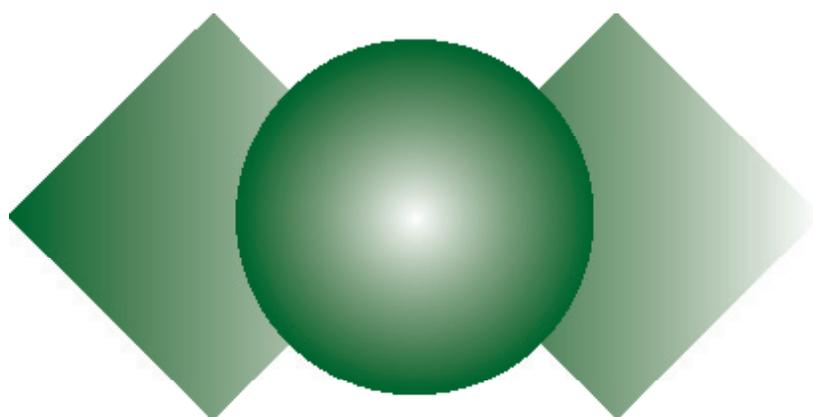


Oxford Technology 2 Venture Capital Trust plc



Financial Statements
For the period ended 28 February 2010

Contents

Statement on behalf of the Board	1
Table of investments	3
Board of Directors	4
Report of the Directors	5
Directors' responsibilities for the financial statements	7
Directors' remuneration report	7
Report of the independent auditors	9
Principal accounting policies	10
Profit and loss account	12
Balance sheet	13
Cash flow statement	14
Notes to the financial statements	14
Notice of AGM	18
Form of proxy	19

Financial highlights

	Year ended 28 February 2010	Year ended 28 February 2009
Net assets at year end	£2.72m	£3.46m
Net asset value per share at year end after distributions	41p	54p
Cumulative dividend (gross) per share from incorporation	10.5p	10.5p
Share price at year end	28p	26p
Earnings per share (basic and diluted)	(13.2)p	(9.7)p

Statement on behalf of the Board

Investment Portfolio

The company has a portfolio of 18 investee companies, some of which have experienced problems of various sorts during the last year and some of which have made good progress. Ultimate success, meaning a good financial return to OT2 shareholders, is likely to come from one or two investees which become stars, and which deliver very large returns rather than for all companies doing well. This is the nature of investing in early-stage and start-up technology companies.

On 1 March 2010, and so too late to be included in the accounts to the year end, OT2 received £196k from the sale of its shareholding in Membrane Extraction Technology, a spin-out from Imperial College. OT2 invested £75k in MET in 2002. In March 2010, MET was sold to a German chemical company, Evonik.

OT2 owns 18% of OCRobotics. Now based in a factory in Bristol, OCRobotics is arguably the world's leading designer and manufacturer of snake-arm robots in which the head may be driven through a 3D path in space, with the rest of the snake following the same path as that taken by the head. OC Robotics has so far supplied single robots, at prices of up to £1m+ for particular applications. The most recent has been for undertaking a particular maintenance task in a nuclear reactor, which can no longer be undertaken efficiently by people, because the regulations concerning the permitted radiation dose have been tightened. There are 44 reactors of this particular design in operation worldwide.

OT2 owns 8.4% of Plasma Antennas. This company designs and supplies specialist antennas, which can be priced at up to £50,000 each. The company reached an important milestone during the last year when it received its first order for many antennas of the same design, the first order for what is likely to be a long-term supply contract for a military application.

The Board is pleased with the overall development of the portfolio.

Investment Policy & Fundraising

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

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

After the year end, the company raised equity by the issue and allotment of ordinary shares of 10 pence each. 138,691 Shares were allotted at 41pence on 1 April 2010. An aggregate of 14,097 of these Shares were allotted to Directors. A further 19,650 Shares were allotted at the same price on 26 April 2010. None of these Shares were allotted to Directors. The issue of these Shares is a post balance sheet event and is not reflected in the Net Asset Value figures. This will enable the company to offer modest support to its investee companies in their additional fundraising rounds.

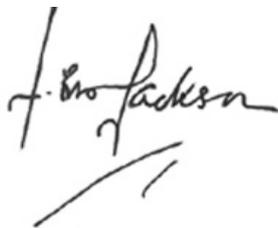
Results for the year

Interest on bank deposits and investee loans produced gross income of £18,000 in the year. The loss for the year was £871,000 (2009 : loss of £615,000) and earnings per share for the year showed a loss of 13.2p (2009: loss of 9.7p). The graph on page 7 shows the historical Net Current Assets and other investments per share. Together, these two figures make up the total Net Asset Value per share. The graph also shows cumulative dividends paid to date.

Oxford Technology 2 Venture Capital Trust plc

AGM

Shareholders should note that the AGM for Oxford Technology 2 VCT will be held on Thursday 15 July 2010, 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.

A handwritten signature in black ink, appearing to read 'John Jackson', with a large, sweeping flourish underneath.

John Jackson
Chairman
7 June 2010

Oxford Technology 2 Venture Capital Trust plc

Table of investments held by company at 28th February 2010

Company	Description	Date of initial investment	Net cost of investment £'000	Carrying value at 28/02/10 £'000	Change in value for the year £'000	% equity held by OT2	% equity held by other OT VCTs
Oxis Energy*	Rechargeable batteries	Jan 00	540	4	(175)	0.8	1.0
Freehand Surgical	Medical robots	Sep 01	307	21	(28)	0.9	2.5
Equitalk/X-Fone	Internet telecoms	Jun 01	270	44	6	< 0.1	< 0.1
Orthogem	Bone graft material	Dec 00	253	159	(94)	22.9	7.2
OST	Sensors for car production lines	Oct 00	235	62	0	0.2	8.8
Promic	Novel antibiotics	Jun 01	225	34	(192)	1.0	0.3
OC Robotics	Snake arm robots	Jan 01	225	1,080	0	19.6	-
Select Technology	Specialist photocopier interfaces	Nov 01	224	215	8	8.3	41.6
Insense	Active wound healing dressings	Jun 01	204	114	(116)	4.0	7.9
Inscentinel	Vapour detection	May 03	196	56	(21)	12.8	28.4
ImmunoBiology	Novel vaccines	Dec 00	175	251	(56)	2.5	4.7
Plasma Antennas	Solid state directional antennas	Nov 01	168	135	0	8.4	20.2
Inaplex	Data transformation software	Sep 01	138	30	3	21.6	13.3
MET	Chemical separations	May 02	75	192	120	4.9	25.5
SVA Software	Financial software	Jan 01	50	5	(20)	9.7	-
Arecor	Protien stabilisation	Jul 07	14	15	4	0.9	9.2
Telegesis	Zigbee technology	Oct 03	8	59	0	3.0	40.5
DHA	Radiotherapy products	Nov 01	0	2	0	1.2	26.9
Totals				2,478			
Other Net Assets				245			
NET ASSETS				2,723			

Number of Shares in Issue: 6,634,582

Net Asset Value Per Share at 28 February 2010: 41p

Dividends paid to date 10.5p.

* OTECF (Oxford Technology Enterprise Capital Fund) is also an investor

This table shows the current portfolio holdings. The investments in Acumen, Assertion, Astron Clinica, Ciphergrid, CHR Design, Coraltech, Im-Pak, Jetmask and M3 Networks totalling £1,954,562 have been written off. The investments in Hardide and Commerce Decisions have been sold for £1,366,942.

Board of Directors

John Jackson, age 80, Chairman

John worked full time for Philips Electrical Limited and Philips Electronic and Associated Industries Limited 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 and Chairman of Instore Ltd in addition to a number of unlisted companies. He was the special adviser to the Korda Seed Capital Fund, which was established as a £5m fund to invest primarily in technology-based companies, from March 1989 until its final distribution and cessation in 2003. He is particularly interested in high technology business start-ups. John Jackson is also an investor in Arecor, Insense, Freehand Surgical, OST, Oxis and Select Technology from the OT2 portfolio.

Lucius Cary OBE, age 63, Director

Lucius is the founder and managing director of Oxford Technology Management Ltd (OTM), which has specialised in making and managing investments in start-up technology-based businesses since 1983. He has a degree in engineering and economics from Oxford University, an MBA from Harvard Business School and was an engineering apprentice at the Atomic Energy Research Establishment, Harwell. After forming and raising finance for his first business in 1972, he founded “Venture Capital Report” in 1978 and was its managing director for 17 years. In March 1996, he sold all his shares and became chairman so reducing his day-to-day involvement in order to concentrate more fully on OTM’s investment activities. By 2005, OTM had managed or advised ten seed capital funds, including the Oxford Technology VCTs which, between them, had made some 100 investments in early stage and start-up technology companies. In 2003, he was awarded an OBE for services to business and in 2004 was awarded the Judges Award at Investors Allstars, for his contribution over many years to early stage investing. Lucius Cary is an investor in Select Technology from the OT2 portfolio.

Michael O’Regan OBE, age 62, Director

Michael was co-founder in 1973 of Research Machines Limited which floated on the London Stock Exchange as RM plc in 1994; he was an executive director until 1992 and then a non-executive director until 2004. RM plc is the UK’s leading supplier of ICT and other services to education. He is a non-executive director of several unlisted companies and has been involved in the start-up and early stage financing of a number of technology based companies. He is chairman of Hamilton Trust, an educational charity, is joint director of the Hamilton Maths and Reading Projects and is a founder trustee of Peers Early Education Partnership (PEEP). Michael O’Regan is an investor in OST from the OT2 portfolio.

Richard Vessey, age 61, Director

Richard joined the Board of Oxford Technology Venture Capital Trust on 13 July 2006. His education is as a chemical engineer from Imperial College and MBA from Harvard, and his early career was in manufacturing companies, becoming Sales and Marketing Director of Plastic Engineers Ltd. In 1984 he left the conventional career path and founded Bell Plastics Ltd, a specialist plastics manufacturing business which was sold in 2004 to a private equity fund, of which he is currently a director, and which is building a portfolio of niche plastic companies. Richard is now Chairman of OST, an OT investee company and is also an active member of the UK Shareholders Association. Richard Vessey is also an investor in Telegesys, Plasma Antennas, Oxis, Equitalk, Freehand Surgical and Select Technology from the OT2 portfolio.

Conflicts of Interest

The Board has always considered carefully all cases of possible conflicts of interest, as and when they arise. For example, every time one of the OTVCTs makes an investment in which another OTVCT is an investor, there is a potential conflict of interest. The general policy is that there is complete transparency and all interests in every situation are declared and known to all, so that practical and sensible decisions can be taken. The Board believes that this policy has worked well in practice. However, in order to address the question with slightly more formality and, importantly, without adding to costs, it has been decided to designate one director of each of the four OTVCTs as the “Senior Independent Director”. This director will need to give his consent for each investment decision of that VCT where a possible conflict of interest arises. If the Senior Independent Director is unable to do so because he is himself conflicted, all the other directors of the OTVCT concerned without personal conflicts must give their unanimous agreement to the investment. The Senior Independent Director for OT2 will be Michael O’Regan.

Report of the Directors

The directors present their report together with financial statements for the year ended 28 February 2010.

Principal activity

The company commenced business in April 2000. The company provides investment in start-up and early stage technology companies in general located within 60 miles of Oxford.

Business review

There was a net loss for the period after taxation amounting to £871,000 (2009: loss of £615,000). The profit and loss account comprises income of £18,000 (2009: £96,000) and realised gains on disposal of investments of £68,000 (2009: £78,000) less unrealised losses on fair value of investments of £852,000 (2009: loss of £664,000) less management and other expenses of £105,000 (2009: £125,000).

Directors

The present membership of the board, and their beneficial interests in the ordinary shares of the company at 28 February 2010 and at 28 February 2009, are set out below:

	2010	2009
J B H Jackson	47,508	44,000
R Vessey	228,771	220,000
J L A Cary	27,500	27,500
M R H J O'Regan	225,000	225,000

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

Corporate governance

The company has complied throughout the period with the provisions in Section 1 of the Combined Code on Corporate Governance (the "Code"), except that the Board as a whole performs the functions of both the Audit Committee (Code B.2.1) and the Nomination Committee (Code A.3.3). The Directors do not have formalised service contracts with the company, whereas the recommendation is for fixed term renewable contracts.

The Board confirms that procedures to implement the Turnbull Guidance were in place throughout the year ended 28 February 2010. The Board acknowledges that it is responsible for the Company's system of internal control and for reviewing its effectiveness. Such a system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board now consists of four non-executive directors. JLA Cary represents the Investment Manager and the remaining three directors are independent. The Senior Independent Director for OT2 will be Michael O'Regan whose duties are described in the paragraph on the preceding page under Conflicts of Interest. 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 Code.

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

The Board ensures the independence and objectivity of the external auditors. This includes reviewing the nature and extent of non-audit services supplied by the external auditors to the company, seeking to balance objectivity and value for money. None of the directors has a service contract with the company. The Articles of Association require that one third of the directors (or the number nearest one third) on a rotation basis will be subject to re-election procedures at subsequent Annual General Meetings.

Oxford Technology 2 Venture Capital Trust plc

Key Performance Indicators

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

Financial Risk Management Objectives and Policies

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

Internal control

The directors are responsible for the company's system of internal control. The Board has adopted an internal operating and strategy document for the company. This includes procedures for the selection and approval of investments, the functions of the Investment Manager and exit and dividend strategies. Day to day operations are delegated under agreements with the Investment Manager who has established clearly defined policies and standards. These include procedures for the monitoring and safeguarding of the company's investments and regular reconciliation of investment holdings. This system of internal control, which includes procedures such as physical controls, segregation of duties, authorisation limits and comprehensive financial reporting to the Board, is designed to provide reasonable, but not absolute, assurance against material misstatement or loss. The Board has considered the need for an internal audit function but has decided that the size of the company does not justify it at present. However, it will keep the decision under annual review. The Board has reviewed, with its Investment Manager, the operation and effectiveness of the company's system of internal control for the financial period and the period up to the date of approval of the financial statements. The Board has continued to prepare the financial statements in accordance with UK Financial Reporting Standards rather than International Financial Reporting Standards. This is permitted as the financial statements present the results of an individual company rather than a group.

Statement as to Disclosure of Information to Auditors

So far as the directors are aware, there is no relevant audit information (as described in Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Relations with shareholders

The company values the views of its shareholders and recognises their interest in the company's strategy and performance, Board membership and quality of management. The 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 2010, the company has been notified of three investors whose interest exceeds three percent of the company's issued share capital (Starcap ANS, 7.5%, R Vessey, 3.4%, M R H J O'Regan 3.4%). The company has several investors, all individuals, who with their families have invested £100,000 or more in the shares of the company.

Policy for Payment of Creditors

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

Auditors

James Cowper LLP offer themselves for reappointment in accordance with Section 499 of the Companies Act 2006.

**On behalf of the Board - J L A Cary
7 June 2010**

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 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

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

Directors' remuneration report

The Board has prepared this report in accordance with the requirements of Schedule 7A to the Companies Act 2006. An ordinary resolution for the approval of this report will be put to the members at the forthcoming Annual General Meeting. The law requires the company's auditors to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such.

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

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

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

The company's Investment Manager is Oxford Technology Management Ltd, a company of which JLA Cary is a director and the controlling shareholder. The Investment Management fee is laid out in the prospectus dated 6 March 2000 and the fee payments for the years ended 28 February 2010 and 28 February 2009 are laid out in note 2 to the financial statements. As detailed in the company prospectus dated 6 March 2000, and in the more recent Investment Memorandums once investors have received a return of 100% of the gross sum invested by way of dividends and capital distributions, a performance incentive fee (expressed as a percentage of all distributions thereafter) will be payable as to 14 per cent of such distributions to the Investment Manager and 6 per cent of such distributions to the Directors collectively.

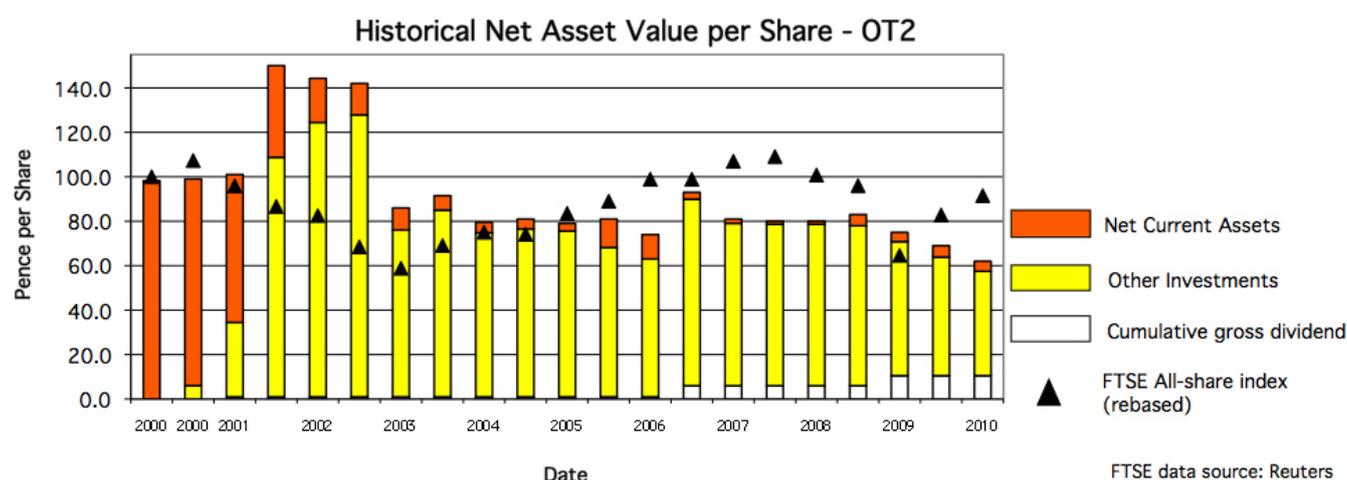
Oxford Technology 2 Venture Capital Trust plc

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, Michael O'Regan and Richard Vessey will retire and offer themselves for re-election. There is no notice period and no provision for compensation upon early termination of the appointment of any director.

Company's performance compared to a suitable index

The Board is responsible for the Company's investment strategy and performance, although the creation, management and monitoring of the investment portfolio is delegated to the Investment Manager as described in the prospectus dated 6 March 2000. The graph below compares the performance of the company with the performance of the FTSE All-Share index over the period from 28 February 2000 to 28 February 2010. It shows the change over the period in the total return to ordinary shareholders (assuming all dividends are reinvested) compared to the change over the period in total shareholder return on a notional investment of the same composition as the FTSE All-Share Index. This index was chosen as it represents a comparable broad equity market index. The net asset value per share (NAV) of the company has been selected as the most appropriate performance measure, as this best reflects progress of the investments made by the company; shareholders will ultimately realise value on disposal of these investments. All measures are rebased to 100 at the start date of the period. An explanation of the performance of the company is given in the Statement on behalf of the Board.



Directors' emoluments for the year

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

	2010	2009
	£000	£000
J B H Jackson (Chairman)	2	7
J L A Cary	1	5
Richard Vessey	1	5
M R H J O'Regan	1	5
Martin Wood	-	5
	5	27
	=====	=====

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

On behalf of the Board

John Jackson - Chairman

7 June 2010

Report of the independent auditors

We have audited the financial statements of Oxford Technology 2 VCT Plc for the year ended 28 February 2010 which comprise the profit and loss account, balance sheet, cashflow statement, accounting policies and related notes. We have also audited the information set out in the Directors' Remuneration Report that is described as having been audited. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective Responsibilities of Directors and Auditors

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

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Scope of the Audit of the Financial Statements

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

Opinion on Financial Statements

In our opinion the financial statements:

- Give a true and fair view of the state of the company's affairs as at 28 February 2010 and of its loss for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on Other Matters Prescribed by the Companies Act 2006

In our opinion:

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

Matters on which we are Required to Report by Exception

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

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

Under the listing rules we are required to review:

- The information given in the Report of the Directors in relation to going concern
- The part of the Corporate Governance statement relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

Mr Robert Holland (Senior Statutory Auditor)
for and on behalf of JAMES COWPER LLP
Statutory Auditors - Oxford
7 June 2010

Principal accounting policies

Basis of Preparation

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of investments. The financial statements have been prepared in accordance with applicable accounting standards and with the Statement of Recommended Practice 'Financial statements of investment trust companies' issued in 2009. The principal accounting policies of the company are set out below.

Investments

The company invests in financial assets with a view to profiting from their total return through income and capital growth. These investments are managed and their performance is evaluated on a fair value basis. Accordingly as permitted by Financial Reporting Standard 26 (FRS 26) the investments are designated as fair value through profit and loss. Unrealised gains or losses on valuation are recognised through the profit and loss account.

Valuation of Investments

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

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

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

During the year ended 28 February 2006 the directors revoked the company's status as an Investment Company to enable distributions of capital profits to shareholders. Consequently the accounts have been prepared to include a statutory profit and loss account and a note of historical profits and losses in accordance with schedule 4 of the Companies Act 2006 and Financial Reporting Standard 3 (FRS 3).

The directors consider that this basis of valuation of unquoted investments is consistent with the International Private Equity and Venture Capital Guidelines.

Turnover

Turnover represents realised gains on the disposal of investments along with interest receivable on cash deposits.

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

Oxford Technology 2 Venture Capital Trust plc

Expenses

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

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

Deferred Tax

Deferred tax is not provided on capital gains and losses arising on the revaluation or disposal of investments because the company meets (and intends to continue for the foreseeable future to meet) the conditions for approval as a Venture Capital Trust. The HMRC has approved the company as a Venture Capital Trust for the purpose of Section 247 of the Income and Corporation Taxes Act 2007. The approval was given in the financial period ended 29 February 2000 and the company has subsequently directed its affairs so as to enable it to continue to be so approved.

Earnings per Share

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

Profit and loss account for the period ended 28 February 2010

		Year ended 28 February 2010	Year ended 28 February 2009
	Note	£000	£000
Gain on disposal of investments held at fair value	1	68	78
Unrealised (loss) on fair value of investments	7,11	(852)	(664)
Other Income	1	18	96
Investment Management Fees	2	(69)	(71)
Other expenses	3	(36)	(54)
(Loss) on ordinary activities before tax	4	<u>(871)</u>	<u>(615)</u>
Taxation on (loss)/profit on ordinary activities	5	-	-
(Loss) on ordinary activities after tax		<u>(871)</u>	<u>(615)</u>
Earnings per share (basic and diluted)	6	<u>(13.2)p</u>	<u>(9.7)p</u>

Historic cost profits and losses note

	2010 £'000	2009 £'000
(Loss) for the year	(871)	(615)
Unrealised loss on fair value of investments	852	664
Realisation of prior year's net gains	(68)	(78)
Historical cost loss before tax	(87)	(29)
Historical cost loss after tax	(87)	(29)

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

Balance sheet at 28 February 2010

		28 February 2010		28 February 2009	
	Note	£000	£000	£000	£000
Fixed assets					
Investments at fair value	7		2,478		3,179
Current assets					
Other debtors and prepayments	8	2		2	
Cash at bank		256		333	
		<u>258</u>		<u>335</u>	
Creditors: amounts falling due within one year					
	9	(13)		(59)	
		<u> </u>		<u> </u>	
Net current assets			245		276
Net assets			<u>2,723</u>		<u>3,455</u>
Capital and reserves					
Called up share capital	10		663		637
Share premium	11		330		217
Profit and loss account	11		2,131		2,362
Revaluation reserve	11		(401)		239
			<u> </u>		<u> </u>
Shareholders' funds	12		<u>2,723</u>		<u>3,455</u>
			<u> </u>		<u> </u>
Net asset value per share			<u>41p</u>		<u>54p</u>
			<u> </u>		<u> </u>

These financial statements were approved by the directors on 7 June 2010.

J L A Cary
Director
7 June 2010

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

Cash flow statement for the year ended 28 February 2010

	Note	2010 £000	2009 £000
Net cash (outflow) from operating activities	13	(133)	(86)
Capital expenditure and financial investment			
Purchase of investments		(166)	(206)
Disposal of investments		83	578
		(83)	372
Net cash (outflow)/inflow from capital expenditure and financial investment		(83)	372
Net cash flow before financing		(216)	286
Financing			
Issue of Shares		148	258
Expenses paid in connection with share issue		(9)	(4)
		139	254
Net cash flow from financing		139	254
Dividends Paid		-	(287)
(Decrease)/increase in cash		(77)	253

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 2010

1 Income	2010	2009
	£000	£000
Other interest receivable	11	96
Profit on disposal of investments	68	378
Dividend income	7	-
		86
		474
2 Investment Management Fees	£000	£000
Investment management fee (see below)	69	66
Social security costs	-	5
		69
		71

Related Party disclosure - JLA Cary is a director of Oxford Technology Management Ltd (OTM) and of Oxford Technology 2 Venture Capital Trust Plc. OTM is the Investment Manager to the company. There were no employees during the year except for the directors.

Oxford Technology 2 Venture Capital Trust plc

3 Other Expenses

	2010	2009
	£000	£000
Directors' remuneration	5	27
Social security costs	2	1
Auditors remuneration: audit services	5	5
: non audit services	3	2
Other expenses	21	19
	36	54
	36	54

4 Operating Profit/Loss

	2010	2009
	£000	£000
The operating profit is stated after charging:		
Auditors remuneration: audit services	5	5
: non audit services	3	2
Directors' remuneration	5	27
	13	34
	13	34

5 Tax

No liability to UK corporation tax arose during the year.

	£000	£000
UK Corporation tax	-	-
	-	-

The tax charge for the year is different to the small profits rate of corporation taxation in the UK of 21.0% (2009: 20.9%). The differences are explained below:

	£000	£000
(Loss) on ordinary activities before taxation	(871)	(615)
	(871)	(615)
At standard rate of taxation	(183)	(129)
Costs not chargeable to corporation tax	183	129
	-	-
Current tax credit for year	-	-
	-	-

Unrelieved management expenses of £976,682 (2009: £879,783) remain available for offset against future taxable profits.

6 Earnings per share

The calculation of earnings per share is based on the net loss for the financial period of £871,000 (2009: loss of £615,000) divided by the weighted average number of shares of 6,612,917 (2009: 6,343,385) in issue during the year. There are no potentially dilutive capital instruments in issue therefore no diluted return per share figures are relevant. The basic and diluted earnings per share are therefore identical.

7 Investments

	2010	2009
Cost	£000	£000
As at 1 March 2009	4,038	4,032
Purchases at cost	166	206
Redeemed / disposed during the year	(228)	(200)
	3,976	4,038
As at 28 February 2010	3,976	4,038

Oxford Technology 2 Venture Capital Trust plc

7 Investments (continued)

Revaluation

As at 1 March 2009	(859)	105
Revaluation movement	(639)	(964)
As at 28 February 2010	(1,498)	859
Net book value		
As at 1 March 2009	3,179	4,137
As at 28 February 2010	2,478	3,179

Details of unlisted investments in which OT2 owns more than 20% are set out below with reference to their most recent published accounts.

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
InaPlex Ltd ¹	Ordinary	21.6	13.3	61	(59)
Orthogem Ltd ²	Ordinary	22.9	8.2	33	(176)

As shown above, certain of the company's unlisted investments entitle the company to more than 20% of the voting rights in the investee company. The Board does not consider that these investments fall within the definition of associated undertakings since the company does not exercise significant influence over the operating and financial policies of the investee companies.

Most recent published accounts:

1. For the year ended 30 September 2008.
2. For the year ended 31 December 2009.

8 Debtors	2010	2009
	£000	£000
Prepayments and accrued income	2	2
	2	2
9 Creditors: amounts falling due within one year		
	£000	£000
Other creditors	12	6
Directors Fees Accrual	1	53
	13	59
10 Share capital	£000	£000
Authorised		
10,000,000 ordinary shares of 10p each	1,000	1,000
Allotted, called up and fully paid		
6,634,582 (2009: 6,374,602) ordinary shares of 10p each	663	637
	663	637

Oxford Technology 2 Venture Capital Trust plc

11 Reserves

	Share Premium Account	Revaluation reserve £000	Profit and loss account £000
At 1 March 2009	217	239	2,362
(Loss) for the period			(871)
Unrealised (losses)/gains		(852)	852
Issue of share capital	122		
Cost of share issue	(9)		
Transfer between reserves	-	212	(212)
As at 28 February 2010	330	(401)	2,131

12 Reconciliation of movements in shareholders' funds

	2010 £000	2009 £000
Result for the period	(871)	(615)
Issue of share capital	148	258
Cost of share issue	(9)	(4)
Dividends paid	-	(287)
Net (decrease) in shareholders' funds	(732)	(648)
Shareholders' funds at beginning of year	3,455	4,103
Shareholders' funds at end of year	2,723	3,455

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

	2010 £000	2009 £000
Operating (loss)	(871)	(615)
Unrealised loss on investments	852	964
Realised (gain)/loss on investments	(68)	(378)
(Decrease) in creditors	(46)	(57)
Decrease/(increase) in debtors	-	-
Net cash outflow from operating activities for the year	(133)	(86)

14 Financial instruments

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

15 Capital commitments

The company had no commitments at 28 February 2010 or at 28 February 2009.

16 Contingent liabilities

The company had no contingent liabilities at 28 February 2010 or 28 February 2009.

17 Post Balance Sheet Events

After the year end, the Company raised equity by the issue and allotment of ordinary shares of 10 pence each ("Shares"). 138,691 Shares were allotted at 41pence on 1 April 2010. An aggregate of 14,097 of these Shares were allotted to Directors. A further 19,650 Shares were allotted at the same price on 26 April 2010. None of these Shares were allotted to Directors. The issue of these Shares is a post balance sheet event and is not reflected in the Net Asset Value figures. This will enable the Company to offer modest support to its investee companies in their additional fundraising rounds.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Oxford Technology 2 Venture Capital Trust plc will be held at the Magdalen Centre, Oxford Science Park, Oxford OX4 4GA at 12.00 noon on Thursday 15 July 2010 for the following purposes:

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

- (1) That the report and accounts for the period to 28 February 2010 be approved.
- (2) That Mr Michael O'Regan who retires at the Annual General Meeting by rotation in accordance with Article 139 of the Company's Articles of Association, be re-appointed as a Director.
- (3) That Mr Richard Vessey, who retires at the Annual General Meeting by rotation in accordance with Article 139 of the Company's Articles of Association, be re-appointed as a Director.
- (4) That James Cowper LLP, Chartered Accountants, be re-appointed as Auditors and that the Directors be authorised to determine their remuneration.
- (5) That the Directors' remuneration report be approved.
- (6) That the Company is generally and unconditionally authorised (pursuant to Article 23 of the Company's Articles of Association) to make market purchases (within the meaning of s693(4) of the Companies Act 2006 ("the Act")) of ordinary shares of 10 pence each in the share capital of the Company ("Shares") provided that:
 - (a) the maximum number of Shares hereby authorised to be purchased is 500,000 (representing approximately 7.5 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 NAV per share (exclusive of expenses).

This authority shall expire at the Company's annual general meeting in 2011. Pursuant to s701(6) of the Act, the Company may make contracts for the purchase of Shares which would or might be executed wholly or partly after the expiry of the time limit referred to above.

- (7) That the company continue in being as a Venture Capital Trust.

By Order of the Board
James Gordon

Notes:

- (1) A member who is entitled to vote at this meeting is entitled to appoint one or more proxies to attend and, on a poll, vote on his/her behalf. Such a proxy need not also be a member of the Company. To be valid, a proxy card must be lodged with the Company's Registrar, Capita Registrars plc, c/o Oxford Technology 2 VCT plc, Magdalen Centre, Oxford Science Park, Oxford OX4 4GA at least 48 hours before the meeting. A proxy card for use by members is attached. Completion of this proxy card will not prevent a member from attending the meeting and voting in person.
- (2) No director has a contract of service with the Company.



Oxford Technology 2 Venture Capital Trust plc
Form of Proxy
for the Annual General Meeting convened
for 12.00 noon on Thursday 15 July 2010

I/We
 (BLOCK LETTERS)

of

being a member of Oxford Technology 2 Venture Capital Trust plc (“the Company”) hereby appoint the Chairman of the meeting or (note 2) as my proxy to vote for me/us on my/our behalf at the annual general meeting of the Company to be held on Thursday 15 July 2010 and at any adjournment thereof.

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

	Resolution No.	For	Against	Withheld
1.	Approval of accounts.			
2.	Re-appointment of Mr Michael O’Regan as Director.			
3.	Re-appointment of Mr Richard Vessey as Director.			
4	Approval of the appointment of James Cowper LLP and authorisation of Directors to fix remuneration.			
5.	Approval of the Directors’ remuneration report.			
6.	Approval of authority to make purchases of own shares.			
7.	Company to continue as a Venture Capital Trust.			

Date thisday of....., 2010

Signature.....

Notes

1. Please indicate how you wish your vote to be cast. If you do not indicate how you wish your proxy to use your vote on any particular matter, the proxy will exercise his discretion both as to how he votes and as to whether or not he abstains from voting. The proxy will act as he thinks fit in relation to any other business arising from the meeting (including any resolution to adjourn the meeting).
2. If you prefer to appoint some other person or persons as your proxy, strike out the words “the Chairman of the Meeting or ”, and insert in the blank space the name or names preferred and initial the alteration. A proxy need not be a member of the Company.
3. The ‘Vote Withheld’ option is to enable you to abstain on any particular resolution. Such a vote is not a vote in law and will not be counted in the votes ‘For’ and ‘Against’ a resolution.
4. If the member is a corporation, this Form of Proxy must be executed either under its common seal or under the hand of an officer or attorney duly authorised in writing.
5. To be effective, this Form of Proxy must be completed, signed and must be lodged (together with any power of attorney or duly certified copy thereof under which this Form of Proxy is signed) with the Company’s registrars, Capita Registrars plc, c/o Oxford Technology 2 Venture Capital Trust plc, Magdalen Centre, Oxford Science Park, Oxford OX4 4GA, not less than 48 hours before the time appointed for the meeting.

Fold 1



Fold 2

PLEASE
AFFIX
STAMP
HERE

**Capita Registrars plc
c/o Oxford 2 Technology VCT plc
Magdalen Centre
Oxford Science Park
Oxford OX4 4GA**

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



Fold 3

Company Information

Directors

John Jackson (Chairman)
Richard Vessey
Lucius Cary
Michael O'Regan

Investment Manager and Registered Office

Oxford Technology Management Ltd
Magdalen Centre
Oxford Science Park
Oxford OX4 4GA

Secretary

James Gordon

Solicitors

Gordons Partnership LLP
22 Great James Street
London WC1N 3ES

Registrars

Capita Registrars
Northern House
Woodsome Park
Fenay Bridge
Huddersfield
West Yorkshire HD8 0LA

Auditors & VCT Compliance Advisers

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

Brokers

JP Morgan Cazenove
20 Moorgate
London EC2R 6DA

Company Registration Number: 3928569