Oxford Technology 4
Venture Capital Trust plc

Financial Statements

For the year ended 28 February 2006

Contents

Financial highlights

	Year ended 28 February 2006 per ordinary share	**Year ended 28 February 2005 per ordinary share**
Net asset value at year end after distributions	**93.8p**	**91.5p**
Revenue return	**(0.04)p**	**(16.3)p**
Cumulative dividend (gross) from incorporation	**0p**	**0p**
Share price at year end	**95p**	**-**

Statement on behalf of the Board

Fund Raising

A new prospectus for Oxford Technology 4 VCT was launched in February 2006 with the intention of topping up the £7m raised in 2004/05, and taking advantage of what was expected to be the last year for 40% income tax relief.

The offer closed on 5th April 2006 and, as anticipated, this coincided with the Chancellor reducing VCT tax relief from 40% to 30%, increasing the holding period for VCT shares from 3 years to 5 years, and reducing the size of company in which a VCT can invest from £15m gross assets to £7m gross assets.

By the close of the offer, OT4 VCT had raised an additional £3.2m taking the fund to a total of £10.2m.

Investment Portfolio

Oxford Technology 4 VCT has now made 21 investments, 8 of which are follow-on investments in companies already in earlier Oxford Technology funds. For all of these investments, it is too early to really gauge progress (or lack of progress), but in particular the Board is pleased with Caretek Medical and Oxis Energy. Both companies have managed to generate significant interest from potential partners, underlining the value of their technology.

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

Results for the year

Interest on bank deposits and investee loans together with dividend income produced gross revenue of £194,000 (2005: £33,000) in the year.

Net revenue after taxation and management expenses was a loss of £3,000 (2005: loss of £165,000) and revenue return for the year was a loss of 0.04p (2005: loss of 16.3p) per share.

Capital return was a loss of 1.27p per share.

AGM

Shareholders should note that the AGM for Oxford Technology 4 VCT will be held on Monday 19th June 2006, at the Magdalen Centre, Oxford Science Park, starting at 12.00 noon and will include presentations by some of the companies in which the Oxford Technology VCTs have invested. A formal Notice of AGM has been included at the back of these Accounts together with a Form of Proxy for those not attending.

The Oxford Technology VCTs' Board of Directors
From left to right - Michael O'Regan, Lucius Cary, Sir Martin Wood, John Jackson (Chairman), Charles Breese (OT1,2,3), David Livesley (OT4)

John Jackson
Chairman
5 May 2006

Table of investments held by company

Company	**Date of initial investment**	**Net cost of investment £000**	**Percentage of voting rights held by company %**
Caretek Medical	Feb 05	800	17.1
Cutting the Wires	Jan 05	224	21.7
Diamond Hard Surfaces	Jan 05	110	40.7
Dynamic Extractions	Aug 05	50	8.5
EKB	Sep 05	325	30.8
Historic Futures	Aug 05	100	15.4
ImmunoBiology	Oct 05	125	2.8
Impact Applications	Oct 05	150	30.0
Ingenious	Feb 05	125	29.4
Inscentinel	Feb 05	83	30.1
Insense	Apr 05	156	3.3
Inspiration Matters	Nov 05	50	9.0
Kinomi	Jul 05	180	15.5
Meciria	Feb 06	100	16.7
Novacta	Apr 05	200	9.4
Oxis Energy	Nov 05	250	7.5
Plasma Antennas	Mar 05	100	16.3
Telegesis	Dec 05	106	6.3
Warwick Effect Polymers	May 05	150	3.4
Water Innovate	Mar 05	100	10.8
Wright Fenn	Aug 05	150	25.1
		3,634	

John Jackson
Chairman
5 May 2006

Board of Directors

John Jackson, age 76, Chairman, worked full time for Philips Electrical Limited and Philips Electronic and Associated Industries Limited ("Philips Electronics") in the UK from 1952 to 1980, becoming a director of Philips Electronics in 1966, on whose board he served until early 1994. Since 1980, he has joined the boards of a number of other companies in a wide range of industries, including electronics, engineering, biotechnology, pharmaceuticals and fine chemicals. He is currently chairman of each of the four OTVCTs, as well as non-solicitor Chairman of Mishcon de Reya. He is a director of Instore plc (formerly Brown & Jackson plc) and a number of unlisted companies. He was the special adviser to the Korda Seed Capital Fund (unconnected with Seed Capital Limited), which was established as a £5m fund to invest primarily in technology-based companies, from March 1989 until its final distribution and cessation in 2003. He is particularly interested in high technology business start-ups.

Lucius Cary OBE, age 59, Director, is the founder and managing director of Seed Capital, which has specialised in making and managing investments in start-up technology-based businesses since 1983. He has a degree in engineering and economics from Oxford University, an MBA from Harvard Business School and was an engineering apprentice at the Atomic Energy Research Establishment, Harwell. After forming and raising finance for his first business in 1972, he founded "Venture Capital Report" in 1978 and was its managing director for 17 years. In March 1996, he sold all his shares and became chairman so reducing his day-to-day involvement in order to concentrate more fully on Seed Capital's investment activities. By 2005, Seed Capital had managed or advised ten seed capital funds, including the Oxford Technology VCTs which, between them, had made some 100 investments in early stage and start-up technology companies. In 2003, he was awarded an OBE for services to business and in 2004 was awarded the Judges Award at Investors Allstars, for his contribution over many years to early stage investing.

David Livesley, age 45, 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 YFM Private Equity, where he is Technology Investment Manager, responsible for investments from the British Smaller Technology Companies VCT and the British Smaller Technology Companies 2 VCT and providing technology investment support to other group funds. BSTC VCT and BSTC VCT2 have complementary strategies to the OTVCTs and have made co-investments alongside earlier OTVCTs. David is not on the board of the earlier OTVCTs.

Michael O'Regan OBE, age 58, Director, was co-founder in 1973 of Research Machines Limited which floated on the London Stock Exchange as RM plc in 1994; he was an executive director until 1992 and then a non-executive director until 2004. RM plc is the UK's leading supplier of ICT and other services to education. He is a non-executive director of several unlisted companies and has been involved in the start-up and early stage financing of a number of technology based companies. He is chairman of Hamilton Trust, an educational charity, is joint director of the Hamilton Maths and Reading Projects and is a founder trustee of Peers Early Education Partnership (PEEP).

Sir Martin Wood OBE FRS, age 78, Director, founded the company now known as Oxford Instruments plc in 1959, and is now Honorary President. He has long taken an interest in the development of early stage technology companies and has been a director and investor in a number of such businesses. In 1987, he founded The Oxford Trust, which encourages the study, application and communication of science, technology and engineering, and he remains a patron of the Trust. He is a director of Oxford Innovation Ltd, which assists investment and provides premises for over 300 start-up technology companies. Since 1986 he has been a non-executive director of Oxford Seedcorn Capital Ltd (unconnected with Seed Capital Ltd) which has made and managed 19 "seed" investments, 17 of which were in technology companies. Sir Martin is a fellow of the Royal Society and sits on their Investment Advisory Committee.

Report of the Directors

The directors present their report together with financial statements for the year ended 28 February 2006.

Principal activity

The company is an investment company and was incorporated in 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 £88,000 (2005: loss of £165,000) made up of a net capital loss on the value of investments of £85,000 (2005: £0) and a revenue loss of £3,000 (2005: £165,000). The revenue account comprises income of £194,000 (2005: £33,000) less management and other expenses of £197,000 (2005: £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 2006 and at 28 February 2005, are set out below:

	2006	**2005**
JBH Jackson	51,547	51,547
JLA Cary	25,774	25,774
D Livesley	-	-
MRH O'Regan	106,548	51,548
Sir Martin Wood	208,594	103,094

Except as disclosed in note 3 and set out below, no director had, during the period or at the end of the period, a material interest in any contract which was significant in relation to the company's business.

Corporate governance

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

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

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

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

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

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

Internal control

The Directors are responsible for the company's system of internal control. The Board has adopted an internal operating and strategy document for the company. This includes procedures for the selection and approval of investments, the functions of the Investment Manager and exit and dividend strategies. Day to day operations are delegated under 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 has continued to prepare the financial statements in accordance with UK Financial Reporting Standards rather than International Financial Reporting Standards. This is permitted as the financial statements present the results of an individual company rather than a group.

Relations with shareholders

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

Going concern

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

Substantial shareholders

At 28 February 2006 the company has been notified of one investor whose interest exceeds three percent of the company's issued share capital - Oxfordshire County Council Pension Fund 10.0%. The company has several investors, all individuals, who with their families have invested £100,000 or more in the shares of the company.

Policy for Payment of Creditors

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

Auditors

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

On behalf of the Board

JLA Cary
5 May 2006

Directors' responsibilities for the financial statements

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

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

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

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

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

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

Directors' remuneration report

The Board has prepared this report in accordance with the requirements of Schedule 7A to the Companies Act 1985. An ordinary resolution for the approval of this report will be put to the members at the forthcoming Annual General Meeting. The law requires the company's auditors to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such.

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

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

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

The company's investment manager is Seed Capital Ltd, a company of which JLA Cary is a director and the controlling shareholder. The Investment Management fee is laid out in the prospectuses dated 28 May 2004 and 2 February 2006 and the fee payments for the years ended 28 February 2005 and 28 February 2006 are laid out in note 2 to the financial statements.

As detailed in the company prospectuses dated 28 May 2004 and 2 February 2006, 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, Sir Martin Wood and David Livesley 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 prospectuses dated 28 May 2004 and 2 February 2006.

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 the VCT is in very early stages, the data presented would not be of any significance at this stage.

Directors' emoluments for the year

The information in this part of the report has been audited by the company's auditors.

The Directors' fee for the year was £29,000 (2005: £3,600):

	2006 £000	**2005 £000**
JBH Jackson (Chairman)	9	0.8
JLA Cary	5	0.7
D Livesley	5	0.7
MRHJ O'Regan	5	0.7
Sir Martin Wood	5	0.7
	29	3.6

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

On behalf of the Board

John Jackson
Chairman
5 May 2006

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

We have audited the financial statements of Oxford Technology 4 Venture Capital Trust plc for the year ended 28 February 2006 which comprise the profit and loss account, balance sheet, cashflow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities. This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed. Our responsibility is to audit the parent company financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding directors' remuneration and other transactions is not disclosed. We review whether the corporate governance statement reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the listing rules, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the company's corporate governance procedures or its risk and control procedures. We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the statement on behalf of the board, the board of directors, the report of the directors and the unaudited part of the directors' remuneration report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the parent company financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 28 February 2006;
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985.

James Cowper - 5 May 2006
Registered auditors - Oxford

Principal accounting policies

Basis of Preparation

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of investments. The financial statements have been prepared in accordance with applicable accounting standards and with the Statement of Recommended Practice 'Financial statements of investment trust companies' issued in January 2003.

The principal accounting policies of the company 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 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

- 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 HMRC has approved the company as an Investment Trust Company for the purpose of Section 842 of the Income and Corporation Taxes Act 1988. The approval was given in the financial period ended 28 February 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 Compnay has accumulated capital profits which the Board considers appropriate to distribute by the 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 ended 28 February 2006

	Note	2006 Revenue £000	2006 Capital £000	2006 Total £000	2005 Revenue £000	2005 Capital £000	2005 Total £000
Losses on investments	6	-	(85)	(85)	-	-	-
Income	1	194	-	194	33	-	33
Investment advisory fee	2	(135)	-	(135)	(20)	-	(20)
Other expenses	3	(62)	-	(62)	(178)	-	(178)
Net loss on ordinary activities before taxation		(3)	(85)	(88)	(165)	-	(165)
Tax on net return / (loss) on ordinary activities	4	-	-	-	-	-	-
Loss attributable to equity shareholders and transfers from reserves	10	(3)	(85)	(88)	(165)	-	(165)
Loss per ordinary share	5	(0.04)p	(1.27)p	(1.31)p	(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 2006

		28 February 2006		28 February 2005	
	Note	**£000**	**£000**	**£000**	**£000**
Fixed assets					
Investments	6		3,549		473
Current assets					
Debtors	7	132		180	
Cash at bank		3,011		2,360	
		3,143		2,540	
Creditors: amounts falling due within one year	8	(5)		(130)	
Net current assets			3,138		2,410
Net assets			6,687		2,883
Capital and reserves					
Called up share capital	9		713		315
Share premium account	10		6,227		2,733
Other reserves:	10				
Capital reserve - realised			-		-
Capital reserve - unrealised			(85)		-
Revenue reserve	10		(168)		(165)
Shareholders' funds	11		6,687		2,883
Net asset value per share			93.8p		91.5p

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

JLA Cary
Director

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

Cash flow statement
for the period ended 28 February 2006

	Note	2006 £000	2005 £000
Net cash outflow from operating activities	12	(80)	(215)
Capital expenditure and financial investment			
Purchase of investments		(3,161)	(473)
Net cash outflow from capital expenditure and financial investment		(3,161)	(473)
Net cash outflow before financing		(3,241)	(688)
Financing			
Issue of shares		3,892	3,083
Expenses paid in connection with share issue		-	(35)
Net cash inflow from financing		3,892	3,048
Increase in cash		651	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 2006

1 Income

	2006 £000	2005 £000
Interest receivable	194	33
	194	33

2 Investment advisory fee

	£000	£000
Investment advisory fee (see below)	118	20
Social security costs	17	-
	135	20

Seed Capital Ltd, a company of which JLA Cary is a director and the controlling shareholder, is the Investment Manager to the company. By agreement between the Company and the Investment Manager, the Investment Manager's fee was paid in the form of salaries to JLA Cary and to other employees of Seed Capital Ltd. Social security costs associated with the payment of these fees were borne by the Company as explained in the prospectus.

3 Other expenses

	2006	2005
	£000	£000
Directors' remuneration (see report on page 6)	29	4
Social security costs	1	-
Auditors' remuneration: audit services	4	4
: non-audit services	1	1
Other	27	169
	62	178

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

4 Tax

	£000	£000
UK Corporation tax	-	-

The tax charge for the year is different to the standard rate of corporation taxation in the UK of 19% (2005: 19%). The differences are explained below:

	£000	£000
Net revenue loss on ordinary activities before taxation	(3)	(165)
At standard rate of taxation	(1)	(31)
Excess management expenses carried forward	1	31
Current tax credit for year	-	-

Unrelieved management expenses of £79,000 (2005: £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 £3,000 (2005: loss of £165,000) for the financial period divided by the weighted average number of ordinary shares of 6,712,203 (2005: 1,011,483) in issue during the period.

The calculation of capital return per share is based on the net capital return for the financial period of £85,000 (2005: £0) divided by the weighted average number of ordinary shares of 6,712,203 (2005: 1,011,483) in issue during the period.

6 Investments

		2006		2005
	Others £000	Total £000	Others £000	Total £000
Valuation at 1 March	473	473	-	-
Purchases at cost	3,161	3,161	473	473
Unrealised depreciation	(85)	(85)	-	-
Valuation at 28 February	3,549	3,549	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	Retained profit/(loss) for year
	%	%	£000	£000	
Caretek Medical Ltd[1]	Ordinary	17.1	- / 9.8	343	(117)
Cutting the Wires Ltd[2]	Ordinary	21.7	- / -	116	(195)
Diamond Hard Surfaces Ltd[3]	Ordinary	40.7	- / -	-	-
Dynamic Extractions[8]	Ordinary	8.5	- / -	(16)	(33)
EKB[7]	Ordinary	30.8	- / -	294	(85)
Historic Futures[1]	Ordinary	15.4	- / -	9	(0.2)
ImmunoBiology[4]	Ordinary	2.8	3.7 / 3.4	186	(342)
Impact Applications[3]	Ordinary	30.0	- / -	-	-
Ingenious Ltd[5]	Ordinary	20.0	- / -	347	345
Inscentinel Ltd[4]	Ordinary	30.0	21.8 / 21.9	30	(22)
Insense Ltd[7]	Ordinary	3.3	7.4 / 6.9	685	(893)
Inspiration Matters[6]	Ordinary	9.0	- / -	(511)	(279)
Kinomi[6]	Ordinary	15.5	- / -	(277)	(301)
Meciria[3]	Ordinary	16.7	- / -	-	-
Novacta[1]	Ordinary	9.4	- / -	(130)	(220)
Oxis Energy[6]	Ordinary	7.5	6.1 / -	88	(217)
Plasma Antennas[1]	Ordinary	16.3	11.0 / -	(84)	(227)
Telegesis[1]	Ordinary	6.3	3.7 / 34.3	25	38
Warwick Effect Polymers[1]	Ordinary	3.4	- / 6.8	312	(298)
Water Innovate[1]	Ordinary	10.8	- / -	104	(3)
Wright Fenn[7]	Ordinary	25.1	- / -	10	(111)

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 2005
2. For the year ended 31 July 2005
3. Not yet produced accounts
4. For the year ended 31 May 2005
5. For the year ended 31 January 2005
6. For the year ended 30 June 2005
7. For the year ended 31 December 2005
8. For the year ended 31 December 2004

6 Investments (continued)

Name of undertaking	Brief description of business	Net cost of investment	Value of investment £000
Caretek Medical Ltd	Novel drug delivery device.	800	833
Cutting the Wires Ltd	Connectivity enabling software.	224	125
Diamond Hard Surfaces Ltd	Novel hardened coating system.	110	110
Dynamic Extractions	Chromatography separation technology	50	50
EKB	Membrane-bound bioreactor	325	325
Historic Futures	Traceability Software	100	100
ImmunoBiology	Heat shock protein-based vaccines	125	125
Impact Application	Mobile software solution for contractors	150	150
Ingenious Ltd	Digital document security.	125	125
Inscentinel Ltd	Very sensitive detection of vapours.	83	83
Insense	Wound healing and clinical diagnostics	156	156
Inspiration Matters	Display content generation & management	50	50
Kinomi	E-mail archiving	180	161
Meciria	Novel oil/gas rotary steerable tool	100	100
Novacta	Bioengineering & antibiotics	200	200
Oxis Energy	Novel electric chemistry for batteries	250	250
Plasma Antennas	Solid state plasma antennas	100	100
Telegesis	Zigbee modules	106	106
Warwick Effect Polymers	Designer polymers	150	150
Water Innovate	Water technologies	100	100
Wright Fenn	Pharmaceutical packaging	150	150
		3,634	3,549
	Investments in unlisted equity shares	3,634	3,549
	Investments in unlisted preference shares	-	-
	Loans	-	-
		3,634	3,549

7 Debtors

	2006	2005
	£000	£000
Other debtors	-	154
Prepayments and accrued income	132	26
	132	180

8 Creditors: amounts falling due within one year

	£000	£000
Other creditors	5	130

9 Share capital

	£000	£000
Authorised		
19,500,000 ordinary shares of 10p each	1,950	1,950
Allotted, called up and fully paid		
7,126,194 (2005: 3,149,178) ordinary shares of 10p each	713	315

10 Reserves

	Share premium account £000	Capital reserve realised £000	Capital reserve unrealised £000	Revenue reserve £000
At 1 March 2005	2,733	-	-	(165)
Unrealised appreciation / (depreciation) on valuation of investments	-	-	(85)	-
Issue of share capital	3,494	-	-	-
Result for the year	-	-	-	(3)
At 28 February 2006	6,227	-	(85)	(168)

11 Reconciliation of movements in shareholders' funds

	2006	2005
	£000	£000
Result for the year	(3)	(165)
Issue of shares, net of expenses	3,892	3,048
Other recognised losses	(85)	-
Net increase in shareholders' funds	3,804	2,883
Shareholders' funds at beginning of year	2,883	-
Shareholders' funds at end of year	6,687	2,883

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

	2006	2005
	£000	£000
Net revenue loss before taxation	(3)	(165)
Increase / (decrease) in creditors	(125)	130
(Increase) / decrease in debtors	48	(180)
Net cash outflow from operating activities for the year	(80)	(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. There is no difference between these values and the fair values of the financial instruments.

14 Capital commitments

As at 28 February 2006 the company had made commitment to invest in other companies totalling £600,000. No provision was made for this in the financial statements as at the balance sheet date the investments were awaiting board approval. There were no such commitments at 28 February 2005.

15 Contingent liabilities

The company had no contingent liabilities at 28 February 2006 or 28 February 2005.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Oxford Technology 4 Venture Capital Trust plc will be held at the Magdalen Centre, Oxford Science Park, Oxford OX4 4GA at 12.00 noon on Monday 19th June 2006 for the following purposes:

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

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

(2) That Sir Martin Wood, who retires at the Annual General Meeting by rotation in accordance with Article 139 of the Company's Articles of Association, be re-appointed as a Director.

(3) That David Livesley, 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 5 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 2007. Pursuant to s163(5) of the Act, the Company may make contracts for the purchase of Shares which would or might be executed wholly or partly after the expiry of the time limit referred to above.

By Order of the Board
James Gordon

Notes:

(1) A member who is entitled to vote at this meeting is entitled to appoint one or more proxies to attend and, on a poll, vote on his/her behalf. Such a proxy need not also be a member of the Company. To be valid, a proxy card must be lodged with the Company's Registrar, Capita IRG plc, c/o Oxford Technology 4 VCT plc, Magdalen Centre, Oxford Science Park, Oxford OX4 4GA at least 48 hours before the meeting. A proxy card for use by members is attached. Completion of this proxy card will not prevent a member from attending the meeting and voting in person.

(2) No director has a contract of service with the Company.

Oxford Technology 4 Venture Capital Trust plc

Form of Proxy
for the Annual General Meeting convened
for 12.00 noon on Mondy 19th June 2006

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 Monday 19th June 2006 and at any adjournment thereof.

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

Resolution No.	For	Against
1. Approval of accounts.		
2. Re-appointment of Sir Martin Wood as Director.		
3. Re-appointment of David Livesley as Director.		
4. Approval of the appointment of James Cowper and authorisation of Directors to fix remuneration.		
5. Approval of the Directors’ remuneration report.		
6. Approval of authority to make purchases of own shares.		

Date this ....day of..., 2006

Signature...

Notes

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

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

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

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

5. To be effective, this Form of Proxy must be completed, signed and must be lodged (together with any power of attorney or duly certified copy thereof under which this Form of Proxy is signed) with the Company’s registrars, Capita IRG plc, c/o Oxford Technology 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.

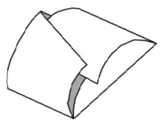
Fold 1

Fold 2

PLEASE
AFFIX
STAMP
HERE

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

Fold in half along ‘Fold 1’
Fold over flaps along ‘Fold 2’ and ‘Fold 3’
Secure by tucking first flap into second flap:



Fold 3

Company Information

Directors
John Jackson (Chairman)
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

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

Brokers
JP Morgan Cazenove
20 Moorgate
London EC2R 6DA

Company Registration Number: 5038854