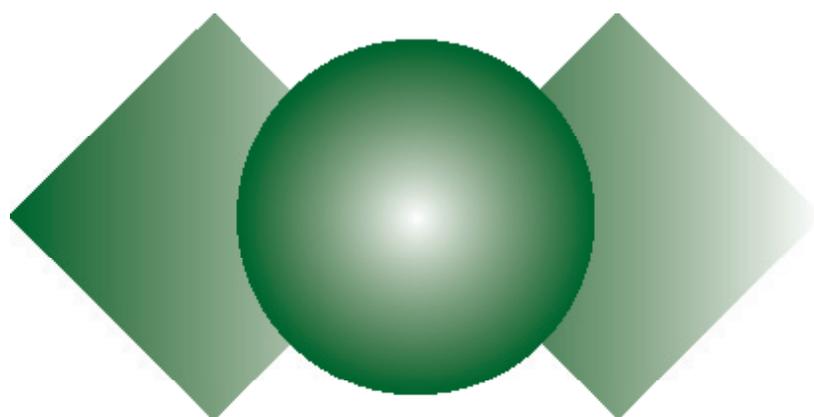


Oxford Technology 2 Venture Capital Trust plc



Financial Statements
For the period ended 29 February 2008

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Financial highlights

	Year ended 29 February 2008	Year ended 28 February 2007
Net assets at year end	£4.10m	£4.16m
Net asset value per share at year end after distributions	68p	69p
Cumulative dividend (gross) per share from incorporation	6p	6p
Share price at year end	38p	43p
Earnings per share (basic and diluted)	(0.92)p	(2.22)p

Statement on behalf of the Board

Investment Portfolio

The Board of Oxford Technology 2 VCT is pleased with the development of the portfolio as a whole. However, the overall result is a mixture, with some companies making good progress while others have experienced problems of one sort or another.

Ultimately, success for OT2 as a whole, meaning a good return to OT2 shareholders, is likely to come about because one or more of the investees become stars, and therefore very valuable and not from the fact that every company delivers good returns.

It is good to be able to report that several companies in the OT2 portfolio continue to have the potential to become stars. Included among these are the following:

OT2 owns 5.4% of Commerce Decisions which is making good progress. Sales have grown strongly and the company is profitable and cash generative. It paid a dividend for the first time in March 2008.

OT2 owns 12.3% of Inscentinel. Inscentinel has yet to achieve its first commercial sales, but received a visit before Christmas from one of the world's largest defence companies which has expressed a desire to partner with Inscentinel, on developing bee-based systems for various security applications.

The regulatory process is notoriously slow, but Insense has at last received approval for the sale of the first of its range of active wound-healing dressings, Oxyzyme, which actively transports oxygen to the wound surface. The first sales of Oxyzyme were achieved in the UK and Europe in autumn 2007, and are now growing month by month. The results from the clinical trials, where Oxyzyme is being used on hard-to-heal wounds, continue to be very encouraging, with some persistent wounds which have remained raw for several years, being healed with dry skin forming in a matter of weeks. Sales of the second dressing in the range, Iodozyme which produces slow release iodine to deal with infected wounds, as well as producing oxygen, are expected to start in the spring, hopefully in the US as well as in Europe. But OT2 owns only a small shareholding (3.9%).

OT2 owns 22.3% of Orthogem which is making good progress. Its artificial bone graft, Tripore, is now being sold mainly for use in spinal surgery both in the Europe and the US. A white paper giving the one year results of the first ten spinal patients has now been published.

OT2 owns 2.9% of Telegesis. Telegesis has achieved the first sales of its Zigbee modules and sales have been growing fast. Sales in the quarter to June 2007 were £49k. Sales in the quarter to September were £165k. Sales in the quarter to December 2007 were £618k. At the time of writing it seems likely that sales in the quarter to March 2008 will be slightly below those in the December quarter, but there is also the possibility of some much larger orders.

OT2 owns 18% of OC Robotics. Since the initial investment in 2001, when the company consisted of the two founders working from home with an idea on paper, OC Robotics has made excellent progress. Today the company occupies a modern factory unit in Bristol where it manufactures snake arm robots for customers around the world, mainly in the US. It has never needed additional investment and has managed to fund its growth entirely from payments from customers, plus some grants in the early years. In the year to December 2007, it recorded a profit after tax of over £300k on sales of £1.1m. In March the company declared a dividend for the first time. Projections for 2008 show a significant increase in sales, but some quotations are quite large (the largest so far is £8m), so that it is difficult to make a precise projection since much will depend on which quotations are accepted and become orders.

Six years after the first investment, Plasma Antennas has achieved its first sales (as distinct from R&D contracts of which it has had many). These were for directional steerable antennas for use in trials. If the trials are successful then larger contracts may be expected. Work on producing a plasma antenna continues,

Oxford Technology 2 Venture Capital Trust plc

but this is a highly challenging technical task. OT2 owns 7.6% of Plasma Antennas.

OT2 owns 7.9% of Select Technology. During the last two years, Select has been working very closely with Ricoh, the world's largest manufacturer of MFDs (modern photocopiers, which as well as photocopying, scan, fax, email and print). Select has developed a piece of software for Ricoh, known as MyUI (My User Interface) which enables anyone to control an MFD wirelessly using the screen on their own laptop, mobile phone or PDA. The key point is that this enables people to use an interface which is tailored to their particular needs. So a completely blind person can now use an MFD using voice commands spoken into their PDA. The PDA receives a signal from the MFD, saying "About to print ten copies A4 black and white, please say Go to confirm." The visually impaired can have very large type. Ricoh are excited by this and in September 2007, awarded Select its "innovator of the year" award. The frustration for Select has been the very slow process of getting to first sales. Ricoh decided to launch the product globally, and went through very thorough testing using MyUI on every one of the hundreds of different models and in combination with hundreds of other software packages. This testing showed up various problems with software/hardware clashes in some situations, none of which were anything to do with Select or its software, but they caused delays. But all these problems have now been solved and the product has been launched. A sale is effected by a dealer anywhere in the world accessing a website and ordering a launch key which is then downloaded. Select receives \$375 per sale. Ricoh is the largest manufacturer of MFDs in Europe and the US. What is as yet unknown is what percentage will be sold with MyUI. Select is also working with other manufacturers and its existing business of supplying various specialist products for use with photocopiers, such as payment systems, continues steadily.

All these companies have the potential to deliver very significant returns. Other companies have had problems and their value has been written down. Net Assets per share at 29 February 2008 were £0.68. Together with dividends of 6p per share paid to date, the total return to date is £0.76. This compares to £0.68 at 31 August 2007, and £0.75 at 28 February 2007.

Fundraising

On 4 April 2008 OT2 completed a rights issue which raised £265,362.82 and has resulted in an additional 374,602 shares being allotted. This is a post balance sheet event and is not reflected in the Net Asset Value figures. We will now be able to offer some support to our investee companies in their additional fundraising rounds.

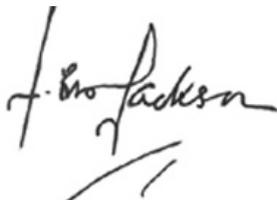
Results for the year

Realised profit on disposal of investments, interest on bank deposits and investee loans produced gross income of £14,000 (2007: £19,000) in the year.

Retained losses were £55,000 (2007: profit of £133,000) and earnings per share for the year were (0.92)p (2007: 2.22p) per share.

AGM

Shareholders should note that the AGM for Oxford Technology 2 VCT will be held on Monday 23rd June 2008, 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.



John Jackson
Chairman
9 May 2008

Oxford Technology 2 Venture Capital Trust plc

Table of investments held by company

Company	Description	Date of initial investment	Net cost of investment £'000	Unrealised profit/loss £'000	Carrying Value at 29/02/08 £'000	% equity held by OT2	% equity held by other OT Funds
OC Robotics	Snake arm robots	Jan 01	225	450	675	18.0	-
Orthogem	Bone graft material	Dec 00	170	420	590	22.3	2.9
Commerce Decisions	Software for complex procurements	Aug 01	200	300	500	5.4	2.0
Insense	Wound healing dressing	Jun 01	133	266	399	3.9	7.6
ImmunoBiology	Heat shock vaccines	Dec 00	175	132	307	2.4	5.1
Prolysis	Novel antibiotics	Jun 01	225	27	252	1.9	0.6
Oxis Energy	Rechargeable batteries	Jun 00	501	(295)	206	6.1	7.5
Select Technology	Photocopier interfaces	Nov 01	207	(8)	199	7.9	36.1
Inaplex	Data transformation	Jan 01	138	(4)	134	21.6	13.3
Prosurgics	Medical robots	Sep 01	230	(103)	127	2.0	5.2
Equitalk/X-Fone	Internet telecoms	Jun 01	270	(162)	108	< 0.1	< 0.1
Plasma Antennas	Solid state antennas	Nov 01	150	(46)	104	7.6	21.9
Inscentinel	Vapour detection	May 03	161	(59)	102	12.3	31.8
Ciphergrid	Secure access to all databases	Sep 01	97	0	97	29.4	8.9
Astron Clinica	Skin cancer diagnosis	Jan 01	401	(333)	68	3.6	-
Im-Pak	Injection moulding	Apr 03	208	(140)	68	5.7	14.6
OST	Sensors for car production lines	Oct 00	235	(173)	62	0.1	1.8
SVA Software	Financial software	Jan 01	50	0	50	9.5	-
Telegesis	Zigbee technology	Oct 03	8	33	41	2.9	42.9
MET	Chemical separations	May 02	75	(37)	38	4.5	19.0
Arecor	Protein stabilisation	Jul 07	0	8	8	0.8	8.9
DHA Ltd	Radiotherapy products	Nov 01	0	2	2	1.2	26.9
TOTALS			3,859	278	4,137		

This table shows the current portfolio of holdings. The investment in Coraltech totalling £173,000 has been written off. £79,537 is held in cash.

Board of Directors

John Jackson, age 78, 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.

Lucius Cary OBE, age 61, Director, is the founder and managing director of Oxford Technology Management Ltd (OTM), 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 OTM’s investment activities. By 2005, OTM 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 60, 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 80, 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.

Richard Vessey, age 59, Director, joined the Board of Oxford Technology Venture Capital Trust on 13 July 2006. His education is as a chemical engineer from Imperial College and MBA from Harvard, and his early career was in manufacturing companies, becoming Sales and Marketing Director of Plastic Engineers Ltd. In 1984 he left the conventional career path and founded Bell Plastics Ltd, a specialist plastics manufacturing business which was sold in 2004 to a private equity fund, of which he is currently a director, and which is building a portfolio of niche plastic companies. Richard is now CEO of Im-Pak Technologies and Chairman of OST, both OT investee companies and is also an active member of the UK Shareholders Association.

Report of the Directors

The directors present their report together with financial statements for the year ended 29 February 2008.

Principal activity

The company commenced business in April 2000. 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 £55,000 (2007: profit of £133,000). The profit and loss account comprises income of £14,000 (2007: £19,000) and unrealised gains on fair value of investments of £82,000 (2007: £275,000) less management and other expenses of £151,000 (2007: £161,000).

Directors

The present membership of the board, and their beneficial interests in the ordinary shares of the company at 29 February 2008 and at 28 February 2007, are set out below:

	2008	2007
J B H Jackson	40,000	40,000
R Vessey	200,000	200,000
J L A Cary	25,000	25,000
M R H J O'Regan	225,000	200,000
Sir Martin Wood	100,000	100,000

Except as disclosed in notes 2 & 3 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 J B H Jackson and M R H J O'Regan were existing investors.

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 Directors do not have formalised service contracts with the company, whereas the recommendation is for fixed term renewable contracts. The Board confirms that procedures to implement the guidance *Internal Control: Guidance for directors on the Combined Code* ('the Turnbull Report') were in place throughout the year ended 29 February 2008. The Board acknowledges that it is responsible for the Company's system of internal control and for reviewing its effectiveness. Such a system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board consists 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.

Oxford Technology 2 Venture Capital Trust plc

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.

Statement as to Disclosure of Information to Auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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 29 February 2008, the company has been notified of three investors whose interest exceeds three percent of the company's issued share capital (Starcap ANS, 8.3%, R Vessey, 3.3%, M R H J O'Regan 3.7%). 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
9 May 2008

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 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 Oxford Technology Management 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 6 March 2000 and the fee payments for the years ended 29 February 2008 and 28 February 2007 are laid out in note 2 to the financial statements. As detailed in the company prospectus dated 6 March 2000, once the sum of 100p (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

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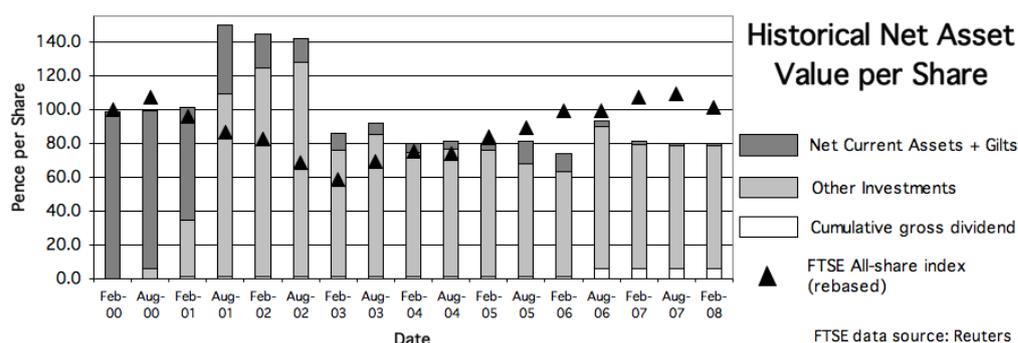
14 per cent of such distributions to the Investment Manager and Investment Adviser collectively and 6 per cent of such distributions to the independent Directors collectively.

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, Richard Vessey and Sir Martin Wood 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 6 March 2000. The graph below compares the performance of the company with the performance of the FTSE All-Share index over the period from 28 February 2000 to 29 February 2008. 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 who served in the year received no fees for the year ending 29 February 2008 but fees of £27,000 are provided for and may be paid once an exit is achieved.

	2008	2007
	£000	£000
J B H Jackson (Chairman)	7	8
J L A Cary	5	5
Richard Vessey	5	5
M R H J O'Regan	5	5
Sir Martin Wood	5	5
	<hr/>	<hr/>
	27	28
	=====	=====

The directors are not eligible for pension benefits, share options or other benefits.

On behalf of the Board
John Jackson - Chairman
9 May 2008

Report of the independent auditors to the Shareholders of Oxford Technology 2 Venture Capital Trust plc

We have audited the financial statements of Oxford Technology 2 Venture Capital Trust plc for the year ended 29 February 2008 which comprise the profit and loss account, balance sheet, cashflow statement, accounting policies and related notes. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information set out in the Directors' Remuneration Report that is described as having been audited.

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 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).

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report, Directors' Remuneration Report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set 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. 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 prepared in accordance with the Companies Act 1985.

We also report to you whether in our opinion the Directors' Report is consistent with the financial statements. In addition we report to you if, in our opinion, 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 regarding directors' remuneration and other transactions is not disclosed. We review whether the corporate governance statement contained within the Directors' Report reflects the company's compliance with the nine 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 statement of internal control covers all risk 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 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 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 29 February 2008 and of its loss 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; and
- the information given in the Directors' Report is consistent with the financial statements.

James Cowper
Registered Auditors - Oxford
15 May 2008

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 December 2005. The principal accounting policies of the company are set out below.

Investments

The company invests in financial assets with a view to profiting from their total return through income and capital growth. These investments are managed and their performance is evaluated on a fair value basis. Accordingly as permitted by Financial Reporting Standard 26 (FRS 26) the investments are designated as fair value through profit and loss. Unrealised gains or losses on valuation are recognised through the profit and loss account.

Valuation of Investments

Listed investments are stated at bid price. Unlisted investments are stated at Directors' valuation following the guidelines laid down by the International Private Equity and Venture Capital guidelines. The directors' policy in valuing unlisted is to carry them at cost (reviewed every 6 months) except in the following circumstances:

- where a company's underperformance against plan indicates a diminution in value of the investment a provision against cost is made using an appropriate valuation method
- where a company is well established and profitable the shares may be valued by applying a suitable price per earnings ratio to the company's historic post tax earnings. The ratio used is based on a comparable listed company or sector but discounted by 25% to 50% to reflect marketability; and
- where a value is indicated by material arms length transactions by a third party in the shares of a company.

During the year ended 28 February 2006 the directors revoked the Investment Company status to enable distributions of capital profits to shareholders. Consequently the accounts have been prepared to include a statutory profit and loss account and a note of historical profits and losses in accordance with schedule 4 of the Companies Act 1985 and Financial Reporting Standard 3 (FRS 3).

The directors consider that this basis of valuation of unquoted investments is consistent with the International Private Equity and Venture Capital 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.

Expenses

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

Oxford Technology 2 Venture Capital Trust plc

- 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 foreseeable future to meet) the conditions for approval as an Investment Trust Company. The HMRC 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 2000 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 29 February 2008**

		Year ended 29 February 2008	Year ended 28 February 2007
	Note	£000	£000
Gain on disposal of investments held at fair value		-	-
Unrealised gain on fair value of investments	7,11	82	275
Other Income	1	14	19
Investment Management Fees	2	(95)	(91)
Other expenses	3	(56)	(70)
Profit/(loss) on ordinary activities before tax	4	<u>(55)</u>	<u>133</u>
Taxation on profit / (loss) on ordinary activities	5	-	-
Profit / (loss) on ordinary activities after tax		<u>(55)</u>	<u>133</u>
Earnings per share (basic and diluted)	6	<u>(0.92)p</u>	<u>2.22p</u>

Historic cost profits and losses note

	2008 £'000	2007 £'000
(Loss)/Profit for the year	(55)	133
Unrealised (loss)/gain on fair value of investments	(82)	(275)
Realisation of prior year's net gains	-	-
Historical cost loss before tax	(137)	(142)
Historical cost loss after tax	(137)	(142)

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

Balance sheet at 29 February 2008

		29 February 2008		28 February 2007	
	Note	£000	£000	£000	£000
Fixed assets					
Investments at fair value	7		4,137		4,042
Current assets					
Other debtors and prepayments	7	2		3	
Cash at bank		80		118	
		<u>82</u>		<u>121</u>	
Creditors: amounts falling due within one year					
	9	(116)		(5)	
		<u></u>		<u></u>	
Net current assets / (liabilities)			(34)		116
Net assets			<u>4,103</u>		<u>4,158</u>
Capital and reserves					
Called up share capital	10		600		600
Profit and loss account	11		2,300		2,437
Revaluation reserve	11		1,203		1,121
			<u>4,103</u>		<u>4,158</u>
Shareholders' funds	12		<u>4,103</u>		<u>4,158</u>
Net asset value per share			<u>68p</u>		<u>69p</u>

These financial statements were approved by the directors on 9 May 2008.

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 29 February 2008

		2008	2007
	Note	£000	£000
Net cash (outflow) from operating activities	13	(25)	(141)
Capital expenditure and financial investment			
Purchase of investments		(13)	(101)
Disposal of investments		-	-
Net cash outflow from capital expenditure and financial investment		(13)	(101)
Dividends paid		-	(300)
Decrease in cash		(38)	(542)

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

Notes to the financial statements for the year ended 29 February 2008

1 Turnover	2008	2007
	£000	£000
Other interest receivable	14	19
Profit on disposal of investments	-	-
	14	19
	14	19
2 Investment Management Fees	£000	£000
Investment management fee (see below)	85	84
Social security costs	10	7
	95	91
	95	91

Related Party disclosure - JLA Cary is a director of Oxford Technology Management Ltd and of Oxford Technology 2 Venture Capital Trust Plc. OTM Ltd is the Investment Manager to the company. During the year OTM charged OT2 management fees of £85,000. These are included within the creditors and the fees will not be paid until a significant exit is achieved. By agreement between the company and the Investment Manager, the investment management fee may be paid partly in the form of salaries. 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. The fees as detailed in the prospectus are paid to the Investment Manager to manage the fund which is primarily focused on achieving capital growth.

Oxford Technology 2 Venture Capital Trust plc

3 Other Expenses

	2008	2007
	£000	£000
Directors' remuneration	27	28
Social security costs	1	1
Auditors remuneration: audit services	5	5
: non audit services	1	1
Other expenses	22	28
	56	70
	56	70

4 Operating Profit/Loss

	2008	2007
	£000	£000
The operating profit is stated after charging:		
Auditors remuneration: audit services	5	5
: non audit services	1	1
Directors' remuneration	27	28
	33	34
	33	34

5 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 19.9% (2007: 19%). The differences are explained below:

	£000	£000
Profit / (loss) on ordinary activities before taxation	(55)	133
	(55)	133
At standard rate of taxation	(11)	(26)
Costs not chargeable to corporation tax	26	26
	15	0
Current tax credit for year	-	-
	15	0

Unrelieved management expenses of £762,000 (2007: £714,000) remain available for offset against future taxable profits.

6 Earnings per share

The calculation of earnings per share is based on the net loss for the financial period of £55,000 (2007: profit of £133,000) divided by the weighted average number of ordinary shares of 6,000,000 (2007: 6,000,000) in issue during the year. There are no potentially dilutive capital instruments in issue therefore no diluted return per share figures are relevant. The basic and diluted earnings per share are therefore identical.

7 Investments

	2008	2007
	£000	£000
Cost		
As at 1 March 2007	4,019	3,918
Purchases at cost	13	101
Redeemed / disposed during the year	-	-
Unrealised depreciation	-	-
	4,032	4,019
As at 29 February 2008	4,032	4,019

Oxford Technology 2 Venture Capital Trust plc

7 Investments (continued)

Revaluation

As at 1 March 2007	23	(252)
Revaluation movement	82	275

As at 29 February 2008	105	23
	=====	=====

Net book value

As at 1 March 2007	4,042	3,666
--------------------	-------	-------

As at 29 February 2008	4,137	4,042
	=====	=====

Details of unlisted investments in which OT2 owns more than 20% are set out below with reference to their most recent published accounts in the footnote as required by The Companies Act. All companies are incorporated and operate in the UK, except for Ciphergrid Ltd (formerly Cipherware Ltd) which operates in the UK and the Netherlands.

Name of undertaking	Class of shares held	Percentage of voting rights held by company %	Percentage of voting rights held by other OT Funds %	Capital and reserves £000	Retained profit/(loss) for year £000
Ciphergrid Ltd ¹	Ordinary	29.4	8.6	(39)	(49)
InaPlex Ltd ²	Ordinary	21.6	13.3	81	(293)
Orthogem Ltd ³	Ordinary	22.3	6.3	53	(655)

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.

Most recent published accounts:

1. For the year ended 31 July 2006.
2. For the year ended 30 September 2006.
3. For the year ended 31 December 2006.

8 Debtors	2008	2007
	£000	£000
Prepayments and accrued income	2	3
	=====	=====

9 Creditors: amounts falling due within one year	£000	£000
Investment Management Fee Accrual	85	2
Other creditors	31	3
	116	5
	=====	=====

10 Share capital	£000	£000
Authorised		
10,000,000 ordinary shares of 10p each	1,000	1,000
Allotted, called up and fully paid		
6,000,000 (2007: 6,000,000) ordinary shares of 10p each	600	600
	=====	=====

Oxford Technology 2 Venture Capital Trust plc

11 Reserves

	Revaluation reserve £000	Profit and loss account £000
At 1 March 2007	1,121	2,437
Profit / (loss) for the period	-	(55)
Unrealised gains/losses	82	(82)
As at 29 February 2008	1,203	2,300

12 Reconciliation of movements in shareholders' funds

	2008 £000	2007 £000
Result for the period	(55)	133
Dividends paid	-	(300)
Net increase / (decrease) in shareholders' funds	(55)	(167)
Shareholders' funds at beginning of year	4,158	4,325
Shareholders' funds at end of year	4,103	4,158

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

	2008 £000	2007 £000
Operating profit/loss	(55)	133
Unrealised gain on investments	(82)	(275)
Increase in creditors	111	1
Increase/Decrease in debtors	1	-
Net cash outflow from operating activities for the year	(25)	(141)

14 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.

15 Capital commitments

The company had no commitments at 29 February 2008 or at 28 February 2007.

16 Contingent liabilities

The company had no contingent liabilities at 29 February 2008 or 28 February 2007.

17 Post Balance Sheet Events

On 4 April 2008 OT2VCT completed a rights issue which raised £265,362.82 and has resulted in additional 374,602 shares being allotted. This is a post balance sheet event and is not reflected in the Net Asset Value figures.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Oxford Technology 2 Venture Capital Trust plc will be held at the Magdalen Centre, Oxford Science Park, Oxford OX4 4GA at 12.00 noon on Monday 23rd June 2008 for the following purposes:

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

- (1) That the report and accounts for the period to 29 February 2008 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 Mr Richard Vessey, 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 110% of the latest published NAV per share (exclusive of expenses).

This authority shall expire at the Company's annual general meeting in 2009. 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.

- (7) That the company continue in being as a venture capital trust.

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 Registrars plc, c/o Oxford Technology 2 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 2 Venture Capital Trust plc
Form of Proxy
for the Annual General Meeting convened
for 12.00 noon on Monday 23rd June 2008

I/We
 (BLOCK LETTERS)

of

being a member of Oxford Technology 2 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 23rd June 2008 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 Mr Richard Vessey 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.		
7.	Company to continue as a Venture Capital Trust.		

Date thisday of....., 2008

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 Registrars plc, c/o Oxford Technology 2 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 Registrars plc
c/o Oxford 2 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)
Richard Vessey
Lucius Cary
Michael O'Regan
Sir Martin Wood

Investment Manager and Registered Office

Oxford Technology Management Ltd
Magdalen Centre
Oxford Science Park
Oxford OX4 4GA

Secretary

James Gordon

Solicitors

Gordons Partnership LLP
22 Great James Street
London WC1N 3ES

Registrars

Capita Registrars plc
Northern House
Woodsome Park
Fenay Bridge
Huddersfield
West Yorkshire HD8 0LA

Auditors & VCT Compliance Advisers

James Cowper
Willow Court
7 West Way
Botley, Oxford OX2 0JB

Brokers

JP Morgan Cazenove
20 Moorgate
London EC2R 6DA

Company Registration Number: 3928569