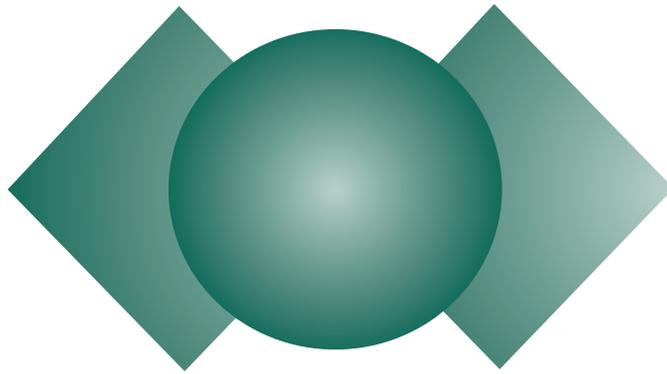


Oxford Technology 2 Venture Capital Trust plc



Financial Statements

For the year ended 29 February 2012

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Financial highlights

	Year ended 29 February 2012	Year ended 28 February 2011
Net assets at year end	£1.74m	£2.54m
Net asset value per share at year end after distributions	26p	37p
Cumulative dividend (gross) from incorporation	10.5p	10.5p
Share price at year end	16.5p	23.5p
Loss per share (basic & diluted)	(11.8)p	(3.6)p

Statement on behalf of the Board

Investment Portfolio

The net assets per share at 29 February 2012 were 26p per share compared to 37p as at 28 February 2011. The earnings per share in the year to 29 February 2012 show a loss of 11.8p per share. These figures result from the changes to the valuations of the investments during the year as shown in the table on page 4, with some investments being valued upwards and some being down valued based on their performance. Further details of the portfolio companies are given on page 5.

Investment Policy & Fundraising

The Company has built a balanced portfolio of investments with the following characteristics:

- unlisted, UK based, science, technology and engineering businesses
- investments typically in the range of £100,000 to £500,000
- generally located within approximately 60 miles of Oxford

Results for the year

Interest on bank deposits and investee loans produced gross income of £11,000 (2011: £11,000) in the year. The loss for the year was £799,000 (2011: loss of £244,000) and earnings per share for the year showed a loss of 11.8p (2011: loss of 3.6p). The graph on page 14 shows the historical Net Current Assets and other investments per share. Together, these two figures make up the total Net Asset Value per share. The graph also shows cumulative dividends paid to date.

AGM

Shareholders should note that the AGM for Oxford Technology 2 VCT (OT2) will be held on Wednesday 4th July 2012, 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.

Michael O'Regan
Chairman
28 May 2012

Oxford Technology 2 Venture Capital Trust PLC
Table of investments held by company at 29th February 2012

Company	Description	Date of initial investment	Net cost of investment £'000	Carrying value at 29/02/12 £'000	Change in value for the year £'000	% equity held by OTVCT
Oxis Energy	Rechargeable batteries	Jan 00	540	19	(10)	0.1
Orthogem	Bone graft material	Dec 00	274	54	(51)	13.5
Equitalk/X-Fone	Internet telecoms	Jun 01	270	30	(60)	< 0.1
Select Technology	Specialist photocopier interfaces	Nov 01	240	200	40	7.9
OST	Sensors for production lines	Oct 00	235	-	(62)	0.3
Promic	Novel antibiotics	Jun 01	225	16	1	1.0
OC Robotics	Snake arm robots	Jan 01	225	540	(540)	19.5
Insense	Active wound healing dressings	Jun 01	204	114	(72)	4.0
Inscentinel	Vapour detection	May 03	197	56	-	13.4
Plasma Antennas	Solid state directional antennas	Nov 01	188	189	-	9.4
ImmunoBiology	Novel vaccines	Dec 00	175	57	1	2.2
Inaplex	Data transformation software	Sep 01	138	39	8	21.5
Arecor	Protein stabilisation	Jul 07	14	38	-	0.8
Telegesis	Zigbee technology	Oct 03	8	84	25	2.9
DHA	Radiotherapy products	Nov 01	-	1	-	1.2
Totals			2,933	1,437	(720)	
Other Net Assets				305		
NET ASSETS				1,742		

Number of shares in issue: 6,792,923

Net Asset Value per share at 29 February 2012: 26p

Dividends per share paid to date: 10.5p

This table shows the current portfolio holdings. The investments in Acumen, Assertion, Astron Clinica, CIPHERgrid, CHR Design, Coraltech, Im-Pak, Jetmask, M3 Networks and Freehand Surgical & SVA have been written off. The investments in Hardide, Commerce Decisions and MET have been sold for £1,559,442.

Review of Investment Portfolio

OT2 owns 19.5% of **OC Robotics**. Now based in a factory in Bristol, OC Robotics is arguably the world's leading designer and manufacturer of snake-arm robots in which the head of the snake may be driven along a 3D path in space with the rest of the snake following the same path taken by the head. A video of this may be seen at <http://www.ocrobotics.com/applications--solutions/nuclear/nuclear-case-study--areva>. OC Robotics has supplied individual robots at prices of more than £1m for particular applications.

In the past year there has been particular interest in using OC Robotics snake arm robots from many companies in the nuclear industry, including for the decommissioning of the Fukushima reactor which was so damaged by the tsunami in Japan. Snake arm robots offer the user safety and flexibility. They may be controlled by an operator in a remote location and steered using a joystick to a particular place inside the reactor, entering through a small port and may then carry out a large variety of tasks, cutting, gripping, lifting, welding etc. But the lead times are long, and the current problem for OC Robotics is a shortage of orders. The level of interest is at an all time high, but the company has had to reduce its staffing levels to reduce its costs while it awaits signed contracts. The company has been seeking additional investment to support predicted growth.

OT2 owns 13.3% of **Select Technology**. Since 2005, Select has been working very closely with Ricoh, the world's leading manufacturer of MFDs (multi-function devices, previously photocopiers, but now capable of many other things as well, such as scanning, emailing, printing and faxing). Increasingly, as with computers 30 years ago, what persuades a customer to buy one model rather than another is not the hardware but the software which runs on the hardware, such as software to allocate the costs of using the MFDs on a network to the appropriate departments. Ricoh are not themselves experts in this software. Select has developed software modules, now known as the m3i platform which can be embedded within Ricoh's operating system and which transmit data about the state of affairs within the MFD to external software and which enables external software to control the MFD. So m3i acts as a bridge between Ricoh MFDs and external software. Select receives an average of £250 (at a high gross margin) every time m3i is used on a particular MFD. M3i enables a multitude of applications. For example, the Access Module enables a visually impaired user to operate an MFD from their own laptop, PDA or Smartphone using a screen with large writing tailored to their particular needs. Ricoh named the Access Module its "Innovative Product of the Year" in September 2007. Progress through Ricoh itself was agonisingly slow so Select is now focusing on dealing directly with Ricoh's global dealer channel. In addition, Select has also become the UK and now European distributor for Papercut print management software, which runs on many platforms including, with m3i, on Ricoh. Sales of Papercut have been growing rapidly worldwide, and this has had a beneficial effect on Select. Sales have grown significantly in the last year and Select is currently trading profitably and generating cash. So far sales have been mainly in the UK, but sales are now starting in Europe and sales in the US are expected to begin in the course of the next 12 months.

OT2 owns 13.4% of **Inscentinel**, having made the first investment in what was then Insense in August 2001. Inscentinel uses the exquisitely sensitive olfactory sense of bees to detect trace vapours. Sniffer dogs are widely used, can cost more than £40,000 and take 3-6 months to train. Inscentinel believes that bees, which cost 10p, and take 20 minutes to train, after which they have a Pavlovian Proboscis Extension Reflex (PER) in the presence of the odour to which they have been trained, have the same olfactory ability as dogs. Thus far, Inscentinel has survived on a succession of grants and development contracts and with some investment from OT2 and other shareholders. But as at the year end Inscentinel was in negotiations with a global company which wishes to use Inscentinel's technology in a particular application and to offer this service in many countries. But first the science will have to be verified in this particular application. So, if all goes well, this could be a very significant development for Inscentinel.

OT2 owns 9.7% of **Plasma Antennas**. This company designs and supplies specialist antennae, which can be priced at up to £50,000 each for certain specialist applications. In parallel with its other activities, development of its novel plasma technology continues under MoD sponsorship. The plasma technology is seen as particularly applicable to 'next generation' millimetre wave applications within the unlicensed 60GHz bands, (i.e. a multi-billion dollar market). In 2007, the company achieved a milestone when it made its first sales to Government clients. In 2009 the company achieved another milestone when it received its first contract for the design and supply of more significant numbers of antennas for a military application. In 2010 the company received its first order from a civil wireless equipment OEM for development of a selectable multibeam antenna to be deployed on a mass-market pico base station product line. Plasma Antennas, now based near Winchester, has become increasingly busy and during the last year has been engaged in more antenna development programmes than ever before for large international companies. However, it has not yet reached breakeven although this goal is getting closer.

OT2 also owns small stakes in **Arecor** and **Telegesis** both of which are making excellent progress.

Board of Directors

Michael O'Regan OBE, age 64, Chairman

Michael 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. Michael O'Regan is an investor in OST from the OT2 portfolio.

Lucius Cary OBE, age 65, Director

Lucius 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, have 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. He is also a Director of Oxford Technology VCT, Oxford Technology 3 VCT and Oxford Technology 4 VCT which have some shared investments with OT2. He is a Director of Inscentinel Ltd.

Conflicts of Interest

The Board has always considered carefully all cases of possible conflicts of interest, as and when they arise. For example, every time one of the OTVCTs makes an investment in which another OTVCT is an investor, there is a potential conflict of interest. The general policy is that there is complete transparency and all interests in every situation are declared and known to all, so that practical and sensible decisions can be taken.

Report of the Directors

The directors present their report together with financial statements for the year ended 29 February 2012.

Principal activity

The company commenced business in April 2000. The company invests 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 £799,000 (2011: loss of £244,000). The profit and loss account comprises income of £11,000 (2011: £11,000) less unrealised losses on fair value of investments of £728,000 (2011: loss of £154,000) less realised losses on disposals of investments of £2,000 (2011: loss of £9,000) less management and other expenses of £80,000 (2011: £92,000).

Directors

The present membership of the board, and their beneficial interests in the ordinary shares of the company at 29 February 2012 and at 28 February 2011, are set out below:

Name	2012	2011
M R H J O'Regan	225,000	225,000
J L A Cary	33,597	33,597

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 in Section 1 of the Combined Code on Corporate Governance (the "Code"), except that the Board as a whole performs the functions of both the Audit Committee (Code B.2.1) and the Nomination Committee (Code A.3.3). 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 Turnbull guidance were in place throughout the year ended 29 February 2012. 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 two non-executive directors. JLA Cary represents the Investment Manager and Michael O'Regan is the independent Chairman. The

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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 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 a written report on the performance of the fund in advance of Board meetings and this is 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 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.

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 has a number of performance measures to assess the company's success in meeting its objectives. Performance, measured by the change in NAV and total return per share, is also measured against the FTSE All-Share index. This is shown in the graph on page 14 of the Directors' Remuneration Report. This index has been adopted as an informal benchmark.

The review of the investment portfolio, on page 3 includes a review of the company's activities and future prospects.

Financial Risk Management Objectives and Policies

Investment risk - The majority of investments are early stage unquoted companies which are VCT qualifying holdings. This inherently entails a higher level of risk and lower liquidity than investments in large quoted companies. The directors seek to reduce this risk by considered selection of new and continued monitoring of existing investee companies.

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Financial risk - The company is exposed to market price risks, credit risk, liquidity risk, fair value and cash flow interest rate risks. All of the company's income and expenditure is denominated in sterling and hence the company has no foreign currency risk. The company does not use derivative financial instruments.

Regulatory risk - The Company is required to comply with the Companies Act, the rules of the UK Listing Authority and United Kingdom Accounting Standards.

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 described in Section 418 of the Companies Act 2006) 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

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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 2012, the company has been notified of three investors whose interest exceeds three percent of the company's issued share capital (Starcap ANS, 7.4%; R Vessey, 3.4%; MRHJ O'Regan 3.3%). The company has several investors, all individuals, who with their families have invested £100,000 or more in the shares of the company. The Directors shareholdings are listed above.

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 489 of the Companies Act 2006.

On behalf of the Board

JLA Cary

28 May 2012

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 adequate 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 2006. 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 2006. 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.

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

The Board consists solely of two non-executive directors. JLA Cary represents the Investment Manager and Michael O'Regan is the independent chairman. Since the company is a Venture Capital Trust with no executive directors, there are certain relaxations of the 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 2012 and 28 February 2011 are laid out in note 2 to the financial statements. As detailed in the company prospectuses dated 6 March 2000 and in the more recent Investment Memorandums, once investors have received a return of 100% of the gross sums invested 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 collectively and 6 per cent of such distributions to the directors collectively.

Directors' rights of tenure

No director has a service contract with the company. At each AGM one of the directors is obliged to retire and offer themselves for re-election by shareholders. At the AGM for the current year, Michael O'Regan will retire and offer himself for re-election. There is no notice period and no provision for compensation upon early termination of the appointment of any director

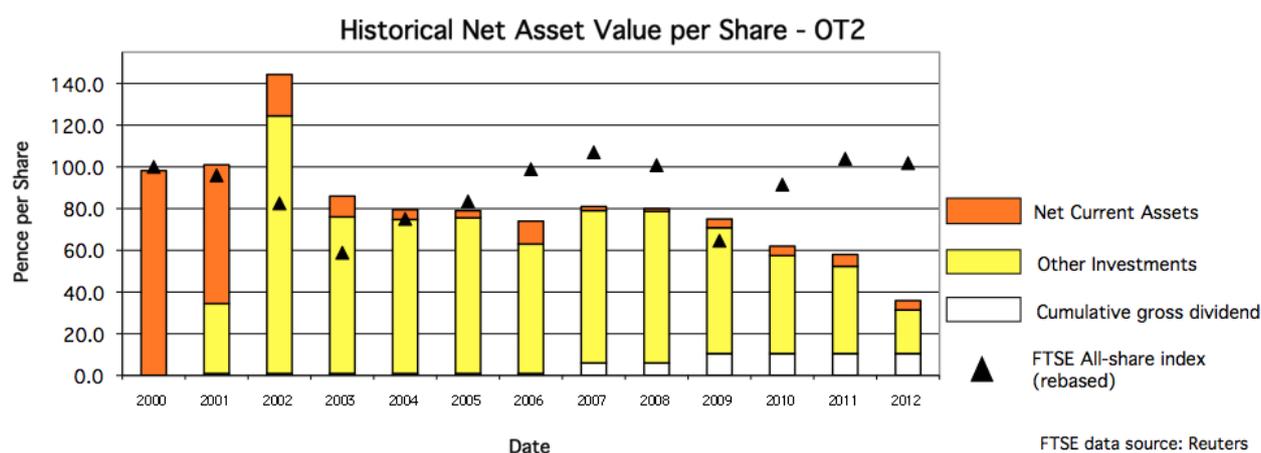
Company's performance compared to a suitable index

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

The graph below compares the performance of the company with the performance of the FTSE All-Share index over the period from 28 February 2000 to 29 February 2012. 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.

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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' fees for the year were £2,500 (2011: £10,000). Michael O'Regan has declined to take any fees for his services as Chairman.

	2012	2011
	£000	£000
MRHJ O'Regan	-	7.5
JLA Cary	2.5	2.5
	<hr/>	<hr/>
	2.5	10.0
	<hr/>	<hr/>

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

On behalf of the Board
Michael O'Regan - Chairman
28 May 2012

Oxford Technology 2 Venture Capital Trust PLC

Report of the independent auditors

We have audited the financial statements of Oxford Technology 2 Venture Capital Trust Plc for the year ended 29 February 2012 which comprise the income statement, balance sheet, cashflow statement, accounting policies and related notes. We have also audited the information set out in the Directors' Remuneration Report that is described as having been audited. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of Directors and auditors

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 Auditor's 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKP.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 29 February 2012 and of its loss for the year then ended;

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- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Chairman's statement, Investment Manager's Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the Corporate Governance statement with respect to internal control and risk management systems and about share capital structures is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the listing rules we are required to review:

- the information given in the Report of the Directors in relation to going concern; and
- the part of the Corporate Governance statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review

Mr Alexander Peal (Senior Statutory Auditor)
For and on behalf of

James Cowper LLP

Chartered Accountants and Statutory Auditors
Oxford

28 May 2012

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 2009. 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 three 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, with discounting for more junior asset classes, and reviewed for impairment; 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.

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.

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

Expenses

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

- those expenses which are incidental to the acquisition of an investment are included within the cost of the investment
- expenses which are incidental to the disposal of an investment are deducted from the disposal proceeds of the investment.

Deferred Tax

Deferred tax is not provided on capital gains and losses arising on the revaluation or disposal of investments because the company meets (and intends to continue for the foreseeable future to meet) the conditions for approval as a Venture Capital Trust. The HMRC has approved the company as a Venture Capital Trust for the purpose of Section 247 of the Income and Corporation Taxes Act 2007. The approval was given in the financial period ended 28 February 1998 and the company has subsequently directed its affairs so as to enable it to continue to be so approved.

Earnings per Share

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

Profit and loss account for the year ended 29 February 2012

		Year ended 29 February 2012	Year ended 28 February 2011
	Note	£'000	£'000
(Loss)/gain on disposal of investments held at fair value 1		(2)	(9)
Unrealised (loss)/gain on fair value of investments	7,11	(728)	(154)
Other income	1	11	11
Investment management fees	2	(51)	(54)
Other expenses	3	(29)	(38)
		<hr/>	<hr/>
(Loss)/profit on ordinary activities before tax	4	(799)	(244)
Taxation on (loss)/profit on ordinary activities	5	-	-
		<hr/>	<hr/>
(Loss)/profit on ordinary activities after tax		(799)	(244)
		<hr/>	<hr/>
Earnings per share (basic and diluted)	6	(11.8)p	(3.6)p
		<hr/> <hr/>	<hr/> <hr/>

Historic cost profits and losses note

	2012	2011
(Loss)/profit for the year	(799)	(244)
Unrealised loss/(gain) on fair value of investments	728	154
Loss/(profit) on disposal of investments held at fair value	2	9
Profit/(loss) on disposal of investments held at historical value	(719)	(176)
Historical cost (loss)/profit before tax	(788)	(257)
Historical cost (loss)/profit after tax	(788)	(257)

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

Oxford Technology 2 Venture Capital Trust PLC
Balance sheet at 29 February 2012

		29 February 2012		28 February 2011	
Note	£000	£000	£000	£000	£000
Fixed assets					
Investments at fair value	7		1,437		2,157
Current assets					
Other debtors & prepayments	8	11		2	
Cash at bank		326		401	
		337		403	
Creditors: amounts falling due within one year	9		(32)		(19)
			305		384
Net current assets			305		384
Net assets			1,742		2,541
Capital and reserves					
Called up share capital	10		679		679
Share premium	11		376		376
Profit and loss account	11		1,085		1,873
Unrealised capital reserve	11		(398)		(387)
Shareholders' funds	12		1,742		2,541
Net asset value per share			26p		37p

These financial statements were approved by the directors on 28 May 2012.

JLA Cary
Director
28 May 2012

Cash flow statement for the period ended 29 February 2012

		2012	2011
	Note	£'000	£'000
Net cash (outflow) from operating activities	13	(65)	(75)
Capital expenditure and financial investment			
Purchase of investments		(10)	(39)
Disposal of investments		-	197
		-----	-----
Net cash (outflow) from capital expenditure and financial investment		(10)	158
Net cash flow before financing		(75)	83
Financing			
Issue of shares		-	65
Expenses paid in connection with share issue		-	(3)
		-----	-----
Net cash inflow from financing		-	62
Dividends Paid		-	-
		-----	-----
(Decrease)/increase in cash		(75)	145
		=====	=====

Notes to the financial statements for the year ended 29 February 2012

		2012	2011
		£000	£000
1 Income			
Interest receivable		11	11
Gain/(loss) on disposal of investments		(2)	(9)
		-----	-----
		9	2
		=====	=====

Oxford Technology 2 Venture Capital Trust PLC

2 Investment Management Fees

	£000	£000
Investment management fee (see below)	51	54
	51	54
	=====	=====

Related Party disclosure - JLA Cary is a director of Oxford Technology Management Ltd and of Oxford Technology Venture Capital Trust Plc. OTM is the Investment Manager to the company. During the year OTM charged management fees of £51,000 (2011: £54,000). There were no employees during the year except for the directors.

3 Other Expenses

	2012 £000	2011 £000
Directors' remuneration (see report on page 13)	3	10
Auditors' remuneration: audit services	5	5
Other expenses	23	23
Cost cap refund from OTM	(2)	-
	29	38
	=====	=====

4 Operating Profit

	2012 £000	2011 £000
The operating profit is stated after charging:		
Auditors' remuneration - audit services	5	5
Directors' remuneration	3	10
	8	15
	=====	=====

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 profits rate of corporation taxation in the UK of 20.0% (2011: 21.0%). The differences are explained below:

	£000	£000
(Loss) on ordinary activities before taxation	(799)	(244)
	=====	=====
At standard rate of taxation	(160)	(51)
Costs not allowable for corporation tax	160	51
	-	-
Current tax credit for year	-	-
	=====	=====

Oxford Technology 2 Venture Capital Trust PLC

Unrelieved management expenses of £1,168,826 (2011: £1,100,170) remain available for offset against future taxable profits.

6 Earnings Per Share

The calculation of earnings per share (basic and diluted) is based on the net loss for the financial period of £799,000 (2011: loss of £244,000) divided by the weighted average number of shares of 6,792,923 (2011: 6,779,728) in issue during the year. There are no potentially dilutive capital instruments in issue and therefore no diluted return per share figures are relevant. The basic and diluted earnings per share are therefore identical.

7 Investments

	2012	2011
Cost	£000	£000
As at 1 March 2011	3,641	3,976
Purchases at cost	11	47
Redeemed / disposed during the year	(719)	(382)
	<hr/>	<hr/>
As at 29 February 2012	2,933	3,641
	<hr/> <hr/>	<hr/> <hr/>
 Revaluation		
As at 1 March 2011	(1,484)	(1,498)
Revaluation movement	(12)	14
	<hr/>	<hr/>
	(1,496)	(1,484)
	<hr/> <hr/>	<hr/> <hr/>
 Net book value		
As at 1 March 2011	2,157	2,478
	<hr/>	<hr/>
As at 29 February 2012	1,437	2,157
	<hr/> <hr/>	<hr/> <hr/>

Details of unlisted investments in which OT2 owns more than 20% are set out below with reference to their most recent published accounts. All companies are incorporated and operate in the UK.

Name of undertaking	Percentage of voting Class of shares held %	Percentage of voting rights held by company %	rights held by other OT Funds £000	Capital and reserves £000	Retained profit/(loss) for year
Orthogem ¹	Ordinary	24.0	7.3	(193)	(226)
Inaplex ²	Ordinary	21.5	13.3	15	(6)

Oxford Technology 2 Venture Capital Trust PLC

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 December 2010
2. For the year ended 30 September 2010.

8 Debtors	2012	2011	
	£000	£000	
Prepayments and accrued income	11	2	
	=====	=====	
9 Creditors: amounts falling due within one year			
	£000	£000	
Other creditors	32	19	
	=====	=====	
10 Share Capital			
	£000	£000	
Authorised			
10,000,000 ordinary shares of 10p each	1,000	1,000	
Allotted, called up and fully paid			
6,792,923 (2011: 6,792,923) ordinary shares of 10p each	679	679	
	=====	=====	
11 Reserves			
	Share Premium	Unrealised	Profit and
	Account	Capital Reserve	Loss Account
	£000	£000	£000
At 1 March 2011	376	(387)	1,873
Profit/(loss) for the period			(799)
Unrealised (losses)/gains		(728)	728
Issue of share capital	-		
Cost of share issue	-		
Transfer between reserves		717	(717)
	-----	-----	-----
As at 29 February 2012	376	(398)	1,085
	=====	=====	=====

Oxford Technology 2 Venture Capital Trust PLC

12 Reconciliation of movements in shareholders' funds

	2012	2011
	£000	£000
Result for the period	(799)	(244)
Issue of share capital		65
Cost of share issue	-	(3)
Net (decrease)/increase in shareholders' funds	(799)	(182)
Shareholders' funds at beginning of year	2,541	2,723
	1,742	2,541
	1,742	2,541

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

	2012	2011
	£000	£000
Operating (loss)/profit	(799)	(244)
(Decrease)/increase in creditors	13	6
(Increase)/decrease in debtors	(9)	-
Unrealised loss/(gain) on investments	728	154
Realised (gain)/loss on investments	2	9
	(65)	(75)
	(65)	(75)

14 Financial Instruments

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

15 Capital Commitments

The company had no commitments at 29 February 2012 or 28 February 2011.

16 Contingent Liabilities

The company had no contingent liabilities at 29 February 2012 or 28 February 2011.

17 Post Balance Sheet Events

There have been no post balance sheet events.

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 Wednesday 4th July 2012 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 2012 be approved.
- (2) That Mr Michael O'Regan who retires at the Annual General Meeting by rotation in accordance with Article 139 of the Company's Articles of Association, be re-appointed as a Director.
- (3) That James Cowper LLP, Chartered Accountants, be re-appointed as Auditors and that the Directors be authorised to determine their remuneration.
- (4) That the Directors' remuneration report be approved.
- (5) 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 s693(4) of the Companies Act 2006 ("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 7.4 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 2013. Pursuant to s701(6) 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.

- (6) That the Company continue in being as a Venture Capital Trust.
- (7) In accordance with section 551 of the Companies Act 2006 (the "2006 Act"), to authorise the Directors generally and unconditionally authorised to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company ("Rights") up to an aggregate nominal amount of £1,000,000 provided that this authority shall, unless renewed, varied or revoked by the Company, expire on the fifth anniversary of the date of this resolution save that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or Rights to be granted and the Directors may allot shares or grant Rights in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

This authority is in substitution for all previous authorities conferred on the Directors in accordance with section 80 of the Companies Act 1985 or section 551 of the 2006 Act.
- (8) Subject to the passing of the resolution 7 and in accordance with section 570 of the 2006 Act, the Directors be generally empowered to allot equity securities (as defined in section 560 of the 2006 Act) pursuant to the authority conferred by resolution 7, as if section 561(1) of the 2006 Act did not apply to any such allotment.

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.
- (3) Resolutions 1,2,3,4,6 & 7 will be proposed as ordinary resolutions. Resolutions 5 & 8 will be proposed

Oxford Technology 2 Venture Capital Trust PLC

as special resolutions.

**Form of Proxy
for the Annual General Meeting convened
for 12.00 noon on Wednesday 4 July 2012**

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 Wednesday 4 July 2012 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	Withheld
1	Approval of accounts			
2	Re-appointment of Mr Michael O’Regan as a Director			
3	Approval of the appointment of James Cowper LLP and authorisation of Directors to fix remuneration.			
4	Approval of the Directors remuneration report			
5	Approval of authority to make purchases of own shares			
6	Company to continue as a Venture Capital Trust			
7	Approval of Directors authority to allot shares			
8	Approval of issues of shares on non-rights issue basis			

Date thisday of....., 2012

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.

Company Information

Directors

Michael O'Regan (Chairman)
Lucius Cary

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
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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
10 Aldermanbury
London
EC2V 7RF

Company Registration Number: 3928569