Oxford Technology 4

Venture Capital Trust plc

Financial Statements

For the period from 9 February 2004 to 28 February 2005

Contents

Financial highlights

	Period ended 28 February 2005 per ordinary share
Net asset value at year end after distributions	**91.5p**
Revenue return	**(16.3)p**
Cumulative dividend (gross) from incorporation	**0p**

No share price had been quoted as at 28 February 2005

Statement on behalf of the Board

Fund Raising

By 31st August 2004, Oxford Technology 4 VCT (OT4VCT) had raised £1.3m and had begun to negotiate its first investments. By 28th February 2005, OT4VCT had received subscriptions for £3.5m (although not all of these had been allotted as shares at the year end). At the time of publishing of these accounts, OT4VCT has raised a total of £6.9m, and remains open for further subscriptions for the 2005/06 tax year until 27th May 2005.

Investment Portfolio

As at the 28th February 2005, OT4VCT had completed its first five investments and had agreed to make a further two investments. It is too early in the life of the fund to say anything meaningful about the progress of these investments but so far, so good, would be a fair summary.

Results for the period

Interest on bank deposits and other interest produced gross revenue of £33,000 in the year. Net revenue after taxation and management expenses was a loss of £165,000 and revenue return for the period was a loss of 16.3p per share. Shareholders should note that these results give a ‘snapshot’ of the financial position mid-fund raising, and the fact that they show an apparent large loss per share is an anomaly. The cost of fund raising (which, when the offer closes, will be capped at 4% of gross funds raised) is for the most part, incurred up front, ahead of the funds being raised. However, the majority of the funds are actually raised (and shares allotted) towards the end of the tax year on 5th April, i.e. after the 28th February 2005 financial year end. This means that, for these accounts, nearly the full cost of fund raising is being attributed to the relatively low number of shares allotted during the period.

AGM

Shareholders should note that the AGM for Oxford Technology 4 VCT will be held on Friday 10 June 2005, at the Magdalen Centre, Oxford Science Park, starting at 12.00 pm and will include presentations by some of the companies in which the earlier Oxford Technology VCTs have invested. A formal Notice of AGM has been included at the back of these Accounts together with a Form of Proxy for those not attending.

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

Table of investments held by company

Company	**Date of initial investment**	**Net cost of investment**	**Percentage of voting rights held by company**
		£000	**%**
Caretek Medical Ltd	Feb 05	100	4.3
Cutting the Wires Ltd	Jan 05	100	10.0
Diamond Hard Surfaces Ltd	Jan 05	110	40.7
Ingenious Ltd	Feb 05	80	20.0
Inscentinel Ltd	Feb 05	83	30.0
		473	

John Jackson
Chairman
6 May 2005

Board of Directors

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

David Livesley, age 44, Director, worked in the life science and pharmaceutical industries before joining Cambridge Consultants Ltd in 1987, where he was involved with teams working across a range of industrial sectors, developing new products, manufacturing processes and providing strategic consultancy. He currently works for Yorkshire Fund Managers, where he is a Technology Investment Mangager, responsible for investments from the British Smaller Technology Companies VCT and the British Smaller Technology Companies 2 VCT. These funds have a complementary strategy to the Oxford Technology VCTs and have made co-investments alongside earlier OTVCTs.

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

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

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

Report of the Directors

The directors present their report together with financial statements for the period 9 February 2004 to 28 February 2005.

Principal activity

The company is an investment company and was incorporated on 9 February 2004. It commenced business in May 2004. 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 £165,000 and a revenue return of a loss of £165,000. The revenue account comprises income of £33,000 less management and other expenses of £198,000. No dividends were recommended.

Directors

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

	2005
J B H Jackson	51,547
J L A Cary	25,774
D Livesley	-
M R H J O'Regan	51,548
Sir Martin Wood	103,094

Except as disclosed in note 2 and set out below, no director had, during the period or at the end of the period, a material interest in any contract which was significant in relation to the company's business.

Corporate governance

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

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

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

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

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

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

Internal control

The directors are responsible for the company's system of internal control. The Board has adopted an internal operating and strategy document for the company. This includes procedures for the selection and approval of investments, the functions of the Investment Manager and exit and dividend strategies. Day to day operations are delegated under an agreement 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 is aware of the launch of the International Financial Reporting Standards in 2005 and is considering how best to incorporate the requirements into its existing reporting procedures.

Relations with shareholders

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

Going concern

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

Substantial shareholders

At 28 February 2005 the company has been notified of five investors whose interest exceeds three percent of the company's issued share capital (Oxfordshire County Council Pension Fund 10.0%, M O'Higgins 3.3%, N Edwards 6.4%, F Skirrow 3.2%, Sir Martin Wood 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.

Policy for Payment of Creditors

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

Auditors

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

On behalf of the Board

J L A Cary
6 May 2005

Directors' responsibilities for the financial statements

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

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

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

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

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

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

Directors' remuneration report

The Board has prepared this report in accordance with the requirements of Schedule 7A to the Companies Act 1985. An ordinary resolution for the approval of this report will be put to the members at the forthcoming Annual General Meeting.

The law requires the company's auditors to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such.

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

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

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

Seed Capital Ltd, a company of which J L A Cary is a director and the controlling shareholder, is the Investment Manager to the Company. The Investment Manager's fee is laid out in the prospectus dated 28 May 2004 and the fee payment for the year ended 28 February 2005 is laid out in note 2 to the financial statements.

As detailed in the company prospectus dated 28 May 2004, once the sum of 100p (gross) has been returned to shareholders by way of dividends and capital distributions, a performance incentive fee (expressed as a percentage of all distributions thereafter) will be payable as to 15 per cent of such distributions to the Investment Manager and 5 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, J B H Jackson and J L A 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 28 May 2004.

An explanation of the performance of the company is given in the Statement on behalf of the Board. The Financial Statements will also normally show a graph comparing the performance of the Company with the rebased performance of the FTSE All-Share Index over the period. However, since this is the Company's first set of Finanancial Statements, the data presented would not be of any significance.

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 the following emoluments in the form of fees:

	2005
	£
J B H Jackson (Chairman)	800
J L A Cary	675
D J Livesley	675
M R H J O'Regan	675
Sir Martin Wood	675
	3,500

The fee for the services of DJ Livesley are paid directly to his primary employer. The directors are not eligible for pension benefits, share options, long-term incentive schemes or other benefits.

On behalf of the Board

John Jackson
Chairman
6 May 2005

Report of the independent auditors to the members of Oxford Technology 4 Venture Capital Trust plc

We have audited the financial statements of Oxford Technology 4 Venture Capital Trust plc for the period 9 February 2004 to 28 February 2005 which comprise the principal accounting policies, the statement of total return, the balance sheet, the cash flow statement and notes 1 to 15. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' remuneration report that is described as having been audited.

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

Respective Responsibilities of Directors and Auditors

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

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

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

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

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

Basis of Opinion

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

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

Opinion

In our opinion:

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

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

Principal accounting policies

Basis of Preparation

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

Valuation of Investments

Unlisted investments are carried at cost except in the following circumstances:

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

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

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

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

Income

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

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

Expenses

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

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

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

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

Deferred Tax

Deferred tax is not provided on capital gains and losses arising on the revaluation or disposal of investments because the company meets (and intends to continue for the forseeable future to meet) the conditions for approval as an Investment Trust Company. The Inland Revenue has approved the company as an Investment Trust Company for the purpose of Section 842 of the Income and Corporation Taxes Act 1988. The approval was given in the financial period ended 28 February 2005 and the company has subsequently directed its affairs so as to enable it to continue to be so approved.

Capital Reserves

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

Statement of total return (incorporating the revenue account)* for the period 9 February 2004 to 28 February 2005

	Note	Revenue £000	Capital £000	Total £000
Income	1	33	-	33
Investment advisory fee	2	(20)	-	(20)
Other expenses	3	(178)	-	(178)
Net return / (loss) on ordinary activities before taxation		(165)	-	(165)
Tax on net return / (loss) on ordinary activities	4	-	-	-
Loss attributable to equity shareholders and transfers from reserves	10	(165)	-	(165)
Return / (loss) per ordinary share	5	(16.3)p	-	(16.3)p

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

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

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

Balance sheet at 28 February 2005

	Note	£000	£000
Fixed assets			
Investments	6		473
Current assets			
Debtors	7	180	
Cash at bank		2,360	
		2,540	
Creditors: amounts falling due within one year	8	(130)	
Net current assets			2,410
Net assets			2,883
Capital and reserves			
Called up share capital	9		315
Share premium account	10		2,733
Other reserves:	10		
Capital reserve - realised			-
Capital reserve - unrealised			-
Revenue reserve	10		(165)
Shareholders' funds	11		2,883
Net asset value per share			91.5p

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

J L A Cary
Director

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

Cash flow statement
for the year ended 28 February 2005

	Note	£000
Net cash outflow from operating activities	12	(215)
Capital expenditure and financial investment		
Purchase of investments		(473)
Net cash outflow for capital expenditure and financial investment		(473)
Net cash outflow before financing		(688)
Financing		
Issue of shares		3,083
Expenses paid in connection with share issue		(35)
Net cash inflow from financing		3,048
Increase in cash		2,360

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

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

1 Income	**2005 £000**
Interest receivable	33
	33

2 Investment advisory fee	**£000**
Investment Management fee (see below)	20
	20

Seed Capital Ltd, a company of which J L A Cary is a director and the controlling shareholder, is the Investment Manager to the company. The investment management fee for the period represents an accrual for the amount due to Seed Capital Ltd. No payment will be made to Seed Capital Ltd until such time as the Company considers that sufficient funds have been raised to support its payment.

3 Other Expenses

	2005 £000
Directors' remuneration (see report on page 6)	4
Auditors' remuneration: audit services	4
: non-audit services	1
Other	169
	178

The employees during the year were the directors.

4 Tax

	£000
UK Corporation tax	-

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

	£000
Net revenue loss on ordinary activities before taxation	(165)
At standard rate of taxation	(31)
Excess management expenses carried forward	31
Current tax credit for year	-

Unrelieved management expenses of £75,000 remain available for offset against future taxable profits.

5 Return per ordinary share

The calculation of revenue return per share is based on the loss of £165,000 for the financial period divided by the weighted average number of ordinary shares of 1,011,483 in issue during the period.

6 Investments

	Others £000	2005 Total £000
Purchases at cost	473	473
Valuation at 28 February	473	473

6 Investments (continued)

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

Name of undertaking	Class of shares held	Percentage of voting rights held by company %	Percentage of voting rights held by OT2 / OT3* %	Capital and reserves £000	Profit/(loss) before tax for year £000	Retained profit/(loss) for year £000
Caretek Medical Ltd[1]	Ordinary	4.3	- / 17.4	9	(69)	(69)
Cutting the Wires Ltd[2]	Ordinary	10.0	- / -	65	184	2
Diamond Hard Surfaces Ltd[3]	Ordinary	40.7	- / -	-	-	-
Ingenious Ltd[3]	Ordinary	20.0	- / -	-	-	-
Inscentinel Ltd[4]	Ordinary	30.0	21.8 / 21.9	48	(5)	(5)

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

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

Most recent published accounts:

1. For the year ended 31 March 2004
2. For the year ended 31 July 2004
3. Not yet produced accounts
4. For the year ended 31 May 2004

6 Investments (continued)

Name of undertaking	Brief description of business	Net cost of investment £000	Value of investment £000
Caretek Medical Ltd	Novel drug delivery device.	100	100
Cutting the Wires Ltd	Connectivity enabling software.	100	100
Diamond Hard Surfaces Ltd	Novel hardened coating system.	110	110
Ingenious Ltd	Digital document security.	80	80
Inscentinel Ltd	Very sensitive detection of vapours.	83	83
		473	473

Investments in unlisted equity shares	473	473
Investments in unlisted preference shares	-	-
Loans	-	-
	473	473

The company made additional investments totalling £175,000 in Plasma Antennas Ltd (£75,000), Cutting the Wires Ltd (£50,000) and Water Innovate Ltd (£50,000) shortly after the year end.

7 Debtors

	2005
	£000
Other debtors	154
Prepayments and accrued income	26
	180

8 Creditors: amounts falling due within one year

	£000
Other creditors	130

9 Share capital

	£000
Authorised	
20,000,000 ordinary shares of 10p each	2,000
Allotted, called up and fully paid	
3,149,978 ordinary shares of 10p each	315

The company issued 3,149,978 ordinary shares of 10p each during the period to subscribers to the company's offer for subscription. 6,123 of these shares were issued as a result of subscribers reinvesting commission. Shares were issued at between 97p and 99p each including share premium of 87p to 89p per share depending on when subscribers applied.

10 Reserves

	Share premium account £000	**Capital reserve realised £000**	**Capital reserve unrealised £000**	**Revenue reserve £000**
Premium on issue of share capital	2,768	-	-	-
Expenses paid in connection with issue	(35)	-	-	-
Result for the year	-	-	-	(165)
At 28 February 2005	2,733	-	-	(165)

11 Reconciliation of movements in shareholders' funds

	2005
	£000
Result for the year	(165)
Issue of shares, net of expenses	3,048
Net increase in shareholders' funds	2,883
Shareholders' funds at beginning of year	-
Shareholders' funds at end of year	2,883

12 Reconciliation of net revenue return before taxation to net cash (outflow) / inflow from operating activities

	2005
	£000
Net revenue loss before taxation	(165)
Increase in creditors	130
Increase in debtors	(180)
Net cash (outflow) / inflow from operating activities for the year	(215)

13 Financial instruments

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

14 Capital commitments

The company had no capital commitments at 28 February 2005.

15 Contingent liabilities

The company had no contingent liabilities at 28 February 2005.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Oxford Technology 4 Venture Capital Trust plc will be held at the Magdalen Centre, Oxford Science Park, Oxford OX4 4GA at 12.00pm on Friday 10 June 2005 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 2005 be approved.

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

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

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

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

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

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

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

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

By Order of the Board
James Gordon

Notes:

(1) A member who is entitled to vote at this meeting is entitled to appoint one or more proxies to attend and, on a poll, vote on his/her behalf. Such a proxy need not also be a member of the Company. To be valid, a proxy card must be lodged with the Company's Registrar, Capita IRG plc, c/o 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 4 Venture Capital Trust plc

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

I/We ....
(BLOCK LETTERS)

of ....

being a member of Oxford Technology 4 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 10 June 2005 and at any adjournment thereof.

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

Resolution No.	For	Against
1. Approval of accounts.		
2. Re-appointment of J B H Jackson as Chairman.		
3. Re-appointment of J L A Cary as Director.		
4. Approval of the appointment of James & Cowper and authorisation of Directors to fix remuneration.		
5. Approval of the Directors' remuneration report.		
6. Approval of authority to make purchases of own shares.		

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

Signature...

Notes

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

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

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

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

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

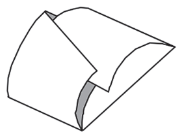
Fold 1

Fold 2

PLEASE
AFFIX
STAMP
HERE

Capita IRG plc
c/o Oxford Technology 4 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)
Lucius Cary
David Livesley
Michael O'Regan
Sir Martin Wood

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

Secretary
James Gordon

Solicitors
Gordons
22 Great James Street
London WC1N 3ES

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

Brokers
Cazenove & Co
12 Tokenhouse Yard
London EC2R 0UL

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

Company Registration Number: 5038854