at 29 February 2004, are set out below:

Name	2005	2004
J B H Jackson	40,000	40,000
C J Breese	10,000	10,000
J L A Cary	62,000	62,000
M R H J O'Regan	230,000	230,000
Sir Martin Wood	208,000	208,000

Except as disclosed in note 2 and set out below, no director had, during the period or at the end of the period, a material interest in any contract which was significant in relation to the company's business. In the case of the investments in Armstrong Healthcare Ltd, and Im-Pak Ltd, M W Wood was an existing investor and took up some or all of his rights; in the case of the investment in Oxford Sensor Technology Ltd both J B H Jackson and M R H J O'Regan were existing investors, and took up some or all of their rights.

Corporate governance

The company has complied throughout the period with the provisions (as modified by the FSA Listing Rules for Venture Capital Trusts) set out in Section 1 of the Combined Code, except that a senior non-executive director is not identified and the Board as a whole performs the functions of both the Audit Committee (code D.3.1) and the Nomination Committee (code A.5.1).

The Board is aware of, and has reviewed the revised Combined Code (incorporating the Higgs Report) and is considering how best to incorporate the additional recommendations into its operation.

The Board consists solely of five non-executive directors. C J Breese and J L A Cary represent the Investment Manager and Investment Adviser respectively and the remaining three directors are independent. In these circumstances, the Board does not believe that it is necessary to identify a senior independent director other than the Chairman. The Board has put in place corporate governance arrangements which it believes are appropriate to a Venture Capital Trust and which will enable the company to operate within the spirit of the Principles of Good Governance and comply with the code of Best Practice ("the Combined Code").

The Board meets regularly, at least four times a year, and between these meetings maintains contact with the Investment Manager and Investment Adviser. The Investment Adviser prepares detailed written reports on, amongst other things, the performance of each of the investees in advance of Board meetings and these are circulated to all members of the Board. In addition, the directors are free to seek any further information they consider necessary. All directors have access to the Company Secretary and independent professionals at the Company's expense. The Combined Code states that the Board should have a formal schedule of matters specifically reserved to it for decision, to ensure that the direction and control of the company is firmly in its hands. This is achieved by a management agreement between the company and its Investment Manager, and an agreement between the Investment Manager and the Investment Adviser which sets out the matters over which the Investment Manager and the Investment Adviser have authority and the limits above which Board approval must be sought. All other matters are reserved for the approval of the Board of Directors.

The Board ensures the independence and objectivity of the external auditors. This includes reviewing the nature and extent of non-audit services supplied by the external auditors to the company, seeking to balance objectivity and value for money.

None of the directors has a service contract with the company. The Articles of Association require that one third of the directors (or the number nearest one third) on a rotation basis will be subject to re-election procedures at subsequent Annual General Meetings.

Internal control

The directors are responsible for the company's system of internal control. The Board has adopted an internal operating and strategy document for the company. This includes procedures for the selection and approval of investments, the functions of the Investment Manager and the Investment Adviser and exit and dividend strategies. Day to day operations are delegated under agreements with the Investment Manager and the Investment Adviser who have established clearly defined policies and standards. These include procedures for the monitoring and safeguarding of the company's investments and regular reconciliation of investment holdings. This system of internal control, which includes procedures such as physical controls, segregation of duties, authorisation limits and comprehensive financial reporting to the Board, is designed to provide reasonable, but not absolute, assurance against material misstatement or loss.

The Board has considered the need for an internal audit function but has decided that the size of the company does not justify it at present. However, it will keep the decision under annual review.

The Board has reviewed, with its Investment Manager and Investment Adviser, the operation and effectiveness of the company's system of internal control for the financial period and the period up to the date of approval of the financial statements.

The Board is aware of the launch of the International Financial Reporting Standards in 2005 and is considering how best to incorporate the requirements into its existing reporting procedures.

Relations with shareholders

The company values the views of its shareholders and recognises their interest in the company's strategy and performance, Board membership and quality of management. The company's regular newsletters are distributed to all shareholders to provide additional information on the company's investments and its overall progress. In addition, the Company's website provides information on all of the Company's investments, as well as other information of relevance to shareholders (www.oxfordtechnology.com).

Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason they have adopted the going concern basis in preparing the financial statements.

Substantial shareholders

At 28 February 2005, the company has been notified of four investors whose interest exceeds three percent of the company's issued share capital (C Laing, 4.1%; R Vessey, 4.1%; M R H J O'Regan 4.7%; Sir Martin Wood, 4.3%). The company has several investors, all individuals, who with their families have invested £100,000 or more in the shares of the company.

Policy for Payment of Creditors

The Company's policy is to pay creditors within the normal terms of the invoice, which usually means immediately.

Auditors

James & Cowper offer themselves for reappointment in accordance with Section 385 of the Companies Act 1985.

On behalf of the Board

J L A Cary
6 May 2005

Directors' responsibilities for the financial statements

Company law in the UK requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the entity and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for ensuring that the directors' report and other information included in the annual report is prepared in accordance with company law in the United Kingdom. They are also responsible for ensuring that the annual report includes information required by the Listing Rules of the Financial Services Authority.

The maintenance and integrity of the web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the information contained in the financial statements since they were initially presented on the web site.

Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

Directors' remuneration report

The Board has prepared this report in accordance with the requirements of Schedule 7A to the Companies Act 1985. An ordinary resolution for the approval of this report will be put to the members at the forthcoming Annual General Meeting. The law requires the company's auditors to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such.

**Directors' fees
and the company's policy on such fees**

The Board consists solely of five non-executive directors. C J Breese and J L A Cary represent the Investment Manager and Investment Adviser respectively and the remaining three directors are independent. Since the company is a Venture Capital Trust with no executive directors, there are certain relaxations of the Combined Code permitted to the company under the Listing Rules of the Financial Services Authority. Accordingly, there is no separate remuneration committee and the Board performs collectively the duties of the committee.

The Board's policy is that the remuneration of non-executive Directors should be sufficient to reflect the duties and responsibilities of the Directors and the amount of time committed to the company's affairs. The Articles of Association of the company state that no Director can be paid more than £50,000 without an ordinary resolution of the shareholders.

The company's investment manager is Larpent Newton & Company Limited ("Larpent Newton"), a company of which CJ Breese is a director and controlling shareholder. Seed Capital Ltd, a company of which JLA Cary is a director and the controlling shareholder, is the Investment Adviser to Larpent Newton. The Investment Management fee is laid out in the prospectus dated 10 March 1997 and the fee payments for the years ended 28 February 2004 and 28 February 2005 are laid out in note 2 to the financial statements.

As detailed in the company prospectuses dated 10 March 1997 and 3 March 1998, once the sum of 125p (gross) has been returned to shareholders by way of dividends and capital distributions, a performance incentive fee (expressed as a percentage of all distributions thereafter) will be payable as to 13 per cent of such distributions to the Investment Manager and Investment Adviser collectively and 6 per cent of such distributions to the independent Directors collectively and 1 per cent of such distributions to John Siddall & Son Ltd, the sponsor to the initial offer in 1997.

Directors' rights of tenure

No director has a service contract with the company. At each AGM, one-third of the directors are obliged to retire by rotation though any such director can, if he wishes, offer himself for re-election by shareholders. At the AGM for the current year, CJ Breese and MRHJ O'Regan will retire and offer themselves for re-election. There is no notice period and no provision for compensation upon early termination of the appointment of any director.

Company's performance compared to a suitable index

The Board is responsible for the Company's investment strategy and performance, although the creation, management and monitoring of the investment portfolio is delegated to the Investment Manager and Investment Adviser, as described in the prospectus dated 10 March 1997.

The graph below compares the performance of the company with the performance of the FTSE All-Share index over the period from 28 February 1997 to 28 February 2005. It shows the change over the period in the total return to ordinary shareholders (assuming all dividends are reinvested) compared to the change over the period in total shareholder return on a notional investment of the same composition as the FTSE All-Share Index. This index was chosen as it represents a comparable broad equity market index. The net asset value per share (NAV) of the company has been selected as the most appropriate performance measure, as this best reflects progress of the investments made by the company; shareholders will ultimately realise value on disposal of these investments. All measures are rebased to 100 at the start date of the period. An explanation of the performance of the company is given in the Statement on behalf of the Board.

Directors' emoluments for the year

The information in this part of the report has been audited by the company's auditors.

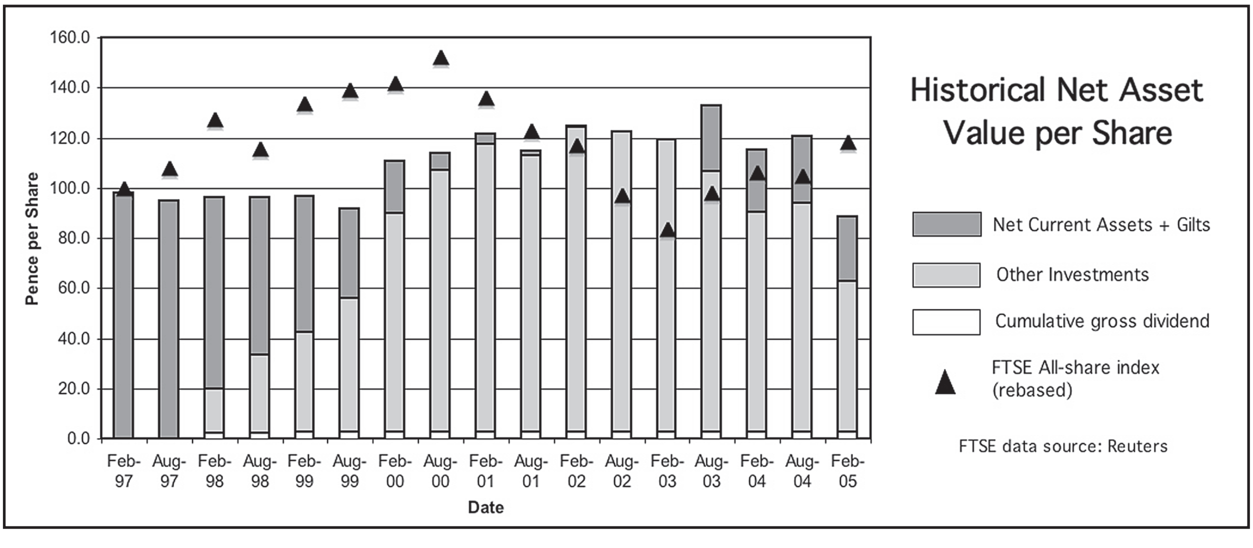
The Directors' fee for the year was £28,000 (2004: £28,000):

	2005 £000	2004 £000
J B H Jackson (Chairman)	8	8
J L A Cary	5	5
C J Breese (paid to Larpent Newton)	5	5
M R H J O'Regan	5	5
Sir Martin Wood	5	5
	28	28

The directors are not eligible for pension benefits, share options, long-term incentive schemes or other benefits.

On behalf of the Board

John Jackson
Chairman
6 May 2005



Report of the independent auditors to the members of Oxford Technology Venture Capital Trust plc

We have audited the financial statements of Oxford Technology Venture Capital Trust plc for the year ended 28 February 2005 which comprise the principal accounting policies, the statement of total return, the balance sheet, the cash flow statement and notes 1 to 15. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' remuneration report that is described as having been audited.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, United Kingdom auditing standards and the Listing Rules of the Financial Services Authority.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding directors' remuneration and transactions with the company is not disclosed.

We review whether the corporate governance statement reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the company's corporate governance procedures or its risk and control procedures.

We read other information contained in the annual report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Statement on behalf of the Board, the Board of Directors, the Report of the Directors and the unaudited part of the Directors' remuneration report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of Opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' remuneration report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' remuneration report to be audited.

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the company at 28 February 2005 and of its result for the year then ended;
- the financial statements and the part of the Directors' remuneration report to be audited have been properly prepared in accordance with the Companies Act 1985.

James & Cowper
Registered Auditor and Chartered Accountants
Oxford
6 May 2005

Principal accounting policies

Basis of Preparation

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of investments. The financial statements have been prepared in accordance with applicable accounting standards up to and including FRS 19 and with the Statement of Recommended Practice 'Financial statements of investment trust companies' issued in January 2003. The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

Valuation of Investments

Gilts and other listed investments are valued at middle market prices. Unlisted investments are carried at cost except in the following circumstances:

- where an Investee Company's under-performance against plan indicates a diminution in value of the investment, provision against cost will be made as appropriate in bands of 25 per cent

- where an Investee Company is well-established and profitable, the shares may be valued by applying a suitable price-earnings ratio to the company's historic post-tax earnings. The ratio will be based on a comparable listed company or sector but discounted by 25-50 per cent to reflect lack of marketability

- where a value is indicated by a material arm's-length transaction by a third party in the shares of an Investee Company, such value may be used.

The directors consider that this basis of valuation of unquoted investments is consistent with the British Venture Capital Association guidelines.

Income

Dividends receivable on unquoted equity shares are brought into account when the company's right to receive payment is established and there is no reasonable doubt that payment will be received. Dividends receivable on quoted equity shares are brought into account on the ex-dividend date.

Fixed returns on debt securities and non-equity shares are recognised on a time apportionment basis so as to reflect the effective yield on the debt securities and shares, provided there is no reasonable doubt that payment will be received in due course. Interest receivable from cash and short term deposits are accrued to the end of the year.

Expenses

All expenses are accounted for on an accruals basis. All expenses are charged through the revenue account except as follows:

- those expenses which are incidental to the acquisition of an investment are included within the cost of the investment

- expenses which are incidental to the disposal of an investment are deducted from the disposal proceeds of the investment

- expenses are charged to the realised capital reserve where a connection with the maintenance or enhancement of the value of the investments can be demonstrated. In this respect, the directors consider that, in appropriate circumstances, a proportion of the company's management expenses (not exceeding 75 per cent) may be charged to capital.

Deferred Tax

Deferred tax is not provided on capital gains and losses arising on the revaluation or disposal of investments because the company meets (and intends to continue for the forseeable future to meet) the conditions for approval as an Investment Trust Company. The Inland Revenue has approved the company as an Investment Trust Company for the purpose of Section 842 of the Income and Corporation Taxes Act 1988. The approval was given in the financial period ended 28 February 1998 and the company has subsequently directed its affairs so as to enable it to continue to be so approved.

Capital Reserves

Gains or losses on disposal of investments are dealt with in the realised capital reserve. Appreciation and depreciation on the revaluation of investments is dealt with in the unrealised capital reserve. The Company is structured as an "investment company" for the purposes of the Companies Act 1985 to enhance its ability to pay dividends out of income. However, whilst the Company retains the status of an investment company, it is precluded from distributing capital profits. When the Company has accumulated capital profits which the Board considers appropriate to distribute by way of dividend, the Board will apply to revoke the status of the Company as an investment company so that capital profits may be distributed.

Statement of total return (incorporating the revenue account)* for the year ended 28 February 2005

	Note	2005 Revenue £000	2005 Capital £000	2005 Total £000	2004 Revenue £000	2004 Capital £000	2004 Total £000
Loss on investments	6	-	(1,158)	(1,158)	-	(15)	(15)
Income	1	60	-	60	43		43
Investment management fee	2	(74)	-	(74)	(95)	-	(95)
Other expenses	3	(82)	-	(82)	(75)	-	(75)
Net loss on ordinary activities before taxation		(96)	(1,158)	(1,254)	(127)	(15)	(142)
Tax on net loss on ordinary activities	4	-	-	-	-	-	-
Loss attributable to equity shareholders and transfers from reserves.	10	(96)	(1,158)	(1,254)	(127)	(15)	(142)
Loss per ordinary share	5	(1.98)p	(23.86)p	(25.84)p	(2.61)p	(0.31)p	(2.92)p

* The revenue column of this statement is the profit and loss account of the company.

All revenue and capital items in the above statement derive from continuing operations. There were no recognised gains or losses for the year other than those shown above.

The accompanying accounting policies and notes form an integral part of these financial statements

Balance sheet at 28 February 2005

	Note	28 February 2005 £000	28 February 2005 £000	29 February 2004 £000	29 February 2004 £000
Fixed assets					
Investments	6		2,927		5,460
Current assets					
Debtors	7	10		25	
Cash at bank		1,257		153	
		1,267		178	
Creditors: amounts falling due within one year	8	(5)		(195)	
Net current assets / (liabilities)			1,262		(17)
Net assets			4,189		5,443
Capital and reserves					
Called up share capital	9		485		485
Share premium account	10		4,107		4,107
Other reserves:	10				
Capital reserve - realised			527		248
Capital reserve - unrealised			(304)		1,133
Revenue reserve	10		(626)		(530)
Shareholders' funds	11		4,189		5,443
Net asset value per share			86p		112p
Net asset value per share (recognising future payments from sale of Valid Information System Ltd shares, discounted by 50%) - see note 6.			94p		

These financial statements were approved by the directors on 6 May 2005.

J L A Cary
Director

The accompanying accounting policies and notes form an integral part of these financial statements

Cash flow statement
for the year ended 28 February 2005

	Note	2005 £000	2004 £000
Net cash outflow from operating activities	12	(271)	(60)
Capital expenditure and financial investment			
Purchase of investments		(127)	(1,241)
Disposal / redemption of investments		1,502	1,414
Net cash inflow from capital expenditure and financial investment		1,375	173
Increase in cash		1,104	113

The accompanying accounting policies and notes form an integral part of these financial statements

Notes to the financial statements
for the year ended 28 February 2005

1 Income

	2005 £000	2004 £000
Gilt interest	19	22
Other interest receivable	41	13
Dividend income	-	8
	60	43

2 Investment management fee

	£000	£000
Investment management fee (see below)	68	84
Social security costs	6	11
	74	95

The company's investment manager is Larpent Newton & Company Ltd ("Larpent Newton"), a company of which C J Breese is a director and controlling shareholder. The contract between the company and Larpent Newton may be terminated by either party on 12 months' notice.

Seed Capital Ltd, a company of which J L A Cary is a director and the controlling shareholder, is the Investment Adviser to Larpent Newton. Payment of the investment management fee had been suspended since 1 April 2002 until June 2004, when the company considered that sufficient funds had been realised from disposal of investments to support its payment and payment of accrued amounts were made. By agreement between the company, the Investment Manager and the Investment Adviser, the investment management fee was paid partly in the form of salaries to C J Breese (of the Investment Manager) and to J L A Cary and other employees of Seed Capital Ltd (the Investment Adviser). Any social security costs associated with the payment of these fees are borne by the Company as passed by Shareholders Resolution at the 2000 AGM.

3 Other expenses

	2005	2004
	£000	£000
Directors' remuneration (see report on page 6)	28	-
Auditors' remuneration: audit services	4	5
: non-audit services	2	2
Remuneration provision	-	28
Other	48	40
	82	75

There were no employees during the year except for the directors and David Denny.

4 Tax

	£000	£000
UK Corporation tax	-	-

The tax charge for the year is different to the standard rate of corporation taxation in the UK of 19% (2004: 20%). The differences are explained below:

	£000	£000
Net revenue deficit on ordinary activities before taxation	(96)	(127)
At standard rate of taxation	(18)	(25)
Excess management expenses carried forward	18	25
Current tax credit for year	-	-

Unrelieved management expenses of £573,830 (2004: £507,000) remain available for offset against future taxable profits.

5 Return per ordinary share

The calculation of revenue return per share is based on the net deficit for the financial period of £96,000 (2004: £127,000) divided by the weighted average number of ordinary shares of 4,852,900 (2004: 4,852,900) in issue during the year.

The calculation of capital return per share is based on the net capital loss for the financial period of £1,158,000 (2004: loss of £15,000) divided by the weighted average number of ordinary shares of 4,852,900 (2004: 4,852,900) in issue during the period.

6 Investments

			2005			2004
	Gilts £000	Others £000	Total £000	Gilts £000	Others £000	Total £000
Valuation at 1 March 2004	1,223	4,237	5,460	-	5,664	5,664
Purchases at cost	-	127	127	1,241	-	1,241
Amortisation of gilt premium	-	-	-	(16)	-	(16)
Redeemed / disposed during the year	(1,223)	-	(1,223)	-	(800)	(800)
Unrealised depreciation	-	(1,437)	(1,437)	(2)	(627)	(629)
Valuation at 28 February 2005	-	2,927	2,927	1,223	4,237	5,460

	2005	2004
Unrealised depreciation	(1,437)	(629)
Gain on disposal of investments	279	614
Loss on investments	(1,158)	(15)

6 Investments (continued)

Details of unlisted investments are set out below with reference to their most recent published accounts in the footnote. All investee companies are incorporated and operate in the UK .

Name of undertaking	Class of shares held	Percentage of voting rights held by company	Percentage of voting rights held by OT2 / OT3*	Capital and reserves £000	Profit/(loss) before tax for year £000	Retained profit/(loss) for year £000
Armstrong Healthcare Ltd[1]	Ordinary and Preference	9.2	10.9 / 5.4	768	(977)	(904)
Avidex Ltd[2]	Ordinary	4.6	- / 0.2	4,555	(6,962)	(6,068)
Biocote Ltd[3]	Ordinary	4.5	- / -	399	(339)	(339)
Coraltech Ltd[4]	Ordinary	12.0	18.4 /13.9	1,396	(117)	(117)
Dataflow Ltd[5]	Ordinary and Preference	5.5	- / 11.4	349	29	29
Duncan Hynd Associates Ltd[6]	Ordinary and Preference	26.9	1.2 / -	79	5	5
Equitalk.co.uk Ltd[7]	Ordinary	6.3	24.1 / 16.1	66	(331)	(331)
Getmapping plc[8]	Ordinary	4.6	- / -	1,029	(1,795)	(1,795)
Im-Pak Technologies Ltd[9]	Ordinary	7.4	11.3 /18.4	176	(328)	(278)
Innovative Materials Processing Technologies Ltd[10]	Ordinary	6.2	- / -	54	(112)	(112)
Membrane Extraction Technology Ltd[11]	Ordinary	20.3	7.0/ 7.0	197	(57)	(41)
Oxford Sensor Technology Ltd[12]	Ordinary	16.9	5.0 / 6.6	120	(245)	(211)
Scancell Ltd[13]	Ordinary	10.6	- / 2.4	1,217	(946)	(794)
STL Management Ltd[14]	Ordinary	36.2	9.9 /3.7	-	(126)	(126)

As shown above, certain of the company's unlisted investments entitle the company to more than 20% of the voting rights in the investee company. The Board does not consider that these investments fall within the definition of associated undertakings since the company does not exercise significant influence over the operating and financial policies of the investee companies. In some instances, the company's equity holding in investees may have been diluted in the year where the company chose not to take up its pre-emption rights.

*Oxford Technology 2 VCT plc (OT2) / Oxford Technology 3 VCT plc (OT3).

Most recent published accounts:

1. For the year ended 31 December 2003.
2. For the year ended 31 March 2004.
3. For the year ended 31 October 2003.
4. For the year ended 31 July 2003.
5. For the year ended 29 February 2004.
6. For the period 1 May 2002 to 31 December 2002.
7. For the year ended 31 March 2003.
8. For the year ended 31 December 2004.
9. For the year ended 31 December 03.
10. For the year ended 31 July 2003.
11. For the year ended 31 July 2004.
12. For the year ended 31 March 2004.
13. For the year ended 31 August 2004.
14. For the year ended 31 July 2004.

6 Investments (continued)

Name of undertaking	Brief description of business	Net cost of investment £000	Value of investment £000
Armstrong Healthcare Ltd	Medical robots.	447	368
Avidex Ltd	Monoclonal T-cell receptors.	300	300
Biocote Ltd	Bactericidal powder coating.	145	150
Coraltech Ltd	Lightweight and strong foamed plastic moulded components.	113	147
Dataflow Ltd	Mid-range accountancy software.	156	90
Duncan Hynd Associates Ltd	Radiotherapy products.	150	186
Equitalk.co.uk Ltd	Internet related telecoms.	136	27
Getmapping plc	Aerial photography of the UK with rights to the Domesday book.	518	121
Im-Pak Technologies Ltd	Novel injection moulding technology.	113	480
Innovative Materials Processing Technologies Ltd	Industrial ceramic coating technologies.	150	125
Membrane Extraction Technology Ltd	Environmentally friendly technology to remove toxic organic molecules.	160	218
Oxford Sensor Technology Ltd	Sensors for improving production line efficiency.	336	85
Scancell Ltd	Antibody-based cancer therapeutics.	192	324
STL Management Ltd	Specialist photocopiers.	292	305
		3,208	2,927

Investments in unlisted equity shares	2,825	2,544
Investments in unlisted preference shares	308	308
Loans	75	75
	3,208	2,927

Valid Information Systems Ltd (Valid). In June 2003, Valid was sold, and OTVCT received £1,407,485 in cash plus a promise of two further payments, totalling £1,064,378, one in August 2004 and one in August 2005, provided Valid met its sales targets. Valid achieved its first sales target in 2004, and OTVCT duly received a payment of £278,012 in August that year. OTVCT will receive a further payment of £780,544 in August 2005 provided Valid meets its sales targets. By accounting convention, this amount is not included in the net asset value per share in these accounts. However, a second net asset value per share is shown on the balance sheet which includes this final payment, discounted by 50% to reflect uncertainty.

The company made one disposal during the year:

	Proceeds £000	Net Cost £000	Value at 28 February 2004 £000
Multi Group Ltd	4	20	9

7 Debtors

	2005	2004
	£000	£000
Prepayments and accrued income	10	25

8 Creditors: amounts falling due within one year

	£000	£000
Other creditors	5	195

9 Share capital

	£000	£000
Authorised		
10,000,000 ordinary shares of 10p each	1,000	1,000
500,000 redeemable preference shares of 10p each	50	50
	1,050	1,050
Allotted, called up and fully paid		
4,852,900 (2003: 4,852,900) ordinary shares of 10p each	485	485

10 Reserves

	Share premium account £000	Capital reserve realised £000	Capital reserve unrealised £000	Revenue reserve £000
At 1 March 2004	4,107	248	1,133	(530)
Unrealised depreciation on valuation of investments	-	-	(1,437)	-
Realised gain on disposal of investments	-	279	-	-
Result for the year	-	-	-	(96)
At 28 February 2005	4,107	527	304	(626)

11 Reconciliation of movements in shareholders' funds

	2005	2004
	£000	£000
Result for the year	(96)	(127)
Other recognised losses	(1,158)	(15)
Net decrease in shareholders' funds	(1,254)	(142)
Shareholders' funds at beginning of year	5,443	5,585
Shareholders' funds at end of year	4,189	5,443

12 Reconciliation of net revenue before taxation to net cash outflow from operating activities

	2005	2004
	£000	£000
Net revenue loss before taxation	(96)	(127)
(Decrease) / increase in creditors	(190)	73
Decrease / (increase) in debtors	15	(22)
Amortisation of gilt premium	-	16
Net cash outflow from operating activities for the year	(271)	(60)

13 Financial instruments

Apart from its investments in unquoted companies, the company has cash and a small amount of debtors and creditors through which it finances its activities. The risk faced by these instruments, such as interest rate risk or liquidity risk is considered to be minimal due to their nature. All of these are carried in the accounts at face value. There is no difference between these values and the fair values of the financial instruments.

14 Capital commitments

The company had no commitments at 28 February 2005 or 29 February 2004.

15 Contingent liabilities

Other than the warranty commitments entered into as part of the sale of Valid Information Systems Ltd, which are discussed in the Statement on behalf of the Board (page 1), the company had no contingent liabilities at 28 February 2005 or 29 February 2004 .

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Oxford Technology Venture Capital Trust plc will be held at the Magdalen Centre, Oxford Science Park, Oxford OX4 4GA at 12.00 noon on Friday 10th June 2005 for the following purposes:

To consider and, if thought fit, pass the following Resolutions:

(1) That the report and accounts for the year to 28 February 2005 be approved.

(2) That CJ Breese, who retires at the Annual General Meeting by rotation in accordance with Article 139 of the Company's Articles of Association, be re-appointed as a Director.

(3) That MRHJ O'Regan, who retires at the Annual General Meeting by rotation in accordance with Article 139 of the Company's Articles of Association, be re-appointed as a Director.

(4) That James & Cowper, Chartered Accountants, be re-appointed as Auditors and that the Directors be authorised to determine their remuneration.

(5) That the Directors' remuneration report be approved.

(6) That the Company is generally and unconditionally authorised (pursuant to Article 23 of the Company's Articles of Association) to make market purchases (within the meaning of s163(3) of the Companies Act 1985 ("the Act") of ordinary shares of 10 pence each in the share capital of the Company ("Shares") provided that:

(a) the maximum number of Shares hereby authorised to be purchased is 500,000 (representing approximately 10 per cent of the issued number of Shares,

(b) the minimum price which may be paid for a Share is 10 pence (which amount shall be exclusive of expenses); and

(c) the maximum price which may be paid for a Share is £5 (exclusive of expenses).

This authority shall expire at the Company's annual general meeting in 2006. Pursuant to s163(5) of the Act, the Company may make contracts for the purchase of Shares which would or might be executed wholly or partly after the expiry of the time limit referred to above.

By Order of the Board
James Gordon

Notes:

(1) A member who is entitled to vote at this meeting is entitled to appoint one or more proxies to attend and, on a poll, vote on his/her behalf. Such a proxy need not also be a member of the Company. To be valid, a proxy card must be lodged with the Company's Registrar, Capita IRG plc, c/o Magdalen Centre, Oxford Science Park, Oxford OX4 4GA at least 48 hours before the meeting. A proxy card for use by members is attached. Completion of this proxy card will not prevent a member from attending the meeting and voting in person.

(2) No director has a contract of service with the Company.

Oxford Technology Venture Capital Trust plc

Form of Proxy
for the Annual General Meeting convened
for 12.00noon on Friday 10th June 2005

I/We ....
(BLOCK LETTERS)

of ....

being a member of Oxford Technology Venture Capital Trust plc ("the Company") hereby appoint

the Chairman of the meeting or (note 2) .... as my proxy to vote for me/us on my/our behalf at the annual general meeting of the Company to be held on Friday 10th June 2005 and at any adjournment thereof.

I/We direct my/our proxy to vote as follows in respect of the ordinary resolutions set out in notice of meeting (note 1):

Resolution No.	For	Against
1. Approval of accounts.		
2. Re-appointment of CJ Breese as Director.		
3. Re-appointment of MRHJ O'Regan as Director.		
4. Approval of the appointment of James & Cowper and authorisation of Directors to fix remuneration.		
5. Approval of the Directors' remuneration report.		
6. Approval of authority to make purchases of own shares.		

Date this ....day of..., 2005

Signature..

Notes

1. Please indicate how you wish your vote to be cast. If you do not indicate how you wish your proxy to use your vote on any particular matter, the proxy will exercise his discretion both as to how he votes and as to whether or not he abstains from voting. The proxy will act as he thinks fit in relation to any other business arising from the meeting (including any resolution to adjourn the meeting).

2. If you prefer to appoint some other person or persons as your proxy, strike out the words "the Chairman of the Meeting or ", and insert in the blank space the name or names preferred and initial the alteration. A proxy need not be a member of the Company.

3. In the case of joint holders, only one need sign as the vote of the senior holder who tenders a vote will alone be counted.

4. If the member is a corporation, this Form of Proxy must be executed either under its common seal or under the hand of an officer or attorney duly authorised in writing.

5. To be effective, this Form of Proxy must be completed, signed and must be lodged (together with any power of attorney or duly certified copy thereof under which this Form of Proxy is signed) with the Company's registrars, Capita IRG plc, c/o Oxford Technology Venture Capital Trust plc, Magdalen Centre, Oxford Science Park, Oxford OX4 4GA, not less than 48 hours before the time appointed for the meeting.

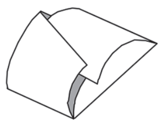
Fold 1

Fold 2

PLEASE
AFFIX
STAMP
HERE

Capita IRG plc
c/o Oxford Technology VCT plc
Magdalen Centre
Oxford Science Park
Oxford OX4 4GA

Fold in half along ‘Fold 1’
Fold over flaps along ‘Fold 2’ and ‘Fold 3’
Secure by tucking first flap into second flap:



Fold 3

Company Information

Directors
John Jackson (Chairman)
Charles Breese
Lucius Cary
Michael O'Regan
Sir Martin Wood

Investment Adviser and Registered Office
Seed Capital Ltd
Magdalen Centre
Oxford Science Park
Oxford OX4 4GA

Secretary
James Gordon

Investment Manager
Larpent Newton & Company Ltd
Steane Grounds Farm
Steane, Brackley
Northants
NN13 5NP

Registrars
Capita IRG plc
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Brokers
Cazenove & Co
12 Tokenhouse Yard
London EC2R 0UL

Auditors & VCT Compliance Advisers
James & Cowper
Buxton Court
3 West Way
Botley, Oxford
OX2 0JB

Solicitors
Gordons
22 Great James Street
London WC1N 3ES

Company Registration Number: 3276063