ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 30 APRIL 2008

POLAR CAPITAL TECHNOLOGY

POLAR CAPITAL TECHNOLOGY TRUST PLC

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HIGHLIGHTS

FINANCIAL

	Year ended 30 April 2008	Year ended 30 April 2007	Movement %
Net assets per ordinary share	226.72p	239.66p	(5.4)
Price per ordinary share	190.75p	228.00p	(16.3)
Total net assets	£300,425,000	£335,498,000	(10.5)
Shares in issue	132,508,914	139,990,821	(5.3)

INDEX CHANGES OVER THE YEAR ENDED 30 APRIL 2008 (TOTAL RETURN)

	Local Currency %	Sterling Adjusted %
Benchmark		
Dow Jones World Technology	0.5	1.5
Technology Indices:		
NYSE Arca Technology 100	(5.6)	(4.7)
MS Eurotec (based in US dollars)	(17.3)	(16.5)
FTSE Techmark 100	–	(2.6)
Tecdax	(4.6)	9.8
Tokyo SE Electronics	(18.7)	(6.1)
MSCI AC Asia Pacific ex Japan Information Technology	7.9	9.0
Market Indices:		
FTSE World	–	1.0
S&P 500 Composite	(4.7)	(3.8)
FTSE All-Share	–	(4.3)
FTSE World Europe (ex UK)	–	1.5
Tokyo SE (Topix)	(18.8)	(6.3)
FTSE World Pacific Basin (ex Japan)	–	17.3

EXCHANGE RATES

	30 April 2008	30 April 2007
US$ to £	1.9806	1.9999
Japanese Yen to £	206.99	238.99
Euro to £	1.2721	1.4653

CHAIRMAN'S REPORT

Review of the year

The last year has been an exceptionally challenging period for investors, one which although disappointingly short of returns proved to be packed with drama.

In recent years financial markets have been permeated by excessive greed and risk-taking. The most damaging manifestation of this has been the extraordinary levels of leverage assumed by apparently respectable financial organisations and the degree of speculation evident in the real estate markets in certain countries. What began as a basic credit shock in the US sub-prime lending market became greatly amplified by heavy balance sheet leverage in the asset securitisation markets, and then developed into a global liquidity crisis due to these markets' dependence on short-dated funding.

The ensuing debacle has generated losses on a scale not seen since the US savings and loan crisis of the early 1990s. Hundreds of billions of dollars have been written off, greatly eroding the capital base of the banking system and forcing unprecedented action by the US Federal Reserve to stave off a catastrophic failure of confidence. There is now some evidence that this action has been successful, at least in the shorter term, but the longer term consequences of these policies are yet to be realised.

The credit crisis unfolded against the backdrop of 1970s-style commodity price inflation. This has resurrected fears of accelerating inflation while also risking a deflationary shock through the impact of high oil prices on consumers' disposable income. In view of the sheer scale of these issues, it is perhaps surprising that the FTSE World Index, which is a general market index, managed to close April 2008 1.0% higher than a year earlier. At its worst the index had fallen 15.3% from its October high but, over the last six weeks, a recovery has accompanied a diminution in the very palpable sense of fear evident in the first quarter of 2008.

Technology investing

Over the year, the technology sector was subject to a number of cross currents. Early in the financial year, robust demand (particularly from the emerging economies), a number of strong product cycles and evidence of much improved management had reignited investor interest and lent support to our belief in the emergence of a new technology cycle. However, fears of a slowdown in the global economy and of a recession in the USA overwhelmed these positive influences once the credit crisis broke. As a result, the Dow Jones Global Technology Index gave up the vast majority of its earlier outperformance and ended the year ahead by just 1.5% in Sterling terms.

Your company's net assets per share lagged behind the Dow Jones Global Technology Index, falling by 5.4% over the year. This underperformance resulted from a number of factors. First, we experienced a very weak first half as a consequence of a poorly timed commitment to the semiconductor production equipment sector in Asia. This sector suffered both from recessionary fears and from component manufacturers' success in reducing the capital intensity of their operations. Secondly, the diversification of our US portfolio restricted performance in a year of exceptionally narrow leadership by very large cap technology companies. Finally, European technology stocks and in particular smaller companies struggled. As agreed with the Board a number of changes were made by our manager to the management of the portfolio last Autumn, including tighter risk controls on the Asian and European portfolios and a greater emphasis on larger US companies. The second half year saw a material improvement in relative performance even though absolute performance suffered from the recessionary fears prompted by the credit crisis. Nevertheless much remains to be done to restore our historic record of outperformance.

Following the recent recovery in markets, better than expected first quarter corporate earnings and some signs of improving confidence, it is pertinent to consider whether the worst of the crisis is behind us. The market at mid March 2008 had a number of the characteristics of an important low, in particular the degree of fear evident amongst investors. It is not unusual for the lows in a bear market to be seen relatively early and to be followed by an extended period of volatile, sideways movement. The Federal Reserve's rescue of Bear Stearns has removed the likelihood of systemic failure while the dramatic cuts in interest rates and the Federal Reserve's extension of the discount window has resulted in a significant injection of liquidity into markets. This was followed by substantial tax rebates to US consumers. China, India and many other developing economies continue to grow rapidly while renewed corporate activity suggests that technology insiders see value in today's equity markets. However, sceptics would rightly point out that crises of such magnitude are rarely resolved so quickly, particularly so if one of the primary factors behind the crisis – falling real estate prices – remains in force. Moreover, commodity price inflation is running at very elevated levels at the same time as the disinflationary impact of cheap Chinese production is beginning to fade.

Outlook

Our instinct is to believe that many of the secondary effects of the credit crisis have yet to be felt and recovery is likely to be slow. Although some developing economies may be able to ride out the recent shocks with only a limited impact on growth, many western consumers have sustained spending levels only with the assistance of a huge reduction in savings, heavy borrowing and a buoyant property market. With none of these factors likely to be supportive for many years to come, consumption has to slow. The credit multiplier is likely to shrink and the ensuing process of deleveraging will take time and will inevitably result in slowing economic and corporate earnings growth.

Against such a backdrop, equity markets may, for a time, stagnate. However, it is important to remember that stock markets are not homogeneous. Just as the period from 2000 witnessed the collapse of the "Technology, Media and Telecoms" stocks at the same time as emerging markets flourished and financial shares soared, so the next five years will probably see a significant divergence in returns. Although technology spending will certainly be impacted by macroeconomic weakness, the sector is coming off a muted spending cycle with low inventories. Moreover, many technology companies are beneficiaries of a weak dollar, are cash rich and sell products that materially enhance productivity. In an environment where corporate earnings growth is muted, such products are likely to be in demand. The earnings growth that many companies in the technology industry can offer should stand out over the years ahead and may help to lift the sector's relative valuation. While a recession in the USA might delay a new technology cycle, it will not derail it. Consequently, our enthusiasm for the sector remains undimmed notwithstanding the challenging equity markets that may lie ahead.

Share buy backs

Volatility in equity markets was accompanied by a general widening in investment trust discounts over the period. We decided to take advantage of this development by increasing our share repurchases. Over the financial year, we bought back for cancellation 7,481,907 shares at a median discount of approximately 12.5%. This had the effect of increasing our net asset value per share by 0.7%. We are seeking to renew our authority to repurchase shares at the annual general meeting.

AGM

We will be holding the AGM this year at the Royal Automobile Club on 31 July 2008 at 12.30pm. The formal notice of meeting is in a separate document which provides further information on each of the resolutions being proposed. The implementation of the Companies Act 2006 requires us to adopt new Articles of Association which are fully explained in the Notice of Meeting document. Unfortunately the method of implementing the new Companies Act means that the Articles will again need amendment at next year's AGM. I look forward to welcoming shareholders to the meeting and would draw the attention of any shareholder planning to attend to the dress code for the RAC club which is set out on the front of the Notice of Meeting.

Richard Wakeling
12 June 2008

INVESTMENT MANAGER'S REPORT

OVERVIEW

Having made further gains during the first half of the year, global equities experienced a serious setback between October and February before recovering their losses in the (fiscal) year end rally. Headline returns may intimate an uneventful twelve months – the FTSE World Index rose 1.0% in Sterling terms – but this could not be further from the truth. A solid start to the year reflected buoyant global growth and continued private equity activity. However, by early summer markets began to falter as US housing weakness became manifest; rising delinquencies not only impacting sub-prime debt but meaningfully impairing the appetite for high yield paper. A 'log-jam' at the investment banks effectively ended the private equity / financial buyer phenomenon that had seemingly underpinned markets. By the end of summer, sub-prime contagion had begun to create a number of unusual imbalances elsewhere in the financial system.

With the so-called 'carry trade' unwinding, and LIBOR spreads reflecting growing mistrust amongst the banks themselves, equities bore the brunt of rising risk aversion. Reminiscent of the 1930s, images of UK savers rushing to withdraw money from Northern Rock hardly instilled confidence. However in September stocks staged a powerful rally that took many indices back to highs as a number of central banks responded to the growing crisis by cutting interest rates. Having hoped that a US recession would be averted by decisive action by the Federal Reserve, a myriad of negative macroeconomic data in January meaningfully increased the risk of recession. Together with sharply higher energy prices and a growing sense that the Federal Reserve was 'behind the curve', stocks made a dreadful start to the calendar year. Forced selling in credit markets resulted in spreads expanding well beyond fundamentals which in turn fuelled concerns of potential systemic failure reflected by Treasury bond yields falling to their lowest level since 2002.

However, decisive action (a 1.25% interest rate cut) post the revelation of the largest trading fraud in history and the orchestrated rescue of Bear Stearns made it clear that the US Federal Reserve was prepared to become the 'buyer of last resort' in order to arrest the downward spiral that was beginning to threaten not only the economy but the system itself. This happened at a time when investor sentiment was plumbing depths last recorded in the early 1990s; true to form the market did what it always does – delivered the most pain to the most people – rallying through fiscal year end leaving the FTSE World Index 1.0% ahead in Sterling terms. However this modest loss masked a considerable divergence in regional returns; whilst US returns were broadly inline with the UK (-c.6-7%), European and Japanese markets meaningfully underperformed with the Bloomberg (pan) European index falling by 15.7% and Topix declining 18.8%, although these negative returns were ameliorated by positive currency moves. Stand-out performance came from Asia ex Japan as investors continued to pour money into emerging markets, the FT World Pacific Basin ex Japan index rising 17.3% in Sterling terms over the period.

Technology sector returns outpaced marginally the broader market, the Dow Jones World Technology Index rising 1.5% in Sterling terms over the period. This outperformance was generated during the first half of the fiscal year as US growth began to decelerate. As investors rotated away from sectors directly impacted by the unfolding credit crisis, the technology sector became perceived as relatively defensive due to its international exposure, and its net-cash position. As such the October sell-off left the sector relatively unscathed until a disappointing quarter from technology bellwether Cisco Systems in November meaningfully challenged the sector's newly acquired 'safe-haven' status. The adverse sector rotation that followed saw stocks fall precipitously (the Dow Jones World Technology Index falling 23% from its October highs) before the sector staged a better-than-market recovery post February.

Unfortunately our performance trailed the Dow Jones World Technology Index by a disappointing 7.0% in Sterling terms. On a regional basis, returns were extremely unevenly distributed, with the US the only major market where technology outperformed broader indices and generated positive returns. This significantly impacted our performance given that we have traditionally had c.60% exposure to North America as compared to in excess of 70% for the index. By extension, our overweight weightings in both Europe and Japan proved costly, despite currency offsets. At the sector level, we were negatively impacted by an overweight semiconductor view that proved particularly deleterious in Japan whilst in Europe solid individual stock performances were offset by underexposure to renewable energy. On a positive note, we added value by raising cash in December and January which helped lessen the impact of the first quarter sell-off, and by paring our exposure to smaller companies which meaningfully underperformed during the year.

Outlook

The combination of a slower US economy, soaring energy prices, rising headline inflation and tightening credit conditions certainly does not appear to auger well for equity returns. However, on reflection risk-reward is more evenly balanced than it might initially appear. Whilst it is true that US growth has slowed materially, global GDP growth remains estimated at 3.7% for 2008 (source: IMF) due to US tax rebates, a resilient Eurozone economy and strong emerging market growth. Although there exists downward risk to these estimates, moderating core inflation should afford central banks the ability to lower interest rates should growth falter. Other sources of liquidity also remain supportive, including high levels of institutional cash and strong corporate cash flows (which are being used on stock buybacks and corporate M&A).

Whilst current earnings expectation appear subject to downward revision the fact that equities entered into the decline at historically low forward P/E multiples certainly captures some of this risk. Whilst valuations are particularly attractive in Europe and Japan, our preferred regions for the coming year are the US, where the worst of the credit crisis appears behind us and the currency looks undervalued, and Asia ex Japan due to a superior growth profile. Despite this relatively sanguine view, we do not expect stocks to return to highs in the short-term; having decisively broken a number of multi-year uptrends earlier this year markets will most probably range-trade before moving higher later in the year. In the near-term, stock specific risk will remain elevated and overall progress will inevitably be punctuated by periods of market weakness.

Against a backdrop of slowing growth we expect the technology sector to outpace the broader market due to a superior earnings profile, undemanding relative valuations and strong balance sheets. Whilst it is true that the sector empirically performs poorly during recessionary environments – a key reason why the sector was so hard hit during the correction in the first quarter of 2008, – there are a number of reasons why technology spending should prove more robust during the current down cycle. The capital discipline that has dominated the corporate psyche following the 1990s spending frenzy has resulted in one of the more lacklustre capital spending expansions on record. As a result we believe that once the current economic weakness is behind us we should see a sustained recovery in technology investment reflecting aging capital stock, compelling new technology and diminishing returns associated with global labour outsourcing.

Of course, we acknowledge that there are a number of risks that could undermine our constructive view. Many of these (like last year) are macro-economic related and pertain to the risk posed to the US economy by ongoing housing weakness, higher energy prices and rising unemployment. Furthermore, whilst a number of the dislocations that drove equities lower have alleviated, the failure of credit markets to normalise would stymie the impact of more accommodative monetary policy. However, in our opinion the principal risk to financial markets remains resurgent core inflation which would likely result in a meaningful contraction in price/earnings ratios.

US

The US market made good progress early in the year until fears of sub-prime contagion led to a summer sell-off which was arrested by rate cuts in August (Discount) and September (Fed Funds) which heralded the end of the interest rate cycle. The rally that followed saw US equities make new highs in October before they were hit by credit market related forced-selling, deteriorating consumer confidence and rising risk aversion. The correction left stocks 17% off their highs before decisive Federal Reserve action in the form of lower rates, the introduction of the Primary Dealer Credit Facility and the orchestration of the JP Morgan takeover of Bear Stearns coalesced with a crescendo of negative sentiment which saw stocks rally sharply from their March lows, leaving the S&P 500 just 4.7% lower for the fiscal year in local currency, and 3.8% lower in Sterling terms.

As it became apparent that US growth was slowing, and that financial buyers would no longer be able to enjoy unfettered access to LBO capital, investors began to rotate away from value / leverage in favour of secular growth, international exposure and balance sheet strength. As a result, the technology sector meaningfully outperformed during the first half of the financial year before a disappointing third-quarter earnings report from Cisco Systems and a couple of other technology bellwethers challenged the 'safe haven' thesis that had driven sector outperformance. This continued into the first quarter of 2008 as technology stocks recorded their worst start to a calendar year for three decades as spiking risk aversion / recession fears resulted in pronounced adverse sector rotation. A better than expected first quarter earnings season combined with a market rally post February saw the technology sector close out the year on a positive note, the Morgan Stanley Technology Index falling 3.0% in local terms over the year as compared to the 4.7% decline in the S&P 500.

Just as regional returns were unevenly distributed over the past year, so US technology returns were skewed by large-cap technology companies outpacing small caps by an astonishing 16% over the year (as measured by the relative performances of the Russell 1000 and the Russell 2000 technology indices). Whilst we meaningfully pared back our small-cap exposure, large-cap outperformance (driven by liquidity preference, and the weak US Dollar) still detracted from performance as we structurally favour next-generation companies. At the sector level, our overweight semiconductor position modestly detracted from performance as the subsector underperformed due to its lack of exposure to the weak Dollar (semiconductor sales are conducted in US Dollars so overseas earnings do not benefit from positive currency translation) and inventory draw-downs at a number of key manufacturers. At the stock level, the portfolio benefited from strong returns from a number of stocks highlighted in last year's report including Google (+22%), Concur Technologies (+86%) and Ultimate Software (+19%) together with a number of other outstanding performances from the likes of Research in Motion, Salesforce.com and Intuitive Surgical.

Outlook

Despite the fact that news flow is likely to remain negative for some time, we believe that the next twelve months should see US equities rally from current levels, with technology stocks outperforming. Clearly the US economy is slowing – in the first quarter of 2008 sales to domestic purchasers contracted for the first time since 1991 – but strong export growth has helped offset the drag associated with housing. With $160bn of tax rebates in May, this could add as much as 1% and 2% respectively to second and third quarter GDP, which should be sufficient to avert a recession. This outcome is predicated on core inflation remaining benign. Whilst we are mindful of rising headline inflation (driven by food and energy prices) we expect that the weaker employment backdrop will likely prevent meaningful upward wage pressure.

With core inflation in check, the Federal Reserve has been able to take the necessary actions to arrest the downward spiral in the financial system represented by illiquidity and forced de-leveraging. So much so that today the risk of another run on a major bank looks low. Whilst there will be more losses, write-downs and recapitalisations, many commentators now believe that the worst of the credit crisis is over; less systemic risk going forward should support equity valuations which already look favourable relative to history, bonds, property and credit. In addition, monetary policy is likely to remain accommodative for some time with the forward curve currently pricing in early 2009 for the first rate hike, whilst strong corporate balance sheets and cash flows are likely to fund stock buy-backs and trade M&A.

Although the past year has yet to really validate our view, we continue to believe that we are in the early stages of a new technology cycle that should drive relative sector outperformance, and in due course marked divergence in the performance of legacy incumbents and next generation winners. At the heart of our view is a superior earnings outlook (after an indifferent 2005 and a poor 2006); according to consensus expectations, technology sector earnings should outpace the broader market this year and next, driven by robust demand trends, lack of exposure to financial weakness and the benefits of a weak US Dollar. With the sector trading at 1.2 times the prospective broad market multiple (giving no credit to vastly superior balance sheets) there is little risk of a meaningful de-rating although earnings expectations will need to be reset to account for a slower global growth environment.

Having made the fortuitous decision during the second half of 2007 to increase our US large-cap exposure, we anticipate that breadth will improve once markets and sentiment normalise. Furthermore, once the foreign currency tailwinds associated with the weak US Dollar begin to abate, potentially as early as the third quarter of 2008, we intend to pare back our large-cap exposure in favour of more domestically oriented, next-generation companies. A number of questionable M&A announcements, including Hewlett-Packard's acquisition of EDS, and the attempted takeover of Yahoo! by Microsoft serve to remind us why we have a structural dislike of incumbent technology companies when a new cycle is commencing. That being said, we anticipate that corporate M&A will continue to feature as incumbent / architecturally challenged companies use current cash flows to acquire future growth.

That this form of M&A is happening today is succour to our view that the new technology cycle is being driven by the Internet as a delivery mechanism. The communication overbuild of the last decade has resulted in unprecedented levels of cheap and plentiful bandwidth which has driven extraordinary traffic growth. At the most basic level, this growth in IP (Internet Protocol) traffic is resulting in renewed demand for Internet infrastructure such as routers (supplied by the likes of Cisco Systems and Juniper Networks) which rely on semiconductors from Cavium Networks and Netlogic Microsystems to route data packets.

The availability of cheap bandwidth is also having a profound impact on IT architectures, which have traditionally been based on Local Area Networking (LAN) where information is both stored and processed locally. Growing confidence in the Internet as a platform is beginning significantly to undermine the LAN; the ability to communicate instantaneously across the Internet is allowing companies to consolidate their data centers by adopting virtualization software that results in better utilization of existing capacity and significantly reduced labour cost. Companies that help ensure the resilience of the Internet such as F5 Networks should continue to benefit from this architectural shift.

Whilst bandwidth cost was one of the key bottlenecks to the development of the Internet, the other missing ingredient was the development of new applications. If the first generation of online companies were frequently based on simply replicating offline businesses, the current generation are finally using the Internet to deliver innovative applications that did not previously exist or were previously uneconomic. The spectacular success of Google reflects the growth of online advertising by customers with insufficient budgets to access traditional advertising channels.

In the software space, the advent of 'software as a service' (SaaS) is beginning to encroach on the traditional licence model. Unencumbered by a need to defend an outdated business model, a number of upstarts such as Salesforce.com, Concur

Technologies and Ultimate Software are truly disruptive companies. In addition to undermining a number of existing franchises, they are helping expand the addressable market by removing the upfront costs (and associated risks) related to the old model, thus making it possible for small and mid-sized companies to adopt enterprise-class software.

The virtuous cycle of traffic growth and new application development that is playing out across the wired Internet is finally beginning to happen in the wireless world. After the infamous spectrum auctions of the late 1990s, mobile data comprehensively failed to materialize due to the same bottlenecks that had once held back broadband. However, the phenomenal success of both Research in Motion's Blackberry and Apple's iPhone reflect the fact that these headwinds are abating. Based on the data usage of smart phone users today, we expect explosive growth in both devices and wireless traffic over the coming years which should benefit the aforementioned smart phone makers, together with the likes of HTC (private label maker of smart phones), Qualcomm (wireless IP and chipsets) and American Tower (wireless infrastructure).

In addition to these broadband-related drivers, the technology sector is also benefiting from an entirely unconnected secular theme, namely 'environmental technology' which encompasses both the production of alternative energy (solar, wind, nuclear, biofuels) and efforts to improve the efficiency of existing solutions. With less than 1% of global electricity production coming from renewables (excluding hydropower) we believe that climate change represents one of the biggest investment opportunities of the 21st century. Whilst solar power is today reliant on subsidies, we believe that the industry will get to grid parity ahead of schedule; our investments in the space include First Solar (leading thin-film cell maker) and Q-Cells in Germany. Other areas of interest include LED lighting, reducing transmission losses and smart meters.

EUROPE

Over the last 12 months the performance of European stock markets has reflected widespread global financial turbulence and economic unease, the Bloomberg (pan) European 500 Index falling 15.7% in Euro terms over the period. The markets reached new nine year highs as recently as July 2007 and traded within 10% of these levels through the remainder of the calendar year. However, from January until March 2008, as the weakness of the US economy and the ramifications of the credit crunch became clear, the Index fell 20%. A strong rally in April of just under 11% partially mitigated this decline.

The underlying economies of Europe have shown various levels of resilience to US troubles. Calendar 2007 saw continued healthy economic growth led by exports, particularly to developing countries, and strong corporate investment. A continuation of these trends and consumer resilience have led to above trend economic growth in France and Germany so far in 2008. However, a definite slowdown is now occurring in those countries (the UK, Spain, Ireland and Italy) with US style economic imbalances generated by cheap money. The effects of the slowdown are mainly being seen in consumer sectors, housing and retail.

Looking forward to next year, economic risk remains most definitely to the downside. Consumers will remain constrained by tight credit conditions, the high price of food and oil and a weak housing market. Corporates have to struggle with weaker demand, strong currencies (with the Euro 14.5% higher than a year ago) and tighter credit. Central banks, meanwhile, have little ability at present to cut rates with inflation well above targeted levels.

At a micro level, companies' earnings momentum, which has driven markets higher over the last three years, has begun to reflect the economic weaknesses outlined above. The well-documented problems in the financial sector have already spilled into construction and are beginning to be felt by companies that are affected by consumers' discretionary spending such as retailing. Yet companies reliant on corporate spending, in particular from high growth developing economies, have seen revenue growth continue into Q1 2008 and profitability hit new heights, driven by lean cost structures, restrained salary rises and a benign pricing environment.

Impressive results left stock markets looking relatively cheap at the time of the March lows and this prompted the strong April rally. Furthermore attractive valuations coupled with strong corporate balance sheets have led to an acceleration of acquisitions by trade buyers, particularly in the technology sector.

Performance at a sector level has been very diverse. Out-performance has been led by commodity related sectors while under-performance has been marked in all consumer cyclicals, as well as media and most importantly technology shares. Yet under further analysis, this under-performance has been largely confined to large companies within the Eurotec Index (down 27.4% in Euro terms over the period). The mid cap indices represented by Techmark in the UK and TechDax in Germany declined by a mere 2.6% and 4.6% respectively.

In respect of sector growth, just as last year, internet-related companies, specialist software and renewables continued to do well. Similarly, having seen their value collapse in the latter half of 2007 as investor appetite for risk plummeted, UK small cap shares have performed better in 2008, largely driven by value investors and/or increased M&A activity. Another area of intense takeover activity has been software, with Business Objects, Fast and Telelogic (all global leaders), being acquired during the year.

The underperformance of larger technology companies can mainly be explained by poor financial performance. In communications equipment, revenues and margins for Alcatel and Ericsson continued to decline as a result of Chinese-led price competition. Semiconductor companies were hit hard by their (currency related) lack of competitiveness coupled with weak demand. Whilst de-rated software growth names SAP and Dassault stabilised on low valuations, only Autonomy and Nokia out-performed the market (although the latter has slid during the past three months on fears of slowing growth).

Within the portfolio, we continued to benefit from our low exposure to large capitalisation companies. In addition, a number of our core growth names performed well, including Aveva, NDS and Fresenius. New additions to the portfolio included Wirecard (an internet payment company), Gamesa (manufacturer of wind turbines) and Q-Cells (manufacturer of solar cells). These "renewables" holdings were added when the sector pulled back in early 2008.

However, overall performance was negatively affected by our holding in Soitec, a semi conductor company, whose largest customer reduced orders, as well as by our only modest exposure to renewables during the earlier part of the financial year.

ASIA

Asian investors have long been used to the volatility inherent in high-amplitude economic cycles and the vagaries of fund flows. Nevertheless, last year will go down as an unusually torrid and testing time. The fact that the epicentre of the housing market and financial system crises was actually concentrated in the US (and Europe) provided the region with little shelter from the storm. Indeed, in many ways the Japanese market was the surprise victim despite having a credible prior claim to being most remote. Having battled through the after-effects of its own debt fuelled asset bubble for most of the last fifteen years, sub-prime lending and speculative property investment are the last thing that anyone needs to worry about in modern day Japan.

In reality, of course, the linkages are rather more than mere irony, given that ultra-low Japanese interest rates designed to invigorate a moribund domestic economy have instead helped fuel an enormous accumulation of leverage globally. The unwinding of these capital flows (primarily via the Yen carry trade) has been sporadic but very abrupt, and this uncertainty weighed heavily on a market already desperately short of new marginal buyers. It would be disingenuous, however, to suggest that Japan was merely the victim of external factors; there was also a tangible slowing in the momentum of the domestic reflation story we've detailed in previous years. Simply put, record corporate profitability has come at the expense of wage growth and this in turn has stymied any nascent recovery in domestic consumption. The absence of inflation has certainly not helped, as it may have provided the conduit necessary to 'oil the wheels' of this process. The good news on this point, however, is that inflationary expectations do appear to have started to rise steeply and this is potentially a significant positive that will have to be monitored closely going forward.

That being said it was a miserable year for the Japanese equity market, with both Topix and the technology sector finishing down around 19% in local currency terms. Whilst this was ameliorated somewhat by the Yen strengthening against Sterling by 13.6%, the fact remains that it was a painful period in which to be fully invested in Japan both in absolute and relative terms.

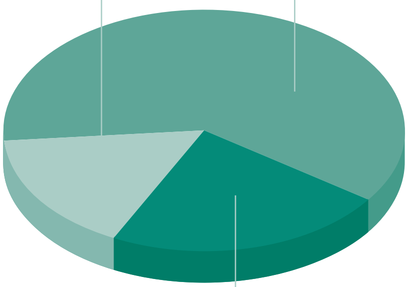
In contrast, the performance of other Asian markets was generally much more positive, with the broad FTSE World Pacific Basin ex-Japan index gaining a full 17.3% in Sterling terms. The difference here was that the very powerful domestic growth dynamic remained to the fore, especially in the key countries of China and India. For those sectors linked more directly to the fortunes of the rest of the world, however, the story was altogether less exciting. Unfortunately, in aggregate, this also still includes the majority of technology companies, as the +9% return (Sterling terms) in the MSCI Asia-ex Japan Information Technology index duly confirms.

Turning more specifically towards the portfolio, you will recall that we entered last year with a very upbeat prognosis on the semiconductor capital equipment sector in particular. This was premised on an end to the extreme capital expenditure discipline witnessed in the industry over the prior six years. Whilst we were broadly correct in calling both the timing and direction of a fundamental bottom in the cycle, we had anticipated a much more sizeable upturn in orders than that which transpired in reality. As a consequence, the heavy investments we made in this area – notably Tokyo Seimitsu and Advantest in Japan – underperformed significantly. Moreover, the impact was compounded by not owning enough companies benefiting from the primary trends in the region such as the growth in telecom/internet infrastructure in China for example. It has, therefore, been a very painful lesson in the merits of cyclical versus secular growth, but one which we have now fully taken on board.

Indeed, if we may be allowed to finish on an upbeat note, in our opinion there is no more compelling secular growth story than that offered by the solar power industry. We have highlighted this in previous years but the story continues to get better. The production cost curve of solar cells is now getting tantalisingly close to that of traditional fossil-fuel based power sources in many countries. Crucially this means that within only a few more years the industry will not need the bridging support of government subsidies to make economic sense. Of course the environmental benefits are already unequivocal so once the profit motive is fully unleashed as well, then the resulting demand explosion should continue to endure for many years to come. With this prospect in mind, recent months have seen us add materially to our exposure in this area.

PORTFOLIO ANALYSIS

FUND DISTRIBUTION BY MARKET CAPITALISATION AT 30 APRIL 2008



CLASSIFICATION OF GROUP INVESTMENTS AT 30 APRIL 2008

	North America %	Europe %	Asia %	Total 30 April 2008 %	Total 30 April 2007 %
Computing	18.2	0.6	4.5	23.3	14.6
Components	9.5	2.2	4.3	16.0	31.1
Software	17.3	2.3	–	19.6	17.4
Services	1.2	2.1	–	3.3	5.8
Communications	6.8	2.6	1.9	11.3	6.9
Life Sciences	3.7	1.8	–	5.5	8.4
Consumer, Media & Internet	4.6	1.3	–	5.9	3.4
Other Technology	1.8	3.8	3.7	9.3	15.4
Unquoted Investments	0.5	0.3	–	0.8	0.9
Money Market Funds	–	–	–	–	1.0
Total investments	63.6	17.0	14.4	95.0	104.9
Other net assets (excluding loans)	3.4	3.0	6.7	13.1	6.3
Loans	–	–	(8.1)	(8.1)	(11.2)
Grand total (net assets of £300,425,000)	67.0	20.0	13.0	100.0	–
At 30 April 2007 (net assets of £335,498,000)	61.3	24.8	13.9	–	100.0

INVESTMENTS OVER 0.75% OF NET ASSETS AT 30 APRIL 2008

NORTH AMERICA

£'000s			% of net assets
11,719	Google	Internet	3.9 %
9,178	Oracle	Enterprise software	3.1 %
9,115	Apple	Computing	3.0 %
8,404	Research In Motion	Wireless data	2.8 %
8,251	Cisco	Data Networking	2.7 %
8,047	Qualcomm	Wireless IP	2.7 %
6,900	Microsoft	Software	2.3 %
6,488	Intel	Semiconductor manufacturing	2.2 %
6,074	Hewlett-Packard	Hardware	2.0 %
5,127	Corning	Telecom equipment	1.7 %
4,885	Salesforce.com	Software	1.6 %
4,716	IBM	IT services	1.6 %
4,555	Applied Materials	Semiconductor capital equipment	1.5 %
4,314	iShares Nasdaq Biotechnology	Biotechnology	1.4 %
4,162	Adobe Systems	Software	1.4 %
4,059	EMC	Computing	1.4 %
3,956	Altera	Semiconductors	1.3 %
3,724	American Tower	Telecom infrastructure	1.2 %
3,684	First Solar	Alternative energy	1.2 %
3,503	Cognizant	IT services	1.2 %
2,914	Verisign	Internet infrastructure	1.0 %
2,713	Foundry Networks	Networking equipment	0.9 %
2,650	Juniper Networks	Networking infrastructure	0.9 %
2,605	Ariba	Enterprise software	0.9 %
2,522	Vmware	Virtualisation software	0.8 %
2,518	McAfee	Security software	0.8 %
2,450	Network Appliance	Storage hardware	0.8 %
2,437	Phase Forward	Healthcare software	0.8 %
141,670	Total investments over 0.75 %		47.1 %
49,596	Other investments		16.5 %
191,266	Total North American investments		63.6 %

PORTFOLIO ANALYSIS (CONTINUED)

INVESTMENTS OVER 0.75% OF NET ASSETS AT 30 APRIL 2008

EUROPE

£'000s			% of net assets
6,204	Nokia	Telecom equipment	2.1%
3,899	Wirecard	Internet services	1.3%
3,675	Gamesa	Wind turbines	1.2%
3,469	Aveva	Software	1.2%
3,432	SAP	Software	1.1%
3,384	Fresenius Medical Care	Renal care products and services	1.1%
3,105	NDS	Encryption software	1.0%
2,876	ASML Holdings	Semiconductor capital equipment	1.0%
2,757	Q-cells	Alternative energy	0.9%
2,376	Sword	IT services	0.8%
35,177	Total investments over 0.75%		11.7%
16,069	Other investments		5.3%
51,246	Total European investments		17.0%

ASIA

£'000s			% of net assets
7,151	Samsung Electronics	Electricals	2.4%
6,029	Canon	Office automation	2.0%
4,203	Taiwan Semiconductor	Semiconductors	1.4%
4,102	High Tech Computer	Wireless data	1.4%
2,936	Suntech Power	Alternative energy	1.0%
2,274	Renesola	Alternative energy	0.8%
26,695	Total investments over 0.75%		9.0%
16,362	Other investments		5.4%
43,057	Total Asian investments		14.4%

DIRECTORS

CHAIRMAN

R K A Wakeling MA (Cantab), Barrister, FCT (aged 61) + * ^

Appointed to the Board and Chairman in 1996. Formerly chief executive of Johnson Matthey plc 1991-1994 and a non-executive director of Logica plc from 1995-2002. Mr Wakeling is a non-executive director of The Brunner Investment Trust plc.
Mr Wakeling has served on the Board for over 9 years and stands for annual re-election.

DIRECTORS

B J D Ashford-Russell BA (Oxon) (aged 49)

Appointed to the Board in 1996. Mr Ashford-Russell is a director and founder of Polar Capital Partners. He was previously head of the technology team at Henderson Global Investors. He managed the Company from launch until 30 April 2006.
Mr Ashford-Russell has served on the Board for over 9 years and is connected to the investment manager. He stands for annual re-election.

P F Dicks (aged 65) + * ^ #

Appointed to the Board in 1996 and elected Senior Independent Director in 2004. Mr Dicks is Chairman of the Remuneration Committee. He is the Chairman of Private Equity Investor plc and Sportingbet plc as well as a director of several other companies including Standard Microsystems Corporation and Graphite Enterprise Trust plc.
Mr Dicks has served on the Board for over 9 years and stands for annual re-election.

D J Gamble (aged 64) + * ^

Appointed to the Board in 2002. He is Chairman of Hermes Property Unit Trust and Montanaro UK Smaller Companies Investment Trust plc. Mr Gamble is a director of IBM Pension Trustees Ltd., Barrie & Hibbert plc, Vencap International plc, New Star Asset Management Ltd. and Dunedin Enterprise Investment Trust plc. Mr Gamble was Chief Executive of British Airways Pension Investment Management Ltd. until his retirement in 2004.

R A S Montagu (aged 42) + * ^ #

Appointed to the Board in 2007. Mr Montagu co-founded Montagu Newhall Associates in 2000, a specialist investor in technology and healthcare venture capital industries.

M B Moule (aged 62) + * ^ #

Appointed to the Board in 2007. Mr Moule was a director of investment trusts at Henderson Global Investors, where he had been the investment manager for The Bankers Investment Trust plc and Law Debenture Corporation plc until his retirement in 2003. He is a director of Lowland Investment Company plc, Foreign & Colonial Eurotrust plc and Montanaro UK Smaller Companies Investment Trust plc.

The Board considers all Directors, with the exception of Mr Ashford-Russell, independent of the Investment Manager.

+ Member of Audit Committee
* Member of Management Engagement Committee
^ Member of Nomination Committee
# Member of Remuneration Committee

DIRECTORS' REPORT INCLUDING THE BUSINESS REVIEW AND THE REPORT ON CORPORATE GOVERNANCE

The Directors present their Directors' Report including the Business Review and the report on Corporate Governance together with the Consolidated Audited Accounts for the Group compiled under IFRS for the year ended 30 April 2008.

PRINCIPAL ACTIVITIES AND STATUS

The business of the Company is to provide shareholders with access to a discretionary managed portfolio of technology stocks and shares selected on a worldwide basis. The Company's investment portfolio is a "long-only" fund which means that it buys and holds shares to seek appreciation in their value and consequently in the Net Asset Value of the Company.

The Company seeks to manage its portfolio in such a way as to meet the tests set down in Section 842 of the Income and Corporation Taxes Act 1988 and thus retrospectively qualifying on an annual basis as an investment trust. This qualification permits the accumulation of capital within the portfolio without any liability to UK Capital Gains Tax. HM Revenue & Customs approval of the Company's status as an investment trust has been received in respect of the year ended 30 April 2007 subject to matters that may arise from any subsequent enquiry into the Company's tax return. The Directors are of the opinion that the Company has and will continue to conduct its affairs so as to enable the Directors each year to seek approval as an investment trust.

The Company is also an investment company as defined in Section 266 of the Companies Act 1985 and is structured as a public limited company with its shares listed and traded on the London Stock Exchange.

The Company has no employees and the Board is comprised of non-executive Directors. The day to day operations of the Company have been delegated to third parties. The Company has one subsidiary, PCT Finance Limited a wholly owned dealing Company whose results are consolidated with the parent Company.

INVESTMENT OBJECTIVE, POLICY AND STRATEGY

Objective and policy

The Company's investment objective has since formation been, and will continue to be, to maximise long-term capital growth for shareholders through investing in a diversified portfolio of technology companies around the world.

Technology may be defined as the application of scientific knowledge for practical purposes and technology companies are defined accordingly. While this offers a very broad and dynamic investing universe and covers many different companies the portfolio will be focused on technology companies which use technology or which develop and supply technological solutions as a core part of their business models. This includes areas as diverse as information, media, communications, environmental, healthcare and renewable energy, as well as the more obvious applications such as computing and associated industries.

Rationale

The Directors believe that the rationale for this objective continues to be valid. Over the last two decades the technology industry has been one of the most vibrant, dynamic and rapidly growing segments of the global economy. Technology companies offer the potential for substantially faster earnings growth than the broad market, reflecting the long-term secular uptrend in technology spending.

Strategy

The Company invests its technology assets in a portfolio comprised primarily of international quoted equities which is diversified across both regions and sectors within the overall investment objective to reduce investment risk.

Investment approach

Equities are selected on the basis of their potential for shareholder returns, not on the basis of technology for its own sake. Rigorous fundamental analysis is applied with a focus on:

- management quality
- the identification of new growth markets
- the globalisation of major technology trends and
- exploiting international valuation anomalies and sector volatility

Asset allocation

The portfolio is constructed without specific reference to any individual market, index or benchmark and the Board regularly discusses asset allocation. The maximum exposure to any one market may be 100% but the Board has agreed a set of parameters which are based upon current market conditions and provides a range which guides the Investment Manager depending on market conditions and future expectations. The Board believes this provides the necessary flexibility for the Investment Manager to pursue the investment objective, given the dynamic and rapid changes in the field of technology, while maintaining a spread of investments.

As well as the market parameters shown below, the Board also monitors the portfolio's exposure to different sub-sectors within technology and the spread of investments across different market capitalisations. Cyclical changes in markets and new technologies will bring certain sub-sectors or companies of a particular size or market capitalization into or out of favour.

However, the Board expects the investment Managers to consider the composition of the performance fee benchmark and use this to measure performance and analyse under and out performance.

Market parameters

With current and foreseeable investment conditions the portfolio will be invested in accordance with the objective across worldwide markets within the following geographical and markets parameters:

- North America — Up to75% of the portfolio
- Europe — Up to 40% of the portfolio
- Japan and Asia — Up to 55% of the portfolio
- Rest of World — Up to 10% of the portfolio

The Board has set an aggregate limit of 25% of the portfolio that may be exposed to emerging markets (as defined by the MSCI Emerging Markets Index) with specific upper limits for certain countries.

Largest investment

The largest single investment that may be held in the portfolio is limited to 5% of the portfolio at the time of acquisition, except for US and UK government bonds, which might be used as part of the cash management process.

Unquoted investments

Investment in unquoted companies may be made from time to time where there has been prior Board approval. These investments in aggregate will not exceed 10% of the portfolio, in each case measured at the time of investment.

Derivatives

The Investment Manager may also use from time to time derivative instruments as approved by the Board such as financial futures, options, and currency hedges. These are used for the purpose of efficient portfolio management.

Cash and borrowings

From time to time the Company may hold cash or near cash equivalents if the Investment Manager feels that these will at a particular time or over a period enhance the performance of the portfolio. The management of cash is through the purchase of appropriate government bonds, money market funds or bank deposits depending on the Investment Manager's view of the investment opportunities.

The Company may also borrow money to invest in the portfolio over both the long and short term. Any commitment to borrow funds is agreed by the Board. Borrowings may be in currencies which best match the currency in which the investments are denominated. The constitution of the Company permits borrowings up to 100% of net assets but the limits agreed by the Board set a range of up to 20% at the time of drawing the relevant borrowings.

PERFORMANCE

At the year end the portfolio comprised of 111 investments with the single largest investment being Google representing 3.9% of the portfolio. The portfolio analysis on pages 14 to 16 provides details on the distribution of investments by market capitalization, the different sectors in the different principal geographies and all the investments which individually represented more than 0.75% of the portfolio.

The Group had Japanese Yen borrowings of ¥5.01bn (£24.2m) at the year end which were used to finance investment in Japan and ¥2.26bn (£10.9m) cash balances were held at the year end. The Company has arrangements for a short-term multicurrency facility of up to £20m. This was unused during the year.

The changes in the share price, net asset value, benchmark and major world wide indices over the financial year are shown in the Highlights on page 2.

A review and commentary on the investment activities this year and the Investment Manager's comments and the outlook for technology shares are given in the Chairman's Report on pages 3 and 4 and the Investment Manager's Report on pages 5 to 13.

Movement in Net Asset Value (total return) per share

Over the year to 30 April 2008 the Net Asset value per share fell 5.4% compared to the rise in the Benchmark, the Dow Jones World Technology Index (total return, Sterling adjusted) of 1.5%.

	%	%	p per share
NAV per share at 30 April 2007			239.66
Portfolio			
Benchmark performance		1.5	
asset allocation	-0.7		
stock selection	-4.4	-5.1	
Performance of portfolio		-3.6	-8.63
Other factors			
Due to gearing	-1.2		
Share buy backs	0.7		
Due to management fees and finance costs	-1.3	-1.8	-4.31
Performance of NAV		-5.4	-12.94
NAV per share at 30 April 2008			226.72

KEY PERFORMANCE OBJECTIVES

The Board appraises the performance of the Company and the Investment Manager as the key supplier of services to the Company against key performance indicators ("KPIs"). The objectives comprise both specific financial and shareholder related measures.

- The provision of investment return to shareholders as measured by long-term NAV growth, and relative performance against the benchmark and technology indices.
- Monitoring and reacting to issues created by the discount or premium of the share price to the NAV per share with the aim of reduced discount volatility for shareholders.
- To qualify and meet the requirements for Section 842 of the Income and Corporation Taxes Act 1988 which has been achieved in each year since launch.

The Company's NAV has over the last year underperformed the Dow Jones World Technology Index for the reasons explained in the Chairman's Report and the Investment Manager's Reports on pages 3 to 13. However, over the longer term the NAV growth has outperformed the Dow Jones World Technology Index as shown in the Historic Performance table on page 59.

The discount of the share price to the NAV per share over the year has ranged from a maximum 19.0% to a minimum of 5.8%. The Company bought back 7,481,907 shares in the year to 30 April 2008, all of which were cancelled, uplifting NAV per share by 1.6p.

ASSETS

At 30 April 2008 the total net assets of the Group amounted to £300,425,000 compared with £335,498,000 at 30 April 2007. The net asset value per share fell by 5.4% from 239.7p to 226.7p.

REVENUE AND DIVIDENDS

The gross revenue return for the year was £3,815,000 (2007: £3,189,000) and the net revenue loss after taxation amounted to £1,354,000 (2007: loss £2,058,000). The total return for the year amounted to a loss after tax of £19,792,000 (2007: loss £22,704,000).

The Directors do not recommend the payment of a dividend.

BENCHMARK

The Company has a benchmark of the Dow Jones World Technology Index (total return, Sterling adjusted) against which NAV performance is measured for the purpose of assessing performance fees.

As at 30 April 2008 the Dow Jones World Technology Index was calculated as a market capitalization based index of 530 technology companies worldwide. 71% of the index weighting is in North America, 10% in Europe and 19% in Asia/Pacific. By market capitalisation 77% is represented by large companies, 20% by mid-caps and 3% by smaller companies.

Although the Company has a benchmark this is neither a target nor an ideal investment strategy. The purpose of the benchmark is to set a reasonable return for shareholders above which the Investment Manager is entitled to a share of the extra performance it has delivered.

The Company was established with a performance fee benchmark of the FTSE World Index (capital return). This was changed in May 2000 to a composite benchmark and the components of the benchmark were kept under review by the Board. The Board decided that with effect from 1 May 2006 the benchmark should change to the Dow Jones World Technology Index (total return, Sterling adjusted). This single index as a benchmark should provide shareholders with a more readily available and understandable measure and is also in keeping with those used by the Company's peer group.

BUSINESS RISKS

In delivering long-term returns to shareholders the identification and monitoring of risk is crucial. In addition to the detailed internal controls set out in the Corporate Governance report the Board seeks to identify, assess and monitor risks to the business. These relate primarily to economic uncertainties and its particular sphere of activity of investing in worldwide stock markets.

- As the Company's assets comprise mainly listed equities the principal risks to the performance of the business are market related. The principal risks are investment and market price, credit, liquidity, foreign currency and interest rates.
- While the portfolio is diversified across a number of stock markets worldwide, the investment mandate is focused on technology and thus it will be more sensitive to investor sentiment and the commercial acceptance of technological developments than a general investment portfolio.
- Technology stocks also have greater relative price volatility and are subject to the risks of developing technologies, competitive pressures and other factors including the acceptance of new technologies and rapid obsolescence.
- Many companies in the technology sector are smaller companies and are therefore subject to the risks attendant on investing in smaller capitalisation businesses.
- There is significant exposure to the economic cycles of Europe, Asia and the US as these are the major investment markets for technology stocks
- A small element of the investment portfolio is invested into unlisted securities. These investments are made where they offer specialist management or investment opportunities which would otherwise not be available. At the year-end this amounted to less than 1%.
- The Board has regard to the degree of risk which the Investment Manager incurs in order to generate the investment returns and the effect of gearing on the portfolio by borrowed funds which can magnify the portfolio returns per share positively or negatively.

The policies for managing the risks posed by exposure to market prices, interest rates, foreign currency exchange rates and liquidity are set out in note 18 to the accounts. The other business risks are managed through regular reporting to the Board on the diversification of portfolio, market and sector views, analytical performance data and attribution presented by the Investment Manager. The Board also receives financial information on the Company and discusses the share register and share price performance at each meeting. The Board in consultation with the Investment Manager considers all these reports and reviews the strategy. Any investment in unquoted companies or funds is approved by the Directors before the investment is made.

MANAGEMENT COMPANY AND MANAGEMENT OF THE PORTFOLIO

As the Company is an investment vehicle for shareholders the Directors have sought to ensure that the business of the Company is managed by a leading specialist investment management team and that the investment strategy remains attractive to shareholders.

Full details of the Investment Manager's activities and its views are given in the Investment Manager's Report. The Board considers that the Investment Manager's Report when read in conjunction with this Business Review give a comprehensive analysis of the development and performance of the business of the Company and the position of the Company at the end of the financial year.

The Directors also believe that a strong working relationship with the investment management team will achieve the optimum return for shareholders and to this end value the inclusion on the Board of Mr Ashford-Russell.

Investment team

The Investment Manager is Polar Capital Limited Liability Partnership, which is regulated by the Financial Services Authority ("Polar Capital").

Under the terms of the investment management agreement Polar Capital provides investment management, accounting, company secretarial and administrative services. It has also procured the provision of a share savings plan and ISA accounts for the Company's shares from BNP Paribas Fund Services UK Ltd.

Polar Capital provides a team of technology specialists led by Ben Rogoff, who is supported by Craig Mercer, Emma Parkinson and Nick Evans. Each member focuses on specific areas and the team is supported by research analysts. Ben has overall responsibility for the portfolio and looks after the US markets with support from Nick on US small caps. Brian Ashford-Russell overseas the construction and risk management of the European and Asian portfolios with Craig and Emma. Polar Capital also has other specialist and geographically focused investment teams which contribute to ideas generation.

Termination arrangements

The investment management agreement may be terminated by either party by giving 12 months' notice, but under certain circumstances the Company may be required to pay up to one year's management charges if immediate notice is given and compensation will be on a sliding scale if less than 12 months' notice is given.

Continued appointment

The Board through the Management Engagement Committee has reviewed the performance of the Investment Manager in managing the portfolio over the longer-term. The review also considered the quality of the other services provided by the Investment Manager.

The Board on the recommendation of the Management Engagement Committee has concluded that on the basis of longer-term performance it is in the best interests of shareholders as a whole that the appointment of Polar Capital as Investment Manager is continued on the existing terms.

Fee arrangements

Management fee

- 1% based on net asset value plus borrowings, on a per share basis, payable quarterly in arrears. Any investments in funds managed by Polar Capital are wholly excluded from the base management fee calculation.

Performance fee

- Performance periods will coincide with the Company's accounting periods.
- Annual performance fee equal to 15% of the amount by which the increase in the adjusted Net Asset Value per share exceeds the total return on the Dow Jones World Technology Index (total return, Sterling adjusted) multiplied by the time weighted average of the number of shares in issue during that period, subject to a high water mark.
- The Net Asset Value per share ("Adjusted NAV per share") is adjusted for the purposes of the performance fee calculation by adding back any accruals for unpaid performance fees, any dividends paid or payable by reference to the performance period and the removal of any benefit of share buy backs.
- High water mark – the performance fee will only be payable if, and to the extent that, the Adjusted NAV per share exceeds the highest of:

  – the NAV per share on the last day of the previous performance period;

  – the Adjusted NAV per share on the last day of a performance period in respect of which a performance fee was last paid;

  – 255.88 pence per share, this being the Adjusted NAV per share as at 30 April 2006 when the performance fee arrangements became effective.
- Any performance fee accrual will be calculated monthly and included in the month end net asset value calculated in accordance with the AIC guidelines.
- The performance fee which can be paid by the Company in any one performance period is capped at 2% of net assets.
- In the event of a termination of the investment management agreement, the date the agreement is terminated will be deemed to be the end of the relevant performance period and any performance fee payable shall be calculated as at that date.

Management fees of £3,567,000 (excluding irrecoverable VAT) have been paid for the year to 30 April 2008 (2007: £3,599,000). No performance fee was earned or paid in the year (2007: £Nil).

FUTURE DEVELOPMENTS

The Board remains positive in the longer term outlook for technology and the Company will continue to pursue its investment objective in accordance with the stated investment policy and strategy. The outlook for the future performance is dependent to a significant degree on the world's financial markets and their reactions to economic events and other geo-political forces. The Chairman's Report and the Investment Manager's Report comment on the outlook.

CAPITAL STRUCTURE

The Company's share capital is divided into ordinary shares of 25p each and at the year-end there were 132,508,914 shares in issue (2007: 139,990,821). Voting rights are exercised on a show of hands at a meeting, or on a poll, where each share has one vote.

Details for the lodging of proxy votes are given when a notice of meeting is given. There are no restrictions on the transferability of the shares and the Company is not aware of any arrangements which may result in such agreements.

The Board was granted by shareholders at the AGM in 2007 the power to allot up to 6,999,540 shares and to issue those shares for cash without offering those shares to shareholders in accordance with their statutory pre-emption rights. It is the Board's policy not to allot and issue new shares below net asset value. These powers will last until the AGM in 2008. These powers have not been used and renewal of the authorities will be sought at the AGM in 2008.

The Board was also granted shareholder authority at the AGM in 2007 to make market purchases of up to 20,984,624 shares of the Company for cancellation in accordance with the terms and conditions set out in the shareholder resolution. This power remains in force until the AGM in 2008. During the financial year to 30 April 2008 1,035,907 shares were purchased and cancelled under the shareholder resolution granted at the AGM in 2006 and 6,446,000 shares have been purchased and cancelled under the 2007 AGM authority. The Directors have the power to purchase up to a further 14,538,624 shares under the 2007 authority which will last until the AGM on 31 July 2008.

Major interests in shares

As at 12 June 2008 notices for the purposes of part 5 of the FSA's Disclosure and Transparency Rules had been received of the following major interests in the voting rights of the Company.

	Number of ordinary shares	Percentage of voting rights
Rensburg Sheppards Investment Management	6,546,254	4.94 % (indirect)
Prudential plc Group	6,143,000	4.63 % (direct)
Legal & General Group plc	5,704,104	4.30 % (direct)
Findlay Park American Smaller Companies Fund	4,550,000	3.43 % (indirect)

The above percentages are calculated by applying the shareholdings as notified to the issued ordinary share capital at 12 June 2008 of 132,508,914 shares.

Directors' share interests

The interests of Directors in the shares of the Company at 30 April 2008 and 30 April 2007 are as follows:

	Ordinary Shares	
Beneficial:	30 April 2008	30 April 2007
R Wakeling	18,000	18,000
B Ashford-Russell	250,000	250,000
P Dicks	30,000	30,000
D Gamble	5,902	5,902
R Montagu	8,500	8,500
M Moule	7,000	7,000
Non-beneficial:		
P Dicks	1,057	1,057

There have been no changes in these interests between the end of the financial year and 12 June 2008.

DIRECTORS

The Directors of the Company and their biographies are shown on page 17. The Directors' Remuneration Report is set out on pages 30 and 31. All the Directors held office throughout the year.

No Directors stand for re-appointment under the provisions of the Articles of Association. However, the Board's policy on tenure for Directors states that any Director who has served for over nine years should stand for annual re-appointment. Mr Richard Wakeling and Mr Peter Dicks will stand for re-election at the AGM each having served more than nine years.

Mr Brian Ashford-Russell has also been on the Board for more than nine years and stands for annual re-election as required by the Listing Rules due to his association with the Investment Manager.

The Nomination Committee has rigorously assessed the contribution of each Director standing for re-election and their independence. All the Directors, with the exception of Mr Ashford-Russell, were considered independent of the Investment Manager and had no relationship or conflicts which were likely to affect their judgment.

The Board is of the opinion that long service does not necessarily compromise the independence or contribution of Directors of investment trusts where continuity and experience can significantly benefit a board.

DIRECTORS' REPORT INCLUDING THE BUSINESS REVIEW AND THE REPORT ON CORPORATE GOVERNANCE
(CONTINUED)

Mr Ashford-Russell is a partner of Polar Capital LLP and a shareholder in Polar Capital Holdings plc, the ultimate parent company of the Polar Capital Group and as such he has an interest in the investment management contract. The Board values the fact that Mr Ashford-Russell is a Director and believes that having him on the Board gives shareholders access to his experience and knowledge and that as a Director he has a greater duty to the Company than just being a contracted Investment Manager.

Mr Gamble and Mr Moule have a common directorship of another investment trust but this is not considered to affect their ability to act independently.

The Nomination Committee reviewed the continuing appointment of each director and the Board endorses each of the Directors standing for re-election.

There were no other contracts during or at the end of the year in which a Director of the Company is or was materially interested and which is or was significant in relation to the Company's business.

LIFE OF THE COMPANY

The Articles of Association of the Company provide that at the Annual General Meeting of the Company to be held in 2010, and at every fifth Annual General Meeting thereafter, a vote on whether the Company should continue will be proposed as an ordinary resolution.

THE PAYMENT OF CREDITORS

It has been and will remain the Company's policy for the forthcoming financial year to obtain the best terms for all business and therefore there is no single policy as to the terms used. In general the Company agrees with its suppliers the terms on which business will take place and it is the Company's policy to abide by such terms. There were no trade creditors at 30 April 2008.

ENVIRONMENT AND SRI

The Company has no employees and has contracted the service of fund management, secretarial, safe custody of assets, marketing and share registration to third parties. The Company has a policy on SRI which is given on page 29.

SERVICE PROVIDERS

Apart from the arrangements with Polar Capital LLP to provide investment, company secretarial and administrative services including accounting, portfolio valuation and trade settlement, the Company also contracts directly with JP Morgan Chase NA which acts as global custodian for all the Company's investments. The Company also retains the services of Cenkos Securities plc as corporate broker, Equiniti (formerly Loyds TSB Registrars) as the registrars and PricewaterhouseCoopers LLP as auditors. HSBC Securities Services (UK) Limited has been retained by the Investment Manager to provide the accounting, valuation and trade settlement services and BNP Paribas is retained by the Investment Manager, on behalf of the Company and at the Company's expense, to provide a saving savings arrangement and an ISA. Huguenot Services Limited provide web design and hosting services.

AUDITORS

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as the Company's Registered Auditors. A resolution to re-appoint PricewaterhouseCoopers LLP as Auditors to the Company will be proposed at the forthcoming AGM.

The fees paid to the Auditors in respect of the audit of the annual accounts amounted to £26,000 (2007: £25,000). The Company has also used PricewaterhouseCoopers LLP to give advice on VAT recoverability, Section 842, and other taxation issues. These other taxation services are provided by the Newcastle office while the audit work is carried out by the Edinburgh and London offices.

The fees paid for the taxation advice services amounted to £36,000 (2007: £8,000). The Directors do not consider the provision of this non-audit work to the Company affects the independence of the Auditors.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on Thursday 31 July 2008 at 12.30pm at The Royal Automobile Club at 89 Pall Mall London SW1Y 5HS.

The separate Notice of Meeting contains resolutions to receive the accounts, approve the Directors' remuneration report, re-appoint retiring Directors, re-appoint the auditors and empower the Directors to set their fees. As in previous years the Directors are seeking powers to allot shares for cash and to buy back shares for cancellation. Also at this year's AGM a resolution to adopt new Articles of Association is being proposed as a result of the new Companies Act legislation. The full text of the resolutions and an explanation is contained in the Notice of Meeting.

The AGM also provides an opportunity for shareholders to hear a presentation from the Investment Manager and meet the Directors.

CORPORATE GOVERNANCE

Background and development

The Board has considered the principles and recommendations of the AIC Code of Corporate Governance ("AIC Code") by reference to the AIC Corporate Governance Guide for investment Companies ("AIC Guide"). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in Section 1 of the Combined Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company.

The Board considers that reporting against the principles and recommendations of the AIC Code and by reference to the AIC Guide (which incorporates the Combined Code) will provide better information to shareholders.

Application of the AIC code's principles

The Board attaches great importance to the matters contained in the AIC Code and observed the relevant requirements throughout the year under review. The Board believes that the Company's current practices are consistent in all material respects with the principles of the AIC Code and where non compliance occurs, an explanation will be provided. The Board will continue to observe the principles and recommendations set out in the AIC Code in future.

It should be noted that, as an investment trust where the Directors are non-executive, most of the Company's day to day duties are delegated to third parties. The Company has agreed policies and operating procedures with the suppliers of these services.

Board composition and independence

The Board is responsible to shareholders for the overall management of the Company's affairs and currently consists of six non-executive Directors – five of whom are considered independent.

The Board is conscious of the need to maintain continuity in the Board, and believes that retaining Directors with sufficient experience of the Company, industry and the markets is of great benefit to shareholders. The Board also recognises the value of progressive refreshing of and succession planning for company boards. Accordingly the appointment of each Director retiring at the forthcoming AGM has been reviewed by the Nomination Committee prior to submission for re-appointment.

The policy for Directors serving over nine years is for annual re-appointment. All three Directors standing for re-appointment at the AGM, Mr Richard Wakeling, Mr Peter Dicks and Mr Brian Ashford-Russell have each served for more than nine years. The Nomination Committee carefully reviewed the contributions of these Directors and determined that they continued to offer relevant experience, effectively contributed to the operation of the Board and had demonstrated independent views on a range of subjects.

They consider Mr Wakeling and Mr Dicks to be independent of the Investment Manager and recommended to the Board that it supported their re-appointment.

Mr Brian Ashford-Russell is not considered to be independent and is standing for re-election at the AGM as required under the Listing Rules. However, the Board values the fact that Mr Ashford-Russell serves as a Director of the Company and is committed to achieving the best returns for shareholders. The Nomination Committee also recommended that the Board support his re-election.

No Director, except Mr Brian Ashford-Russell, has any links with the Investment Manager, Polar Capital LLP. Mr Ashford-Russell is a partner of Polar Capital LLP a shareholder in Polar Capital Holdings plc, the ultimate holding company of Polar Capital LLP and is therefore not an independent Director.

The Chairman of the Company is a non-executive Director and has no conflicting relationships.

Each Director has different qualities and areas of expertise on which they may lead where issues arise. The Directors' biographies, on page 17, demonstrate the breadth of investment, commercial and professional experience relevant to their positions as Directors of the Company.

The Board has put in place policies to govern situations where a potential conflict of interests may arise, in particular where a Director is also a director of a company in which the Company invests or may invest. Where such a situation arises, these Directors are excluded from any discussions or decisions relating to investments in their respective companies.

The Board supports the three Directors standing for re-appointment and considers that the overall composition of the Board is adequate for the effective governance of the Company. Further the Board considers itself independent as five of its Directors are independent of the Investment Manager, despite two Directors having served for more than nine years.

Role and responsibilities

Six scheduled Board meetings are held each year to deal with the stewardship of the Company and other matters including the setting and monitoring of investment strategy and performance, review of financial statements, approval of borrowing limits within which the Investment Manager has discretion to act, and shareholder issues including investor relations. The level of share price discount or premium to net asset value together with policies for re-purchase or issuance of new shares including the use of treasury shares are kept under review along with matters affecting the industry and the evaluation of third party service providers.

Additional meetings of the Board are arranged as required. A formal schedule of matters specifically reserved for decision by the full Board has been defined. The Board has delegated to a number of committees specific remits for consideration and recommendation but the final responsibility in these areas remains with the Board.

A procedure has been adopted for Directors, in the furtherance of their duties, to take independent professional advice at the expense of the Company. No such advice has been sought during the past year.

The number of formal meetings of the Board and its Committees held during the financial year and the attendance of individual Directors are shown below.

1 May 2007 to 30 April 2008

	Board	Audit	Management Engagement	Nomination	Remuneration
No. of Meetings	7	3	5	1	1
R Wakeling	7	3	5	1	n/a
B Ashford-Russell	7	3*	5*	1*	n/a
P Dicks	7	3	5	1	1
D Gamble	7	3	5	1	n/a
M Moule	7	3	5	1	1
R Montagu	7	3	5	1	1

* Not a member but attended part of the meeting by invitation

All Directors in office at the date of the meeting attended the 2007 AGM, held on 31 July 2007.

Investment Manager

The Board has contractually delegated the management of the portfolio to the Investment Manager, Polar Capital LLP (the "Investment Manager"). It is the Investment Manager's sole responsibility to take decisions as to the purchase and sale of individual investments other than unquoted investments where the Board is consulted. The Investment Manager has responsibility for gearing, asset allocation and sector selection within the limits established and regularly reviewed by the Board. The Board has directly appointed the custodian and the registrars, both of which the Investment Manager monitors and the Investment Manager provides or procures the provision of accountancy services, company secretarial and administrative services and the share savings scheme arrangements. The Investment Manager also ensures that all Directors receive in a timely manner all relevant management, regulatory and financial information. Representatives of the Investment Manager attend each Board meeting enabling the Directors to probe further on matters of concern or seek clarification on certain issues.

The Directors have access to the advice and services of the corporate company secretary through its appointed representative who is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The Board and Investment Manager operate in a supportive, co-operative and open environment.

Senior independent director

The Board elected Mr Dicks to act as the Senior Independent Director.

Board committees

The Board has created four standing committees whose terms are described below. The Board also creates ad hoc committees from time to time to enact or approve policies or actions agreed in principle by the whole Board. Copies of the terms of reference for each of the standing committees are available on the Company's website.

Audit Committee

The Audit Committee meets three times a year and comprises of all the independent non-executive Directors. The Board previously carefully considered the composition of the Audit Committee in light of the Smith Report recommendations and concluded that due to his experience Mr Wakeling, despite being Chairman of the Board, should remain as the Committee's chairman. Mr Wakeling has previously served as a finance director of two public companies and in the opinion of the Board has the most relevant experience to act as Chairman of the Audit Committee. As a non-executive Director Mr Wakeling is not involved in the preparation of the accounts of the Company, as this has been contracted to the Investment Manager.

The Audit Committee is responsible for reviewing the scope of the annual audit, the annual accounts and the interim report, the terms of appointment of the Auditors and their remuneration as well as any non-audit services provided by the Auditors. It meets with representatives of the Investment Manager and receives reports on the quality and effectiveness of the accounting records and management information maintained on behalf of the Company. The Committee also considers the internal controls and risk management systems applicable to the Company.

The Audit Committee has direct access to the Auditors and to the key senior staff of the Investment Manager and it reports its findings and recommendations to the Board which retains the ultimate responsibility for the financial statements of the Company. The Audit Committee meets with the Auditors each April to review the scope of the annual audit work and meets again each June to review the findings of the Auditors and the annual report and accounts prior to approval by the Board. The Committee also meets, without the Auditors present, in December to consider the half-year report. The effectiveness of the Auditors and the nature of the services provided have therefore been assessed throughout the year and the provision of non-audit services provided by the Auditors have been kept under review. These non-audit services comprised the provision of specialist tax advice on matters relating to Section 842 of the Income and Corporation Taxes Act 1988 and VAT recovery which was provided by a separate office of the Audit firm. Details of fees paid to the Auditors are given in note 8 on page 43.

Management Engagement Committee

The Management Engagement Committee meets at least annually and at such other times as may be necessary. All independent non executive Directors are members of the Management Engagement Committee which is chaired by the Chairman of the Board. The Committee is responsible for the review of the terms of the investment management contract which is reviewed annually and the Committee also considers, prior to making its recommendation to the Board, whether the retention of the Investment Manager is in the interests of shareholders.

The Committee has spent considerable time throughout the year on monitoring and discussing the developments in the recovery of VAT charged by the present Investment Manager and its former manager Henderson Global Investors.

Nomination Committee

The Nomination Committee comprises of all the independent non executive Directors and is chaired by the Chairman of the Board. The Committee meets at least annually and is responsible to the Board for the size and structure of the Board as well as succession planning and tenure policy for Directors. Succession planning will be conducted bearing in mind the balance of skills, knowledge and experience existing on the Board and the Committee will make recommendations to the Board when the further recruitment of non-executive Directors is required.

Once a decision has been made that additional directors are to be recruited then candidates will be drawn from suggestions put forward by the other Directors and by the use of external agencies. The final selection will be made by the Board following recommendations by the Committee. It also will review the performance of the Board as a whole and each individual Director. Re-appointment as a Director is not automatic and will follow a process of evaluation of each Director's performance. The Board acknowledges the rationale of the Combined Code for the rigorous review of Directors serving over six years and annual re-appointment after nine years. Nevertheless the Board shares the view of the AIC that length of service will not necessarily compromise the independence or contribution of directors of investment trusts where continuity and experience can significantly strengthen a board.

All Directors are appointed for an initial term of three years, subject to re-appointment and Companies Act provisions. In accordance with the Articles of Association, Directors will stand for election at the first AGM following their appointment and will retire at every third AGM after their last election. The Directors who are subject to annual re-appointment due to length of service would be subject to rigorous assessment of their contribution.

Remuneration Committee

The Remuneration Committee is chaired by Mr Dicks, the Senior Independent Director. Mr Moule and Mr Montagu were elected Committee members from 26 April 2007.

The Committee would normally meet at least annually and is responsible for recommending the framework for the remuneration of Directors. The Committee reviews the ongoing appropriateness of the remuneration policy and the individual remuneration of Directors based on their contributions. The fees paid to Directors are detailed in the Directors' Remuneration Report on page 31.

Directors' training

When a new Director is appointed he or she is offered an induction course provided by the Investment Manager. Directors are also provided on a regular basis with key information on the Company's policies, regulatory and statutory obligations and internal controls. Changes affecting Directors' responsibilities are advised to the Board as they arise. Directors also regularly participate in professional and industry seminars.

DIRECTORS' REPORT INCLUDING THE BUSINESS REVIEW AND THE REPORT ON CORPORATE GOVERNANCE
(CONTINUED)

Performance Evaluation

The Board

The evaluation of the Board, its Committees and individual Directors is carried out annually by the Chairman of the Nomination Committee. The process in the year involved the Chairman speaking to each Director and reporting to the Nomination Committee his findings and views. In the case of the Chairman his evaluation was conducted by an independent director who reviewed the performance of the Chairman with the SID and reported to the Committee. Directors are assessed on their relevant experience, their strengths and weaknesses in relation to the overall requirements of the Board and their commitment to the Company in terms of time by regular attendance of Board meetings. The process is constructed to assess the contribution of individual Directors to the overall operation of the Board and its committees.

The Nomination Committee considered the Chairman's views and the views of the independent director on the Chairman and concluded that each Director standing for re-election should continue and that no further appointments were necessary.

The Investment Manager

The Board reviews the performance of the Investment Manager at each Board meeting and the Company's performance against a peer group of investment companies and funds with similar investment objectives. The investment team provided by the Investment Manager, led by Mr Rogoff, has long experience of investment in technology. In addition the Investment Manager has other investment resources which support the investment team and experience in managing and administering other investment trust companies.

The Management Engagement Committee regularly reviews the terms of the contract with the Investment Manager.

The Board also monitors through the Investment Manager the performance of its other service providers including the custodian and registrar.

Accountability and audit

The Statement of Directors' Responsibilities in respect of the Accounts is set out on page 32 and the Independent Auditors' Report is on page 33.

Internal controls

The Board has overall responsibility for the Company's system of internal control and for reviewing its effectiveness. It has established a process for identifying, evaluating and managing any major risks faced by the Company. The process is subject to regular review by the Board and accords with the Turnbull guidance. The process was active throughout the year and up to the date of approval of this annual report. However, such a system is designed to manage rather than eliminate risks of failure to achieve the Company's business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Investment Manager has established an internal control framework to provide reasonable but not absolute assurance on the effectiveness of the internal controls operated on behalf of its clients.

The Board, assisted by the Investment Manager, undertakes an annual review of the Company's system of internal control. The business risks have been analysed and recorded in a risk map which is reviewed regularly.

The Board receives formal reports from the Investment Manager which details the steps taken to monitor the areas of risk, including those that are not the direct responsibility of the Investment Manager and which reports the details of any known internal control failures. The Board receives each year from the Investment Manager a report on its internal controls which includes a report from the Investment Manager's auditors on the control policies and procedures in operation. The Investment Manager has delegated the provision of accounting, portfolio valuation and trade processing to HSBC Securities Services (UK) Limited but remains responsible to the Company for these functions.

The Company does not have an internal audit function; it delegates to third parties most of its operation and does not employ any staff.

The Board will continue to monitor the system of internal controls in order to provide assurance that they operate as intended. Each of these contracts was entered into after full and proper consideration by the Board of the quality and cost of the services offered, including the control systems in operation in so far as they relate to the affairs of the Company.

The Board also receives and considers ad hoc reports from the Investment Manager and information is supplied to the Board as required.

Relations with shareholders

The Board is keen that the AGM be a participative event. The Investment Managers make a presentation and shareholders are encouraged to attend. The Chairmen of the Board and of the Committees attend the AGM and are available to respond to queries and concerns from shareholders. Twenty working days' notice of the AGM has been given to shareholders and separate resolutions are proposed in relation to each substantive issue. Where the vote is decided on a show of hands the proxy votes received are relayed to the meeting and subsequently published to the Company's website. Proxy forms have a 'vote withheld' option. The Notice of Meeting sets out the business of the AGM and the special resolutions.

The Company has made arrangements for a share savings scheme and ISA to be available to investors and for these shareholders to receive all Company communications and the ability to direct the casting of their votes. The Company has also made arrangements with its registrar for shareholders, who own their shares direct rather than through a nominee or share scheme, to view their account over the internet at www.shareview.co.uk. Other services are also available via this service.

The Company publishes an annual report and financial statements as well as a half year report. These are posted to all registered shareholders. These are also available on the Company's website (www.polarcapitaltechnologytrust.co.uk) together with the interim management statements and the Investment Managers' monthly factsheets.

The Company has adopted a nominee shareholder code which is set out on page 58.

The Board monitors the share register of the Company; it also reviews correspondence from shareholders at each meeting and maintains regular contact with major shareholders. Shareholders who wish to raise matters with a Director may do so by writing to them at the registered office of the Company.

Socially responsible investing and exercise of voting powers

The Board has instructed the Investment Manager to take into account the published corporate governance policy and the environmental practices and policies of the companies in which they invest on behalf of the Company. The Company has also considered the Investment Manager's policy on voting. The policy is for the Investment Manager to vote at all general meetings of UK companies in favour of resolutions proposed by the management where it believes that the proposals are in the interests of shareholders. The Investment Manager uses Institutional Shareholder Services as its agent for voting. However in exceptional cases where it believes that a resolution could be detrimental to the interests of shareholders or the financial performance of the Company, appropriate notification will be given and abstentions or a vote against will be lodged. The Board believes that their practices accord with current best practice whilst maintaining a primary focus on financial returns.

STATEMENT OF COMPLIANCE

The Board, assisted by the Investment Manager has conducted an annual review of the risk map and the effectiveness of the system of internal controls taking into account any issues, none of which were considered significant, which arose during the course of the year ended 30 April 2008 and up to the date of this report.

The Directors consider that the Company has complied with the recommendations of the AIC Code and the relevant provisions of Section 1 of the Combined Code, except as set out below. The Combined Code includes provisions relating to, the role of the chief executive; executive directors' remuneration and the need for an internal audit function. For the reasons set out in the AIC Guide, and in the preamble to the Combined Code, the Board considers these provisions are not relevant to the position of the Company, being an externally managed investment company. The Company has therefore not reported in respect of these provisions.

By order of the Board

N P Taylor FCIS
Polar Capital Secretarial Services Limited
Secretary
12 June 2008

DIRECTORS' REMUNERATION REPORT

INTRODUCTION

This report has been prepared and is submitted in accordance with the provisions of the Companies Act 1985 and the Listing Rules of the Financial Services Authority in respect of the year ended 30 April 2008. It has been audited where indicated as such.

An ordinary resolution to approve the report will be put to the AGM on 31 July 2008.

CONSIDERATION OF MATTERS RELATING TO DIRECTORS' REMUNERATION

On 1 May 2004 a Remuneration Committee was established under the chairmanship of Mr Dicks as the Senior Independent Director. Mr Moule and Mr Montagu were elected to serve on the committee with effect from 26 April 2007.

The Committee met on 24 April 2008 to consider the level of Directors' fees. The Committee considered the current level of fees and referred to the report on "Investment Company Directors Fees and Board Structures" issued in February 2008 by the Association of Investment Companies in conjunction with LIPPER. Having taken account of the current fee level and the principles of the remuneration policy and the findings of the above report the Committee decided that there should be no fee increase for the forthcoming year. The last fee increase was in 2006.

In the year under review the Directors' fees were paid at the following annual rates, the Chairman £30,000 (2007: £30,000); other independent Directors £20,000 (2007: £20,000).

Mr Ashford-Russell waived his fee for 2007/2008 and has indicated that he will do so for the forthcoming year.

STATEMENT OF THE COMPANY'S POLICY ON DIRECTORS' REMUNERATION

The Board consists entirely of non-executive Directors, who meet regularly throughout the year to deal with the Company's affairs. The Company's current Articles of Association limit the total fees payable to all the Directors to £200,000 per annum.

The principles of the Company's remuneration policy has been, and will continue to be for the forthcoming financial year, that fees payable to Directors should:

- reflect the time spent by them individually and collectively as part of the Board on the Company's affairs;
- be of a level appropriate to the responsibilities borne by the Directors;
- be in line with market practice and sufficient to enable candidates of high calibre to be recruited and retained.

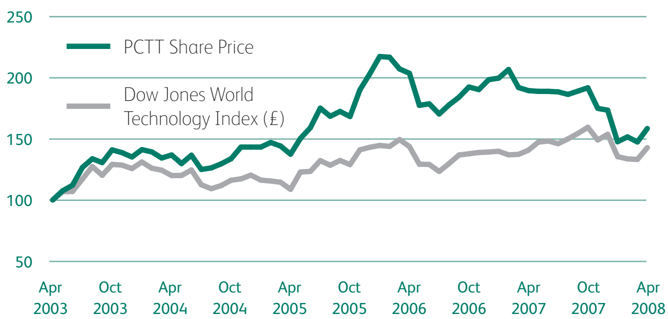
The policy also recognises:

- that the form of remuneration be in cash, payable monthly in arrears, to the Director personally or to a third party specified by him.
- the rates are reviewed annually; such review will not necessarily result in any change to the rates. It is the policy to increase fees, if appropriate, every other year.

As the Company is an investment trust and all the Directors are non-executive, it is considered inappropriate to have any long term incentive schemes and the fees are not specifically related to the Directors' performance, either individually or collectively.

PERFORMANCE

A five year performance comparison is required to be presented in this report. The Dow Jones World Technology Index is shown because, as a market capitalisation weighted index based on the entire global technology sector, it is the most appropriate single market index.



SERVICE CONTRACTS

None of the Directors has a contract of service or a contract for services and a Director may resign by giving one month's notice in writing to the Board at any time. In accordance with recommended practice, each Director has received a letter setting out the terms of his appointment.

New Directors are appointed and re-elected with the expectation that they will serve for a period of at least three years. Each Director's appointment is reviewed formally each time a Director retires by rotation under the Articles of Association or stands for re-election under the Corporate Governance Code adopted by the Company.

Directors' and officers' liability insurance cover is held by the Company in respect of the Directors. The Company has provided each Director with a Deed of Indemnity which indemnifies the Director against liability to third parties (excluding criminal and regulatory penalties) and to pay Directors' legal costs up-front provided they are reimbursed by the Company if the individual is convicted or, in an action brought by the Company judgment is given against him. A copy of each deed is available on the Company's website.

REMUNERATION (AUDITED)

The fees payable in respect of each of the Directors, who served during the year, and during 2007, were as follows:

	Year ended 30 April 2008 £	Year ended 30 April 2007 £
R Wakeling	30,000	30,000
B Ashford-Russell#	–	–
P Dicks	20,000	20,000
D Gamble	20,000	20,000
R Montagu*	20,000	6,667
M Moule*	20,000	6,667
TOTAL	110,000	83,334

fees of £20,000 waived
* Appointed 1 January 2007

No pension contributions or other remuneration or compensation was paid or payable by the Company during the year to any of the current or former Directors.

Approved by the Board on 12 June 2008

By order of the Board

N P Taylor FCIS
Polar Capital Secretarial Services Limited
Secretary

STATEMENT OF DIRECTORS' RESPONSIBILITIES

IN RESPECT OF THE ACCOUNTS

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare accounts for each financial year. Under that law the Directors have prepared the Group and Company accounts in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The accounts are required by law to give a true and fair view of the state of affairs of the Group and the net profits/losses of the Group for that period. In preparing those accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state that the accounts comply with IFRS as adopted by the European Union; and
- prepare the accounts on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the accounts.

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the accounts comply with the Companies Act 1985 and as regard the Group accounts, article 4 of the IAS regulations.

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

Disclosure of information to the Auditors

As far as the Directors are aware there is no relevant audit information of which the Auditors are unaware and the Directors have taken steps to make themselves aware of any relevant audit information and to establish that the Auditors are aware of such information.

Going concern

The Directors believe that the Company has adequate resources to continue in existence for the foreseeable future. For these reasons the Directors consider it appropriate to prepare accounts on a going concern basis.

Responsibility statement under the Disclosure and Transparency Rules

The Directors of Polar Capital Technology Trust plc, which are listed on page 17, confirm to the best of their knowledge:

- The financial statements are prepared in accordance with IFRS as adopted by the European Union, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the undertakings included in the consolidation taken as a whole; and
- The Chairman's Review, Investment Manager's Report and Directors' Report (together constituting the management report) includes a fair review of the development and performance of the business and position of the Company and undertakings included in the consolidation taken as a whole, and includes a description of the principal risks and uncertainties

The financial statements were approved by the Board on 12 June 2008 and the responsibility statement was signed on its behalf by Richard Wakeling, Chairman of the Board.

R K A Wakeling
12 June 2008

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF POLAR CAPITAL TECHNOLOGY TRUST

We have audited the group and parent company Accounts (the "Accounts") of Polar Capital Technology Trust plc for the year ended 30 April 2008 which comprise the Consolidated Income Statement, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Balance Sheets, the Consolidated and Company Cash Flow Statements and the related notes. These Accounts have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the Accounts in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the Accounts 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). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the Accounts give a true and fair view and whether the Accounts and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the group Accounts, Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the Accounts.

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 reflects the Company's compliance with the nine provisions of the Combined Code 2006 specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the group'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 Accounts. The other information comprises only those items listed on the contents page including the Chairman's Report, the Investment Manager's Report, the Business Review and Directors' Report, the unaudited part of the Directors' Remuneration Report, and Corporate Governance Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Accounts. 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 Accounts and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the Accounts, and of whether the accounting policies are appropriate to the Group's and 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 Accounts 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 Accounts and the part of the Directors' Remuneration Report to be audited.

OPINION

In our opinion:

- the group Accounts give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 30 April 2008 and of its loss and cash flows for the year then ended;
- the parent company Accounts give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the parent Company's affairs as at 30 April 2008 and of the cash flows for the year then ended;
- the Accounts and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the Group Accounts, Article 4 of the IAS Regulation; and
- the information given in the Directors' Report is consistent with the Accounts.

PricewaterhouseCoopers LLP
Chartered Accountants and
Registered Auditors
London
12 June 2008

Notes:

(a) The maintenance and integrity of the Polar Capital Technology Trust plc website 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 Accounts since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of Accounts may differ from legislation in other jurisdictions.

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 APRIL 2008

Notes		Year ended 30 April 2008 Revenue return £'000	Year ended 30 April 2008 Capital return £'000	Year ended 30 April 2008 Total return £'000	Year ended 30 April 2007 Revenue return £'000	Year ended 30 April 2007 Capital return £'000	Year ended 30 April 2007 Total return £'000
3	Investment income	2,644	–	2,644	2,495	–	2,495
4	Other operating income	1,171	–	1,171	694	–	694
5	Losses on investments held at fair value	–	(13,397)	(13,397)	–	(21,940)	(21,940)
6	Other (losses)/gains	–	(5,041)	(5,041)	–	1,294	1,294
	Total income	3,815	(18,438)	(14,623)	3,189	(20,646)	(17,457)
	Expenses						
7	Investment management fee	(3,730)	–	(3,730)	(3,793)	–	(3,793)
8	Other administrative expenses	(626)	–	(626)	(747)	–	(747)
	Loss before finance costs and tax	(541)	(18,438)	(18,979)	(1,351)	(20,646)	(21,997)
9	Finance costs	(480)	–	(480)	(485)	–	(485)
	Loss before tax	(1,021)	(18,438)	(19,459)	(1,836)	(20,646)	(22,482)
10	**Tax**	(333)	–	(333)	(222)	–	(222)
	Net loss for the year	(1,354)	(18,438)	(19,792)	(2,058)	(20,646)	(22,704)
11	**Earnings per ordinary share (pence)**			(14.45)			(16.22)

The total column of this statement represents the Group's Income Statement, prepared in accordance with IFRS as adopted by the European Union. The revenue return and capital return columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies.

All items in the above statement derive from continuing operations.

All income is attributable to the equity holders of Polar Capital Technology Trust Plc. There are no minority interests.

The net loss for the year of the Company is disclosed in note 23 on page 53.

The notes on pages 38 to 55 form part of these financial statements.

CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2008

	Ordinary share capital £'000	Capital redemption reserve £'000	Share premium £'000	Warrant exercise reserve £'000	Retained earnings £'000	Total £'000
Group and Company						
Total equity at 30 April 2006	34,998	9,214	117,902	7,536	188,552	358,202
Loss for the year to 30 April 2007	–	–	–	–	(22,704)	(22,704)
Total equity at 30 April 2007	**34,998**	**9,214**	**117,902**	**7,536**	**165,848**	**335,498**
Loss for the year to 30 April 2008	–	–	–	–	(19,792)	(19,792)
Shares bought back for cancellation	(1,871)	1,871	–	–	(15,281)	(15,281)
Total equity at 30 April 2008	**33,127**	**11,085**	**117,902**	**7,536**	**130,775**	**300,425**

The notes on pages 38 to 55 form part of these financial statements.

CONSOLIDATED AND COMPANY BALANCE SHEETS

AT 30 APRIL 2008

Notes		30 April 2008 Group £'000	30 April 2008 Company £'000	30 April 2007 Group £'000	30 April 2007 Company £'000
	Non current assets				
12-14	Investments held at fair value	285,569	287,603	352,205	352,463
	Current assets				
15	Other receivables	11,933	15,244	5,829	9,056
	Cash and cash equivalents	38,843	33,498	22,059	18,574
		50,776	48,742	27,888	27,630
	Total assets	336,345	336,345	380,093	380,093
	Current liabilities				
16	Other payables	(11,716)	(11,716)	(6,895)	(6,895)
17	Bank loans	(4,831)	(4,831)	(37,700)	(37,700)
		(16,547)	(16,547)	(44,595)	(44,595)
	Total assets less current liabilities	319,798	319,798	335,498	335,498
	Non current liabilities				
17	Bank loans	(19,373)	(19,373)	–	–
	Net assets	300,425	300,425	335,498	335,498
	Equity attributable to equity shareholders				
19	Ordinary share capital	33,127	33,127	34,998	34,998
20	Capital redemption reserve	11,085	11,085	9,214	9,214
21	Share premium	117,902	117,902	117,902	117,902
22	Warrant exercise reserve	7,536	7,536	7,536	7,536
23	Retained earnings:				
	Capital reserve	191,185	193,219	224,904	226,928
	Revenue reserve	(60,410)	(62,444)	(59,056)	(61,080)
	Total equity	300,425	300,425	335,498	335,498

The financial statements were approved by the Board of Directors on 12 June 2008.

R K A Wakeling
Chairman

B J D Ashford-Russell
Director

The notes on pages 38 to 55 form part of these financial statements

CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2008

	2008			2007
			Restated	Restated
	Group	Company	Group	Company
	£'000	£'000	£'000	£'000
Cash flows from operating activities				
Loss before finance costs and tax	(18,979)	(18,979)	(21,997)	(21,997)
Adjustment for non-cash items:				
Foreign exchange losses/(gains)*	5,041	5,041	(1,294)	(1,298)
Adjusted loss before finance costs and tax	(13,938)	(13,938)	(23,291)	(23,295)
Adjustments for :				
Decrease in investments*	66,636	64,860	10,496	10,650
Increase in receivables	(6,063)	(6,147)	(1,489)	(1,566)
Increase/(decrease) in payables*	4,774	4,774	(608)	(608)
	65,347	63,487	8,399	8,476
Net cash from operating activities before tax	51,409	49,549	(14,892)	(14,819)
Overseas tax deducted at source	(374)	(374)	(212)	(212)
Net cash from operating activities	51,035	49,175	(15,104)	(15,031)
Cash flows from financing activities				
Cost of shares repurchased	(15,281)	(15,281)	–	–
Loans matured	(38,530)	(38,530)	(40,652)	(40,652)
Loans taken out	21,340	21,340	40,652	40,652
Finance costs	(433)	(433)	(475)	(475)
Net cash used in financing activities	(32,904)	(32,904)	(475)	(475)
Net increase/(decrease) in cash and cash equivalents	18,131	16,271	(15,579)	(15,506)
Cash and cash equivalents at the beginning of the year	22,059	18,574	42,050	38,488
Effect of foreign exchange rate changes*	(1,347)	(1,347)	(4,412)	(4,408)
Cash and cash equivalents at the end of the year	38,843	33,498	22,059	18,574

The notes on pages 38 to 55 form part of these financial statements

* The format of the cashflow statement has been modified to improve the presentation of the effect of foreign exchange movements. Comparative figures have been restated accordingly.

NOTES TO THE ACCOUNTS

1 GENERAL INFORMATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), which comprise standards and interpretations approved by the International Accounting Standards Board (IASB) and International Accounting Standards Committee (IASC), as adopted by the European Union.

The Group's presentational currency is pounds sterling. Pounds sterling is also the functional currency because it is the currency which is most relevant to the majority of the Company's shareholders and creditors and the currency in which the majority of the Group's operating expenses are paid.

The principal accounting policies followed are set out below:

2. ACCOUNTING POLICIES

(a) Basis of Preparation

The consolidated financial statements have been prepared on a going concern basis under the historical cost convention, as modified by the inclusion of investments and derivative financial instruments at fair value. The principal accounting policies adopted are set out below. Where presentational guidance set out in the Statement of Recommended Practice (SORP) for investment trusts issued by the Association of Investment Companies (AIC) in January 2003 (revised December 2005) is consistent with the requirements of IFRS, the Directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

(b) Basis of Consolidation

The Group financial statements consolidate the financial statements of the Company and entities controlled by the Company (its wholly owned subsidiary undertaking, PCT Finance Limited) made up to 30 April each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity as to obtain benefits from its activities. All intra-group transactions, balances, income and expenses are eliminated on consolidation. The Income Statement, is only presented in consolidated form, as provided by Section 230 of the Companies Act 1985.

(c) Presentation of Consolidated Income Statement

In order to better reflect the activities of an investment trust company and in accordance with the guidance set out by the AIC, supplementary information which analyses the Consolidated Income Statement between items of a revenue and capital nature has been presented alongside the Consolidated Income Statement. In accordance with the Company's status as a UK investment company under section 266 of the Companies Act 1985, net capital returns may not be distributed by way of dividend. Additionally, the net revenue is the measure the directors believe appropriate in assessing the Group's compliance with certain requirements set out in section 842 Income and Corporation Taxes Act 1988.

(d) Income

Dividends receivable from equity shares are taken to the revenue return column of the Consolidated Income Statement on an ex-dividend basis.

Special dividends are recognised on an ex-dividend basis and may be considered to be either revenue or capital items. The facts and circumstances are considered on a case by case basis before a conclusion on appropriate allocation is reached.

Where the Company has received dividends in the form of additional shares rather than in cash, the amount of the cash dividend foregone is recognised in the revenue return column of the Consolidated Income Statement. Any excess in value of shares received over the amount of the cash dividend foregone is recognised in the capital return column of the Consolidated Income Statement.

The fixed returns on debt securities and non-equity shares are recognised under the effective interest rate method. Bank interest and other income receivable are accounted for on an accruals basis.

The dealing profits of the subsidiary undertaking, representing realised gains and losses on the sale of non current asset investments, are dealt with in the Group financial statements as a revenue item.

(e) Expenses and Finance costs

All expenses, including the management fee, are accounted for on an accruals basis.

An analysis of retained earnings broken down into revenue items (distributable by way of a dividend) and capital items (not distributable by way of dividends) is given in note 23. In arriving at this breakdown, expenses have been presented as revenue items except as follows:

– any performance fees payable are allocated wholly to capital, reflecting the fact that, although they are calculated on a total return basis, they are expected to be attributable largely, if not wholly, to capital performance.

– transaction costs incurred on the acquisition or disposal of investments are expensed and included in the costs of acquisition or deducted from the proceeds of sale as appropriate.

Finance costs are calculated using the effective interest rate method and are accounted for on an accruals basis.

(f) Taxation

The tax expense represents the sum of the overseas witholding tax deducted from investment income, tax currently payable and deferred tax.

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the Consolidated Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

In line with the recommendations of the SORP, the allocation method used to calculate tax relief on expenses presented against capital returns in the supplementary information in the Consolidated Income Statement is the "marginal basis". Under this basis, if taxable income is capable of being offset entirely by expenses presented in the revenue return column of the Consolidated Income Statement, then no tax relief is transferred to the capital return column.

Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Investment trusts which have approval as such under section 842 of the Income and Corporation Taxes Act 1988 are not liable for taxation on capital gains.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax rates that have been enacted or substantially enacted at the balance sheet date.

Deferred tax is charged or credited in the Consolidated Income Statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

(g) Investments held at fair value through profit or loss

When a purchase or sale is made under contract, the terms of which require delivery within the timeframe of the relevant market, the investments concerned are recognised or derecognised on the trade date, and are initially measured at fair value.

On initial recognition the Group has designated all of its investments as held at fair value through profit or loss as defined by IFRS.

All investments are measured at subsequent reporting dates at fair value, which is either the bid price or the last traded price, depending on the convention of the exchange on which the investment is quoted. Investments in subsidiary undertakings are stated in the Company's accounts at fair value.

Investments in unit trusts or OEICs are valued at the closing price, the bid price or the single price as appropriate, released by the relevant investment manager.

Fair value for unquoted investments, or for investments for which there is only an inactive market, are established by using various valuation techniques. These may include recent arms length market transactions, the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. Where there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, that technique is utilised. Where no reliable fair value can be estimated for such instruments, they are carried at cost, subject to any provision for impairment.

Changes in fair value of all investments held at fair value and realised gains and losses on disposal are recognised in the capital return column of the Consolidated Income Statement. All investments held at fair value through profit or loss are subject to an assessment of impairment on an annual basis.

(h) Other receivables

Other receivables do not carry any interest and are short-term in nature and are accordingly stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

(i) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash.

(j) Other payables

Other payables are not interest-bearing and are stated at their nominal value.

(k) Non current liabilities

All bank loans are initially recognised at cost, being the fair value of the consideration received, less issue costs where applicable. After initial recognition these loans are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on settlement. The amounts falling due for repayment within one year are included under current liabilities in the Balance Sheet.

(l) Rates of exchange

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling on the date of each transaction. Monetary assets and liabilities and equity investments in foreign currencies at the balance sheet date are translated into sterling at the rates of exchange ruling on that date. Realised profits or losses on exchange, together with differences arising on the translation of foreign currency assets or liabilities, are taken to the capital return column of the Consolidated Income Statement. Foreign exchange gains and losses arising on investments held at fair value are included within changes in their fair value.

(m) Derivative financial instruments

The Group's activities expose it primarily to the financial risks of changes in market prices, foreign currency exchange rates and interest rates. Derivative transactions which the Company may enter into comprise forward exchange contracts, the purpose of which is to manage the currency risks arising from the Company's investing activities, quoted options on shares held within the portfolio, or on indices appropriate to sections of the portfolio, the purpose of which is to provide protection against falls in capital values of the holdings. The Group does not use derivative contracts for speculative purposes.

The use of financial derivatives is governed by the Group's policies as approved by the Board, which has set written principles for the use of financial derivatives.

A derivative instrument is considered to be used for hedging purposes when it alters the market risk profile of an existing underlying exposure of the Group. The use of financial derivatives by the Group does not qualify for hedge accounting. As a result changes in the fair value of derivative instruments are recognised in the Consolidated Income Statement as they arise. If capital in nature, the associated change in value is presented in the capital return column of the Consolidated Income Statement.

(n) Segmental Reporting

Geographical segments are considered to be the primary reporting segments. An analysis of investments held and investment income by geographical segment is set out in note 28.

Analysis of expenses by geographical segment and of profit by geographical segment have not been given as it is not possible to prepare such information in a meaningful way. Analyses of the remaining assets and liabilities by geographical region have not been given as either it is not possible to prepare such information in a meaningful way, or the results are not considered to be significant.

Business segments are the secondary reporting segments. The Directors are of the opinion that the Group is engaged in a single segment of business with the objective of maximising capital growth for its shareholders through investing in a diversified portfolio of technology companies around the world.

(o) Key estimates and assumptions

Estimates and assumptions used in preparing the financial statements are reviewed on an ongoing basis and are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results of these estimates and assumptions form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

The only estimates and assumptions that may cause material adjustment to the carrying value of assets and liabilities relate to the valuation of unquoted investments and investments for which there is an inactive market. These are valued in accordance with the techniques set out in note 1(g).

(p) Accounting standards issued but not yet effective

At the date of authorisation of these financial statements, the following applicable Standards were in issue but not yet effective:

IFRS 8 Operating Segments.

IAS 23 Borrowing Costs (amendment).

The Directors anticipate that the adoption of these standards in future periods will have no material impact on the consolidated financial statements.

NOTES TO THE ACCOUNTS (CONTINUED)

3 INVESTMENT INCOME

	Year ended 30 April 2008 £'000	Year ended 30 April 2007 £'000
Franked: Listed investments		
Dividend income	284	406
Unfranked: Listed investments		
Dividend income	2,224	1,679
Interest income	136	410
	2,360	2,089
	2,644	2,495

4 OTHER OPERATING INCOME

	Year ended 30 April 2008 £'000	Year ended 30 April 2007 £'000
Bank interest	1,121	606
Futures deposit interest	50	88
	1,171	694

5 LOSSES ON INVESTMENTS HELD AT FAIR VALUE

	Year ended 30 April 2008 £'000	Year ended 30 April 2007 £'000
Net realised (losses)/gains based on historical cost	(8,364)	4,941
Deduct: amounts recognised as unrealised in the previous year	(11,500)	(27,079)
Realised losses based on carrying value at previous balance sheet date	(19,864)	(22,138)
Net movement in unrealised appreciation on non current assets	6,377	160
Liquidation proceeds	90	38
	(13,397)	(21,940)

6 OTHER (LOSSES)/GAINS

	Year ended 30 April 2008 £'000	Year ended 30 April 2007 £'000
Net (losses)/gains on foreign exchange movements	(5,041)	1,294
	(5,041)	1,294

7 INVESTMENT MANAGEMENT FEE (CHARGED WHOLLY TO REVENUE)

	Year ended 30 April 2008 £'000	Year ended 30 April 2007 £'000
Investment management fee paid to Polar Capital	3,567	3,599
Irrecoverable VAT thereon	163	194
	3,730	3,793

No performance fee was paid for either the current or prior year.

From 31 July 2007 the Company has ceased to be charged VAT on management fees as explained in note 29.

8 OTHER ADMINISTRATIVE EXPENSES (INCLUDING VAT WHERE APPROPRIATE)

	Year ended 30 April 2008 £'000	Year ended 30 April 2007 £'000
Directors' fees	110	83
Auditors' remuneration: For audit services	26	25
For other services (taxation services)	36	8
Other expenses (including Shareplan and ISA administration fees)	454	631
	626	747

The other taxation services cover tax, VAT and Section 842 advice provided by the Newcastle office of PricewaterhouseCoopers LLP ("PwC"). The London and Edinburgh offices of PwC provide audit services.

The total expense ratio is 1.37% (30 April 2007: 1.31%) if the management fee shown in note 7 is added to the other administrative expenses and based on the average equity shareholders' funds over the year.

9 FINANCE COSTS

	Year ended 30 April 2008 £'000	Year ended 30 April 2007 £'000
Interest on loans and overdrafts repayable within one year	480	485

10 TAXATION

	Year ended 30 April 2008 £'000	Year ended 30 April 2007 £'000
a) Analysis of tax charge for the year:		
Overseas tax	333	222
Total tax for the year (see note 10b)	333	222
b) Factors affecting tax charge for the year:		
The charge for the year can be reconciled to the loss per the income statement as follows:		
Loss before tax	(19,459)	(22,482)
Tax at the UK corporation tax rate of 30% (2007: 30%)	(5,352)	(6,745)
Tax at the UK corporation tax rate of 28% (2007: 30%)	(454)	–
Tax effect of non-taxable UK dividends	(85)	(122)
Tax effect of non-taxable stock dividends	(40)	(8)
Losses on investments that are not taxable	5,501	6,188
Net income allocations from limited partnerships	–	(4)
Unrelieved current year expenses and deficits	425	687
Expenses and finance costs not deductible for tax purposes	5	4
Overseas tax suffered	333	222
Total tax for the year (see note 10a)	333	222
c) Factors that may affect future tax charges:		
There is an unrecognised deferred tax asset comprising:		
Unrelieved management expenses	18,251	19,123
Eligible unrelieved foreign tax	1,120	863
	19,371	19,986

In the Finance Act 2008 which is subject to Royal Assent in July 2008, the Chancellor has reduced the rate of corporation tax from 30% to 28% for the financial year commencing 1 April 2008.

It is unlikely that the Company will generate sufficient taxable profits in the future to utilise these expenses and deficits and therefore no deferred tax asset has been recognised.

Due to the Company's tax status as an investment trust and the intention to continue meeting the conditions required to obtain approval of such status in the forseeable future, the Company has not provided tax on any capital gains arising on the revaluation or disposal of investments.

11 EARNINGS PER ORDINARY SHARE

	Year ended 30 April 2008			Year ended 30 April 2007		
	Revenue return pence	Capital return pence	Total return pence	Revenue return pence	Capital return pence	Total return pence
From continuing operations						
Basic – ordinary shares	(0.99)	(13.46)	(14.45)	(1.47)	(14.75)	(16.22)

Earnings per ordinary share is based on the net loss after taxation attributable to the ordinary shares of £19,792,000 (30 April 2007 – loss of £22,704,000) and on 136,939,163 (30 April 2007 – 139,990,821) ordinary shares, being the weighted average number of shares in issue during the year. There are no potentially dilutive securities in issue.

12 CHANGES IN NON CURRENT ASSETS

	Group 30 April 2008 £'000	Company 30 April 2008 £'000	Group 30 April 2007 £'000	Company 30 April 2007 £'000
Valuation at 1 May 2007	352,205	352,463	362,701	363,113
Less: Unrealised appreciation	(17,920)	(19,944)	(44,839)	(46,935)
Cost at 1 May 2007	334,285	332,519	317,862	316,178
Additions at cost	385,409	385,372	346,663	346,581
Proceeds of disposal	(438,558)	(436,755)	(335,181)	(335,181)
Realised (losses)/gains on sale	(8,364)	(8,364)	4,941	4,941
Cost at 30 April 2008	272,772	272,772	334,285	332,519
Add: Unrealised appreciation	12,797	14,831	17,920	19,944
Valuation at 30 April 2008	285,569	287,603	352,205	352,463
Of which:				
Listed on a recognised Stock Exchange	283,386	283,386	349,139	347,373
Unlisted	2,183	4,217	3,066	5,090

Included in additions at cost are purchase costs of £978,000 (30 April 2007: £871,000). Included in proceeds of disposals are sales costs of £1,181,000 (30 April 2007: £890,000). These comprise mainly stamp duty and commission.

Unquoted investments

The value of the unquoted investments as at 30 April 2008 was £2,183,000 (30 April 2007: £3,066,000) and the portfolio comprised of the following holdings:

Investment	Valuation £'000
Domain Public Equity Partners	1,411
Herald Ventures Limited Partnership	572
Herald Ventures Limited Partnership II	200
	2,183

13 SUBSIDIARY UNDERTAKING

PCT Finance Limited

The company owns the entire share capital consisting of 2 ordinary shares of £1 of PCT Finance Limited, which is registered in England and Wales and operates in the United Kingdom. This subsidiary's business is that of a dealing company.

The cost of the investment in the subsidiary was £2 (30 April 2007: £2).

	Company 30 April 2008 £'000	Company 30 April 2007 £'000
Balance brought forward at 30 April 2007	2,024	2,096
Revaluation of subsidiary	10	(72)
Balance carried forward at 30 April 2008	2,034	2,024

During the year an interim dividend of £200,000 (30 April 2007: £250,000) was paid to Polar Capital Technology Trust plc.

14 SUBSTANTIAL EQUITY INTERESTS

The Company no longer holds an interest as a limited partner in TR Ecotec Environmental Fund ("the Fund") (30 April 2007: 33 1/3%), an English Limited Partnership registered under the Limited Partnership Act 1907, the principal place of business of which is 4 Broadgate, London EC2M 2NB.

The Directors did not consider the Fund to be an associate of the Company because in their view the Company did not participate in the financial and operating policy decisions of the entity.

The Company has a 4.8% (30 April 2007: 3.3%) interest as a limited partner in Domain Public Equity Partners L.P., a Delaware limited partnership.

In addition to the above, the Company has interests of 3% or more of any share class of capital in 4 (30 April 2007: 6) investee companies.

	Company 30 April 2008 %	Company 30 April 2007 %
Sinosoft	6.2	6.5
Sanderson	4.7	4.8
Low Carbon Accelerator	3.4	3.4
Software Radio Technology	3.2	3.6
Inicis	–	6.4
ST Shire Optical	–	3.2

At 30 April 2008 these investments did not represent more than 1% of the Company's investments and therefore are not considered significant in the context of these accounts.

The above substantial equity investments are included in investments held at fair value.

15 OTHER RECEIVABLES

	Group 30 April 2008 £'000	Company 30 April 2008 £'000	Group 30 April 2007 £'000	Company 30 April 2007 £'000
Sales for future settlement	3,093	3,093	1,550	1,550
Spot foreign exchange contracts awaiting settlement	8,556	8,556	3,581	3,581
Overseas tax recoverable	45	45	4	4
Prepayments and accrued income	233	211	557	540
Amounts due from subsidiary undertaking	–	3,333	–	3,244
VAT recoverable	6	6	137	137
	11,933	15,244	5,829	9,056

16 OTHER PAYABLES

	Group 30 April 2008 £'000	Company 30 April 2008 £'000	Group 30 April 2007 £'000	Company 30 April 2007 £'000
Purchases for future settlement	1,926	1,926	2,793	2,793
Spot foreign exchange contracts awaiting settlement	8,600	8,600	3,600	3,600
Accruals	1,190	1,190	502	502
	11,716	11,716	6,895	6,895

17 BANK LOANS

	Group and Company 30 April 2008 £'000	Group and Company 30 April 2007 £'000
The Group has the following unsecured Japanese Yen loans:		
¥4,010m at a fixed rate of 1.198% repayable 29 June 2007	–	16,779
¥5,000m at a fixed rate of 1.215% repayable 28 September 2007	–	20,921
¥4,010m at a fixed rate of 1.198% repayable 29 June 2010	19,373	–
¥1,000m at a fixed rate of 1.215% repayable 30 September 2008	4,831	–
	24,204	37,700
Less: Amounts due for settlement within 12 months (shown under current liabilities)	(4,831)	(37,700)
Amounts due for settlement after 12 months	19,373	–

Bank loans are disclosed at fair value, which is the same as carrying value.

18 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

Risk management policies and procedures

The Group comprises of an investment trust and a wholly owned dealing subsidiary. The Group invests in equities and other financial instruments for the long term to further the investment objective set out on page 18. This exposes the Group to a range of financial risks that could impact on the assets or performance of the Group.

The main risks arising from the Group's pursuit of its investment objective are market risk, liquidity risk and credit risk and the Directors' approach to the management of them is set out below. The risks have remained unchanged since the beginning of the year to which the accounts relate.

The Group's exposure to financial instruments comprise:

- Equity and non-equity shares and fixed interest securities which are held in the investment portfolio in accordance with the Group's investment objective.
- Term loans and bank overdrafts, the main purpose of which is to raise finance for the Group's operations Cash, liquid resources and short-term receivables and payables that arise directly from the Group's operations.
- Derivative transactions which the Group enters into may include equity or index options, index future contracts, and forward foreign exchange contracts. The purpose of these is to manage the market price risks and foreign exchange risks arising from the Group's investment activities.

The overall management of the risks is determined by the Board and its approach to each risk identified is set out below. The Board and the investment manager co-ordinate the risk management and the investment manager assesses the exposure to market risk when making each investment decision.

(a) Market Risk

Market risk comprises three types of risk: market price risk (see note 18(a)(i)), currency risk (see note 18(a)(ii)), and interest rate risk (see note 18(a)(iii)).

(i) Market Price Risk

The Company is an investment company and as such its performance is dependent on its valuation of its investments. Consequently market price risk is the most significant risk that the Group faces. Market price risk arises mainly from uncertainty about future prices of financial instruments used in the Group's operations. It represents the potential loss the Group might suffer through holding market positions in the face of price movements. A detailed breakdown of the investment portfolio is given on pages 14 to 16. Investments are valued in accordance with the Group's accounting policies as stated in Note 2 (g).

The Group has no derivative instruments at the year-end, but, in the event that it had, the value of derivative instruments held at the balance sheet date would be determined by reference to their fair value at that date.

Management of the risk

In order to manage this risk it is the Board's policy to hold an appropriate spread of investments in the portfolio in order to reduce both the statistical risk and the risk arising from factors specific to a particular technology sector. The allocation of assets to international markets, together with stock selection covering small, medium and large companies, and the use of index options, are other factors which act to reduce price risk. The investment manager actively monitors market prices throughout the year and reports to the Board which meets regularly in order to consider investment strategy.

Market price risks exposure

The Group's exposure to changes in market prices at 30 April on its quoted and unquoted equity investments was as follows:

	30 April 2008 £'000	30 April 2007 £'000
Non-current asset investments at fair value through profit or loss	285,569	352,205
	285,569	352,205

An analysis of the Group's portfolio is shown on pages 14 to 16.

Market price risk sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and the value of shareholders' funds to an increase or decrease of 15% (30 April 2007:15%) in the fair values of the Group's equities. This level of change is considered to be reasonably possible based on observation of current market conditions and historic trends. The sensitivity analysis is based on the Group's equities at each balance sheet date, with all other variables held constant.

	30 April 2008 Increase in fair value £'000	30 April 2008 Decrease in fair value £'000	30 April 2007 Increase in fair value £'000	30 April 2007 Decrease in fair value £'000
Income statement – loss after tax				
Revenue return	(428)	428	(528)	528
Capital return	42,835	(42,835)	52,831	(52,831)
Change to the loss after tax for the year	42,407	(42,407)	52,303	(52,303)
Change to shareholders' funds	42,407	(42,407)	52,303	(52,303)

(ii) Currency Risk

The Group's total return and net assets can be significantly affected by currency translation movements as the majority of the Group's assets and revenue are denominated in currencies other than sterling.

Management of the risk

The investment manager mitigates the individual currency risks through the international spread of investments and the use of forward foreign exchange contracts. Borrowings in foreign currencies are entered into to manage the asset exposure to those currencies, which vary according to the asset allocation.

Foreign currency exposure

The table below shows, by currency, the split of the Group's non-sterling monetary assets, liabilities and investments that are priced in currencies other than sterling.

	US dollar	Euro	Yen	Other non sterling	30 April 2008 £'000 Total
Investments at fair value through profit and loss that are monetary items	–	–	–	–	–
Other receivables	8,849	46	31	2	8,928
Cash at bank and short term deposits	4,551	8	10,915	9,441	24,915
Other payables	(3,108)	–	(137)	(299)	(3,544)
Borrowings under loan facility	–	–	(24,204)	–	(24,204)
Foreign currency exposure on net monetary items	10,292	54	(13,395)	9,144	6,095
Investments at fair value through profit and loss that are equities	193,403	32,045	12,562	23,775	261,785
Total net foreign currency exposure	203,695	32,099	(833)	32,919	267,880

	US dollar	Euro	Yen	Other non sterling	30 April 2007 £'000 Total
Investments at fair value through profit and loss that are monetary items	–	–	–	–	–
Other receivables	1,745	190	1,877	163	3,975
Cash at bank and short term deposits	2,211	7	6,757	8,321	17,296
Other payables	(1,704)	–	(1,974)	–	(3,678)
Borrowings under loan facility	–	–	(37,700)	–	(37,700)
Foreign currency exposure on net monetary items	2,252	197	(31,040)	8,484	(20,107)
Investments at fair value through profit and loss that are equities	205,065	30,966	33,090	35,330	304,451
Total net foreign currency exposure	207,317	31,163	2,050	43,814	284,344

During the financial year sterling depreciated by 1.0% against the US dollar (2007:appreciated by 10.0%), depreciated by 13.4% (2007:appreciated by 15.1%) against the Japanese yen and depreciated by 13.2% (2007: appreciated by 1.5%) against the Euro.

Foreign currency sensitivity

The following table illustrates the sensitivity of the loss after tax for the year and the value of shareholders' funds in regard to the financial assets and financial liabilities and the exchange rates for the £/US dollar, £/Euro and £/Japanese yen.

It assumes the following changes in exchange rates:

£/US dollar +/- 10% (2007: 10%)

£/Euro +/- 10% (2007: 10%)

£/Japanese yen +/- 15% (2007: 15%)

If sterling had depreciated against the currencies shown, this would have the following effect:

			30 April 2008 £'000			30 April 2007 £'000
	US dollar	Euro	Yen	US dollar	Euro	Yen
Income statement – loss after tax						
Revenue return	63	39	(3)	50	62	(13)
Capital return	23	4	–	23	3	–
Change to the loss after tax for the year	86	43	(3)	73	65	(13)
Change to shareholders' funds	86	43	(3)	73	65	(13)

If sterling had appreciated against the currencies shown, this would have the following effect:

			30 April 2008 £'000			30 April 2007 £'000
	US dollar	Euro	Yen	US dollar	Euro	Yen
Income statement – loss after tax						
Revenue return	(52)	(32)	2	(41)	(51)	10
Capital return	(19)	(3)	–	(19)	(3)	–
Change to the loss after tax for the year	(71)	(35)	2	(60)	(54)	10
Change to shareholders' funds	(71)	(35)	2	(60)	(54)	10

In the opinion of the Directors, neither of the above sensitivity analyses are representative of the year as a whole since the level of exposure changes frequently as part of the currency risk management process used to meet the Company's objectives.

(iii) Interest Rate Risk

Interest rate changes may effect the income received from cash at bank and interest payable on bank borrowings.

All cash balances earn interest at a variable rate.

The Group finances its operations through its term loans as well as bank overdrafts and any retained gains arising from operations.

The Group uses borrowings in the desired currencies at both fixed and floating rates of interest to both generate the desired interest rate profile and manage the exposure to interest rate fluctuations.

Management of the risk

The Board imposes borrowing limits to ensure gearing levels are appropriate to market conditions and reviews these on a regular basis.

Interest rate exposure

The exposure, at 30 April, of financial assets and liabilities to interest rate risk is shown by reference to:

– floating interest rates (i.e. giving cash flow interest rate risk) – when the rate is due to be re-set;

– fixed interest rates (i.e. giving fair value interest rate risk) – when the financial instrument is due for repayment.

			30 April 2008			30 April 2007
	Within one year £'000	More than one year £'000	Total £'000	Within one year £'000	More than one year £'000	Total £'000
Exposure to floating interest rates:						
Cash at bank and short-term deposits	38,843	–	38,843	22,059	–	22,059
Creditors:						
amounts falling due within one year						
– Bank loan	–	–	–	–	–	–
	38,843	–	38,843	22,059	–	22,059
Exposure to fixed interest rates:						
Investments at fair value through profit or loss	–	–	–	–	–	–
Creditors:						
amounts falling due after more than one year:						
– Long-term loans	–	19,373	19,373	–	–	–
Creditors:						
amounts falling due within one year:						
– Bank loan	4,831	–	4,831	37,700	–	37,700
	4,831	19,373	24,204	37,700	–	37,700
Total exposure to interest rates	43,674	19,373	63,047	59,759	–	59,759

Interest rate sensitivity

The sensitivity analysis is based on the Group's monetary financial instruments held at each balance sheet date, with all other variables held constant.

The table below illustrates the Group's sensitivity to interest rate movements, with a change of 0.25% p.a. in the rates of interest available to the Group's financial assets and a change of 0.25% p.a in the rates of interest available to the Group's financial liabilities. The effect on the revenue and capital return after tax and the value of shareholders' funds are as follows:

		30 April 2008		30 April 2007
	Increase in rate £'000	Decrease in rate £'000	Increase in rate £'000	Decrease in rate £'000
Income statement – loss after tax				
Revenue return	37	(37)	(39)	39
Capital return	–	–	–	–
Change to the loss after tax for the year	37	(37)	(39)	39
Change to shareholders' funds	37	(37)	(39)	39

This level of change is considered to be reasonably possible based on observation of current market conditions. This is not representative of the year as a whole, since the exposure changes as investments are made.

(b) Liquidity Risk

Liquidity risk is the possibility of failure of the Group to realise sufficient assets to meet its financial liabilities.

Management of the risk

The Group's assets mainly comprise readily realisable securities which may be sold to meet funding requirements as necessary.

Liquidity risk exposure

The maturity of the Group's existing borrowings are set out in note 17 to the accounts. Short-term flexibility is achieved through the use of overdraft facilities.

(c) Credit Risk

Credit risk is the exposure to loss from failure of a counterparty to deliver securities or cash for acquisitions or disposals of investments or to repay deposits.

Management of the risk

This risk is not considered significant. The Group manages credit risk by using brokers from a database of approved brokers and by dealing through Polar Capital. All cash balances are held with approved counterparties. These arrangements were in place throughout the current year and the prior year.

Credit risk exposure

None of the Group's financial assets are past due or impaired.

(d) Gearing risk

The Company's policy is to increase its exposure to equity markets through the judicious use of borrowings. When borrowings are invested in such markets, the effect is to magnify the impact on Shareholder's funds of changes, both positive and negative, in the value of the portfolio

Management of the risk

The Company uses short-term loans to manage gearing risk, details of which can be found in note 17.

Gearing risk exposure

The loans are valued at amortised cost, using the effective interest rate method in the financial statements. The Board regulates the overall level of gearing by raising or lowering cash balances.

(e) Capital Management Policies and Procedures

The Company's capital management objectives are:

The Company's capital, or equity, is represented by its net assets which are managed to achieve the Company's investment objective set out on page 18.

The Board monitors and reviews the broad structure of the Company's capital on an ongoing basis. This review includes:

(i) the planned level of gearing through the Company's fixed rate loan facility and

(ii) the need to buy back equity shares for cancellation, which takes account of the difference between the net asset value per share and the share price (ie the level of share price discount or premium).

The Company's objectives, policies and processes for managing capital are unchanged from the preceding accounting period.

The Company is subject to externally imposed capital requirements through the Companies Act with respect to its status as a public company.

In addition in order to pay dividends out of profits available for distribution by way of dividend, the Company has to be able to meet one of the two capital restriction tests imposed on investment companies by company law.

These requirements are unchanged since the previous year end and the Company has complied with them.

19 ORDINARY SHARE CAPITAL

	Group and Company 30 April 2008 £'000	Group and Company 30 April 2007 £'000
Authorised:		
860,000,000 ordinary shares of 25p	215,000	215,000
Allotted, called up and fully paid: 132,508,914 (30 April 2007: 139,990,821) ordinary shares of 25p	33,127	34,998

Between 15 June 2007 and 11 April 2008 the Company made market purchases of 7,481,907 of its own shares for cancellation, for a total consideration of £15,281,384 including stamp duty (nominal value of £1,870,477) at between 169p and 230p per share. At the year end all shares were treated as cancelled.

20 CAPITAL REDEMPTION RESERVE

	Group and Company £'000
At 1 May 2007	9,214
Transfer to capital redemption reserve on buy back of shares	1,871
At 30 April 2008	11,085

21 SHARE PREMIUM

	Group and Company £'000
At 1 May 2007	117,902
At 30 April 2008	117,902

22 WARRANT EXERCISE RESERVE

	Group and Company £'000
At 1 May 2007	7,536
At 30 April 2008	7,536

At 30 April 2008 there were no warrants outstanding (30 April 2007: nil).

23 RETAINED EARNINGS

	Capital reserve - realised £'000	Capital reserve - unrealised £'000	Capital reserve - total £'000	Revenue reserve £'000	Retained earnings £'000
Group:					
Opening balances at 1 May 2007	204,031	20,873	224,904	(59,056)	165,848
Loss for the year to 30 April 2008	(18,438)	–	(18,438)	(1,354)	(19,792)
Transfer unrealised capital losses	10,940	(10,940)	–	–	–
Cost of ordinary share repurchases	(15,281)	–	(15,281)	–	(15,281)
Closing balances at 30 April 2008	181,252	9,933	191,185	(60,410)	130,775
Company:					
Opening balances at 1 May 2007	204,031	22,897	226,928	(61,080)	165,848
Loss for the year to 30 April 2008	(18,438)	–	(18,438)	(1,364)	(19,802)
PCT Finance Limited (see note 13)	–	10	10	–	10
Transfer unrealised capital losses	10,940	(10,940)	–	–	–
Cost of ordinary share repurchases	(15,281)	–	(15,281)	–	(15,281)
Closing balances at 30 April 2008	181,252	11,967	193,219	(62,444)	130,775

The Institute of Chartered Accountants of England and Wales, has issued guidance (TECH 01/08), stating that profits arising out of a change in fair value of assets, recognised in accordance with Accounting Standards, may be distributed, provided the relevant assets can be readily converted into cash.

Securities listed on a recognised stock exchange are generally regarded as being readily convertible into cash and hence unrealised profits amounting to approximately £13.8m in respect of such securities, currently included within Capital Reserve – Unrealised, may be regarded as distributable under Company Law.

NOTES TO THE ACCOUNTS (CONTINUED)

24 NOTE TO THE CASH FLOW STATEMENT

Purchases and sales of investments are considered to be operating activities of the Company, given its purpose, rather than investing activities. However, the cash flows associated with these activities are presented below.

	Group and Company Year ended 30 April 2008 £'000	Group and Company Year ended 30 April 2007 £'000
Proceeds on disposal of fair value through profit or loss investments	437,015	335,783
Purchases of fair value through profit or loss investments	(386,239)	(348,328)
	50,776	(12,545)

25 CAPITAL COMMITMENTS

At 30 April 2008 the Group had a commitment in respect of the following limited partnerships:

	Commitment at 30 April 2008 £'000	Drawn down at 30 April 2008 £'000	Commitment at 30 April 2007 £'000	Drawn down at 30 April 2007 £'000
Herald Ventures Limited Partnership	1,000	1,000	1,000	1,000
Herald Ventures Limited Partnership II	500	275	500	250
Domain Public Equity Partners	2,201	2,201	2,201	2,201

26 RELATED PARTY TRANSACTIONS

Under the terms of an agreement dated 9 February 2001 the Company has appointed Polar Capital LLP ("Polar Capital") to provide investment management, accounting, secretarial and administrative services. Details of the fee arrangement for these services are given in the Report of the Directors. The total fees, paid under this agreement to Polar Capital in respect of the year ended 30 April 2008 was £3,730,000 (2007: £3,793,000) of which £765,000 (2007: £nil) was outstanding at the year-end. In addition to the above services Polar Capital has procured a Share Savings Scheme, PEP transfer and ISA product to be offered on behalf of the Company by BNP Paribas Securities Services. The total fee paid to BNP Paribas for these services for the year ended 30 April 2008 amounted to £200,000 (30 April 2007: £195,000) (including irrecoverable VAT) and the Company received income of £182,000 (30 April 2007: £66,000) in respect of the charges collected from investors. The compensation payable to key management personnel in respect of short term employee benefits is £110,000 (2007: £83,000) which comprises £110,000 (2007: £83,000) paid by the Company to the Directors.

27 NET ASSET VALUE PER ORDINARY SHARE

	Net asset value per share 30 April 2008 pence	Net asset value per share 30 April 2007 pence
Ordinary shares:	226.72	239.66

The net asset value per ordinary share is based on net assets at the year end and on 132,508,914 (2007: 139,990,821) ordinary shares, being the number of ordinary shares in issue at the year end.

The movement during the year of the net assets attributable to the ordinary shares was as follows:

	Year ended 30 April 2008 £'000	Year ended 30 April 2007 £'000
Net assets at 30 April 2007	335,498	358,202
Cost of ordinary share repurchases	(15,281)	–
Net loss for the year on ordinary activity after taxation	(19,792)	(22,704)
Net assets attributable to equity shareholders at 30 April 2008	300,425	335,498

28 SEGMENTAL REPORTING

An analysis of the Group's investments held at 30 April 2008 by geographical segment and the related investment income earned during the year to 30 April 2008 is noted below:

	30 April 2008 Value of investments £'000	Year ended 30 April 2008 Gross income £'000	30 April 2007 Value of investments £'000	Year ended 30 April 2007 Gross income £'000
North America	191,266	623	203,438	617
Europe	51,246	1,025	79,686	1,417
Asia	43,057	996	69,081	461
Total	285,569	2,644	352,205	2,495

29 VALUE ADDED TAX

In 2004 the Association of Investment Companies (the "AIC"), together with JP Morgan Claverhouse Investment Trust plc, launched a case against HM Revenue & Customs ("HMRC") to challenge whether Value Added Tax ("VAT") should have been charged on fees paid for management services provided to investment trust companies. On 28 June 2007 the European Court of Justice delivered its judgement on the case in favour of the AIC. Since then HMRC has accepted that the provision of investment management services to investment trust companies is VAT exempt and has acknowledged its liability to pay claims in respect of VAT borne by investment companies.

The Company has had two managers since its formation in December 1996. Henderson Global Investors managed the Company from formation up to 9 February 2001 and Polar Capital has been the manager since that date. From 31 July 2007 the Company has ceased to be charged VAT on management fees.

The previous manager has confirmed that it has lodged claims with HMRC to recover VAT paid from Autumn 1996 to February 2001 while Polar Capital has confirmed that it has lodged claims covering the period from February 2001 to July 2007.

The Company was charged VAT in respect of the period December 1996 to February 2001 of £8.2m and has recovered £4.3m, while in the period from February 2001 to 31 July 2007 it was charged VAT of £3.2m and recovered £2.2m. Of the £4.9m of un-recovered VAT some £3.9m relates to a period which lies outside the three year time limit for lodging repayment claims and may not be recoverable through the managers' claims. Of the £1.0m balance of un-recovered VAT, the amount of any VAT reclaimed by the manager which is to be paid to the Company is the subject of ongoing discussions with HMRC and the managers Therefore the Board do not believe there is yet sufficient certainty to quantify the VAT recoverable as a result of the Claverhouse case. Accordingly no amounts have been recognised in these accounts.

SHAREHOLDER AND INVESTOR INFORMATION – TAX

CAPITAL GAINS TAX

Information on this Capital Gains Tax is available on the HM Revenue & Customs website (www.hmrc.gov.uk/cgt/index).

When shares are disposed of a capital gain may result if the disposal proceeds exceed the sum of the base cost of the shares sold and any other allowable deductions such as share dealing costs. The exercise of warrants into shares should not have given rise to a capital gain, however a capital gain may arise on the eventual disposal of those shares.

The calculations required to compute capital gains may be complex and depend on personal circumstances. The above information is of a general nature and not exhaustive. Shareholders are advised to consult their personal financial advisor for further information regarding a possible tax liability in respect of their shareholdings.

MARKET PRICES OF THE COMPANY'S SHARES AND WARRANTS

The market prices, for capital gains tax purposes, of the Company's shares and warrants at the close of business on 16 December 1996, the first day of dealings in the Company's shares and warrants, and 17 March 1997, the first day of dealings after the conversion of the C shares, were as follows:

	16 December 1996	17 March 1997
ordinary shares of 25p each	96.0p	88.5p
warrants to subscribe for ordinary shares	36.0p	31.0p

Source: Dun & Bradstreet

FORMER SHAREHOLDERS OF TR TECHNOLOGY PLC

Former shareholders of TR Technology PLC who accepted the offers made by Polar Capital Technology Trust PLC for their shares in TR Technology PLC may find the following table helpful:

TR Technology plc	Polar Capital Technology Trust plc
For each ordinary share of 25p each:	On 16 December 1996, one C share 200p each. On 14 March 1997, on conversion of the C shares, 3.94342 ordinary shares of 25p each and one warrant to subscribe for ordinary shares in respect of every five ordinary shares arising on conversion of the C shares.
For each stepped preference share of 25p each:	On 16 December 1996, 1.5561743 ordinary shares of 25p each and one warrant to subscribe for ordinary shares in respect of every five such ordinary shares.
For each zero dividend preference share of 25p each:	On 16 December 1996, 2.7392426 ordinary shares of 25p each and one warrant to subscribe for ordinary shares in respect of every five such ordinary shares.

SHAREHOLDER AND INVESTOR INFORMATION – CONTACTS

INVESTMENT MANAGER
Polar Capital LLP
Authorised and regulated by the Financial Services Authority

FUND MANAGER
Ben Rogoff

DEPUTY FUND MANAGER
Craig Mercer

SECRETARY
Polar Capital Secretarial Services Limited,
represented by Neil Taylor FCIS

REGISTERED OFFICE
4 Matthew Parker Street
London SW1H 9NP
020 7227 2700

INDEPENDENT AUDITORS
PricewaterhouseCoopers LLP
Hay's Galleria
1 Hay's Lane
London SE1 2RD

SOLICITORS
Herbert Smith LLP
Exchange House
Primrose Street
London EC2A 2HS

STOCKBROKERS
Cenkos Securities plc
6.7.8. Tokenhouse Yard
London EC2R 7AS

BANKERS AND CUSTODIAN
JPMorgan Chase Bank NA
125 London Wall
London EC2Y 5AJ

REGISTERED NUMBER
Registered in England and Wales
No. 3224867

COMPANY WEBSITE
www.polarcapitaltechnologytrust.co.uk

REGISTRAR
Shareholders who have their shares registered in their own name, not through a Share Savings Scheme or ISA, can contact the registrars with any queries on their holding. Post, telephone and internet contact details are given below.

In correspondence you should refer to Polar Capital Technology Trust plc, stating clearly the registered name and address and if available the full account number.

Equiniti Limited,
Aspect House,
Spencer Road, Lancing,
West Sussex BN99 6DA.

Shareholder helpline: 0871 384 2476

(Calls to 0871 numbers are charged at 8p per minute from a BT landline. Other telephony providers costs may vary)

www.shareview.co.uk

SAVINGS SCHEME AND ISA
For shareholders who have their shares registered through the Company sponsored savings scheme information can be obtained by contacting:

BNP Paribas Fund Services UK Ltd (Polar Capital),
Block C, Western House,
Lynchwood Business Park,
Peterborough PE2 6BP

Telephone: 0845 358 1109,
or 00 44 1733 285784 if phoning from overseas
Fax: 01733 285822

aic
The Association of Investment Companies

SHAREHOLDER AND INVESTOR INFORMATION – GENERAL

SHARE PRICE AND PERFORMANCE DETAILS

The Company's Net Asset Value ("NAV") is released daily, on the next working day following the calculation date, to the London Stock Exchange.

The mid-market price of the ordinary shares is published daily in the Financial Times in the Companies and Markets section under the heading "Investment Companies". Share price information is also available from the London Stock Exchange Website www.londonstockexchange.co.uk (PCT), Bloomberg (PCT.LN), Datastream (PCT), Lipper (71000395) and Reuters (PCT.L). The SEDOL codes is 0422002 and the ISIN is GB004220025.

PORTFOLIO DETAILS

Portfolio information is provided to the AIC for its monthly statistical information service (www.theAIC.co.uk) and monthly fact sheets, as well as previous copies of annual report and accounts, are available on the Company's website www.polarcapitaltechnologytrust.co.uk

DISABILITY ACT

Copies of this Report and Accounts or other documents issued by the Company are available from the Company Secretary. If needed, copies can be made available in a variety of formats, either Braille or on audio tape or larger type as appropriate.

You can contact our Registrars, Equiniti Limited (formerly Lloyds TSB Registrars), who have installed textphones to allow speech and hearing impaired people who have their own textphone to contact them directly by ringing 0871 384 2255 without the need for an intermediate operator. Specially trained operators are available during normal business hours to answer queries via this service. Alternatively, if you prefer to go through a 'typetalk' operator (provided by the Royal National Institute for the Deaf), you should dial 18001 followed by the number you wish to dial.

For shareholders attending the Annual General Meeting of the Company an induction loop is available for hearing aid wearers.

(Calls to 0871 numbers are charged at 8p per minute from a BT landline. Other telephony providers costs may vary.)

NOMINEE SHAREHOLDER CODE

Where notification has been provided in advance the Company will arrange for copies of shareholder communications to be provided to the operators of nominee accounts. Nominee service providers are encouraged to advise investors that they may attend general meetings and speak at meetings when invited by the Chairman.

Investors in the BNP Paribas Polar Capital Technology Trust Share Savings Scheme and the BNP Paribas Polar Capital Technology Trust ISA receive all shareholder communications. A voting instruction form is provided to facilitate voting.

FINANCIAL CALENDAR

The key dates in the Company's financial year are as follows:

30 April	Financial year end
Mid-June	Announcement of results
Mid-July	Annual General Meeting
31 October	Half-year end
Mid-December	Announcement of half-year results

WARNING TO SHAREHOLDERS

Over recent months many companies have become aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based 'brokers' who target UK shareholders offering to sell them what often turn out to be worthless or high risk shares in US or UK investments. They can be very persistent and extremely persuasive. Shareholders are therefore advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports.

Please note that it is very unlikely that either the Company or the Company's Registrar, Equiniti Limited, would make unsolicited telephone calls to shareholders and that any such calls would relate only to official documentation already circulated to shareholders and never in respect of investment 'advice'.

If you are in any doubt about the veracity of an unsolicited phone call, please call either the Company Secretary or the Registrar at the numbers provided on page 57.

SHAREHOLDER AND INVESTOR INFORMATION – HISTORIC PERFORMANCE

HISTORIC PERFORMANCE FOR THE YEARS ENDED 30 APRIL

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Total net assets (£'000)	201,891	279,946	668,727	401,337	287,229	221,022	306,636	236,439	358,202	335,498	300,425
NAV per share (pence)											
undiluted	137.2	190.2	452.8	270.2	192.8	148.3	208.1	205.0	–	–	–
diluted	131	175.3	395.8	243.7	178.5	141.3	193.7	189.8	255.9	239.7	226.7
Share price (pence)	115	167.5	436.0	281.5	165.0	120.5	164.8	165.5	245.0	228.0	190.8
Indices of Performance[1]											
Share price	100	145.7	379.1	244.8	143.5	104.8	143.3	143.9	213	198.3	165.9
Net asset value per share[2]	100	138.6	330	196.9	140.5	108.1	151.7	149.4	186.5	174.7	165.2
Dow Jones World Technology	100	143.6	276.8	154.9	104.4	75.0	90.0	81.5	107.7	105.4	107.0

The Company commenced trading on 16 December 1996 and the share price on the first day was 96.0p per share and the NAV per share was 97.5p.

Notes:

1 rebased to 100 at 30 April 1999

2 The net asset value per share growth is based on undiluted NAV per share from 1999 to 2005 and following the exercise of warrants on 30 September 2005 on diluted NAV per share for 2006 onwards. From 2005 onwards the total net assets figures have been calculated in accordance with IFRS, with investments valued at bid price. Prior to 2005 investments were valued at mid price.

Sources: HSBC Securities Services and Polar Capital LLP.

INVESTING

MARKET PURCHASES

The shares of Polar Capital Technology Trust plc are listed and traded on the London Stock Exchange. Investors may purchase shares through their stockbroker, bank or other financial intermediary.

SHARE DEALING SERVICES

The Company has arranged for Shareview Dealing, a telephone and internet share sale service offered by Equiniti (formerly Lloyds TSB Registrars) to be made available.

For telephone sales call 0871 384 2020 between 8.30am and 4.30pm for dealing and up to 6.00pm for enquiries, Monday to Friday. For internet sales log on to **www.shareview.co.uk/dealing** (Calls to 0871 numbers are charged at 8p per minute from a BT landline. Other telephony providers costs may vary).

SAVINGS SCHEME & ISA

The shares of the Company may also be purchased through arrangements offered by BNP Paribas Fund Services and Alliance Trust Savings. BNP Fund Services UK Limited (BNP Paribas) operates and administers both a share savings scheme and an ISA scheme (the Schemes) dedicated to the shares of the Company. BNP Paribas made these Schemes available at the request of the Company and they have operated since 2001. Both the share savings scheme and the ISA are subject to the key features document which should be read before entering into the investment. These Schemes are subject to commission, stamp duty and administration charges which are detailed in the key features document. Information and the key feature document are available from:

BNP Paribas Fund Services UK Limited (Polar Capital)
Block C, Western House, Lynchwood Business Park,
Peterborough, PE2 6BP
Telephone 0845 358 1109
or 00 44 1733 285784 if phoning from overseas.
Fax. 01733 285822

Alternatively UK residents can invest through the Alliance Trust. They provide and administer a range of self-select investment plans, including tax-advantaged ISAs and SIPPs (self-invested personal pensions) and also Investment Plans and First Steps, an investment plan for children.

For more information, please contact Alliance Trust on 08000 326 323, or visit www.alliancetrust.co.uk

Please remember that any investment in the shares of Polar Capital Technology Trust either directly or through a savings scheme or ISA carries the risk that the value of your investment and any income from them may go down as well as up due to the fluctuations of the share price, the market and interest rates. This risk may result in an investor not getting back their original amount invested. Past performance is not a guide to future performance.

Polar Capital Technology Trust is allowed to borrow against its assets and this may increase losses triggered by a falling market, however the Company may increase or decrease its borrowing levels to suit market conditions. The Company's shares may reflect the greater volatility of technology shares which themselves are subject to the risks of developing technologies and other commercial risks. Many technology companies are smaller companies and are therefore also subject to the risks attendant oninvesting in smaller companies. It is therefore important that you read the key features documents and understand the risks associated with investing in the shares of the Company.

If you are in any doubt as to the suitability of a plan or any investment available within a plan, please take professional advice.

PCTT 30/04/2008

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