ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 30 APRIL 2007

POLAR CAPITAL TECHNOLOGY TRUST PLC

POLAR CAPITAL TECHNOLOGY TRUST PLC – PROFILE

Polar Capital Technology Trust PLC was launched on 16 December 1996 under the name Henderson Technology Trust PLC, with the issue of ordinary shares plus one warrant attached to every five shares. The original subscription price for each share was £1. On 30 September 2005 the warrants reached their final exercise date and were converted into ordinary shares of the Company.

In 2005, the shareholders voted to continue the life of the Company and they will have in 2010 and every five years thereafter the right to approve, or otherwise, the continued existence of the Company.

OBJECTIVE

The investment objective is to maximise capital growth for our shareholders through investing in a diversified portfolio of technology companies around the world.

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.

RATIONALE

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.

INVESTMENT APPROACH

Stocks are selected for their potential for shareholder returns, not on the basis of technology for its own sake. We believe in rigorous fundamental analysis and focus on:

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

MANAGEMENT

Polar Capital has been the appointed investment manager throughout the year. Mr Ben Rogoff, the appointed fund manager, has been responsible for the Company's portfolio since 1 May 2006. Mr Craig Mercer is deputy fund manager and along with Mr Ben Rogoff directs a team of technology specialists.

The Company pays both a basic management fee as well as a performance fee if performance is above a predetermined level. Further details are given in the Report of the Directors.

Information on the Company can be accessed at: www.polarcapitaltechnologytrust.co.uk and further shareholder information is given at the back of this report.

Investors should be aware that the value of the Company's shares may reflect the greater relative volatility of technology shares. Technology shares are subject to the risks of developing technologies, competitive pressures and other factors including the acceptance by business and consumers of new technologies. Many companies in the technology sector are smaller companies and are therefore also subject to the risks attendant on investing in smaller capitalisation businesses.

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HIGHLIGHTS

FINANCIAL

	Year ended 30 April 2007	Year ended 30 April 2006	Movement %
Net assets per ordinary share	239.66p	255.88p	-6.3%
Price per ordinary share	228.00p	245.00p	-6.9%
Total net assets	£335,498,000	£358,202,000	-6.3%
Shares in issue	139,990,821	139,990,821	0.0%

INDEX CHANGES OVER THE YEAR ENDED 30 APRIL 2007 (TOTAL RETURN)

	Local Currency %	Sterling Adjusted %
Benchmark		
Dow Jones World Technology	7.8	-2.0
Technology Indices:		
NYSE Arca Technology 100	6.9	-2.9
MS Eurotec (based in US dollars)	12.8	2.6
FTSE Techmark 100	–	17.3
Tecdax	21.3	19.5
Tokyo SE Electronics	2.8	-10.8
DS Asia ex Japan Electronics	3.3	-6.1
Market Indices:		
FTSE World	–	7.1
S&P 500 Composite	15.2	4.7
FTSE All-Share	–	12.7
FTSE World Europe (ex UK)	–	18.8
Tokyo SE (Topix)	0.2	-12.9
FTSE World Pacific Basin (ex Japan)	–	11.1

EXCHANGE RATES

	30 April 2007	30 April 2006
US$ to £	1.9999	1.8177
Japanese Yen to £	238.99	207.58
Euro to £	1.4653	1.4430

CHAIRMAN'S REPORT

Review of the year

After the outstanding returns of the previous year, the twelve months to 30 April 2007 proved somewhat disappointing. Sterling's strength against both the dollar and the yen had a damaging effect on returns and, notwithstanding a notable improvement in fundamentals, technology shares underperformed the general market which was more interested in identifying the next takeover target for private equity groups.

Over the year, the FTSE World Index rose by 7.1% in sterling terms while the Dow Jones World Technology Index fell by 2.0%. Your Company's net assets fell by 6.3% to £335.5m as a stronger second half of the year only partially counterbalanced a weaker first half.

INVESTORS HAVE FOCUSED ON CONTINUING ROBUST GLOBAL ECONOMIC GROWTH DRIVEN BY THE REMARKABLE EXPANSION OF THE LESSER DEVELOPED ECONOMIES AND BY SIGNS OF EUROPEAN GROWTH BEGINNING TO ACCELERATE AFTER MANY YEARS OF UNDERPERFORMANCE

An increase in volatility in 2006-7 was marked by two sharp corrections and a distinct increase in the nervousness of investors. The "wall of worry" that bull markets are supposed to climb has certainly not been short of hazards. Over the last year, investor concerns have focused on the potential recessionary consequences of a collapse in the US housing market, renewed inflationary pressures from rising unit labour costs, the potential reduction in global liquidity resulting from an end to the Japanese Yen "carry trade" and distinct signs of a bubble in the Chinese stock market. These concerns have triggered sharp reactions in the equity market but they have generally proved only short-term interruptions to the underlying bull trend. Instead, investors have focused on continuing robust global economic growth driven by the remarkable expansion of the lesser developed economies and by signs of European growth beginning to accelerate after many years of underperformance. Liquidity has been abundant especially in the private equity industry which has been driving a wave of corporate activity. As the year progressed, both the pace and the size of deals have expanded and the consequent retirement of equity from the stock market has been a significant contributor to rising share prices.

For technology investors, however, the year has been frustrating. Although the sector's fundamentals have shown the expected improvement, relative earnings momentum has failed to attract generalist investors who have been distracted by better than expected earnings growth elsewhere. Moreover, although there are encouraging signs that the industry is at last re-evaluating its highly inefficient and cash rich asset base, the resulting corporate activity is still on a far more modest scale than in many other industries. Generalist investors have therefore taken the view that, while the technology sector may have indeed reached a fundamental inflection point, this has been overshadowed by the dramatic developments elsewhere in the market.

Our own portfolio had a disappointing year following the strong relative performance achieved in the last four months of the previous year. The major contributors to this disappointment were the weakness of the US dollar, our material weighting in Asia (the worst performing region for technology shares) and modest exposure to Continental European smaller companies which turned out to be surprisingly strong performers. This positioning particularly impacted our performance in the first half of the year and, although we enjoyed a better second half, we were unable to make up the relative performance deficit.

Corporate matters

Over the last year the Board has renegotiated our management agreement. After consulting our Corporate Advisor, Cenkos Securities, and carrying out an extensive review we decided to abandon the old performance fee arrangements in favour of something more in line with current market practice. Our objective in establishing a new fee basis has been to provide a real incentive to the new management team to outperform the benchmark while limiting the potential cost for shareholders. Consequently, the old high water mark set at the equivalent of 395.8p per share near the peak of the technology cycle in 2000 will no longer apply and a new high water mark will be established as at 30 April 2006, the date when the new management team took over. This new high water mark is 255.9p per share. Although this change will increase the likelihood of a performance fee becoming payable, we have taken steps to limit the potential amount payable in any one year. This has been achieved by introducing a cap for the first time which will limit the amount of the performance fee payable to 2% of net assets in any one year. Furthermore, we have removed both the absolute element of the old performance fee and also the potential to carry forward any fees from one year to the next. As part of the changeover to the new fee arrangements, the managers have agreed to the cancellation of all performance fee entitlements under the old arrangements as a result of the Company's relative outperformance since 2000. These new fee arrangements will take effect from 1 May 2007. Further details of the arrangements are set out in the Directors' Report on page 19.

Outlook

Looking ahead, we are cautiously optimistic about the outlook for markets. Our optimism is based on continuing strong corporate earnings growth, exceptional cash flows, valuations that are reasonable relative to bond yields and the relentless shrinkage in equity supply resulting from the boom in private equity activity. While the risk of contagion from the weakness in US house-building remains a concern, we are encouraged by developments in Europe and by the pace of growth in Asia. Although the interest rate cycle is clearly not over in either of those areas, US rates may have reached a plateau.

The industry's supply side is in good shape and demand is improving at a time when the roll out of new technologies is broadening the industry's reach. Earnings growth is robust and should, later this year, be reinforced by a recovery in the semiconductor industry. Private equity activity is increasing and the industry has considerable potential to shrink its equity base. Consequently, an investment approach that combines modestly valued, high free cash flow generators with generally smaller, faster growing companies seems appropriate. We remain fully invested with a modest amount of leverage. Having reached what we believe to be an inflection point for the industry's fundamentals, the portfolio has been positioned some distance away from both indices and benchmarks, a stance that we believe will generate positive returns over the medium term.

The Annual General Meeting will this year be held at a new venue of the Chartered Accountants Hall and I hope that many shareholders will attend.

Richard Wakeling
13 June 2007

FUND MANAGERS' REPORT

OVERVIEW

Global equities delivered another year of positive performance with a number of markets ending the period approaching or besting all-time highs. Unfortunately Sterling strength meaningfully reduced overseas returns; its 4.7% advance against a weighted basket of currencies belied more meaningful gains against both the US Dollar and the Japanese Yen (10% and 15% respectively). As such the Sterling denominated FTSE World Index rose a more modest 7.1% during our financial year. Given that US and Japanese equities have consistently accounted for about two-thirds of the Trust's exposure, performance was unsurprisingly impaired by this adverse currency move.

WE HAVE MEANINGFULLY INCREASED OUR EXPOSURE TO THE SEMICONDUCTOR SECTOR IN EACH GEOGRAPHIC POOL, IN ANTICIPATION OF PRONOUNCED SECTOR OUT-PERFORMANCE OVER THE NEXT TWELVE MONTHS

Despite a positive backdrop for equities, the technology sector meaningfully lagged the Dow Jones World Technology Index falling 2.0% in Sterling terms over the period. This underperformance was concentrated between May and August during a market correction caused by heightened inflation fears and contracting risk appetites. Technology under performed during this sell-off reflecting additional factors including a disappointing 2nd quarter earnings season, a downturn in the semiconductor cycle and the emergence of a stock option issuance 'scandal'. This combination resulted in adverse sector rotation until by late summer institutional ownership levels had plumbed depths not recorded since 2002. This extreme level of disillusionment inevitably marked a relative sector low. As economic fears receded (and as the option issue proved more ephemeral than real), so technology stocks rebounded strongly, closing the year at or around their highs.

Unfortunately our own performance trailed the Dow Jones World Technology Index by a disappointing 4.3%. This was primarily due to underperformance at stock level, although our large Asian weighting and relatively modest small-cap European exposure also proved detrimental. In the US relative performance was negatively impacted by exposure to semiconductors and the outperformance of a number of large capitalization stocks. In Europe we missed the opportunity afforded by the second-quarter sell-off to reposition the portfolio in favour of the renewables sector and a number of previously identified growth-stocks; as such our regional performance lagged during the rebound that followed.

Whilst the past year has thus been a frustrating one, we remain sanguine about the prospects of global equities over the coming year as a result of our constructive macro economic view, undemanding P/E multiples and supportive liquidity trends. We also believe strongly that the technology sector has finally reached a multi-year inflection point. Our core view remains that the upcoming cycle will be driven by the proliferation of broadband access and the availability of cheap bandwidth. This is allowing new applications to be developed which offer compelling returns, principally because they take advantage of this excess capacity; we highlight a number of these in the reports that follow. The excess capacity is further driving penetration of existing technologies that had been previously stymied due to prohibitive bandwidth costs.

That this cycle is unfolding concurrent with high levels of investor disillusionment towards the sector makes us even more convinced that future sector progress is likely to closely resemble that of the early 1990s. At that time, having completed a painful de-rating process, technology stock returns began to more closely reflect the sector's superior earnings profile. We believe we are in a similar position today – modest relative P/E premiums, attractive free cash flows and superior balance sheets pointing to limited risk of further de-rating, absent macroeconomic dislocation. Although traditional equity investors continue to eschew our sector in favour of those that currently exhibit greater momentum, we have experienced a meaningful acceleration in M&A in our space as 'last-generation' companies and private equity buyers compete for undervalued assets.

IN ADDITION TO A STRONG SECULAR STORY, WE ARE ENCOURAGED THAT THE MOST CYCLICAL ELEMENT OF THE TECHNOLOGY UNIVERSE, NAMELY THE SEMICONDUCTOR SECTOR, IS SET TO IMPROVE OVER THE COMING YEAR

In addition to a strong secular story, we are encouraged that the most cyclical element of the technology universe, namely the semiconductor sector, is set to improve over the coming year. Twelve months ago we rightly identified that the semiconductor cycle was likely to turn down; today we contend that the opposite is true. Certainly the vast majority of the indicators we follow to help map supply-side conditions point to a cycle low having already occurred earlier this year. As a result, we have meaningfully increased our exposure to the semiconductor sector in each geographic pool, in anticipation of pronounced sector out-performance over the next twelve months.

Of course, we remain mindful of the risks that could undermine our positive prognosis. These are predominantly macro-related, given that we do not anticipate further sector de-rating. Just as markets have experienced corrections twice this past year, so we expect similar episodes to punctuate future progress. Whilst the US economy has been decelerating, we do not consider recession a high-probability event. Instead we remain focused on inflation as the principal risk to our thesis as any resurgence would likely complicate the progress of the current US rate cycle. Other key risks include political dislocation, resurgent energy prices, less favourable liquidity trends, and elevated stock specific risk within our sector as leadership transitions inexorably towards a new universe of younger companies unencumbered by legacy exposure.

Ben Rogoff

US

Following a strong start to calendar year 2006, US equities fell sharply between May and July before resuming their upward momentum. The advance that followed was interrupted by a brief correction during February/March before markets continued higher, closing the period at six-year highs. Whilst overall market returns were respectable in local currency (+15.2%), the S&P 500 rose just 4.7% over the period in Sterling terms due to pronounced US Dollar weakness. Market progress was impressive given that economic progress was held up by the impact of higher borrowing costs which led to pronounced weakness in the real estate market. Concern that this might have an impact on the broader economy resulted in a consistent negative bias to GDP forecasts. In addition, inflation acted as an occasional headwind, not least in May when resurgent data that led to fears that the necessary monetary response might be stymied, should the economy founder. These macro-economic concerns were exacerbated by the maladroit communication skills of Federal Chairman Ben Bernanke. That the market managed to deliver solid returns reflects a number of positives that more than offset the headwinds. Despite a decelerating economy, US corporate profit growth has continued to surpass expectations. In addition, declining energy and other commodity prices helped offset housing-related consumer weakness and ameliorated inflation concerns. Most critically, liquidity has remained exceptionally positive due to ongoing Yen weakness, tight corporate credit spreads and powerful corporate cash generation. This in turn has continued to fuel an extraordinary M&A backdrop.

MOST CRITICALLY, LIQUIDITY HAS REMAINED EXCEPTIONALLY POSITIVE DUE TO ONGOING YEN WEAKNESS, TIGHT CORPORATE CREDIT SPREADS AND POWERFUL CORPORATE CASH GENERATION. THIS IN TURN HAS CONTINUED TO FUEL AN EXTRAORDINARY M&A BACKDROP.

Despite favourable markets, technology stocks trailed as macroeconomic concerns weighed on those sectors perceived to exhibit the greatest economic sensitivity. Second half outperformance was insufficient to recover the ground lost during the summer sell-off. As such relative performance for the year proved disappointing, the NYSE Arca Tech 100 Index rising 6.9% in local terms compared to the 15.2% achieved by the S&P 500. The marked underperformance during the May sell-off reflected a number of sector specific issues, including a disappointing second quarter earnings season particularly poor news from the semiconductor sub-sector as suboptimal utilization rates took their toll on pricing. The rotation away from the sector was all but guaranteed following the emergence of a new stock option scandal. Sensationalist headlines of SEC investigations were disproportionately felt by the technology sector unsurprisingly given its empirically generous issuance practices. Whilst the stock option issue has now been largely resolved, a more lasting negative headwind has been a relative dearth of private equity activity which weighed on relative performance over the year.

If the key to delivering outperformance in 2005/6 was to eschew large-cap companies in favour of smaller, 'next-generation' names, the past year has witnessed this trend reverse as large-cap technology stocks outpaced small-caps by more than 7% (as measured by the relative performance of the Morgan Stanley High Tech and the Russell 2000 Technology indices). This feature hindered our performance as we continued to move the portfolio away from larger companies especially those with PC exposure. At the sub-sector level our overweight positions in both semiconductors and telecom equipment hindered performance as both generated negative absolute returns over the period. Whilst the semiconductor sector bore the brunt of negative cycle dynamics, telecom equipment stocks struggled under the weight of eroding handset pricing. On the wireline side, difficult conditions persisted due to carrier consolidation. At the stock level, the portfolio benefited from the outperformance of a number of stocks highlighted during last year's report such as Salesforce.com (+20%) and WebEx (+61%) but these were more than offset by the negative impact of overall M&A activity as we missed out on a number of takeouts including that of First Data (+25%) and Hyperion Solutions(+70%).

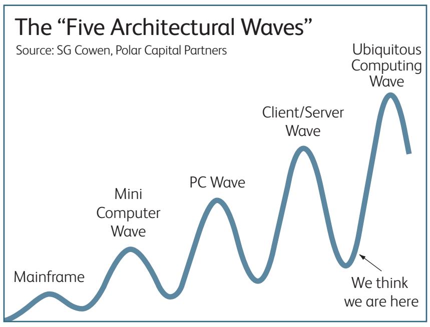
Outlook

We believe the upcoming year should be a favourable one for US equities with technology stocks outperforming. We contend that the interest rate cycle is largely over due to a decelerating economy and inflation that appears to be abating. The extent of housing-related contagion remains a significant risk; however we believe that recession remains a low probability outcome. Instead we expect US GDP growth to stabilize at or around the 2% level. The greatest risk to this prognosis remains inflation that remains stubbornly above the Fed's comfort level. However we share the view that 'inflation pressure should moderate over time' as a slower growth trajectory appears finally to be creating some slack in the economy. Meanwhile, sharp corrections in commodity prices over the past year have already soothed producer price inflation. With this more constructive macroeconomic backdrop in mind, equity valuations certainly do not appear demanding, the S&P 500 trading on a 2007 P/E of 16.4x. Relative to bonds equities look particularly attractive due to the S&P 500 earnings yield (6.1%) comfortably exceeding the yield-to-maturity of a benchmark ten-year government bond (4.7%). Furthermore valuations should remain underpinned due to the favourable liquidity factors previously discussed.

WE BELIEVE THE UPCOMING YEAR SHOULD BE A FAVOURABLE ONE FOR US EQUITIES WITH TECHNOLOGY STOCKS OUTPERFORMING

Of course we are mindful of the key risks that might challenge our thesis, namely housing market weakness and resurgent inflation. In addition, one must acknowledge that the inverted yield curve which has been a feature prior to the past six recessions. However, we hold that the predictive ability of the yield curve is less certain during times of 'credible' monetary stewardship as we have today. Moreover, the current level of real Fed Funds remains well below levels (c. 4%) that have typically preceded previous recessions. Resurgent energy prices might challenge our thesis not least because the recent weakness in oil and other commodity prices have helped sustain consumer spending. Given that US reserves are currently near ten year highs, sharply higher energy prices are more likely to be a function of geopolitical dislocation, another key risk to our positive view. In short, these risks may restrict meaningful P/E expansion over the coming year, but they should fall well short of derailing our 'soft-landing' scenario.

Whilst the past twelve months have seen technology stocks underperform, we remain convinced that the long-awaited inflection point in the technology cycle is upon us. Our own checklist of prerequisites seems largely complete. More than seven years have now passed since the peak of the bubble, a little more than the average amount of time required for the sector to put in relative lows following prior cycles. The de-rating of the asset class looks behind us, especially so in small and mid-caps where relative P/E's are at levels last seen in the early 1990s. Moreover assuming that estimates are not wildly awry, technology earnings should meaningfully outpace the broader market this year, minimizing the risk of further sector de-rating. Despite these attractions, equity investors continue to eschew the sector whilst a new incremental buyer in the form of private equity and/or trade buyers are snapping up cheap technology assets. This attitude of equity investors towards our sector is at least in part due to the fact that for the past year the semiconductor cycle has



been in downturn. However, earlier this year our indicators began to point towards a cycle low; as such we have meaningfully increased our semiconductor exposure in order to fully capture the outperformance we expect the sector to deliver over the next twelve months.

We believe that the upcoming technology cycle will continue to be driven by ongoing broadband penetration. However, now that this story has become better understood, we have begun to rotate into stocks that are set to benefit from change on the infrastructure side of the equation. The IT shift that is occurring today has been made possible by the widespread adoption of open-standards, commoditised hardware, virtualization software and the plentiful availability of cheap bandwidth. Just as the move towards client/server architecture from the mid 1980s was made possible by cheaper and more powerful PCs so the communication overbuild that occurred in the late 1990s has removed the bandwidth bottleneck that required processing to be done locally. In addition, virtualisation software now allows disparate networks to share 'spare' computer capacity, which should result in a significant improvement in asset utilization. In essence this infrastructure cycle, like those that preceded it should dramatically lower computing costs, allowing the technology industry to deliver a new wave of productivity-enhancing applications.

Perhaps the best example of how this new infrastructure is fundamentally altering the technology landscape is evident from the success enjoyed by 'software-as-a-service' (SaaS) vendors who use the Internet to 'deliver' software on a 'per subscriber, per month' basis. This approach is vastly superior to the traditional software delivery model that required customers to buy upfront licences and then bear all the risks associated with the implementation, integration and ultimate success of the project. As a result, current holdings such as Ultimate Software and Concur Technologies already boast superior applications at lower price points than legacy alternatives. Beyond the SaaS space, we have exposure to a number of other broadband beneficiaries including infrastructure companies such as F5 Networks (ensures redundancy and resilience of application delivery across the Internet) and Sonus Networks (a leading Voice-over-IP softswitch provider). On the application side, we hold a position in Polycom (leading videoconferencing supplier) which is benefiting from a reacceleration in demand for videoconferencing systems due to significantly lower running (bandwidth) costs and of course Google, the company we perceive to have the most to gain from the growth of the Internet and the demise of the PC software market.

Another theme that we are currently favourably disposed towards is 3G and smart-phone penetration which finally appears to have reached an inflection point. Whilst there are a limited number of pure play opportunities in this space, we have exposure to both Qualcomm (IP and semiconductors for handsets) and Anadigics (power amplifiers) as we expect growth in mobile data consumption and 3G penetration to consistently exceed expectations over the next few years. Areas that we continue to avoid or deemphasize include large-capitalisation incumbents with PC exposure, traditional software companies and at the subsector level both services and healthcare which are currently being used as source of funds.

Ben Rogoff

EUROPE

During the last 12 months, European stocks recouped their May 2006 losses to close April 2007 at a new six year high. The Eurostoxx 600 Share Index rose 14.9% reflecting a divergence between continental European indices (German Dax up 23.3%, French CAC up 15%) and the UK (FTSE 100 up a mere 7.1%). This was the major surprise of 2007 – the strength of the Continental European economies, Germany in particular. Rather than revert to recent trend line growth of 1-1.5% economic expansion in these economies accelerated this year and is now expected to be closer to 2-2.5%. This has been driven largely by fixed investment growth and in Germany in particular, a recovery of the construction sector after a 10-year recession. Increasing consumer confidence, benefiting from strong employment, could provide a further leg to this growth scenario.

With the UK and Europe delivering economic growth against a backdrop of rising inflation, the ECB and the Bank of England raised interest rates during the last year, though the well flagged and measured rises reassured rather than upset markets.

AT A SECTOR LEVEL, INDUSTRIALS AND BASIC INDUSTRIES HAVE CONTINUED TO OUTPERFORM ALONG WITH CONSUMER CYCLICALS AND FINANCIALS, ALL DRIVEN BY A STRONG ECONOMY.

On a micro level, companies continued to deliver better than expected earnings growth against this benign economic backdrop, which is always the main driver of share prices. This was a result of solid revenue increases coupled with a continued focus on lean cost structures, whilst global competition and the supply of cheap labour from Eastern Europe prevented high employment rates from translating into wage pressures. These high returns generated ever more robust balance sheets with the excess increasingly being returned to shareholders in the form of dividends or share buybacks.

One consequence of these impressive results coupled with the continued availability of "cheap" money was the acceleration of M&A activity, both by trade buyers and the much-publicised private equity houses. The latter remained focused on sectors with strong recurring cash flows and/or undervalued asset bases (e.g. the utility and retail sectors). Premiums have ranged from 15-40%, providing solid valuation support for the market. The new issue market also remained extremely crowded leading to yet another hugely profitable year for corporate financiers.

The mid and small cap names continued to outperform, with related indices up on average 20-22%. This was driven by continued strong EPS growth, corporate activity and investor interest. The outperformance was less marked than previous years due to much of the previously mentioned M&A activity focused on larger companies.

At a sector level, industrials and basic industries have continued to outperform along with consumer cyclicals and financials, all driven by a strong economy. The utility stocks have also been strong due to the aforementioned M&A activity. Notable underperformers were the oil companies, due to a stagnant oil price and ecological issues, the medical sector, the media sector and most important of all, the technology sector.

On further analysis, underperformance in technology was largely confined to the large companies, with the Eurotec Index up 4.3% (in Euros) on the year while mid cap growth names represented by Techmark in the UK and Techdax in Germany rose 17.3% and 21.3% respectively.

The year divided in two, with the first three months seeing all technology names lag a weak market as investors' appetite for risk contracted. As investor confidence returned, July saw a turning point with perceived growth sectors such as renewables (chiefly the solar sector), specialist software and internet related names, amongst others, rising strongly. In addition, outperfomance occurred in the more value-related cyclical technology area of semiconductors. Underperformance continued in the large company dominated areas of wireless (handset growth slowed) communications technology (price competition continued to affect margins) and the large software companies like SAP and Dassault who failed to deliver exciting revenue growth. Reasonable returns in large companies occurred only in the semiconductor sector and the successfully restructured Cap Gemini.

WE PROFITED FROM OUR LOW EXPOSURE TO LARGE TECHNOLOGY STOCKS AND THE STRONG PERFORMANCE OF SOME OF OUR MID SIZE COMPANIES. AVEVA, ROYALBLUE, XAAR, SWORD AND FRESENIUS ALL PERFORMED WELL

In the portfolio, we profited from our low exposure to large technology stocks and the strong performance of some of our mid size companies. Aveva, Royalblue, Xaar, Sword and Fresenius all performed well. However performance was negatively affected by our failure to reinvest aggressively at the July lows in the renewables sector and other high growth names (see above) whilst maintaining our more defensive value shares (e.g. Exact, EDB ASA and Meggitt) which failed to attract investor interest.

During the last few months, we have slowly been repositioning the portfolio to take advantage of our more positive sector view. We have increased exposure to semiconductors with new positions in ARM, ST Microelectronics and Soitec while reducing medical and satellite holdings. We will continue, over the next six months, to reduce our more defensive names and reinvest in higher growth areas especially on any weakness. In particular, we will increase our exposure to renewables and clean technology, an area of European expertise, to at least 25% of the portfolio.

Emma Parkinson

ASIA

Last year we continued to espouse the view that the Japanese economy was in the midst of a robust multi-year reflationary cycle, which would increasingly start to feed through to higher levels of domestic consumption and capital expenditure. Twelve months on, we can report that the broad framework for this view is still very much in place, but that in reality the degree of recovery in consumption has hitherto lagged heightened expectations. Notwithstanding this, real GDP growth continues to be in a comparatively healthy 2% to 3% range, and this has been enough to support another year of double digit corporate profit growth in aggregate. Despite this equating to record high levels of profit, we expect these trends to broadly continue as the supportive economic conditions remain well in train and, in our opinion, need not reverse for some time to come.

Regarding our market outlook, twelve months ago we noted the uncomfortable parallels with April 2004 which had heralded a difficult six month digestion period. It gives us little solace to confirm that our instincts were indeed proved right and that the last year has ultimately yielded scant returns in the Asian region in local currency terms, which has unfortunately translated to outright losses for sterling-based investors. More specifically sterling strengthened by 15.1% against the Japanese yen over the period leading to a 10.8% loss for our internal Japanese technology benchmark and a 9.2% loss for the corresponding Asia-ex Japan index. As last year, however, there was a significant outlier in the form of the Japanese small-cap growth segment with the TSE Mothers market down an astonishing 53% in sterling terms. Whilst we had noted last year that a prolonged period of consolidation for such small-caps would undoubtedly be necessary after the shakeout triggered by the Livedoor scandal some months earlier, it is certainly fair to say that the sheer scale of the ongoing rout has been of a magnitude far beyond our initial view.

REAL GDP GROWTH CONTINUES TO BE IN A COMPARATIVELY HEALTHY 2% TO 3% RANGE, AND THIS HAS BEEN ENOUGH TO SUPPORT ANOTHER YEAR OF DOUBLE DIGIT CORPORATE PROFIT GROWTH IN AGGREGATE

The vast majority of damage to market returns was actually concentrated in a very sharp correction in the May to July period. Markets had enjoyed a strong multi-month move up to this point which encouraged investor sentiment to reach unhealthily elevated levels. We had already been forewarned of waning cyclical momentum by some of our indicators like semiconductor inventory levels, but there was also a fresh element to the mix in the form of a new Federal Reserve Bank Governor – Ben Bernanke. He found himself in the very awkward position of having to get the market's respect as an inflation fighter without over-tightening at a time when a slowdown in growth already looked to be underway. Inevitably in hindsight, walking this tightrope was rather too much and some bungled communication with the market appeared to lead to a rising equity risk premium across the board. The brunt of the damage was of course borne by the highest risk asset classes like emerging markets, and within our universe this translated into an accelerated melt-down in Japanese small-caps. Our view at the time was that this sequence of events had come together to create an epochal capitulation of forced selling, which in turn had thrown up many interesting long term buying opportunities at stock level. We therefore accumulated a basket of stocks in this area, which increased the fund's overall exposure to Japan. With the benefit of hindsight we can now look back and say that this was premature. While our thesis that peak selling pressure for these Japanese small-caps had largely passed by July was correct, the fact was that we had underestimated the lasting damage done to investor confidence in the sector which meant that buyers resolutely stayed away and the stocks continued to languish for the rest of the year. Although we had significantly reduced exposure again by the autumn, enough damage had already been done to ensure that the Japanese sub-portfolio was a painful drag on relative and absolute performance for the overall fund.

As we moved through the autumn our mind was increasingly focused on data coming from the semiconductor sector, which we had been correct to have been cautious on for the previous two quarters. Our extensive analysis pointed to a fundamental bottom in the silicon cycle (defined as a trough in year-over-year units / orders) in the first quarter of 2007. Using history as our guide we could then expect to enjoy an up-cycle for perhaps a further five quarters, leading to a peak in mid 2008 just before the Beijing Olympics. Moreover it is our view that, contrary to consensus expectations, this cycle could actually be more powerful than those enjoyed in recent years, due to the extreme discipline the sector has displayed towards capital expenditure in the last six years. We believe the time is approaching, however, when management teams will be forced into a more expansionary mindset again and that this will lead to a competitive ratcheting up of investment plans over the next twelve months, to the obvious benefit of equipment vendors. With this in mind, over the November to February period we have moved the Asian portfolio to an aggressively pro-cyclical stance. This is reflected in large positions in Japanese semiconductor equipment suppliers such as Advantest and Tokyo Seimitsu, as well as a higher weighting in Taiwan than we've had for many years.

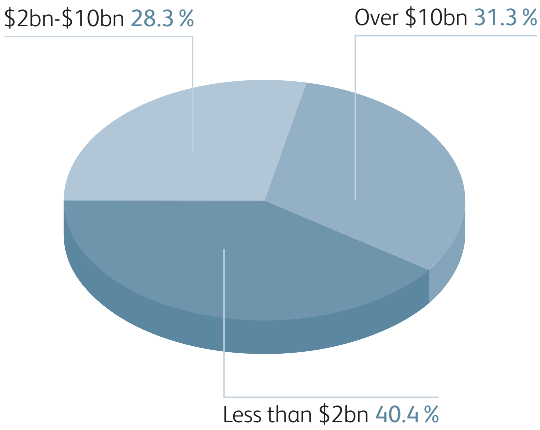
The Taiwanese stance, in particular, is interesting as it is a major about turn from our own positioning in recent times, and the stark reality of many consecutive years of relative underperformance from this market. We have been steadfastly avoiding the vast majority of mainstream Taiwanese names in recent years as we simply didn't like the quality of the business model – typically low value-added 'me too' hardware assembly / component businesses. The intrinsic life blood of such a model is top line growth, which of course has been all too lacking in the technology industry for the last several years. Looking towards the second half of 2007 and 2008, however, we can see an increasing number of product cycles (next generation games consoles, flat panel TVs, 3G phones, Vista upgrade for PCs, 'digital home' networks and so on) hitting mass adoption levels at a similar time, and we suspect that this may be enough to give volume producers a new lease of life. There is a further angle too from a wider market perspective, and that is that political relations with China may genuinely start to thaw as we approach 2008. While this has been promised many times in the past, there does now seem to be an increasing momentum behind this.

This cyclical positioning has proved a little premature and put relative performance in the Japanese sub-portfolio under further pressure. However, we are extremely excited by the potential upside in the stocks we have selected and look forward to reporting the results to you in twelve months time. In this regard we can take heart from the stock selection in the Asian-ex Japan sub-portfolio this year, which has been spectacularly good, and has helped to offset the negative drag from Japan. Our relatively early discovery of the potential of the solar sector has paid off handsomely in the last two years via strong returns in Motech. Fortunately, this year we discovered another such opportunity in the sector and backed it as the fund's biggest stock position for most of the second half of the year. The stock in question is Renesola, which is a Chinese maker of wafers used by the solar industry. The interesting twist is that it makes these wafers out of polysilicon which has been recycled from scrap, giving them a compelling cost advantage in an industry which is currently extremely constrained by an acute shortage of this resource. We took a meaningful stake in the company at the time of its IPO in August 2006 and to date have enjoyed returns over 550%. Despite this rise, valuations relative to the sector and wider market still look extremely compelling to us and it therefore remains as the biggest position in the fund. We look forward to seeking out further opportunities such as this over the coming year.

Craig Mercer

PORTFOLIO ANALYSIS

FUND DISTRIBUTION BY MARKET CAPITALISATION AT 30 APRIL 2007



CLASSIFICATION OF GROUP INVESTMENTS AT 30 APRIL 2007

	North America %	Europe %	Asia %	Total 30 April 2007 %	Total 30 April 2006 %
Computing	10.3	1.6	2.7	14.6	13.5
Components	16.6	4.7	9.8	31.1	19.1
Software	12.7	4.7	–	17.4	15.8
Services	1.4	3.2	1.2	5.8	8.7
Communications	5.9	1.0	–	6.9	7.3
Life Sciences	6.2	1.3	0.9	8.4	12.1
Consumer, Media & Internet	1.6	1.5	0.3	3.4	8.0
Other Technology	5.3	4.5	5.6	15.4	11.2
Unquoted Investments	0.6	0.3	–	0.9	1.0
Money Market Funds	–	1.0	–	1.0	4.5
Total investments	60.6	23.8	20.5	104.9	101.2
Other net assets (excluding loans)	0.7	1.0	4.6	6.3	10.9
Loans	–	–	(11.2)	(11.2)	(12.1)
Grand total (net assets of £335,498,000)	61.3	24.8	13.9	100.0	–
At 30 April 2006 (net assets of £358,202,000)	49.9	32.7	17.4	–	100.0

INVESTMENTS OVER 0.75% OF NET ASSETS AT 30 APRIL 2007

NORTH AMERICA

£'000s			% of net assets
5,790	Network Appliance	Storage hardware	1.7 %
5,374	Apple Computers	Computing	1.6 %
5,233	Google	Internet	1.6 %
5,096	Adobe Systems	Software	1.5 %
5,083	Cisco Systems	Data Networking	1.5 %
4,969	KLA Tencor	Semiconductor capital equipment	1.5 %
4,878	DST Systems	IT services	1.5 %
4,777	ATMI	Semiconductor capital equipment	1.4 %
4,757	Qualcomm	Wireless IP	1.4 %
4,675	Applied Materials	Semiconductor capital equipment	1.4 %
4,636	Lam Research	Semiconductor capital equipment	1.4 %
4,349	National Semiconductor	Semiconductors	1.3 %
4,160	Analog Devices	Semiconductors	1.2 %
4,061	Sonus Networks	Telecom equipment	1.2 %
3,959	Itron	Instruments	1.2 %
3,906	Broadcom	Semiconductors	1.2 %
3,814	Nuance Communications	Software	1.1 %
3,614	Altera	Semiconductors	1.1 %
3,563	Salesforce.com	Software	1.1 %
3,448	Hewlett-Packard	Hardware	1.0 %
3,325	Avid Technologies	Software	1.0 %
3,289	Harris	Telecom equipment	1.0 %
3,271	IBM	IT services	1.0 %
3,260	Comtech Telecommunications	Telecom equipment	1.0 %
3,182	Millipore	Life sciences	0.9 %
3,173	Thermo Electron	Instruments	0.9 %
3,158	McAfee	Software	0.9 %
3,151	Daktronics	Electronic Components	0.9 %
3,127	Corning	Telecom equipment	0.9 %
3,108	Genentech	Biotechnology	0.9 %
3,071	Citrix Systems	Software	0.9 %
2,949	NCR	Hardware	0.9 %
2,872	Standard Microsystems	Semiconductors	0.9 %
2,871	F5 Networks	Software	0.9 %
2,841	Electronic Arts	Software	0.8 %
2,826	Amgen	Biotechnology	0.8 %
2,756	Genzyme Transgenics	Biotechnology	0.8 %
2,710	Medtronic	Medical Instruments	0.8 %
2,641	Lockheed Martin	Aerospace/Defence	0.8 %
2,618	OYO Geospace	Seismic services	0.8 %
2,567	St Jude Medical	Medical Instruments	0.8 %
2,555	BF Goodrich	Aerospace/Defence	0.8 %
£155,463	Total investments over 0.75 %		46.3 %
£47,975	Other investments		14.3 %
£203,438	Total North American investments		60.6 %

PORTFOLIO ANALYSIS (CONTINUED)

INVESTMENTS OVER 0.75% OF NET ASSETS AT 30 APRIL 2007

EUROPE

£'000s			% of net assets
4,715	Aveva	Software	1.4 %
4,466	Petroleum Geo-Services	Seismic services	1.3 %
4,389	Sword	IT Services	1.3 %
4,296	ARM	Semiconductor IP	1.3 %
3,897	SOITEC	Semiconductors	1.2 %
3,730	Philips Electronics	Diversified	1.1 %
3,330	Exact	Software	1.0 %
3,164	Fresenius Medical Care	Renal care products & services	0.9 %
3,162	EDB Business Partner	IT Services	0.9 %
3,087	NDS	Encryption software	0.9 %
2,937	Psion	Mobile computing	0.9 %
2,619	SAP	Enterprise software	0.8 %
2,608	STMicroelectronics	Semiconductors	0.8 %
£46,400	Total investments over 0.75 %		13.8 %
£33,286	Other investments		10.0 %
£79,686	Total European investments		23.8 %

ASIA

£'000s			% of net assets
10,184	Renesola	Solar Wafers	3.0 %
7,956	Tokyo Seimitsu	Semiconductors	2.4 %
7,656	Advantest	Semiconductors	2.3 %
6,974	Motech	Solar cells	2.1 %
5,470	Nidec	Electronic Components	1.6 %
5,409	Nitto Denko	Electronic Components	1.6 %
5,335	Zeon	Electronic Components	1.6 %
3,144	Mitac	Computing	0.9 %
2,987	ST Shine Optical	Medical Instruments	0.9 %
2,776	Taiwan Semiconductor Manufacturing	Semiconductors	0.8 %
2,638	Asustek	Computing	0.8 %
£60,529	Total investments over 0.75 %		18.0 %
£8,552	Other investments		2.5 %
£69,081	Total Asian investments		20.5 %

DIRECTORS

CHAIRMAN

R K A Wakeling MA (Cantab), Barrister, FCT (aged 60)
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 will stand for annual re-election.

DIRECTORS

B J D Ashford-Russell BA (Oxon) (aged 48)
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. As Mr Ashford-Russell is connected to the investment manager he will stand for annual re-election.

P F Dicks (aged 64)
Appointed to the Board in 1996 and elected Senior Independent Director in 2004. Mr Dicks is chairman of the Remuneration Committee. Mr Dicks is a director of Standard Microsystems Corporation and Graphite Enterprise Trust PLC. He is also the Chairman of Private Equity Investor PLC and a director of several other companies. Mr Dicks has served on the Board for over 9 years and will stand for annual re-election.

D J Gamble (aged 63)
Appointed to the Board in 2002. Mr Gamble was formerly Chief Executive of British Airways Pension Investment Management Ltd. He is chairman of Hermes Property Unit Trust and Montanaro UK Smaller Companies Investment Trust Plc as well as a trustee of the IBM UK Pension Trust and investment advisor to the BBC Pension Scheme. He also holds a number of other directorships.

R A S Montagu (aged 41)
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. Mr Montagu, in accordance with the Articles of Association, stands for election at the first annual general meeting following his appointment.

M B Moule (aged 61)
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. Mr Moule, in accordance with the Articles of Association, stands for election at the first annual general meeting following his appointment.

All Directors, with the exception of Mr Ashford-Russell, are considered independent of the management company.

BUSINESS REVIEW AND DIRECTORS' REPORT

The Directors present their Business Review and Directors' Report together with the consolidated audited accounts for the group compiled under IFRS for the year ended 30 April 2007.

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.

The Company is structured as a public limited company and its shares are listed and traded on the London Stock Exchange.

The Company is an investment company as defined in Section 266 of the Companies Act 1985 and carries on business as an investment trust in accordance with Section 842 of the Income and Corporation Taxes Act 1988. HM Revenue & Customs approval of the Company's status as an investment trust has been received in respect of the year ended 30 April 2006 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 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.

OBJECTIVE AND STRATEGY

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

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.

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

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.

MANAGEMENT COMPANY

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 as deputy manager and Emma Parkinson. Each member focuses on specific areas and there are two research analysts. Brian Ashford-Russell advises on asset allocation and strategy and Tim Woolley provides support on US Small Cap stocks. Polar Capital also has other specialist and geographically focused investment teams which contribute to ideas generation.

Termination

The 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 would be on a sliding scale if less than 12 months' notice is given.

The Board through the Management Engagement Committee has concluded that it is in the best interests of shareholders as a whole that the appointment of Polar Capital as investment manager is continued.

Fee arrangements from 1 May 2007

As reported last year and in the Chairman's Statement the Board has been reviewing the investment management agreement. The Board has, with assistance from its Corporate Advisor, Cenkos Securities, been considering fee structures which would address the issues identified relating to the inequitable impact of share repurchases on performance fees and this led to a wider review of the appropriateness of the performance fee arrangements.

A revised fee arrangement has been agreed with effect from 1 May 2007 as follows:

Management fee (no change)

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

Performance fee

- Initial performance period reset to the 12 month period commencing 1 May 2007 and thereafter 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 ordinary 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 ordinary shares in issue during that period, subject to a high water mark. The fee is subject to VAT as applicable.
- The Net Asset Value per ordinary share ("Adjusted NAV per ordinary 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 ordinary share exceeds the highest of:
  - the NAV per ordinary share on the last day of the previous performance period;
  - the Adjusted NAV per ordinary share on the last day of a performance period in respect of which a performance fee was last paid
  - 255.88 pence per ordinary share, this being the reset base Adjusted NAV per ordinary share as at 30 April 2006.
- 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 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.

Fee arrangements up to 30 April 2007

The fee arrangements, which were applicable up to 30 April 2007, were established in May 2000, and were carried forward into the current management agreement. Polar Capital was appointed the investment manager in February 2001, and has waived any entitlement to any fees which may have accrued under these terms but which would not have become payable until the HWM had been reached.

Management fee

- 1% of the aggregate value of the Company's net assets plus borrowings incurred for investment purposes, paid quarterly in arrear. The fee is subject to VAT as applicable. Any investments in funds managed by Polar Capital are wholly excluded from the base management fee calculation. In the year under review the annual management fee amounted to £3,793,000 (2006: £3,465,000).

Performance fee

- 15% performance fee split into two parts: 10% of the amount, if any, by which the increase in the net assets over the financial year exceeds the increase in the benchmark over the year ("the relative performance fee") subject to a high water mark: and 5% of the amount, if any, by which the increase in the net assets over each three year period exceeds LIBOR plus 5% over the same period ("the absolute performance fee"). Each three year period is discrete and the last period ended on 30 April 2006. No performance fee has been paid in, or is payable in respect of, the year to 30 April 2007.

BENCHMARK

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 manager will have a share of the extra performance he 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 reviewed in 2003 by the Board following the closure of the Euro NM Index and the much reduced technology exposure of JASDAQ. With effect from 1 May 2003 the benchmark comprised a blend of worldwide technology indices; 50% NYSE Arca Technology, 15% MS Eurotec, 7.5% FTSE Techmark, 7.5% Tecdax, 15% Tokyo SE Electronics and 5% DS Asia ex Japan Electronics.

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 will provide shareholders with a more readily available and understandable measure. The index is also in keeping with those used by the Company's peer group.

The Dow Jones World Technology Index is a market capitalisation based index of 550 technology companies worldwide. 70% of the index weighting is in North America, 12% in Europe and 18% in Asia/Pacific. By market capitalisation 78% is represented by large companies, 15% by mid-caps and 7% by smallers companies.

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 section 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 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 market price, credit, liquidity, foreign currency and interest rates. The policies for managing these risks are set out in note 18 to the accounts.
- 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 obsolence.
- 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; at the year-end this amounted to less than 1%. These investments are made where they offer specialist management or investment opportunities which would otherwise not be available. Any such investments are cleared beforehand by the Directors.

KEY PERFORMANCE OBJECTIVES

The Directors appraise 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 price 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 been behind the Dow Jones World Technology Index for the reasons explained in the Chairman's Report and the Fund Manger's Reports on pages 3 to 13. However over the longer term the NAV growth has materially outperformed the Dow Jones World Technology Index as shown in the Historic Performance table on page 56. The discount/premium of the share price to the NAV per share over the year has ranged from a maximum 9% discount to a maximum 2.5% premium. The Board did not buy back any shares in the year to 30 April 2007 but was in regular contact with the market.

MANAGEMENT OF THE PORTFOLIO

Full details of the manager's activities and its views are given in the Fund Managers' Report section. The Board consider that the Fund Manger's Reports 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.

CAPITAL STRUCTURE

The Company's share capital is divided into ordinary shares of 25p each and at the year-end there were 139,990,821 shares in issue (2006: 139,990,821).

MAJOR INTERESTS IN SHARES

As at 13 June 2007 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. Each ordinary share has one vote on a poll.

	Number of ordinary shares	Percentage of voting rights
Rensburg Sheppards Investment Management	6,546,254	4.68% (indirect)
Prudential plc group	6,143,000	4.38% (direct)
Legal & General Group plc	4,586,351	3.27% (direct)

The above percentages are calculated by applying the shareholdings as notified to the issued ordinary share capital at 13 June 2007.

AUTHORITY TO MAKE MARKET PURCHASES OF THE COMPANY'S OWN SHARES

The Company's Articles of Association permit the Company to purchase its own shares. The Directors are seeking to renew the powers granted at last year's AGM to make market purchases of the Company's own shares for cancellation.

The Directors believe that to make such purchases in the market at appropriate times and prices is a suitable method of enhancing shareholder value. The Company would, within guidelines set from time to time by the Board, make either a single purchase or a series of purchases, when market conditions are suitable, with the aim of maximising the benefits to shareholders. Where purchases are made at prices below the prevailing net asset value per share, this will enhance the net asset value for the remaining shareholders. It is therefore intended that purchases would only be made at prices below Net Asset Value. Your Board considers that it will be most advantageous to shareholders for the Company to be able to make such purchases as and when it considers the timing to be favourable and therefore does not propose to set a timetable for making any such purchases.

The rules of the UK Listing Authority limit the price which may be paid by the Company to 105% of the average middle-market quotation for an ordinary share on the 5 business days immediately preceding the date of the relevant purchase or the higher of the last independent trade and the highest independent bid. The minimum price to be paid will be 25p per ordinary share (being the nominal value). Also these rules limit a listed Company to purchases of shares representing up to 15% of its issued ordinary share capital through the market pursuant to a general authority such as this. For this reason, the Company is limiting its authority to make such purchases to 20,984,624 ordinary shares, representing approximately 14.99% of the issued ordinary share capital at the date of this Annual Report. The authority will last until the AGM of the Company to be held in 2008 or the whole of the 14.99% has been utilised, whichever is earlier.

No shares have been purchased during the last financial year.

AUTHORITY TO ALLOT SHARES AND DISAPPLICATION OF PRE-EMPTION RIGHTS

Authority was granted at the Annual General Meeting held in 2006 to allow the Directors to allot shares with a maximum aggregate nominal amount of £1,749,885, representing 6,999,540 shares, being 5% of the Company's issued share capital on the date of the notice of the Annual General Meeting. Authority was also granted to the Board to allot any such shares for cash without first offering them to existing shareholders in accordance with statutory pre-emption procedures.

These powers have not been used and in accordance with the resolutions will fall away at the conclusion of the AGM in 2007. The Directors are therefore again seeking the authority to allot ordinary shares for cash. At the forthcoming AGM, resolution 10 will be proposed as an ordinary resolution to authorise the Directors to allot ordinary shares up to an aggregate nominal amount of £1,749,885 (being 6,999,540 ordinary shares or 5% of the Company's issued ordinary share capital at the date of this report).

In addition, resolution 11 will be proposed as a special resolution to seek authority to allot ordinary shares for cash on a non pre-emptive basis up to a maximum aggregate nominal amount of £1,749,885 (being 6,999,540 ordinary shares or 5% of the Company's issued ordinary share capital at the date of this report). The authorities to allot shares will last until the AGM of the Company in 2008, or until all such shares have been allotted, whichever is the earlier.

The Board's policy on the issue of new shares is for the net issue price (after costs) to be above the NAV per share and the Board will limit the overall issue of new shares to the total number of shares previously purchased and cancelled up to the date of allotment. Furthermore, the Board will only take the decision to allot new shares if it can see worthwhile opportunities for investing new funds.

The Directors consider that renewing the Company's share allotment authorities is advantageous as any shares issued for cash will be at a price that will be NAV enhancing for existing shareholders and should improve future liquidity. The Directors further believe that having the ability to ensure a ready supply of shares to the market should assist in avoiding the creation of an excessive and unsustainable premium over NAV which may increase the risks for new investors.

No shares have been issued during the last financial year.

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 in the Corporate Governance Statement on page 31.

INVESTMENT IN OTHER INVESTMENT COMPANIES

The Company's investment policy limits investments to no more than 15% of its gross assets in other UK listed investment companies including listed investment trusts.

ASSETS

At 30 April 2007 the total net assets of the Group amounted to £335,498,000 compared with £358,202,000 at 30 April 2006. The net asset value per share fell by 6.3% from 255.9p to 239.7p.

REVENUE AND DIVIDENDS

The gross revenue return for the year was £3,189,000 (2006: £3,321,000) and the net revenue loss after taxation amounted to £2,058,000 (2005: £1,462,000). The total return for the year amounted to a loss after tax of £22,704,000 (2006: Profit £88,502,000). The Directors do not recommend the payment of a dividend.

CUSTODIAN

The Company contracts directly with JPMorgan Chase NA which acts as global custodian for all the Company's investments.

DIRECTORS

The Directors of the Company and their biographies are shown on page 17. The Directors' Remuneration Report is set out on pages 24 and 25.

All the Directors with the exception of Mr Michael Moule and Mr Rupert Montagu who were appointed directors on 1 January 2007 held office throughout the year.

In accordance with the Articles of Association Mr Michael Moule and Mr Rupert Montagu stand for election at the AGM.

Mr Richard Wakeling and Mr Peter Dicks will stand for re-election at the AGM in line with the Corporate Governance Policies of the Company each having served more than 9 years. 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.

Mr Brian Ashford-Russell 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. Mr Ashford-Russell is a partner of Polar Capital 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 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 fund manager.

The Nomination Committee reviewed the continuing appointment of each director and has recommended to the Board that it 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.

The interests of Directors in the shares of the Company at 30 April 2007 and 30 April 2006 or date of appointment are as follows:

	Ordinary Shares	
Beneficial:	30.04.07	30.04.06
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

* Shares held at date of appointment. There have been no changes in these interests between the end of the financial year and 13 June 2007.

CORPORATE GOVERNANCE

A formal statement on corporate governance is set out on pages 26 to 31.

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 2007.

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 £25,000 (2006: £33,000). The Company also uses PricewaterhouseCoopers LLP to give advice on Section 842, VAT 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 £8,000 (2006: £22,000).

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.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on Tuesday 31 July 2007 at 12.30pm at The Chartered Accountants Hall. A map is given on page 59.

The business for the AGM is set out in the Notice of Meeting on page 57.

There will be a presentation from the fund manager and the opportunity for shareholders to meet the Directors.

By order of the Board
N P Taylor FCIS
Polar Capital Secretarial Services Limited
Secretary
13 June 2007

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 2007. It has been audited where indicated as such. An ordinary resolution to approve the report will be put to the AGM on 31 July 2007.

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. Following the resignation of Mr Stutterheim and Professor Rhodes in 2006, the powers of the Committee reverted to the Board until new members were appointed. Mr Moule and Mr Montagu were elected to serve on the commitee with effect from 26 April 2007.

The Board met on 26 April 2007 to consider the level of Directors' fees and having taken account of the current fee level, the principles of the remuneration policy and that the last fee increase was in 2006, decided that there should be no fee increase.

In the year under review the Directors' fees were paid at the following annual rates, the Chairman £30,000 (2006: £27,000); other independent Directors £20,000 (2006: £18,000).

In considering the fees paid to Directors the Board examined the position of Mr Ashford-Russell who ceased to be the portfolio manager on 1 May 2006 but remained a Director of the Company at the request of the Board. The Committee decided that Mr Ashford-Russell should be entitled to a fee as he carries the same duties and responsibilities as the other Directors and that he should receive his fees starting from 1 May 2007. Mr Ashford-Russell has waived this fee for the forthcoming year.

It is the policy to increase fees, if appropriate, every other 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.

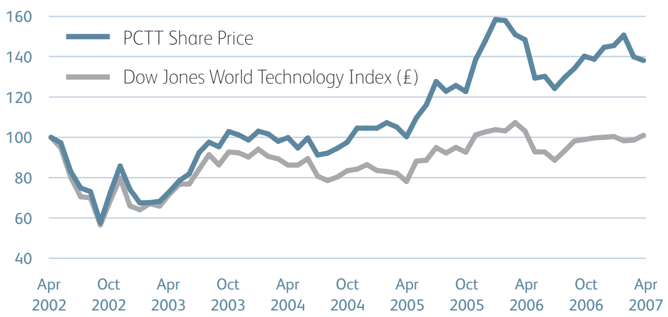
The policy also recognises:

- 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.

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. The Articles require a Director to retire at every third AGM after the first AGM at which he is appointed by shareholders.

Directors' and officers' liability insurance cover is held by the Company in respect of the Directors. The Companies (Audit, Investigations and Community Enterprise) Act 2004 came into force in April 2005 and changed the provisions of section 310 of the Companies Act 1985 to give companies the power to extend indemnities to Directors against liability to third parties (excluding criminal and regulatory penalties) and to pay directors' legal costs up-front provided they are reimbursed to the Company if the individual is convicted or, in an action brought by the Company judgment is given against him. The Company entered into deeds of indemnity with the Directors of the Company. 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 2006, were as follows:

	Year ended 30 April 2007 £	Year ended 30 April 2006 £
R Wakeling	30,000	27,000
B Ashford-Russell	–	–
P Dicks	20,000	18,000
D Gamble	20,000	18,000
R Montagu***	6,667	–
M Moule***	6,667	–
D Rhodes*	–	15,000
C Stutterheim**	–	12,000
TOTAL	83,334	90,000

* resigned 24 February 2006

** resigned 1 January 2006

*** 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 13 June 2007

By order of the Board

N P Taylor FCIS
Polar Capital Secretarial Services Limited
Secretary

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 noncompliance 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 certain 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. Professor Rhodes and Mr Stutterheim resigned as Directors in 2006 due to increased pressure of duties at their principal employer. The Board, through the Nomination Committee, appointed a firm of specialist recruitment consultants to compile a list of candidates to replace them. The Directors also submitted their own suggestions. Two new Directors were appointed to the Board on 1 Janaury 2007.

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- election.

The policy for Directors serving over nine years is for annual re-election. Two of the Directors standing for re-election at the AGM, Mr Wakeling and Mr Dicks have each served for more than nine years. The Nomination Committee carefully reviewed the independence and contributions of both 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 therefore recommended to the Board that it supported their re-election. Mr Ashford-Russell is standing for re-election at the AGM as required under the Articles of Association of the Company and the Listing Rules. The Nomination Committee also recommended that the Board support his re-election.

Overall, despite two Directors having served more than nine years, the Board considers itself independent as five of its Directors are independent of the investment manager.

No Director, except Mr 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. 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 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.

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 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.

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 2006 to 30 April 2007

	Board	Audit	Management Engagement	Nomination
No. of Meetings	6	3	6	6
R Wakeling	6	3	6	6
B Ashford-Russell	6	3*	6*	6*
P Dicks	6	3	6	6
D Gamble	6	3	6	6
M Moule	1/2	0/1	1/2	0/1
R Montagu	1/2	1/1	1/2	1/1

* Not a member but attended part of the meetings by invitation.

All Directors in office at the date of the meeting attended the 2006 AGM, held on 21 July 2006.

Following the departure of Professor Rhodes and Mr Stutterheim in 2006 the powers of the Remuneration Committee reverted to the full Board until 26 April 2007 when new members were appointed.

The Board has contractually delegated the management of the portfolio to the investment manager, Polar Capital LLP (the "Manager"). It is the 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 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 share registrars, both of which the Manager monitors and the Manager provides or procures the provision of accountancy services, company secretarial and administrative services and the share savings scheme arrangements. The Manager also ensures that all Directors receive in a timely manner all relevant management, regulatory and financial information. Representatives of the 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 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 in 2004.

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. The Committee comprises of all the independent non-executive Directors. Mr Moule and Mr Montagu joined the Committee from the date of their appointment. 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 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 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 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 interim report. The effectiveness of the Auditors and the nature of the services provided have therefore been assessed through-out 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. Mr Moule and Mr Montagu joined the Committee from the date of their appointment. The Committee is responsible for the review of the terms of the management contract which is reviewed annually and the Committee also considers, prior to making its recommendation to the Board, whether the retention of the Manager is in the interests of shareholders.

The Committee has spent considerable time throughout the year considering and reviewing the terms of the existing investment management agreement with Polar Capital LLP. The outcome of this review is detailed in the Director's Report on page 19.

NOMINATION COMMITTEE

The Nomination Committee comprises of all the independent non-executive Directors and is chaired by the Chairman of the Board. Mr Moule and Mr Montagu joined the Committee from the date of their appointment. 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 balance of ages 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 particularly rigorous review of Directors serving over six years and annual re- election 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 existing 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-election due to length of service would be subject to particularly rigorous assessment of their contribution.

The Committee spent considerable time during 2006 in the selection and appointment of two additional directors. The Chairman met each candidate and produced a short list for the members of the Nomination Committee to consider. The Committee recommended two candidates for the Board to interview and on 1 January 2007 Mr Michael Moule and Mr Rupert Montagu were appointed Directors. Their biographical details are given on page 17 and they both stand for election by the shareholders at the AGM.

REMUNERATION COMMITTEE

A Remuneration Committee was created in May 2004. Mr Dicks, the Senior Independent Director was elected chairman and Mr Stutterheim and Professor Rhodes were elected Committee members. Following the resignations of both Professor Rhodes and Mr Stutterheim in 2006, the Committee's powers were returned to the full Board until Mr Moule and Mr Montagu joined the Committee 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 functions of the Committee were carried out by the full Board up to and including the meeting on 26 April 2007 when Mr Moule and Mr Montagu joined the Committee. The fees paid to Directors are detailed in the Directors' Remuneration Report on page 25.

DIRECTORS' TRAINING

When a new Director is appointed he or she is offered an induction course provided by the 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.

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. 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 concluded that each Director standing for re-election should continue and that no further appointments were necessary following the appointment of two Directors.

THE INVESTMENT MANAGER

The Board reviews the performance of the 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 Manager, led by Mr Rogoff, has long experience of investment in technology. In addition the 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 Manager and following the passing of the continuation vote at the AGM in 2005 the Committee has been reviewing the fee structure including the arrangements for calculating performance fee payments.

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

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.

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 fully in place during 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 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 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 Manager which details the steps taken to monitor the areas of risk, including those that are not directly the responsibility of the Manager and which reports the details of any known internal control failures. The Board receives each year from the Manager a report on its internal controls which includes a report from the Manager's auditors on the control policies and procedures in operation. Steps will continue to be taken to embed the system of internal control and risk management into the operation and culture of the Company and its key suppliers.

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 its system of internal control in order to provide assurance that it operates 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 Manager and information is supplied to the Board as required.

RELATIONS WITH SHAREHOLDERS

The Board is keen that the AGM be a participative event which 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. The Manager makes a presentation to shareholders and answers questions on investment performance.

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 an interim report. These are posted to all shareholders. These are also made available on the Company's website (www.polarcapitaltechnologytrust.co.uk) where monthly factsheets are published by the Manager.

The Company has adopted a nominee shareholder code which is set out on page 55. Proxy votes received are relayed to the meeting and published to the Company's website. Proxy forms have a 'vote withheld' option. Twenty working days' notice of the AGM has been given to shareholders as required. The Notice of Meeting sets out the business of the AGM and the special resolutions are explained more fully in the Directors' Report. Separate resolutions are proposed in relation to each substantive issue.

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 direct 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 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 Manager's policy on voting. The policy is for the 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 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 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 2007 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.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

IN RESPECT OF THE ACCOUNTS

Company law requires the Directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and the Group and the net revenue/losses of the Company and 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 whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

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 enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF POLAR CAPITAL TECHNOLOGY TRUST

We have audited the group and parent company financial statements (the "financial statements") of Polar Capital Technology Trust plc for the year ended 30 April 2007 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 financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors' responsibilities for preparing the financial statements 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. The Directors are also responsible for preparing the Directors' Remuneration Report.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). 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 financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation. We report to you, in our opinion, whether the information given in the Directors' Report is consistent with the financial statements. We also 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 2003 FRC Combined Code 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 financial statements. The other information comprises only those items listed on the contents page including the Chairman's Report, the Fund 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 financial statements. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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 financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

OPINION

In our opinion:

- the group financial statements 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 2007 and of its loss and cash flows for the year then ended;
- the parent company financial statements 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 2007 and cash flows for the year then ended;
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation; and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants and
Registered Auditors
London
13 June 2007

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 financial statements since they were initially presented on the website.

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

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 APRIL 2007

Notes		Year ended 30 April 2007			Year ended 30 April 2006		
		Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
3	Investment income	2,495	–	2,495	2,629	–	2,629
4	Other operating income	694	–	694	692	–	692
5	(Losses)/gains on investments held at fair value	–	(21,940)	(21,940)	–	89,751	89,751
6	Other gains	–	1,294	1,294	–	213	213
	Total income	3,189	(20,646)	(17,457)	3,321	89,964	93,285
	Expenses						
7	Investment management fee	(3,793)	–	(3,793)	(3,465)	–	(3,465)
8	Other administrative expenses	(747)	–	(747)	(671)	–	(671)
	(Loss)/profit before finance costs and tax	(1,351)	(20,646)	(21,997)	(815)	89,964	89,149
9	Finance costs	(485)	–	(485)	(454)	–	(454)
	(Loss)/profit before tax	(1,836)	(20,646)	(22,482)	(1,269)	89,964	88,695
10	Tax	(222)	–	(222)	(193)	–	(193)
	Net (loss)/profit for the year	(2,058)	(20,646)	(22,704)	(1,462)	89,964	88,502
11	Earnings per ordinary share (pence)						
	Basic			(16.22)			69.58
	Diluted			(16.22)			67.17

The total column of this statement represents the Group's Income Statement, prepared in accordance with IFRS. 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 notes on pages 38 to 52 form part of these financial statements.

CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2007

	Ordinary share capital £'000	Capital redemption reserve £'000	Share premium £'000	Warrant reserve £'000	Warrant exercise reserve £'000	Retained earnings £'000	Total £'000
Group and Company							
Total equity at 30 April 2005	28,830	9,145	90,134	6,179	1,483	100,668	236,439
Profit for the year to 30 April 2006	–	–	–	–	–	88,502	88,502
Exercise of warrants for ordinary shares	4,799	–	14,397	(6,053)	6,053	–	19,196
Repurchase of warrants	–	–	–	(126)	–	(150)	(276)
Shares bought back for cancellation	(69)	69	–	–	–	(468)	(468)
Issue of ordinary share capital	1,438	–	13,371	–	–	–	14,809
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

The notes on pages 38 to 52 form part of these financial statements.

CONSOLIDATED AND COMPANY BALANCE SHEETS

AT 30 APRIL 2007

Notes		30 April 2007 Group £'000	30 April 2007 Company £'000	30 April 2006 Group £'000	30 April 2006 Company £'000
	Non current assets				
12-14	Investments held at fair value	352,205	352,463	362,701	363,113
	Current assets				
15	Other receivables	5,829	9,056	4,350	7,500
	Cash and cash equivalents	22,059	18,574	42,050	38,488
		27,888	27,630	46,400	45,988
	Total assets	380,093	380,093	409,101	409,101
	Current liabilities				
16	Other payables	(6,895)	(6,895)	(7,493)	(7,493)
17	Bank loans	(37,700)	(37,700)	(19,318)	(19,318)
		(44,595)	(44,595)	(26,811)	(26,811)
	Total assets less current liabilities	335,498	335,498	382,290	382,290
	Non current liabilities				
17	Bank loans	–	–	(24,088)	(24,088)
	Net assets	335,498	335,498	358,202	358,202
	Equity attributable to equity shareholders				
19	Ordinary share capital	34,998	34,998	34,998	34,998
20	Capital redemption reserve	9,214	9,214	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	165,848	165,848	188,552	188,552
	Total equity	335,498	335,498	358,202	358,202

The financial statements were approved by the Board of Directors on 13 June 2007.

R K A Wakeling
Chairman

B J D Ashford-Russell
Director

The notes on pages 38 to 52 form part of these financial statements

CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2007

	2007 Group £'000	2007 Company £'000	2006 Group £'000	2006 Company £'000
Cash flows from operating activities				
(Loss)/profit before finance costs and tax	(21,997)	(21,997)	89,149	89,149
Adjustments for :				
Decrease/(increase) in investments	9,202	9,352	(143,941)	(142,567)
(Increase)/decrease in receivables	(1,489)	(1,566)	25,072	24,978
(Decrease) in payables	(6,314)	(6,314)	(17,742)	(17,742)
	1,399	1,472	(136,611)	(135,331)
Net cash used by operating activities before tax	(20,598)	(20,525)	(47,462)	(46,182)
Taxation paid	(212)	(212)	(207)	(207)
Net cash used by operating activities	(20,810)	(20,737)	(47,669)	(46,389)
Cash flows from financing activities				
Exercise of warrants	–	–	19,196	19,196
Repurchase of warrants	–	–	(405)	(405)
Cost of shares repurchased	–	–	(1,574)	(1,574)
Issue of share capital	–	–	14,809	14,809
Loans matured	(40,652)	(40,652)	(25,102)	(25,102)
Loans taken out	40,652	40,652	24,399	24,399
Finance costs	(475)	(475)	(452)	(452)
Net cash (used by) / from financing activities	(475)	(475)	30,871	30,871
Net decrease in cash and cash equivalents	(21,285)	(21,212)	(16,798)	(15,518)
Cash and cash equivalents at the beginning of the year	42,050	38,488	58,222	53,379
Effect of foreign exchange rate changes	1,294	1,298	626	627
Cash and cash equivalents at the end of the year	22,059	18,574	42,050	38,488

The notes on pages 38 to 52 form part of these financial statements

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 the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the European Union.

The Group's functional currency and the currency used for presentation of these financial statements is pounds sterling because that 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 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. PCT Finance Limited follows consistent accounting policies to the Company.

(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 return 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 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 (distributable) items and capital (non-distributable) items 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 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 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 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.

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.

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

Investments are managed and their performance is evaluated on a fair value basis in accordance with the Company's documented investment strategy.

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.

(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) Bank Loans

All bank loans are initially recognised at fair value, being the amount of the consideration received, less issue costs where applicable.

After initial recognition these loans are subsequently measured at amortised cost using the effective yield interest method. 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. Foreign currency assets or liabilities 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.

(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 laibilities 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 Standard was in issue but not yet effective:

IFRS 7 Financial Instruments: Disclosures

This Standard will require more detailed disclosures about exposure to risks arising from financial instruments but is not expected to cause any material adjustments to the financial statements.

NOTES TO THE ACCOUNTS (CONTINUED)

3 INVESTMENT INCOME

	Year ended 30 April 2007 £'000	Year ended 30 April 2006 £'000
Franked: Listed investments		
Dividend income	406	243
Unfranked: Listed investments		
Dividend income	1,679	1,517
Interest income	410	869
	2,089	2,386
	2,495	2,629

4 OTHER OPERATING INCOME

	Year ended 30 April 2007 £'000	Year ended 30 April 2006 £'000
Bank interest	606	625
Futures deposit interest	88	67
	694	692

5 (LOSSES)/GAINS ON INVESTMENTS HELD AT FAIR VALUE

	Year ended 30 April 2007 £'000	Year ended 30 April 2006 £'000
Net realised gains based on historical cost	4,941	35,445
(Deduct)/add: amounts recognised as unrealised in the previous year	(27,079)	6,045
Realised (losses)/gains based on carrying value at previous balance sheet date	(22,138)	41,490
Net movement in unrealised appreciation on non current assets	160	48,250
Liquidation proceeds	38	11
	(21,940)	89,751

6 OTHER GAINS

	Year ended 30 April 2007 £'000	Year ended 30 April 2006 £'000
Realised losses on forward currency contracts	–	(413)
Net gains on foreign exchange movements	1,294	626
	1,294	213

7 INVESTMENT MANAGEMENT FEE (CHARGED WHOLLY TO REVENUE)

	Year ended 30 April 2007 £'000	Year ended 30 April 2006 £'000
Investment management fee paid to Polar Capital Partners	3,599	3,342
Irrecoverable VAT thereon	194	123
	3,793	3,465

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

8 OTHER ADMINISTRATIVE EXPENSES (INCLUDING VAT WHERE APPROPRIATE)

	Year ended 30 April 2007 £'000	Year ended 30 April 2006 £'000
Directors' fees	83	90
Auditors' remuneration: For audit services	25	33
For other services (taxation services)	8	22
Other expenses (including Shareplan and ISA administration fees)	631	526
	747	671

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 1.31% (30 April 2006: 1.39%) 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 2007 £'000	Year ended 30 April 2006 £'000
Interest on loans and overdrafts repayable within one year	485	454

NOTES TO THE ACCOUNTS (CONTINUED)

10 TAXATION

	Year ended 30 April 2007 £'000	Year ended 30 April 2006 £'000
a) Analysis of tax charge for the year:		
Foreign tax	222	193
Total tax for the year (see note 10b)	222	193
b) Factors affecting tax charge for the year:		
The charge for the year can be reconciled to the (loss)/profit per the income statement as follows:		
(Loss)/profit before tax	(22,482)	88,695
Tax at the UK corporation tax rate of 30% (2006: 30%)	(6,745)	26,609
Tax effect of non-taxable UK dividends	(122)	(73)
Tax effect of non-taxable stock dividends	(8)	(47)
Losses/(gains) on investments that are not taxable	6,188	(26,992)
Net income allocations from limited partnerships	(4)	(1)
Unrelieved current year expenses and deficits	687	493
Expenses and finance costs not deductible for tax purposes	4	11
Overseas tax suffered	222	193
Total tax for the year (see note 10a)	222	193
c) Factors that may affect future tax charges:		
There is an unrecognised deferred tax asset comprising:		
Unrelieved management expenses	19,123	18,419
Eligible unrelieved foreign tax	863	649
	19,986	19,068

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 2007			Year ended 30 April 2006		
	Revenue return pence	Capital return pence	Total return pence	Revenue return pence	Capital return pence	Total return pence
From continuing operations						
Basic – ordinary shares	(1.47)	(14.75)	(16.22)	(1.15)	70.73	69.58
Diluted – ordinary shares	(1.47)	(14.75)	(16.22)	(1.11)	68.28	67.17

Earnings per ordinary share is based on the net loss after taxation attributable to the ordinary shares of £22,704,000 (30 April 2006 – gains of £88,502,000) and on 139,990,821 (30 April 2006 – 127,193,972) ordinary shares, being the weighted average number of shares in issue during the year.

The calculations of the diluted earnings per ordinary share are carried out in accordance with International Accounting Standard 33, Earnings per share. For the purpose of calculating diluted earnings per share, the number of shares is the weighted average used in the basic calculation plus a number of shares deemed to be issued for no consideration on exercise of all warrants, by reference to the average price of the ordinary shares during the year.

For the year ended 30 April 2007 there were no warrants in issue throughout the year therefore no dilution occurred.

For the year ended 30 April 2006, the calculation indicates that the exercise of warrants would have resulted in an additional weighted average number of shares of 4,556,605 resulting in a total weighted average number of shares of 131,750,577.

12 CHANGES IN NON CURRENT ASSETS

	Group 30 April 2007 £'000	Company 30 April 2007 £'000	Group 30 April 2006 £'000	Company 30 April 2006 £'000
Valuation at 1 May 2006	362,701	363,113	219,543	221,330
Less: Unrealised (appreciation)/depreciation	(44,839)	(46,935)	9,456	6,066
Cost at 1 May 2006	317,862	316,178	228,999	227,396
Additions at cost	346,663	346,581	315,173	315,092
Proceeds of disposal	(335,181)	(335,181)	(261,755)	(261,755)
Realised gains on sale	4,941	4,941	35,445	35,445
Cost at 30 April 2007	334,285	332,519	317,862	316,178
Add: Unrealised appreciation	17,920	19,944	44,839	46,935
Valuation at 30 April 2007	352,205	352,463	362,701	363,113
Of which:				
Listed on a recognised Stock Exchange	349,139	347,373	359,122	357,438
Unlisted	3,066	5,090	3,579	5,675

Included in additions at cost are purchase costs of £871,000 (30 April 2006: £870,000). Included in proceeds of disposals are sales costs of £890,000 (30 April 2006: £809,000). These comprise mainly stamp duty and commission.

Unquoted investments

The value of the unquoted investments as at 30 April 2007 was £3,066,000 (30 April 2006: £3,579,000) and the portfolio comprised of the following holdings:

Investment	Valuation £'000
Domain Public Equity Partners	1,924
Herald Ventures Limited Partnership	832
Herald Ventures Limited Partnership II	220
TR Ecotec Environmental Fund	90
UCM	–
Unus Technologies	–
	3,066

NOTES TO THE ACCOUNTS (CONTINUED)

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 2006: £2).

	Company 30 April 2007 £'000	Company 30 April 2006 £'000
Balance brought forward at 30 April 2006	2,096	3,390
Revaluation of subsidiary	(72)	(1,294)
Balance carried forward at 30 April 2007	2,024	2,096

During the year an interim dividend of £250,000 (30 April 2006: £1,500,000) was paid to Polar Capital Technology Trust plc.

14 SUBSTANTIAL EQUITY INTERESTS

The Company has a 33 1/3% (30 April 2006: 33 1/3%) interest as a limited partner in TR Ecotec Environmental Fund ("the Fund"), 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 do not consider the Fund to be an associate of the Company because in their view the Company does not participate in the financial and operating policy decisions of the entity.

The Company also has a 3.3% (30 April 2006: 4.5%) 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 6 (30 April 2006: 5) investee companies.

	Company 30 April 2007 %	Company 30 April 2006 %
Sinosoft	6.5	6.4
Inicis	6.4	5.3
Sanderson	4.8	4.8
Software Radio Technology	3.6	–
Low Carbon Accelerator	3.4	–
ST Shire Optical	3.2	3.4
Datong Electronics	–	5.6

At 30 April 2007 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 2007 £'000	Company 30 April 2007 £'000	Group 30 April 2006 £'000	Company 30 April 2006 £'000
Sales for future settlement	1,550	1,550	2,151	2,151
Spot foreign exchange contracts awaiting settlement	3,581	3,581	1,550	1,550
Overseas tax recoverable	4	4	14	14
Prepayments and accrued income	557	540	377	360
Amounts due from subsidiary undertaking	–	3,244	–	3,167
VAT recoverable	137	137	258	258
	5,829	9,056	4,350	7,500

16 OTHER PAYABLES

	Group 30 April 2007 £'000	Company 30 April 2007 £'000	Group 30 April 2006 £'000	Company 30 April 2006 £'000
Purchases for future settlement	2,793	2,793	4,540	4,540
Spot foreign exchange contracts awaiting settlement	3,600	3,600	1,555	1,555
Accruals	502	502	1,398	1,398
	6,895	6,895	7,493	7,493

17 BANK LOANS

	Group and Company 30 April 2007 £'000	Group and Company 30 April 2006 £'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 0.840% repayable 30 June 2006	–	19,318
¥5,000m at a fixed rate of 1.215% repayable 30 September 2008	–	24,088
	37,700	43,406
Less: Amounts due for settlement within 12 months (shown under current liabilities)	(37,700)	(19,318)
Amounts due for settlement after 12 months	–	24,088

18 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

(a) Management of risk

The Group's financial instruments comprise:

- Equity and non-equity shares and fixed interest securities which are held in accordance with the Group's investment objectives which are set out on the inside front cover of the Report and Accounts;
- 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 comprise index options 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.

There were no index option positions open at 30 April 2007 (2006: none).

The main risks arising from the Group's financial instruments are market price risk, interest rate risk and foreign currency risk. The Board regularly reviews and agrees policies for managing each of these risks and they are summarised below. These policies have remained unchanged since the inception of the Group. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

Short term receivables and payables are excluded from disclosure other than for currency disclosure (see note 18d).

Market price risk

Market 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.

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 market price risk. The fund manager actively monitors market prices throughout the year and reports to the Board which meets regularly in order to consider investment strategy.

Market interest rate risk

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

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to cash flow interest rate risk is primarily through the cash balances held which earn interest by reference to LIBOR or international equivalent.

Liquidity risk

The Group's assets comprise mainly readily realisable securities which can be sold to meet funding commitments if necessary. 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.

Foreign 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. The portfolio fund 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 in accordance with the asset allocation.

(b) Interest rate risk profile of financial assets and financial liabilities

Financial assets

The majority of the Group's financial assets are equity shares and other investments which neither pay interest nor have a stated maturity date.

Interest bearing assets earn interest by reference to LIBOR or international equivalents.

Financial liabilities

The interest rate profile of the Group's financial liabilities at 30 April 2007 was:

Currency	Total £'000	30 April 2007 Floating rate financial liabilities £'000	Fixed rate financial liabilities £'000	Total £'000	30 April 2006 Floating rate financial liabilities £'000	Fixed rate financial liabilities £'000
Yen	37,700	–	37,700	43,406	–	43,406

The weighted average interest rate on the above liabilities was 1.207% (30 April 2006: 1.048%).

The weighted average period for which the interest rate is fixed was 0.304 years (30 April 2006: 1.419 years).

(c) Maturity profile of the Group's financial liabilities

The maturity profile of the Group's financial liabilities was:	30 April 2007 £'000	30 April 2006 £'000
In one year or less, or on demand	37,700	19,318
In more than one year but no more than two years	–	24,088
	37,700	43,406

The Group has no undrawn borrowing facilities (30 April 2006: £nil)

(d) Currency exposure

	30 April 2007 Investments held at fair value £'000	Net monetary assets/ (liabilities) £'000	Net assets £'000	30 April 2006 Investments held at fair value £'000	Net monetary assets/ (liabilities) £'000	Net assets £'000
US dollar	205,065	2,252	207,317	183,679	1,598	185,277
Euro	30,966	197	31,163	42,148	344	42,492
Yen	33,090	(31,040)	2,050	54,219	(23,247)	30,972
Other non-sterling	35,330	8,484	43,814	30,040	11,486	41,526
Sub total	304,451	(20,107)	284,344	310,086	(9,819)	300,267
Sterling	47,754	3,400	51,154	52,615	5,320	57,935
Total net assets	352,205	(16,707)	335,498	362,701	(4,499)	358,202

19 ORDINARY SHARE CAPITAL

	Group and Company 30 April 2007 £'000	Group and Company 30 April 2006 £'000
Authorised: 860,000,000 ordinary shares of 25p	215,000	215,000
Allotted, called up and fully paid: 139,990,821 (30 April 2006: 139,990,821) ordinary shares of 25p	34,998	34,998

20 CAPITAL REDEMPTION RESERVE

	Group and Company £'000
As at 1 May 2006	9,214
At 30 April 2007	9,214

21 SHARE PREMIUM

	Group and Company £'000
As at 1 May 2006	117,902
At 30 April 2007	117,902

22 WARRANT EXERCISE RESERVE

	Group and Company £'000
As at 1 May 2006	7,536
At 30 April 2007	7,536

At 30 April 2007 there were no warrants outstanding (30 April 2006: nil)

23 RETAINED EARNINGS

	Capital reserve - realised £'000	Capital reserve - unrealised £'000	Revenue reserve £'000	Retained earnings £'000
Group:				
Opening balances at 1 May 2006	198,458	47,092	(56,998)	188,552
Loss for the year to 30 April 2007	(20,646)	–	(2,058)	(22,704)
Transfer unrealised capital losses at 30 April 2007	26,219	(26,219)	–	–
Balance at 30 April 2007	204,031	20,873	(59,056)	165,848
Company:				
Opening balances at 1 May 2006	198,458	49,188	(59,094)	188,552
Loss for the year to 30 April 2007	(20,646)	–	(1,986)	(22,632)
PCT Finance Limited (see note 13)	–	(72)	–	(72)
Transfer unrealised capital losses at 30 April 2007	26,219	(26,219)	–	–
Balance at 30 April 2007	204,031	22,897	(61,080)	165,848

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 2007 £'000	Group and Company Year ended 30 April 2006 £'000
Proceeds on disposal of investments at fair value through profit or loss	335,783	265,425
Purchases of investments at fair value through profit or loss	(348,328)	(310,570)
	(12,545)	(45,145)

25 CAPITAL COMMITMENTS

At 30 April 2007 the Group had a commitment in respect of the following limited partnerships:

	Commitment at 30 April 2007 £'000	Drawn down at 30 April 2007 £'000	Commitment at 30 April 2006 £'000	Drawn down at 30 April 2006 £'000
Herald Ventures Limited Partnership	1,000	1,000	1,000	1,000
Herald Ventures Limited Partnership II	500	250	500	125
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 2007 was £3,793,000 (2006: £3,465,000) of which £nil (2006: £1,120,000) 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 Fund Services. The total fee paid to BNP Paribas for these services for the year ended 30 April 2007 amounted to £195,000 (30 April 2006: £136,000) (including irrecoverable VAT) and the Company received income of £66,000 (30 April 2006: £49,000) in respect of the charges collected from investors. The compensation payable to key management personnel in respect of short term employee benefits is £83,000 (2006: £144,500) which comprises £83,000 (2006: £90,000) paid by the Company to the Directors and £nil (2006: £54,500) paid by Polar Capital to Mr Ashford-Russell in respect of services to the Company.

Investments held at fair value include an investment in Polar Capital Technology Absolute Return Fund. The value of this investment at 30 April 2007 was £2,308,000 (2006: £nil). No income was received from this investment during the year (2006: £nil). This investment was excluded from the base management fee calculation.

27 NET ASSET VALUE PER ORDINARY SHARE

	Net asset value per share 30 April 2007 pence	30 April 2006 pence
Ordinary shares:	239.66	255.88

The net asset value per ordinary share is based on net assets at the year end and on 139,990,821 (2006: 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 2007 £'000	Year ended 30 April 2006 £'000
Net assets at 30 April 2006 as previously reported	358,202	236,439
Exercise of warrants for ordinary shares	–	19,196
Repurchase of warrants	–	(276)
Cost of ordinary share repurchases	–	(468)
Issue of ordinary share capital	–	14,809
Net (loss)/profit for the year on ordinary activity after taxation	(22,704)	88,502
Net assets attributable to equity shareholders at 30 April	335,498	358,202

28 SEGMENTAL REPORTING

An analysis of the Group's investments held at 30 April 2007 by geographical segment and the related investment income earned during the year to 30 April 2007 is noted below:

	30 April 2007 Value of investments £'000	Year ended 30 April 2007 Gross income £'000	30 April 2006 Value of investments £'000	Year ended 30 April 2006 Gross income £'000
North America	203,438	617	177,284	507
Europe	79,686	1,417	111,529	1,539
Asia	69,081	461	73,888	583
Total	352,205	2,495	362,701	2,629

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, indexation relief (applicable for non-corporate investors up to 5 April 1998 and for corporate shareholders) and taper relief (applicable to non-corporate shareholders on disposals on or after 6 April 1998). 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, particularly taper and indexation relief, 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 of 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
Southwark Towers
32 London Bridge Street
London SE1 9SY

SOLICITORS

Herbert Smith
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 PEP/ISA, can contact the registrars with any queries on their holding. 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.

Lloyds TSB Registrars
The Causeway
Worthing
West Sussex BN99 6DA

Shareholder helpline: 0870 6015366

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
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), Reuters (PCT.L), and SEDOL codes: Ordinary Shares – 0422002.

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, Lloyds TSB Registrars Scotland, who have installed textphones to allow speech and hearing impaired people who have their own textphone to contact them directly by ringing 0870 600 3950 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.

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

SHAREHOLDER AND INVESTOR INFORMATION – HISTORIC PERFORMANCE

HISTORIC PERFORMANCE FOR THE YEARS ENDED 30 APRIL

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Total net assets (£'000)	201,891	279,946	668,727	401,337	287,229	221,022	306,636	236,439	358,202	335,498
NAV per share (pence)										
undiluted	137.2	190.2	452.8	270.2	192.8	148.3	208.1	205.0	–	–
diluted	131.0	175.3	395.8	243.7	178.5	141.3	193.7	189.8	255.9	239.7
Share price (pence)	115.0	167.5	436.0	281.5	165.0	120.5	164.8	165.5	245.0	228.0
Indices of Performance[1]										
Share price	100	145.7	379.1	244.8	143.5	104.8	143.3	143.9	213.0	198.3
Net asset value per share[2]	100	138.6	330.0	196.9	140.5	108.1	151.7	149.4	186.5	174.7
Dow Jones World Technology	100	143.6	276.8	154.9	104.4	75.0	90.0	81.5	107.7	105.4

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 1998

2 The net asset value per share growth is based on undiluted NAV per share from 1997 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.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 11th Annual General Meeting of Polar Capital Technology Trust PLC will be held at The Chartered Accountants Hall, One Moorgate Place, London EC2R 6EA on Tuesday 31 July 2007 at 12.30 pm for the transaction of the following business:

1 To receive and consider the Business Review and Report of the Directors together with the Audited Accounts for the year ended 30 April 2007.

2 To receive and consider the Directors' Remuneration Report for the year ended 30 April 2007.

3 To re-appoint Mr Wakeling as a Director of the Company.

4 To re-appoint Mr Ashford-Russell as a Director of the Company.

5 To re-appoint Mr Dicks as a Director of the Company.

6 To appoint Mr Moule as a Director of the Company.

7 To appoint Mr Montagu as a Director of the Company.

8 To re-appoint PricewaterhouseCoopers LLP as Auditors to the Company.

9 To authorise the Directors to determine the remuneration of the Auditors.

10 THAT the Directors be and they are hereby generally and unconditionally authorised in substitution for all existing authorities to exercise all powers of the Company to allot relevant securities (within the meaning of Section 80 of the Companies Act 1985 ('the Act')) up to a maximum aggregate nominal amount of £1,749,885 (being 5% of the Company's issued ordinary share capital on 13 June 2007) PROVIDED THAT this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution save that the said authority shall allow and enable the Directors to make an offer or agreement before the expiry of that authority which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

To consider and, if thought fit, pass resolutions 11 and 12 as Special Resolutions *(a special resolution is one that requires a majority of at least 75% of those present and voting to be passed)*:

11 THAT, subject to the passing of resolution 10, the Directors be and are hereby empowered pursuant to Section 95 of the Act to allot equity securities (within the meaning of Section 94 of the Act) wholly for cash pursuant to the authority conferred by resolution 9 as if sub-section (1) of Section 89 of the Act did not apply to any such allotment PROVIDED THAT this power shall be limited:

(i) to the allotment of equity securities whether by way of a rights issue, open offer or otherwise to ordinary shareholders and/or holders of any other securities in accordance with the rights of those securities where the equity securities respectively attributable to the interests of all ordinary shareholders and/or such holders are proportionate (or as nearly as may be) to the respective numbers of ordinary shares and such equity securities held by them (or are otherwise allotted in accordance with the rights attaching to such equity securities) subject in either case to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or local or practical problems under the laws of, or the requirements of, any regulatory body or any stock exchange in any territory or otherwise howsoever; and

(ii) to the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to a maximum aggregate nominal value of £1,749,885 (being 5% of the Company's issued ordinary share capital on 13 June 2007) at a price not less than the net asset value per share

and shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution save that the Directors may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

12 THAT the Company be and is hereby generally and unconditionally authorised in accordance with Section 166 of the Act to make market purchases (within the meaning of Section 163 of the Act) of ordinary shares of 25p each in the capital of the Company ("Ordinary Shares"), on such terms and in such manner as the Directors may from time to time determine provided that:

(i) the maximum number of Ordinary Shares hereby authorised to be purchased shall be 20,984,624;

(ii) the minimum price which may be paid for an Ordinary Share is 25p;

(iii) the maximum price which may be paid for an Ordinary Share is an amount equal to 105 per cent. of the average of the middle market quotations for an Ordinary Share taken from the London Stock Exchange Official List for the five business days immediately preceding the day on which the Ordinary Share is purchased or such other amount as may be specified by the UK Listing Authority from time to time;

(iv) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company in 2008 or, if earlier, on the expiry of 12 months from the passing of this resolution, unless such authority is renewed prior to such time; and

(v) the Company may make a contract to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Ordinary Shares pursuant to any such contract.

By order of the Board

N P Taylor FCIS
Polar Capital Secretarial Services Limited
Secretary

13 June 2007

Registered Office:
4 Matthew Parker Street, London SW1H 9NP

NOTICE OF ANNUAL GENERAL MEETING – NOTES ENTITLEMENT TO ATTEND AND VOTE

1 Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001 the Company specifies that only those holders of shares registered in the Register of Members as at 6pm on Friday, 27 July 2007 shall be entitled to attend or vote at the Annual General Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the register after 6pm on Friday, 27 July 2007 shall be disregarded in determining the right of any person to attend or vote at the Meeting.

APPOINTMENT OF PROXIES

2 A member entitled to attend and vote at this meeting may appoint one or more proxies to attend and, on a poll, to vote on his/her behalf. A proxy need not be a member of the Company. A form of proxy is enclosed and to be valid must be lodged with the Company's registrar, Lloyds TSB Registrars at The Causeway, Worthing BN99 6AY not less than 48 hours before the time fixed for the meeting.

3 The completion of the form of proxy will not preclude share holders from attending and voting in person at the meeting.

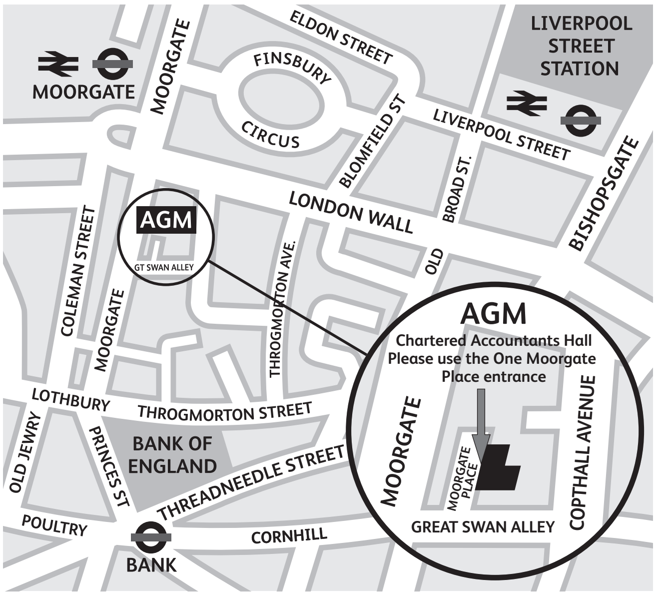
4 CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting to be held on Tuesday, 31 July 2007 and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with CRESTCo's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by Lloyds TSB Registrars (ID 7RA01) by no later than 12.30am on 29 July 2007. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Lloyds TSB Registrars are able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

ANNUAL GENERAL MEETING VENUE



Shareholders should arrive in sufficient time to clear security before the commencement of the AGM at 12.30. Please use the entrance in Moorgate Place.

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 Lloyds TSB Registrars to be made available. For telephone sales call 08708 500852 between 8.30am and 4.30pm, Monday to Friday and for internet sales log on to www.shareview.co.uk/dealing

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 PEPs, 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 trigged 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 on investing 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.

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REGISTERED OFFICE:
4 Matthew Parker Street
London SW1H 9NP
Tel: 020 7227 2700
Fax: 020 7227 2799
www.polarcapitaltechnologytrust.co.uk

REGISTRAR:
Lloyds TSB Registrars
The Causeway, Worthing, West Sussex BN99 6DA
www.shareview.co.uk