Oxford Technology 2
Venture Capital Trust plc

Financial Statements

For the period ended 28 February 2009

Contents

Financial highlights

	Year ended 28 February 2009	**Year ended 29 February 2008**
Net assets at year end	**£3.46m**	**£4.10m**
Net asset value per share at year end after distributions	**54p**	**68p**
Cumulative dividend (gross) per share from incorporation	**10.5p**	**6p**
Share price at year end	**26p**	**38p**
Earnings per share (basic and diluted)	**(9.7)p**	**(0.92)p**

Statement on behalf of the Board

Investment Portfolio

The Board of Oxford Technology 2 VCT (OT2) is pleased with the development of the portfolio as a whole. Ultimately, success for OT2, 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.

In autumn 2008, Commerce Decisions was sold to Qinetiq, generating a return of £637,271 to OT2 on an investment of £200,000 enabling OT2 to pay out a dividend of 4.5p per ordinary share.

OT2 owns 11.2% of Inscentinel, which is based at Rothamsted Research and which is developing instruments for detecting trace vapours using the exquisitely sensitive olfactory sense of bees. Insentinel has made good progress on the engineering front during the last year. In particular the company now has a plastic injection moulded bee holder which also incorporates the electronics which detects the proboscis extension reflex, and memory to store results and which can communicate with the controlling PDA or computer. In summer 2009, Inscentinel will conduct the first field trial of its VASOR, a hand-held device which holds 6 cassettes of six bees each, and which will be capable of detecting five different explosives. The hope is that Inscentinel will then transition from an R&D company to a commercial company with a product/service to sell.

Since the first investment by OT2 in Insense in 2001, the company has come a long way. Its active wound healing dressings, Oxyzyme and Iodozyme, which promote wound healing by producing low level iodine and also oxygen at the wound surface, have now been approved for sale in Europe, but still not yet in the US. Sales in Europe are growing steadily, although more slowly than initially hoped. Sales exceeded £40,000 in a month for the first time in March 2009. Very heartening stories continue to come from patients, many of whom have had long-standing wounds for many years which completely healed in a few weeks after using Oxyzyme and/or Iodozyme. In one case a patient was about to have a leg amputated since his wounds, which occurred in an accident in 1982, were not responding to any treatment. Fortunately he was put on Insense dressings, and so saved his leg. Insense hopes to reach breakeven by the end of 2009. Insense is also developing a range of products for dermatology applications.

OT2 owns 24% of Orthogem whose artificial bone graft, Tripore, has been used in spinal surgery both in the Europe and the US since 2007. Clinical results have been good and sales have been growing, although more slowly than hoped.

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. Sales grew to £1.4m in 2008 and profits exceeded £400k. In autumn 2008, OC Robotics received an order worth more than $2m, for the design and supply of a single snake arm robot to be used to solve a maintenance problem in a particular type of nuclear reactor. There are some 60 of this particular type of reactor in use worldwide. OC Robotics now employs 18 staff of whom 17 are engineers.

Plasma Antennas is now transitioning from an R&D company to a commercial company. In the last few months it has been negotiating the terms of its first contract to supply antennas in volume, rather than the ones and twos which it has supplied to date under R&D contracts.

OT2 owns 8.3% of Select Technology which is reaching an exciting stage in its development. Since 2005, it has been working closely with Ricoh, the world's leading manufacturer of modern photocopiers, known as multifunction products (MFPs), which scan, print, email and fax. All Ricoh's MFPs now contain Ricoh's ESA (Embedded Software Architecture) and Select, with Ricoh's support, has developed its own ESA-based software platform, known as m3i, which controls the MFP either through the MFP's own touchscreen (Chameleon) or remotely via a user's own device (MyUI). Once the basic m3i platform is installed, customers will be able subsequently to download a range of customised UIs created either by Select or third party developers. An example is the MyUI/Access Module, an accessible UI developed to allow compliance with disability legislation. Wheelchair users who are not able to see easily and use the MFP's own touchscreen MFP can now use their own PDA or Smartphone to control the copier; visually impaired users are provided with a large print UI with contrasting colours; blind users can control the MFP via voice commands. Select has also completed its first Chameleon UI, a simple scan-to-email solution. In addition, two third party developers are using the m3i platform to create enhanced versions of their own existing products for launch later in 2009. Sales in the UK began in early 2009, and have been encouraging, but the launch in Europe and the US through Ricoh, has been twice delayed, but should now happen in Q2 2009. These delays have been very frustrating, but the potential remains high.

All these companies have the potential to deliver very significant returns. Other companies have had problems and their value has been written down. In the light of lower valuations generally, some other valuations have also been reduced.

Net Assets per share at 28 February 2009 were 54p and including dividends of 10.5p paid to date, total return is 64.5p per share.

Fundraising

On 3 April 2009 OT2 completed a rights issue which raised £146,410 and has resulted in an additional 259,980 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.

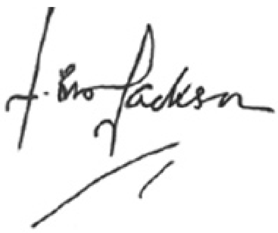
Results for the year

Realised profit on disposal of investments, interest on bank deposits and investee loans produced gross income of £474,000 (2008: £14,000) in the year.

Retained losses were £615,000 (2008: loss of £55,000) and earnings per share for the year were a loss of (9.7)p (2008: loss of 0.92p).

AGM

Shareholders should note that the AGM for Oxford Technology 2 VCT will be held on Friday 3rd July 2009, 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
20 May 2009

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 28/02/09 £'000	% equity held by OT2	% equity held by other OT Funds
OC Robotics	Snake arm robots	Jan 01	221	859	1,080	18.0	-
Orthogem	Bone graft material	Dec 00	253	66	319	24.0	8.2
ImmunoBiology	Novel vaccines	Dec 00	175	132	307	2.4	5.1
Insense	Wound healing dressing	Jun 01	133	97	230	3.9	7.8
Prolysis	Novel antibiotics	Jun 01	225	1	226	1.9	0.5
Select Technology	Photocopier interfaces	Nov 01	215	(8)	207	8.3	41.6
Oxis Energy	Rechargeable batteries	Jun 00	540	(362)	178	6.7	9.6
Plasma Antennas	Solid state antennas	Nov 01	168	(33)	135	8.8	20.6
Inscentinel	Vapour detection	May 03	171	(94)	77	11.2	29.0
MET	Chemical separations	May 02	75	(2)	73	4.5	23.5
OST	Sensors for car production lines	Oct 00	235	(173)	62	0.1	4.5
Telegesis	Zigbee technology	Oct 03	8	51	59	3.1	42.3
Prosurgics	Medical robots	Sep 01	257	(207)	50	0.9	2.5
Equitalk/X-Fone	Internet telecoms	Jun 01	270	(232)	38	< 0.1	< 0.1
Astron Clinica	Skin cancer diagnosis	Jan 01	400	(366)	34	2.2	-
Inaplex	Data transformation software	Sep 01	138	(110)	28	21.6	13.3
SVA Software	Financial software	Jan 01	50	(25)	25	9.5	-
Ciphergrid	Secure access to databases	Sep 01	97	(73)	24	29.4	8.6
Im-Pak	Injection moulding	Apr 03	227	(212)	15	6.6	16.6
Arecor	Protein stabilisation	Jul 07	3	7	10	0.9	9.6
DHA Ltd	Radiotherapy products	Nov 01	0	2	2	1.2	26.9
TOTALS			**3,861**	**(686)**	**3,179**		
Other Net Assets					**276**		
NET ASSETS					**3,455**		

Board of Directors

John Jackson, age 79, 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, 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. John Jackson is also an investor in Arecor, Insense, Prosurgics, OST, Oxis, Im-Pak and Select Technology from the OT2 portfolio.

Lucius Cary OBE, age 62, 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. Lucius Cary is an investor in Select Technology from the OT2 portfolio.

Michael O'Regan OBE, age 61, 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). Michael O'Regan is an investor in OST from the OT2 portfolio.

Richard Vessey, age 60, 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. Richard Vessey is also an investor in Telegesis, Plasma Antennas, Astron Clinica, Oxis, Equitalk, Prosurgics and Select Technology from the OT2 portfolio.

Sir Martin Wood OBE FRS, has announced his retirement from the Board with effect from the year end - February 28 2009. The Board thanks him for his immense contribution and support of the VCT over the years.

Report of the Directors

The directors present their report together with financial statements for the year ended 28 February 2009.

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 £615,000 (2008: £55,000). The profit and loss account comprises income of £96,000 (2008: £14,000) and realised gains on disposal of investment of £78,000 (2008: £nil) less unrealised losses on fair value of investments of £664,000 (2008: gain of £82,000) less management and other expenses of £125,000 (2008: £151,000).

Directors

The present membership of the board, and their beneficial interests in the ordinary shares of the company at 28 February 2009 and at 29 February 2008, are set out below:

	2009	**2008**
J B H Jackson	44,000	40,000
R Vessey	220,000	200,000
J L A Cary	27,500	25,000
M R H J O'Regan	225,000	200,000
Sir Martin Wood (retired 28/02/09)	160,000	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.

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 28 February 2009. 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 now consists of four non-executive directors. JLA Cary represents the Investment Manager and the remaining three directors are independent. In these circumstances, the Board does not believe that it is necessary to identify a senior independent director other than the Chairman. The Board has put in place corporate governance arrangements which it believes are appropriate to a Venture Capital Trust and which will enable the company to operate within the spirit of the Principles of Good Governance and comply with the code of Best Practice ("the Combined Code").

The Board meets regularly, at least four times a year, and between these meetings maintains contact with the Investment Manager. The Investment Manager prepares written reports on the performance of each of the funds 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.

Key Performance Indicators

The Board consistently monitors the key performance indicators applicable to the business of OTVCT and in particular reviews the performance of investee companies as appropriate.

Financial Risk Management Objectives and Policies

The company's principal financial instrument comprises funds held at bank or on deposit. The main purpose of these funds is to enable the company to make further investments and to provide continued working capital. Due to the nature of financial instruments used by the company there is no exposure to price risk. The directors' approach to managing other risks applicable to the financial instruments concerned is shown below. In respect of bank balances the liquidity risks are managed by maintaining a balance between the continuity of funding and maximising investment income. The company makes use of money market facilities where funds are available.

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 28 February 2009, the company has been notified of three investors whose interest exceeds three percent of the company's issued share capital (Starcap ANS, 7.8%, R Vessey, 3.4%, M R H J O'Regan 3.5%). 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 LLP offer themselves for reappointment in accordance with Section 385 of the Companies Act 1985.

On behalf of the Board - J L A Cary
20 May 2009

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 now consists of four non-executive directors. JLA Cary represents the Investment Manager and the remaining three directors are independent. Since the company is a Venture Capital Trust with no executive directors, there are certain relaxations of the Combined Code permitted to the company under the Listing Rules of the Financial Services Authority. Accordingly, there is no separate remuneration committee and the Board performs collectively the duties of the committee.

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

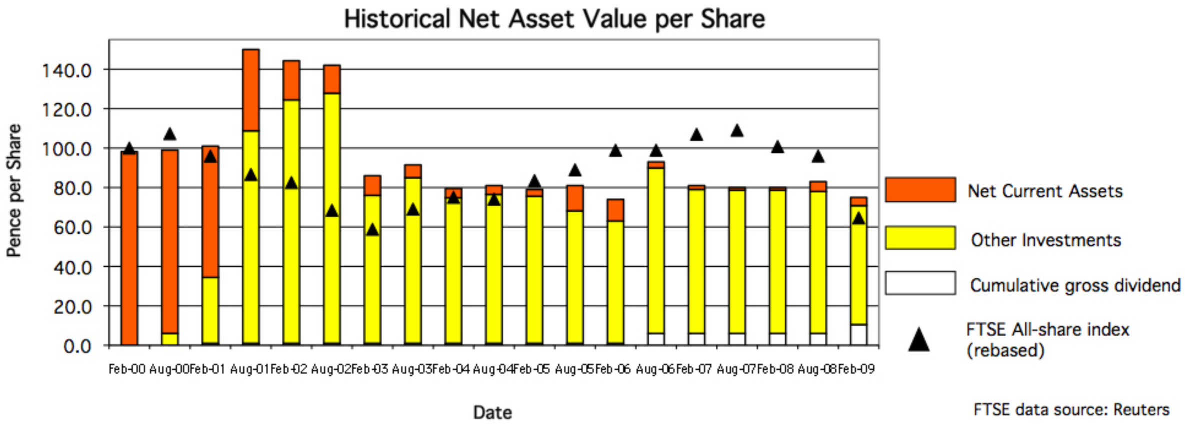
The company's Investment Manager is Oxford Technology Management Ltd, a company of which JLA Cary is a director and the controlling shareholder. The Investment Management fee is laid out in the prospectus dated 6 March 2000 and the fee payments for the years ended 28 February 2009 and 29 February 2008 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) per share 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 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, Mr John Jackson and Mr 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 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 28 February 2009. 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 28 February 2009 or for the year ended 29 February 2008 but fees of £54,000 are provided for and may be paid once an exit is achieved.

	2009	**2008**
	£000	**£000**
J B H Jackson (Chairman)	7	7
J L A Cary	5	5
Richard Vessey	5	5
M R H J O'Regan	5	5
Sir Martin Wood	5	5
	27	27
	=====	=====

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

On behalf of the Board
John Jackson - Chairman
20 May 2009

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 28 February 2009 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. The information given in the Directors' Report includes information given in the Chairman's statement and Investment Manager's review that is cross referred from the Directors' Report.

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 with in 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 28 February 2009 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 LLP
Registered Auditors - Oxford
20 May 2009

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

Quoted investments are stated at the bid price. Unquoted investments are stated at fair value, where fair value is estimated after following the guidelines laid down by the International Private Equity and Venture Capital Guidelines. The Directors' policy is to initially state investments at cost and then to review the valuation every six months. The Directors' may then apply an appropriate methodology which, as far as possible, draws on external, objective market data such as where fair value is indicated by:

- a material arms length transaction by a third party in the shares of the company; or
- a suitable revenue or earnings multiple where the company is well established and generating maintainable profits. The multiple will be based on comparable listed companies but may be discounted to reflect a lack of marketability; or
- the net assets of the business.

Where such objective data is not available the Directors' may choose to maintain the value of the company as previously stated or to discount this where indicated by underperformance against plan.

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:

- 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 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 28 February 2009

	Note	Year ended 28 February 2009 £000	Year ended 29 February 2008 £000
Gain on disposal of investments held at fair value		78	-
Unrealised (loss)/gain on fair value of investments	7,11	(664)	82
Other Income	1	96	14
Investment Management Fees	2	(71)	(95)
Other expenses	3	(54)	(56)
(Loss)/profit on ordinary activities before tax	4	(615)	(55)
Taxation on (loss)/profit on ordinary activities	5	-	-
(Loss)/profit on ordinary activities after tax		(615)	(55)
Earnings per share (basic and diluted)	6	(9.7)p	(0.92)p

Historic cost profits and losses note

	2009 £'000	2008 £'000
(Loss)/Profit for the year	(615)	(55)
Unrealised loss/(gain) on fair value of investments	664	(82)
Realisation of prior year's net gains	(78)	-
Historical cost loss before tax	(29)	(137)
Historical cost loss after tax	(29)	(137)

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

Balance sheet at 28 February 2009

	Note	28 February 2009		29 February 2008	
		£000	£000	£000	£000
Fixed assets					
Investments at fair value	7		3,179		4,137
Current assets					
Other debtors and prepayments	7	2		2	
Cash at bank		333		80	
		335		82	
Creditors: amounts falling due within one year	9	(59)		(116)	
Net current assets / (liabilities)			276		(34)
Net assets			3,455		4,103
Capital and reserves					
Called up share capital	10		637		600
Share premium	11		217		-
Profit and loss account	11		2,362		2,300
Revaluation reserve	11		239		1,203
Shareholders' funds	12		3,455		4,103
Net asset value per share			54p		68p

These financial statements were approved by the directors on 20 May 2009.

J L A Cary
Director

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

Cash flow statement
for the year ended 28 February 2009

	Note	2009 £000	2008 £000
Net cash (outflow)/inflow from operating activities	13	(86)	(25)
Capital expenditure and financial investment			
Purchase of investments		(206)	(13)
Disposal of investments		578	-
Net cash (outflow)/inflow from capital expenditure and financial investment		372	(13)
Net cash flow before financing		286	(38)
Financing			
Issue of Shares		258	-
Expenses paid in connection with share issue		(4)	-
Net cash flow from financing		254	-
Dividends Paid		(287)	-
(Decrease)/increase in cash		253	(38)

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 2009

1 Income	**2009 £000**	**2008 £000**
Other interest receivable	96	14
Profit on disposal of investments	378	-
	474	14

2 Investment Management Fees	**£000**	**£000**
Investment management fee (see below)	66	85
Social security costs	5	10
	71	95

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 £71,000. 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.

3 Other Expenses

	2009 £000	2008 £000
Directors' remuneration	27	27
Social security costs	1	1
Auditors remuneration: audit services	5	5
: non audit services	2	1
Other expenses	19	22
	54	56

4 Operating Profit/Loss

The operating profit is stated after charging:	2009 £000	2008 £000
Auditors remuneration: audit services	5	5
: non audit services	2	1
Directors' remuneration	27	27
	34	33

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 small companies rate of corporation taxation in the UK of 20.9% (2008: 19.9%). The differences are explained below:

	£000	£000
(Loss)/profit on ordinary activities before taxation	(615)	(55)
At standard rate of taxation	(129)	(11)
Costs not chargeable to corporation tax	129	26
Current tax credit for year	-	-

Unrelieved management expenses of £1,085,000 (2008: £762,000) 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 £615,000 (2008: loss of £55,000) divided by the weighted average number of ordinary shares of 6,343,385 (2008: 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

	2009	2008
Cost	**£000**	**£000**
As at 1 March 2008	4,032	4,019
Purchases at cost	206	13
Redeemed / disposed during the year	(200)	-
As at 28 February 2009	4,038	4,032

7 Investments (continued)

Revaluation

As at 1 March 2008	105	23
Revaluation movement	(964)	82
As at 28 February 2009	859	105

Net book value

As at 1 March 2008	4,137	4,042
As at 28 February 2009	3,179	4,137

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	(118)	(79)
InaPlex Ltd[2]	Ordinary	21.6	13.3	120	(254)
Orthogem Ltd[3]	Ordinary	24.0	8.2	209	(238)

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 2007.
2. For the year ended 30 September 2007.
3. For the year ended 31 December 2008.

8 Debtors

	2009 £000	2008 £000
Prepayments and accrued income	2	2

9 Creditors: amounts falling due within one year

	£000	£000
Investment Management Fee Accrual	-	85
Other creditors	6	4
Directors Fees Accrual	53	27
	59	116

10 Share capital

	£000	£000
Authorised		
10,000,000 ordinary shares of 10p each	1,000	1,000
Allotted, called up and fully paid		
6,374,602 (2008: 6,000,000) ordinary shares of 10p each	637	600

11 Reserves

	Share Premium Account	Revaluation reserve £000	Profit and loss account £000
At 1 March 2008	-	1,203	2,300
(Loss)/profit for the period	-	-	(615)
Unrealised (losses)/gains	-	(664)	964
Issue of share capital	221	-	-
Cost of share issue	(4)	-	-
Dividends	-	-	(287)
Transfer between reserves	-	(300)	300
As at 28 February 2009	217	239	2,362

12 Reconciliation of movements in shareholders' funds

	2009 £000	2008 £000
Result for the period	(615)	(55)
Issue of share capital	258	
Cost of share issue	(4)	
Dividends paid	(287)	-
Net (decrease)/increase in shareholders' funds	(648)	(55)
Shareholders' funds at beginning of year	4,103	4,158
Shareholders' funds at end of year	3,455	4,103

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

	2009 £000	2008 £000
Operating (loss)/profit	(615)	(55)
Unrealised loss/gain on investments	964	(82)
Realised (gain)/loss on investments	(378)	-
(Decrease)/increase in creditors	(57)	111
Decrease/(increase) in debtors	-	1
Net cash outflow from operating activities for the year	(86)	(25)

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 28 February 2009 or at 29 February 2008.

16 Contingent liabilities

The company had no contingent liabilities at 28 February 2009 or 29 February 2008.

17 Post Balance Sheet Events

On 3 April 2009 OT2VCT completed a rights issue which raised £146,410 and has resulted in additional 259,980 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 Friday 3rd July 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 28 February 2009 be approved.

(2) That Mr John Jackson 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 Chairman.

(3) That Mr 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 LLP, 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 8 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 2010. 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 Friday 3rd July 2009

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 Friday 3rd July 2009 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	Witheld
1.	Approval of accounts.			
2.	Re-appointment of Mr John Jackson as Chairman.			
3.	Re-appointment of Mr Lucius Cary as Director.			
4	Approval of the appointment of James Cowper LLP 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 this ....day of.., 2009

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. The 'Vote Withheld' option is to enable you to abstain on any particular resolution. Such a vote is not a vote in law and will not be counted in the votes 'For' and 'Against' a resolution.

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.

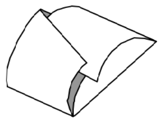
Fold 1

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 (retired 28/02/09)

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 LLP
Willow Court
7 West Way
Botley, Oxford OX2 0JB

Brokers

JP Morgan Cazenove
20 Moorgate
London EC2R 6DA

Company Registration Number: 3928569