Oxford Technology
Venture Capital Trust plc

Financial Statements
For the year ended 28 February 2006

Contents

Financial highlights

	Year ended 28 February 2006 per ordinary share	Year ended 28 February 2005 per ordinary share
Net asset value at year end after distributions	**82p**	**86p**
Cumulative dividend (gross) from incorporation	**2.74p**	**2.74p**
Share price at year end	**65p**	**77p**

Statement on behalf of the Board

Investment Portfolio

Oxford Technology VCT shareholders should now have received the first dividend following the sale of Valid Information Systems in 2003. OTVCT, which originally made an investment of £270,000, has received a total of £2.5m from the sale, and has set aside about £1.5m of this to pay out as dividends. However, as part of the sale, OTVCT signed certain warranties and the Directors felt it prudent to retain most of this until the warranties expire (for the most part in mid 2006) since there is an extremely small, but nevertheless real chance that there might be a claim under the warranties. So, whilst the first 10p per share has now been paid out (on 28 March after the year end), the balance (20p per share) has been ring fenced, is earning interest, and no management fees are being charged on this sum.

At the time of the last accounts, we reported that many of the founder shareholders in Avidex (including OTVCT) were indignant at terms being proposed by Avidex's lead investors for refinancing the company. The proposal would have left early shareholders with effectively worthless holdings, regardless of the subsequent success of the company. As a result of protests, an amended structure for the refinancing was agreed and founder shareholders are now in a better position. So, whilst it is unlikley that this will yield a substantial return, OTVCT should at least gain some benefit if Avidex becomes the success that we believe it could be.

Other companies within the portfolio have experienced varying degrees of success or have struggled. Im-Pak, which has developed a novel technology for plastic injection moulding, has agreed heads of terms with a public company for a licence on the Im-Pak process for a particular market sector. If the agreement is concluded, Im-Pak would receive lump sum payments, as well as monthly royalties as the technology is exploited.

Dataflow's sales are increasing and the company is now making a small profit. Getmapping finds itself in a rapidly changing market as Google and Microsoft enter the digital aerial photography sector. MET has modestly increased its sales year on year, and is now making a small profit. Select Technology has developed interface software for multifunction products (such as printer / fax / copiers) and is now working very closely with the major players in this area such as Ricoh.

Other companies in the portfolio, including OST, Coralfoam, and Armstrong have had difficult years, although the outlook for the companies remains hopeful. Fuller information on each of the investee companies is given in the May 2006 newsletter.

The Oxford Technology VCT Board

Results for the year

Interest on bank deposits and investee loans together with the final payment from the Valid sale produced gross income of £836,000 (2005: £339,000) in the year. Retained profits were £185,000 (2005: loss of £1,254,000) and earnings per share for the year was 3.81p (2005: 25.84p) 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 Oxford Technology VCT will be held on Monday 19th June 2006, 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.

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	5.6
Avidex Ltd	Feb 99	300	0.2
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	127	7.6
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	6.0
Scancell Ltd	Aug 99	242	8.3
STL Management Ltd	Sep 99	326	35.9
		3,306	

John Jackson
Chairman
5 May 2006

Board of Directors

John Jackson, age 76, Chairman, worked full time for Philips Electrical Limited and Philips Electronic and Associated Industries Limited ("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 each of the four OTVCTs, as well as non-solicitor Chairman of Mishcon de Reya. He is a director of Instore plc (formerly Brown & Jackson plc) and a number of unlisted companies. He was the special adviser to the Korda Seed Capital Fund (unconnected with Seed Capital Limited), 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, age 59, 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 Hygea (formerly 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 OBE, age 59, Director, is the founder and managing director of Seed Capital, 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 2005, Seed Capital had managed or advised ten seed capital funds, including the Oxford Technology VCTs 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 and in 2004 was awarded the Judges Award at Investors Allstars, for his contribution over many years to early stage investing.

Michael O'Regan OBE, age 58, Director, was co-founder in 1973 of Research Machines Limited which floated on the London Stock Exchange as RM plc in 1994; he was an executive director until 1992 and then a non-executive director until 2004. RM plc is the UK's leading supplier of ICT and other services to education. 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, is joint director of the Hamilton Maths and Reading Projects and is a founder trustee of Peers Early Education Partnership (PEEP).

Sir Martin Wood OBE FRS, age 78, Director, founded the company now known as Oxford Instruments plc in 1959, and is now Honorary President. He has long taken an interest in the development of early stage technology companies and has been a director and investor in a number of such businesses. In 1987, he founded The Oxford Trust, which encourages the study, application and communication of science, technology and engineering, and he remains a patron of the Trust. He is a director of Oxford Innovation Ltd, which assists investment and provides premises for over 300 start-up technology companies. Since 1986 he 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. Sir Martin is a fellow of the Royal Society and sits on their Investment Advisory Committee.

Report of the Directors

The directors present their report together with financial statements for the year ended 28 February 2006. These accounts cover the 52 week period ending on 2nd March 2006.

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 profit for the period after taxation amounting to £185,000 (2005: loss of £1,254,000). The profit and loss account comprises income of £836,000 (2005: £339,000) less management and other expenses of £119,000 (2005: £156,000).

Directors

The present membership of the board, and their beneficial interests in the ordinary shares of the company at 28 February 2006 and at 28 February 2005, are set out below:

Name	2006	2005
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 investment in Oxford Sensor Technology Ltd both JBH Jackson and MRHJ 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. JLA Cary represents the Investment Manager and the remaining four 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. The Investment Manager 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 which sets out the matters over which the Investment Manager has 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 exit and dividend strategies. Day to day operations are delegated under agreements with the Investment Manager who has 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, 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 has continued to prepare the financial statements in accordance with UK Financial Reporting Standards rather than International Financial Reporting Standards. This is permitted as the financial statements present the results of an individual company rather than a group.

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 2006, 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

JLA Cary
5 May 2006

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. JLA Cary represents the Investment Manager and the remaining four 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 Seed Capital Ltd, a company of which JLA Cary is a director and the controlling shareholder. The Investment Management fee is laid out in the prospectus dated 10 March 1997 and the fee payments for the years ended 28 February 2005 and 28 February 2006 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, Sir Martin Wood and Lucius Cary 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, 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 2006. 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.

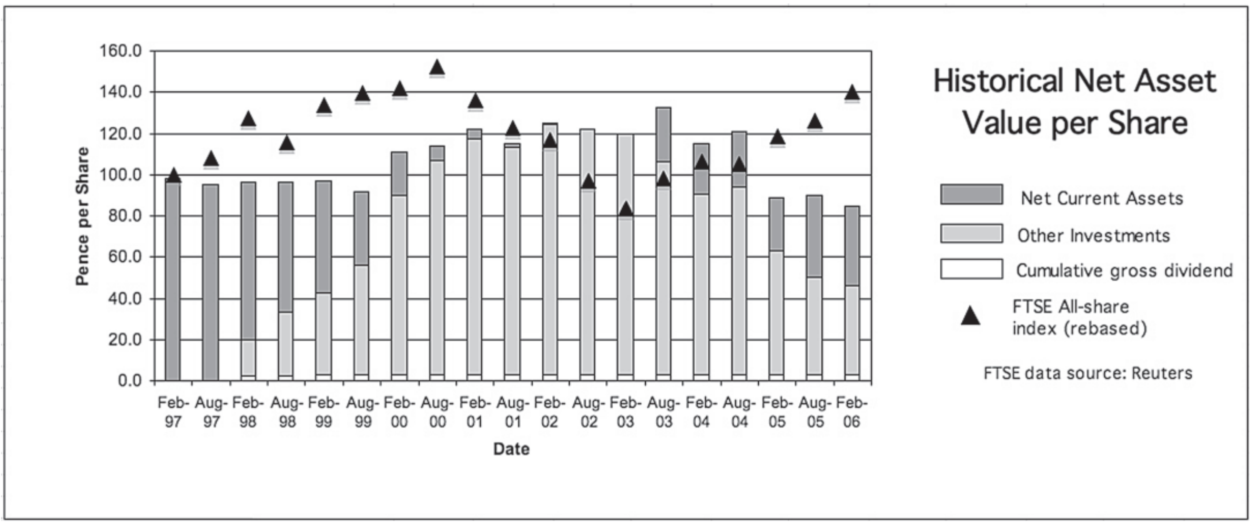
The Directors' fee for the year was £23,000 (2005: £28,000):

	2006 £000	2005 £000
JBH Jackson (Chairman)	7	8
JLA Cary	4	5
CJ Breese paid to Larpent Newton	4	5
MRHJ O'Regan	4	5
Sir Martin Wood	4	5
	23	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
5 May 2006



Report of the independent auditors to the Shareholders 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 2006 which comprise the profit and loss account, balance sheet, cashflow statement and the related notes. 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.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities. 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. Our responsibility is to audit the parent company financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether 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. 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 other transactions 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. The 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 parent company financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 28 February 2006;
- 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 - 5 May 2006
Registered Auditors - Oxford

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 and with the Statement of Recommended Practice 'Financial statements of investment trust companies' issued in January 2003. The principal accounting policies of the company are set out below. During the year the company revoked its status as an investment company under the Companies Act 1985 and therefore the format of the financial statements has changed this year to reflect the company's new status.

Investments

The unrealised depreciation or appreciation on the valuation of investments and the gains and losses arising on the disposal of the investment are dealt with in the revaluation reserve.

Along with other investors the company signed the warranties which were associated with the sale of Valid Information Systems Limited. No claims under the warranties have been made and none are expected; no provision has therefore been made in the accounts.

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.

Turnover

Turnover represents realised gains on the disposal of investments along with interest receivable on cash deposits.

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 profit and loss 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.

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.

Earnings per Share

The calculation of earnings per share for the period is based on the profit attributable to shareholders divided by the weighted average number of shares in issue during the period.

Profit and loss account
for the period ended 28 February 2006

	Note	Year ended 28 February 2006	Year ended 28 February 2005
		£'000	£'000
Turnover	1	836	339
Administrative expenses	2	(119)	(156)
Operating profit	3	717	183
Loss on revaluation of investments		(532)	(1,437)
Profit / (loss) on ordinary activities before taxation		185	(1,254)
Tax on profit / (loss) on ordanary activities	4	-	-
Profit / (loss) for the financial year after taxation		185	(1,254)
Retained profit / (loss) for the year		185	(1,254)
Earnings per share	5	3.81p	(25.84)p

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

Balance sheet at 28 February 2006

	Note	28 February 2006 £000	28 February 2006 £000	28 February 2005 £000	28 February 2005 £000
Fixed assets					
Investments	6		2,094		2,927
Current assets					
Other debtors & prepayments	7	5		10	
Cash at bank		1,881		1,257	
		1,886		1,267	
Creditors: amounts falling due within one year	8	(6)		(5)	
Net current assets			1,880		1,262
Net assets			3,974		4,189
Capital and reserves					
Called up share capital	9		485		485
Share premium account	10				
shares issues			-		4,368
expenses on share issues			-		(261)
Capital reserves:	10				
unrealised			-		(304)
realised			-		527
Profit and loss account	10		3,206		(626)
Revelution reserve	10		283		-
Shareholders' funds	11		3,974		4,189
Net asset value per share			82p		86p

These financial statements were approved by the directors on 5 May 2006.

JLA Cary
Director

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

Cash flow statement
for the period ended 28 February 2006

	Note	2006 £000	2005 £000
Net cash inflow from operating activities	12	723	8
Capital expenditure and financial investment			
Purchase of investments		(99)	(127)
Disposal of investments		-	1,223
Net cash inflow from capital expenditure and financial investment		(99)	1,096
Increase in cash		624	1,104

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 2006

1 Turnover

	2006 £000	2005 £000
Gilt interest	-	19
Other interest receivable	69	41
Profit / (loss) and disposal of investments	767	279
	836	339

2 Administrative expenses

Adminstrative expenses are made up of the following:

	£000	£000
Investment management fee (see below)	55	68
Social security costs	5	6
Directors' remuneration (see report on page 6)	23	28
Social security costs	1	5
Auditors' remuneration: audit services	4	4
: non-audit services	1	2
Other	30	43
	119	156

Seed Capital Ltd, a company of which JLA Cary is a director and the controlling shareholder, is the Investment Manager to the company. By agreement between the company and the Investment Manager, the investment management fee was paid partly in the form of salaries to JLA Cary and other employees of Seed Capital Ltd. 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.

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

3 Operating Profit

	2006 £000	2005 £000
The operating profit is stated after charging:		
Auditor's remuneration - audit services	4	4
- non audit services	1	2
Directors' remuneration	23	28

4 Tax

No liability to UK corporation tax arose during the year.

	£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% (2005: 19%). The differences are explained below:

	£000	£000
Profit / (loss) on ordinary activities before taxation	185	(1,254)
At standard rate of taxation	35	(238)
Costs not chargeable to corporation tax	(35)	238
Current tax credit for year	–	–

Unrelieved management expenses of £620,718 (2005: £573,830) remain available for offset against future taxable profits.

5 Earnings per share

The calculation of earnings per share is based on the net profit for the financial period of £185,000 (2005: £ (1,254,000)) divided by the weighted average number of ordinary shares of 4,852,900 (2005: 4,852,900) in issue during the year.

6 Investments

	2006
Cost	**£000**
As at 1 March 2005	4,286
Purchases at cost	99
Redeemed / disposed during the year	-
Unrealised depreciation	-
As at 28 February 2006	4,385
Revaluation	
As at 1 March 2005	1,359
Revaluation movement	932
As at 28 February 2006	2,291
Net book value	
As at 1 March 2005	2,927
As at 28 February 2006	2,094

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	Retained profit/(loss) for year £000
Armstrong Healthcare Ltd[1]	Ordinary and Preference	5.6	6.6 / 9.7	356	(1,284)
Avidex Ltd[2]	Ordinary	0.2	- / 0.04	(2,844)	(7,465)
Biocote Ltd[3]	Ordinary	4.5	- / -	6	(88)
Coraltech Ltd[4]	Ordinary	12.0	18.4 /13.9	604	(713)
Dataflow Ltd[5]	Ordinary and Preference	5.5	- / 11.4	457	18
Duncan Hynd Associates Ltd[1]	Ordinary and Preference	26.9	1.2 / -	48	6
Equitalk.co.uk Ltd[2]	Ordinary	6.3	24.1 / 16.1	(160)	15
Getmapping plc[1]	Ordinary	4.6	- / -	1,029	(1,795)
Im-Pak Technologies Ltd[6]	Ordinary	7.7	11.8 /19.1	357	(551)
Innovative Materials Processing Technologies Ltd[7]	Ordinary	6.2	- / -	428	(223)
Membrane Extraction Technology Ltd[8]	Ordinary	20.3	7.0/ 7.0	221	24
Oxford Sensor Technology Ltd[9]	Ordinary	6.0	0.4 / 8.8	(192)	(311)
Scancell Ltd[10]	Ordinary	8.3	- / 3.2	1,180	(1,053)
STL Management Ltd[8]	Ordinary	36.0	9.9 /3.7	-	(77)

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 2004.
2. For the year ended 31 March 2005.
3. For the year ended 31 October 2005.
4. For the year ended 31 July 2005.
5. For the year ended 28 February 2006.
6. For the year ended 31 December 2005.
7. For the year ended 31 July 2004.
8. For the year ended 31 July 2005.
9. For the year ended 31 March 2005.
10. For the year ended 31 August 2005.

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	320
Avidex Ltd	Monoclonal T-cell receptors.	300	40
Biocote Ltd	Bactericidal powder coating.	145	150
Coraltech Ltd	Lightweight and strong foamed plastic moulded components.	113	65
Dataflow Ltd	Mid-range accountancy software.	156	90
Duncan Hynd Associates Ltd	Radiotherapy products.	150	47
Equitalk.co.uk Ltd	Internet related telecoms.	136	27
Getmapping plc	Aerial photography of the UK with rights to the Domesday book.	518	87
Im-Pak Technologies Ltd	Novel injection moulding technology.	127	290
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	46
Scancell Ltd	Antibody-based cancer therapeutics.	242	250
STL Management Ltd	Specialist photocopiers.	326	339
		3,306	2,094

Investments in unlisted equity shares	2,853	1,641
Investments in unlisted preference shares	308	308
Loans	145	145
	3,306	2,094

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, 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 received a further payment of £780,544 in August 2005 and the final payment of £70,914 in January 2006.

7 Debtors

	2006	2005
	£000	£000
Prepayments and accrued income	5	10

8 Creditors: amounts falling due within one year

	£000	£000
Other creditors	6	5

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 (2005: 4,852,900) ordinary shares of 10p each	485	485

10 Reserves

	Share premium account £000	Capital reserve realised £000	Capital reserve unrealised £000	Revaluation reserve £000	Profit and loss account £000
At 1 March 2005	4,107	(304)	527	-	(626)
Profit / (loss) for the period	-	-	-	-	185
Movement on revaluation reserve	-	-	-	(400)	-
Reserve transfer	(4,107)	304	(527)	683	3,647
As at 28 February 2006	-	-	-	283	3,206

During the period the company changed its status under the Companies Act 1985 and the share premium account was cancelled and converted to the profit and loss account.

11 Reconciliation of movements in shareholders' funds

	2006 £000	2005 £000
Result for the period	185	(1,254)
Movement on revaluation reserve	(400)	-
Net increase / (decrease) in shareholders' funds	213	(1,254)
Shareholders' funds at beginning of year	4,189	5,443
Shareholders' funds at end of year	3,974	4,189

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

	2006	2005
	£000	£000
Operating profit	717	183
Increase in creditors	1	(190)
Decrease in debtors	5	15
Net cash outflow from operating activities for the year	723	8

13 Financial instruments

Other than 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 2006 or 28 February 2005, other than the dividend due to be paid on 28 March 2006 of 10p per ordinary share.

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 2006 or 28 February 2005.

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 Monday 19th June 2006 for the following purposes:

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

(1) That the report and accounts for the period to 28 February 2006 be approved.

(2) That Sir Martin Wood, 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 Lucius Cary, 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 Oxford Technology VCT plc, 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 Monday 19th June 2006

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 Monday 19th June 2006 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 Sir Martin Wood as Director.		
3. Re-appointment of Lucius Cary 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..., 2006

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.

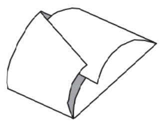
Fold 1

PLEASE
AFFIX
STAMP
HERE

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

Fold 2

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

Secretary
James Gordon

Solicitors
Gordons
22 Great James Street
London WC1N 3ES

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

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

Brokers
JP Morgan Cazenove
20 Moorgate
London EC2R 6DA

Company Registration Number: 3276063