Oxford Technology 4
Venture Capital Trust plc

Financial Statements

For the year ended 29 February 2008

Contents

Financial highlights

	Year ended 29 February 2008 per ordinary share	Year ended 28 February 2007 per ordinary share
Net assets at year end	**£11.1m**	**£9.4m**
Net asset value per share at year end	**107.7p**	**90.6p**
Revenue return	**(1.45)p**	**(1.81)p**
Cumulative dividend (gross) from incorporation	**0p**	**0p**
Share price at year end	**50p**	**80p**

Oxford Technology 4 Venture Capital Trust plc

Statement on behalf of the Board

Investment Portfolio

The Board of Oxford Technology 4 VCT is pleased with the development of the portfolio as a whole. However, the overall result is a mixture, with some companies making good progress while others have experienced problems of one sort or another.

Ultimately, success for OT4 as a whole, meaning a good return to OT4 shareholders, is likely to come about because one or more of the investees become stars, and therefore very valuable. In other words, good returns are more likely to come from one or more ‘stars’ than from the fact that every company delivers good returns.

It is good to be able to report that many companies in the OT4 portfolio continue to have the potential to become stars. Included among these are the following:

Arecor, which is still at a very early stage, but which has made an encouraging start. OT4 owns 8.2%.

Diamond Hard Surfaces has achieved a significant milestone in its development in that it has received the first orders for components coated with its unique thick ultra-hard diamond coating, for use in an industrial application. It has also received the first repeat orders for this application. It continues to receive orders for samples for testing in new applications. OT4 owns 44.6%.

Glide Pharma continues to make good progress, and the first trials with the use of Glide for vaccines have showed significantly better results than when the same vaccines are injected using a conventional needle and syringe. Some of the world’s largest pharmaceutical companies are now in active talks with Glide. At least two have asked for exclusivity over various products and product areas. Glide Pharma also won the Medical Futures Award in summer 2007. OT4 owns 13.5%.

Impact Applications (in which OT4 now owns 33.6%), after a period of rapid growth in the autumn, has had a few months of low sales, but the quotations outstanding total more than £3m at the time of writing, and the company is optimistic about its future.

OT4 owns 19.4% of Inscentinel. Inscentinel has yet to achieve its first commercial sales, but received a visit before Christmas from one of the world’s largest defence companies which has expressed a desire to partner with Inscentinel, on developing bee-based systems for various security applications.

The regulatory process is notoriously slow, but Insense has at last received approval for the sale of the first of its range of active wound-healing dressings, Oxyzyme, which actively transports oxygen to the wound surface. The first sales of Oxyzyme were achieved in the UK and Europe in autumn 2007, and are now growing month by month. The results from the clinical trials, where Oxyzyme is being used on hard-to-heal wounds, continue to be very encouraging, with some persistent wounds which have remained raw for several years, being healed with dry skin forming in a matter of weeks. Sales of the second dressing in the range, Iodozyme which produces slow release iodine to deal with infected wounds, as well as producing oxygen, are expected to start in the spring, hopefully in the US as well as in Europe. But OT4 owns only a small shareholding.

OT4 owns 23.7% of Meciria, whose new directional drilling tool for use in oil wells has now been produced. Drilling tests aer planned for June 2008.

OT4 owns 8% of Mirriad, whose software enables products to be ‘placed’ in a video clip. A can of Coca Cola, for example may be inserted on a desk, when it was not there in the original, and will then appear, with the correct lighting, and casting a shadow appropriate to the lighting etc, throughout the clip. The film studios are very interested in this, since it enables product placement advertising to be sold globally. Trial contracts have been placed by the big film studios.

OT4 owns 7.9% of Novacta, which is making good progress with its programme to produce an antibiotic for *C.diff*. It recently received a commitment to invest up to £3.5m from the Wellcome Trust.

OT4 owns only 3.4% of Orthogem (OT2 owns a much larger shareholding), but Orthogem is making excellent progress. Its artificial bone graft, Tripore, is now being sold mainly for use in spinal surgery both in Europe and the US. A white paper giving the one year results of the first ten spinal patients has now been published. Orthogem has had expressions of interest to acquire the company.

OT4 owns 45.9% of Pharma Engineering. Pharma Engineering has achieved its first sales, and its equipment is in use in production environments. At the time of writing it has several orders and has a growing pipeline of potential customers.

Plasma Antennas has now achieved its first sales (as distinct from R&D contracts of which it has had many). These were for directional steerable antennas for use in trials. If the trials are successful then larger contracts may be expected. Work on producing a plasma antenna continues, but this is a highly challenging technical task. OT4 owns 21.9% of Plasma Antennas.

OT4 owns 16.3% of Telegesis. Telegesis has achieved the first sales of its Zigbee modules and sales have been growing fast. Sales in the quarter to June 07 were £49k. Sales in the quarter to September were £165k. Sales in the quarter to December 2007 were £618k. At the time of writing it seems likely that sales in the quarter to March 08 will be slightly below those in the December quarter, but there is also the possibility of some much larger orders in the future.

All these companies have the potential to deliver very significant returns.

Other companies have had problems and their value has been written down. Net Assets per Share at 29 February 2008 were £1.08. This compares to £1.11 at 31 August 2007, and 91p at 28 February 2007.

Results for the year

Interest on bank deposits and investee loans together with dividend income produced gross revenue of £139,000 (2007: £192,000) in the year.

Net revenue after taxation and management expenses was a loss of £150,000 (2007: loss of £176,000) and revenue return for the year was a loss of 1.45p (2007: loss of 1.81p) per share.

Capital return was a gain of 18.58p per share (2007: loss of 3.09p).

AGM

Shareholders should note that the AGM for Oxford Technology 4 VCT will be held on Monday 23rd June 2008, at the Magdalen Centre, Oxford Science Park, starting at 12.00 noon and will include presentations by some of the companies in which the Oxford Technology VCTs have invested. A formal Notice of AGM has been included at the back of these Accounts together with a Form of Proxy for those not attending.

J. Eric Jackson

John Jackson
Chairman
9 May 2008

Oxford Technology 4 Venture Capital Trust plc

Table of investments held by company

Company	Description	Date of initial investment	Net cost of investment £'000	Unrealised profit/loss £'000	Carrying Value at 29/02/08 £'000	% equity held by OT4	% equity held by other OT Funds
Glide Pharma	Needle-free injector	Feb 05	900	1,470	2,370	13.5	7.4
MirriAd	Virtual product placement	Feb 07	342	366	708	8.2	-
Meciria	Integrated drilling tool	Feb 06	291	241	532	23.7	-
Impact Applications	Mobile software for contractors	Oct 05	300	182	482	33.6	-
Insense	Wound healing dressing	Apr 05	383	31	414	4.0	7.5
Historic Futures	Traceability software	Aug 05	300	90	390	21.3	-
Pharma Engineering	Tablet deblistering	Feb 07	89	281	370	45.9	-
Diamond Hard Surfaces	Diamond coatings	Jan 05	280	83	363	44.6	-
ImmunoBiology	Heat shock protein based vaccines	Oct 05	250	102	352	2.7	4.8
EKB	Membrane bound bioreactor	Sep 05	490	(204)	286	24.4	-
Dexela	3D Medical Imaging	Mar 06	250	27	277	6.8	-
Plasma Antennas	Solid state plasma antennas	Mar 05	226	32	258	21.9	7.6
Oxis Energy	Rechargeable batteries	Nov 05	250	0	250	7.5	6.1
Telegesis	Zigbee technology	Dec 05	255	(36)	219	16.3	30.2
Naked Objects	Business software	Mar 06	200	0	200	20.0	-
Novacta	Bioengineering and antibiotics	Apr 05	225	(25)	200	7.9	-
Select Technology	Specialist photocopy interfaces	Aug 06	128	0	128	1.2	42.8
Inscentinel	Sensitive detection of vapours	Feb 05	99	22	121	19.4	24.7
OxTox	Rapid drug testing	Dec 06	100	0	100	6.3	-
Kinomi	E-mail archiving	Jul 05	308	(211)	97	15.9	-
Warwick Effect Polymers	Designer polymers	May 05	225	(130)	95	6.9	2.8
Orthogem	Bio-compatible bone graft material	May 07	75	15	90	3.4	25.2
Arecor	Protein stabilisation	Jul 07	75	7	82	8.2	1.5
Imagineer Systems	Broadcast production software	Jun 06	160	(84)	76	10.8	-
Water Innovate	Water technologies	Mar 05	200	(129)	71	23.9	-
Metal Nanopowders	Production of metal nanopowders	Aug 06	50	0	50	14.3	17.1
Dynamic Extractions	Separation technology	Aug 05	80	(33)	47	12.4	-
Incentec	Pre-eclampsia diagnostic	Oct 06	120	(108)	12	12.4	-
TOTALS			**6,651**	**2,029**	**8,640**		

This table shows the current portfolio holdings. The investments in Cutting the Wires, Ingenious and Wright Fenn totalling £772,000 have been written off. The investment of £225,000 in Inspiration Matters has now been sold producing £168,000 in cash to date with a multiple of this to follow in July dependant on sales. £2,121,343 is held in cash.

Board of Directors

John Jackson, age 78, Chairman, worked full time for Philips Electrical Limited and Philips Electronic and Associated Industries Limited ("Philips Electronics") in the UK from 1952 to 1980, becoming a director of Philips Electronics in 1966, on whose board he served until early 1994. Since 1980, he has joined the boards of a number of other companies in a wide range of industries, including electronics, engineering, biotechnology, pharmaceuticals and fine chemicals. He is currently chairman of each of the four OTVCTs, as well as non-solicitor Chairman of Mishcon de Reya. He is a director of Instore plc (formerly Brown & Jackson plc) and a number of unlisted companies. He was the special adviser to the Korda Seed Capital Fund (unconnected with Seed Capital Limited), which was established as a £5m fund to invest primarily in technology-based companies, from March 1989 until its final distribution and cessation in 2003. He is particularly interested in high technology business start-ups.

Lucius Cary OBE, age 61, Director, is the founder and managing director of Oxford Technology Management Ltd, 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 Oxford Technology Management's investment activities. OTM has 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.

David Livesley, age 47, 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 Venture Finance, where he is Technology Investment Director, 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 60, Director, was co-founder in 1973 of Research Machines Limited which floated on the London Stock Exchange as RM plc in 1994; he was an executive director until 1992 and then a non-executive director until 2004. RM plc is the UK's leading supplier of ICT and other services to education. He is a non-executive director of several unlisted companies and has been involved in the start-up and early stage financing of a number of technology based companies. He is chairman of Hamilton Trust, an educational charity, is joint director of the Hamilton Maths and Reading Projects and is a founder trustee of Peers Early Education Partnership (PEEP).

Sir Martin Wood OBE FRS, age 80, Director, founded the company now known as Oxford Instruments plc in 1959, and is now Honorary President. He has long taken an interest in the development of early stage technology companies and has been a director and investor in a number of such businesses. In 1987, he founded The Oxford Trust, which encourages the study, application and communication of science, technology and engineering, and he remains a patron of the Trust. He is a director of Oxford Innovation Ltd, which assists investment and provides premises for over 300 start-up technology companies. Since 1986 he has been a non-executive director of Oxford Seedcorn Capital Ltd 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 29 February 2008.

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 science and technology companies.

Business review

There was a net gain for the period after taxation amounting to £1,771,000 (2007: loss of £477,000) made up of a net capital gain on the value of investments of £1,921,000 (2007: loss of £301,000) and a revenue loss of £150,000 (2007: £176,000). The revenue account comprises income of £139,000 (2007: £192,000) less management and other expenses of £289,000 (2007: £368,000). No dividends were recommended.

Directors

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

	2008	**2007**
JBH Jackson	51,547	51,547
JLA Cary	25,774	25,774
D Livesley	-	-
MRH O'Regan	151,548	151,548
Sir Martin Wood	208,594	208,594

Except as disclosed in notes 2 & 3 and set out below, no director had, during the period or at the end of the period, a material interest in any contract which was significant in relation to the company's business.

Corporate governance

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

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

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

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

Statement as to Disclosure of Information to Auditors

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

Relations with shareholders

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

Going concern

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

Substantial shareholders

At 29 February 2008 the company has been notified of 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.

Auditors

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

On behalf of the Board
JLA Cary - 9 May 2008

Directors' responsibilities for the financial statements

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

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

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

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

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

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

Directors' remuneration report

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

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

The Board consists 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 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 prospectuses dated 28 May 2004 and 2 February 2006 and the fee payments for the years ended 28 February 2007 and 29 February 2008 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, Mr Lucius Cary and Sir Martin Wood will retire and offer themselves for re-election. There is no notice period and no provision for compensation upon early termination of the appointment of any director.

Directors' emoluments for the year

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

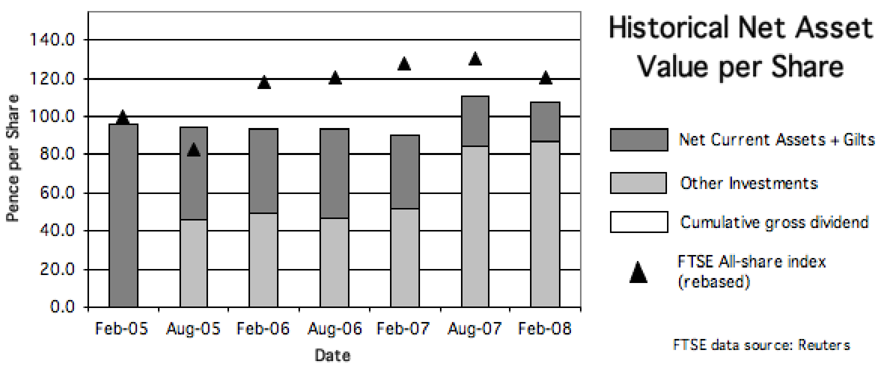
The Directors' fee for the year was £28,000 (2007: £29,000).

	2008 £000	2007 £000
JBH Jackson (Chairman)	8	9
JLA Cary	5	5
D Livesley	5	5
MRHJ O'Regan	5	5
Sir Martin Wood	5	5
	28	29

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

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. The graph below compares the performance of the company with the performance of the FTSE All-Share index over the period from 28 February 2005 to 29 February 2008. It shows the change over the period in the total return to ordinary shareholders compared to the change over the period in total shareholder return on a notional investment of the same composition as the FTSE All-Share Index. This index was chosen as it represents a comparable broad equity market index. The net asset value per share (NAV) of the company has been selected as the most appropriate performance measure, as this best relects 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.



On behalf of the Board
John Jackson
Chairman 9 May 2008

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 29 February 2008 which comprise the statement of total return (incorporating the revenue account), balance sheet, cashflow statement, accounting policies and related notes. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information set out in the Directors' Remuneration Report that is described as having been audited.

Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed. Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report, Directors' Remuneration Report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set in the Statement of Directors' Responsibilities. This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the Directors' Report is consistent with the financial statements. In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed. We review whether the corporate governance statement contained with in the Directors' Report reflects the company's compliance with the nine provisions of the Combined Code specified for our review by the listing rules and we report if it does not. We are not required to consider whether the board's statement of internal control cover all risk and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures. We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the statement on behalf of the board, the board of directors, the report of the directors and the unaudited part of the directors' remuneration report. We consider implications for our report if we become aware of any apparent misstatements or material inconsistencies with the parent company financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 29 February 2008 and of its net return for the year then ended;
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

James Cowper - 15 May 2008
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 December 2005.

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 statement of total return.

Valuation of Investments

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

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

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. HMRC has approved the company as an Investment Trust Company for the purpose of Section 842a 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 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 29 February 2008

	Note	2008 Revenue £000	2008 Capital £000	2008 Total £000	2007 Revenue £000	2007 Capital £000	2007 Total £000
Gains on investments	6	-	1,921	1,921	-	(301)	(301)
Income	1	139	-	139	192	-	192
Investment advisory fee	2	(227)	-	(227)	(231)	-	(231)
Other expenses	3	(62)	-	(62)	(137)	-	(137)
Net return on ordinary activities before taxation		(150)	1,921	1,771	(176)	(301)	(477)
Tax on net return / (loss) on ordinary activities	4	-	-	-	-	-	-
Return attributable to equity shareholders and transfers from reserves	10	(150)	1,921	1,771	(176)	(301)	(477)
Return per ordinary share	5	(1.45)p	18.58p	17.13p	(1.81)p	(3.09)p	(4.90)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 29 February 2008

	Note	29 February 2008 £000	29 February 2008 £000	28 February 2007 £000	28 February 2007 £000
Fixed assets					
Investments at fair value	6		8,640		5,552
Current assets					
Debtors	7	385		25	
Cash at bank		2,121		3,793	
		2,506		3,818	
Creditors: amounts falling due within one year	8	(10)		(5)	
Net current assets			2,496		3,813
Net assets			11,136		9,365
Capital and reserves					
Called up share capital	9		1,034		1,034
Share premium account	10		9,061		9,061
Other reserves:	10				
Capital reserve - realised			318		-
Capital reserve - unrealised			1,217		(386)
Revenue reserve	10		(494)		(344)
Shareholders' funds	11		11,136		9,365
Net asset value per share			107.7p		90.6p

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

JLA Cary
Director

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

Cash flow statement for the period ended 29 February 2008

	Note	2008 £000	2007 £000
Net cash outflow from operating activities	12	(130)	(69)
Capital expenditure and financial investment			
Purchase of investments		(1,710)	(2,303)
Disposal/redemption of investments		168	
Net cash outflow from capital expenditure and financial investment		(1,672)	(2,303)
Net cash outflow before financing		(1,672)	(2,372)
Financing			
Issue of shares		-	3,196
Expenses paid in connection with share issue		-	(42)
Net cash inflow from financing		-	3,154
Increase/Decrease in cash		(1,672)	782

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

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

1 Income

	2008 £000	2007 £000
Interest receivable	139	192
	139	192

2 Investment advisory fee

	£000	£000
Investment advisory fee (see below)	207	205
Social security costs	20	26
	227	231

Oxford Technology Management 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 Oxford Technology Management Ltd. Social security costs associated with the payment of these fees were borne by the Company as explained in the prospectus. The fees as detailed in the prospectus are paid to the Investment Manager to manage the fund which is primarily focused on achieving capital growth.

3 Other expenses

	2008 £000	2007 £000
Directors' remuneration (see report on page 6)	28	29
Social security costs	1	1
Auditors' remuneration: audit services	5	4
: non-audit services	1	1
Other	27	102
	62	137

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

	£000	£000
Net revenue loss on ordinary activities before taxation	(150)	(176)
At standard rate of taxation	(30)	(33)
Costs not chargeable to corporation tax	30	33
Current tax credit for year	-	-

Unrelieved management expenses of £112,000 (2007: £251,000) 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 £150,000 (2007: loss of £176,000) for the financial period divided by the weighted average number of ordinary shares of 10,339,702 (2007: 9,755,566) in issue during the period.

The calculation of capital return per share is based on the net capital return for the financial period of £1,921,000 (2007: loss of £301,000) divided by the weighted average number of ordinary shares of 10,339,702 (2007: 9,755,566) in issue during the period.

There are no potentially dilutive capital instruments in issue therefore no diluted return per share figures are relevant. The basic and diluted revenue return per share and capital return per share is therefore identical.

6 Investments

	2008 Total £000	2007 Total £000
Cost		
As at 1 March	5,938	3,635
Purchases at cost	1,710	2,303
Redeemed/disposed during the year	(225)	-
As at 29 February	7,423	5,938
Revaluation		
As at 1 March 2007	(386)	(85)
Revaluation movement	1,603	(301)
	1,217	(386)
Net Book Value		
As at 1 March 2007	5,552	3,549
As at 29 February 2008	8,640	5,552

In addition, the company realised investments at a gain of £318,000 during the year.

Details of unlisted investments in which OT4 owns more than 20% are set out below with reference to their most recent published accounts in the footnote as required by The Companies Act.

Name of undertaking	Class of shares held	Percentage of voting rights held by company %	Percentage of voting rights held by other OT Funds %	Capital and reserves £000	Retained profit/(loss) for year £000
DHS	Ordinary Shares[1]	44.6	-	(17)	122
EKB	Ordinary Shares[2]	24.4	-	294	(85)
Historic Futures	Ordinary Shares[3]	20.1	-	5	(163)
Impact Applications	Ordinary Shares[4]	33.6	-	32	(121)
Meciria	Ordinary Shares[5]	23.6	-	83	(217)
Naked Objects	Ordinary Shares[1]	20.0	-	278	77
Pharma Engineering	Ordinary Shares[6]	45.9	-	31	(115)
Plasma Antennas	Ordinary Shares[3]	21.9	7.6	(326)	(514)
Water Innovate	Ordinary Shares[3]	23.9	-	25	(212)

Most recent published accounts:

1. For the year ended 31 December 2006
2. For the year ended 31 June 2005
3. For the year ended 31 March 2007
4. For the year ended 30 June 2006
5. For the year ended 31 January 2007
6. For the year ended 31 December 2007

7 Debtors

	2008	2007
	£000	£000
Prepayments and accrued income	10	25
Deferred consideration from sale of investments	375	-
	385	25

Included within the deferred consideration figure is £250,000 which falls due after more than 12 months.

8 Creditors: amounts falling due over one year

	£000	£000
Other creditors	10	5

9 Share capital

	£000	£000
Authorised		
15,000,000 ordinary shares of 10p each	1,500	1,500
Allotted, called up and fully paid		
10,339,702 (2007: 10,339,702) ordinary shares of 10p each	1,034	1,034

10 Reserves

	Share premium account £000	Capital reserve realised £000	Capital reserve unrealised £000	Revenue reserve £000
At 1 March 2007	9,061	-	(386)	(344)
Unrealised appreciation / (depreciation) on valuation of investments	-	-	1,603	-
Gain on sale of investments	-	318	-	(150)
At 29 February 2008	9,061	318	1,217	(494)

11 Reconciliation of movements in shareholders' funds

	2008	2007
	£000	£000
Result for the year	(150)	(176)
Issue of shares, net of expenses	-	3,155
Other recognised losses/gains	1,921	(301)
Net increase in shareholders' funds	1,771	2,678
Shareholders' funds at beginning of year	9,365	6,687
Shareholders' funds at end of year	11,136	9,365

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

	2008 £000	2007 £000
Net revenue loss before taxation	(150)	(176)
Increase/Decrease in creditors	5	-
Increase/Decrease in prepayments	15	107
Net cash outflow from operating activities for the year	(130)	(69)

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

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

15 Contingent liabilities

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

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 23rd June 2008 for the following purposes:

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

(1) That the report and accounts for the year to 29 February 2008 be approved.

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

(3) 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.

(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 110% of the latest published Net Asset Value per share (exclusive of expenses).

    This authority shall expire at the Company's annual general meeting in 2009. Pursuant to s163(5) of the Act, the Company may make contracts for the purchase of Shares which would or might be executed wholly or partly after the expiry of the time limit referred to above.

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 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 Monday 23rd June 2008

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 23rd June 2008 and at any adjournment thereof.

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

Resolution No.	For	Against
1. Approval of accounts.		
2. Re-appointment of Mr Lucius Cary as a Director.		
3. Re-appointment of Sir Martin Wood as a 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.., 2008

Signature..

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

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

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

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

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

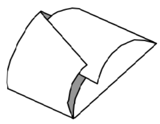
Fold 1

PLEASE
AFFIX
STAMP
HERE

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

Fold 2

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
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
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Northern House
Woodsome Park
Fenay Bridge
Huddersfield
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Auditors & VCT Compliance Advisers
James Cowper
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Botley,
Oxford OX2 0JB

Brokers
JP Morgan Cazenove
20 Moorgate
London EC2R 6DA

Company Registration Number: 5038854