ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 30 APRIL 2009

POLAR CAPITAL TECHNOLOGY

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 long-term capital growth for our shareholders through investing in a diversified portfolio of technology companies around the world. The investment policy is set out in full in the Directors' Report.

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. The investment manager believes 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 LLP 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 is supported by a team of technology specialists.

FEES

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 Directors' Report.

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.

Shareholder's attention is drawn to the warning given on Page 60 to Boiler Room Scams.

CONTENTS

Certain statements included in this Annual Report and Accounts contain forward-looking information concerning the Company's strategy, operations, financial performance or condition, outlook, growth opportunities or circumstances in the countries, sectors or markets in which the Company operates. By their nature, forward-looking statements involve uncertainty because they depend on future circumstances, and relate to events, not all of which are within the Company's control or can be predicted by the Company. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Actual results could differ materially from those set out in the forward-looking statements. For a detailed analysis of the factors that may affect our business, financial performance or results of operations, we urge you to look at the principal risks and uncertainties included in the Business Review on pages 21 to 24 of this Annual Report and Accounts. No part of these results constitutes, or shall be taken to constitute, an invitation or inducement to invest in Polar Capital Technology Trust plc or any other entity, and must not be relied upon in any way in connection with any investment decision. The Company undertakes no obligation to update any forward-looking statements.

HIGHLIGHTS

FINANCIAL

	Year ended 30 April 2009	Year ended 30 April 2008	Movement %
Net assets per ordinary share	216.75p	226.72p	(4.4%)
Price per ordinary share	183.00p	190.75p	(4.1%)
Total net assets	£274,179,000	£300,425,000	(8.7%)
Shares in issue	126,497,914	132,508,914	(4.5%)

INDEX CHANGES OVER THE YEAR ENDED 30 APRIL 2009 (TOTAL RETURN)

	Local Currency %	Sterling Adjusted %
Benchmark		
Dow Jones World Technology	(29.3)	(5.5)
Technology Indices:		
NYSE Arca Technology 100	(23.3)	2.5
FTSE Techmark 100	–	(13.8)
Tecdax	(30.3)	(20.7)
Tokyo SE Electronics	(39.8)	(14.5)
MSCI AC Asia Pacific ex Japan Information Technology	(35.8)	(14.2)
Market Indices:		
FTSE World	–	(18.2)
S&P 500 Composite	(35.3)	(13.5)
FTSE All-Share	–	(26.9)
FTSE World Europe (ex UK)	–	(26.3)
Tokyo SE (Topix)	(36.9)	(10.5)
FTSE World Pacific Basin (ex Japan)	–	(20.5)

EXCHANGE RATES

	30 April 2009	30 April 2008
US$ to £	1.4818	1.9806
Japanese Yen to £	145.79	206.99
Euro to £	1.1182	1.2721

CHAIRMAN'S REPORT

Review of the year

Most equity investors suffered heavy losses during the last financial year. What appeared at first to be a crisis of liquidity rapidly deteriorated into one where the solvency of much of the financial system came into question. Despite exceptional and coordinated intervention around the world, the global economy plunged into a recession which, in many countries, has been unprecedented in the scale and speed of the collapse in economic activity. Indeed, so rapid and intense has been the deterioration in the business climate that many companies have found it impossible to adjust their operating costs rapidly enough to avoid a dramatic decline in earnings. For most of our financial year, investors were in disorderly retreat and, at times – most notably following the collapse of Lehman Brothers – there has been little faith in the security of any investment and, unsurprisingly, none at all in the moral rectitude of the banking industry popularly perceived to have led the world into this crisis.

Rather than add to the voluminous commentary on the origins and development of this economic disaster, I will confine myself to the observation that no amount of creativity on the part of financial engineers can indefinitely prolong a state of affairs where consumption materially exceeds income. The negligence of the political elites in the developed world in encouraging their electorates to believe otherwise has provided an opportunity for a rapacious but highly imaginative body of professional financiers to extend this fundamental disequilibrium far beyond reason. We are now paying for the consequences.

The United Kingdom has been one of the most profligate players in this folly and it is a testament to the esteem in which our government is held by international investors that Sterling should have been one of the weakest major currencies over the last twelve months. Fortunately, the decision by our fund managers to reduce greatly our exposure to the UK over recent years has meant that currency gains have helped to ameliorate the very material losses that our portfolio has experienced in local currency terms. Over the financial year, Sterling fell by 25% against the US dollar and by 30% against the Japanese Yen.

The other positive influence in a very difficult year has been the strong relative performance of the technology sector. While the demand for technology based products and services has been hard hit by the onset of recession, the sector has benefited from two factors. First, technology companies tend to be cash rich and have been restrained in their use of leverage to enhance returns. Secondly, the industry has demonstrated tight cost management and is correctly perceived to be an early beneficiary of any improvement in demand that may be generated by the aggressive monetary and fiscal expansion now underway.

Over our financial year, technology shares strongly outperformed the broad market in both the USA and Europe. Your Company's net asset value per share fell by 4.4% which outperformed both the Dow Jones World Technology Index and the FTSE World Index which fell 5.5% and 18.2% in Sterling terms respectively. Our NAV performance over this difficult period also compares favourably with most technology and all major market indices. This result was helped by our increased US weighting, by our limited exposure to European and Japanese smaller companies and by retaining some cash in the portfolio during the second half of our financial year. There was also an uplift of

CHAIRMAN'S REPORT (CONTINUED)

1.6p per share to NAV as a result of our repurchase of just over six million shares at discounts to NAV ranging from 14% to 28% and the Company also benefited from a VAT refund of nearly £1.3m (including interest) for the period 2000-2007, equivalent to 1 p per share in NAV terms.

Equity markets have bounced back from their early March lows which were reached amidst widespread gloom and fears that the recession could spiral downwards into a prolonged depression. According to a number of surveys, investor sentiment at that time reached levels of pessimism that exceeded any recorded in the last twenty years. There has been much debate about the sustainability of the rally in share prices since the March lows. Where the bulls see the "green shoots" of recovery, the bears see a toxic mountain of debt that will stifle any but the most modest economic progress. As the current economic environment has few precedents, the debate promises to rage for some time.

We believe that March marked a sentiment low and that the deceleration in the pace of economic deterioration may yet evolve into a cyclical upturn albeit one of questionable strength and duration. The global economy has received an unprecedented stimulus from government actions although undoubtedly the degree of leverage that preceded it necessitated dramatic action. It would be surprising if we were not to see some degree of economic stabilisation but the medium term outlook remains very unclear and the question of whether the politicians have simply postponed (yet again) a greater day of reckoning remains unanswered. The markets ahead are going to be very challenging and we need to be even more alert than usual.

Outlook

Difficult though the conditions ahead may be, we take some comfort from our investment specialisation. In a world where sustainable economic and earnings growth may be materially less than over the last two decades, genuine growth stocks – a category in which technology shares are well represented – should fare relatively well, reflecting their superior relative earnings growth. Moreover, technology is and will remain a key factor in tackling many of our world's greatest challenges: the need for increased productivity in a slower growing economy; the needs of the aging population of the developed world; climate change and resource shortages; and the growing challenges of personal and public security. Moreover the technology industry will be addressing those opportunities from a position of exceptional financial strength and with many valuable lessons learned during the hard years that followed the end of the internet boom. We are encouraged by the sector's performance over the last year and, while short term sentiment towards the industry suggests a period of more subdued relative performance, we are optimistic about the longer-term outlook for our chosen specialist area.

The Board has decided that in view of developments in the technology market it would be desirable to enhance the Company's geographical investment flexibility. Consequently, within the overall maximum exposure limit of 100% of the portfolio to any one market, we have adjusted the market parameters guidance to allow for up to 85% (hitherto 75%) of the portfolio to be in North America.

AGM

The Company's annual general meeting will be held on 29 July and as last year it will be at the Royal Automobile Club. I hope that shareholders will take the opportunity to attend and hear our investment manager's presentation and meet the Board.

Richard Wakeling
11 June 2009

INVESTMENT MANAGER'S REPORT

US / WORLD OVERVIEW

The past year has been a tumultuous one that witnessed one of the most devastating financial crises and economic declines in modern history. Whilst global equities have rallied sharply from their recent lows, it was insufficient to redeem a year that still saw most equity markets lose more than one third of their value in local terms. However, pronounced Sterling weakness (which fell 25% and 30% against the Dollar and Yen respectively) significantly ameliorated these losses. Stocks began our financial year on a positive note, but in June the exponential rise of commodity prices (oil reaching $145) presaged one of the sharpest monthly declines experienced since September 2002 as it essentially shifted the central banks' focus from growth towards inflation containment. However, it was the combination of AIG's collapse, the nationalisation of 'Fannie Mae' and 'Freddie Mac' and the bankruptcy of Lehman Brothers in September that set in motion a massive intensification of the crisis with credit markets essentially seizing up. Equities collapsed under the weight of hedge fund redemptions and forced de-leveraging.

Whilst far from obvious at the time, the post-Lehman intensification was probably a pre-requisite for any future recovery as it rendered so-called 'moral hazard' irrelevant. Faced with a potential systemic collapse, central banks attempted to counter the de-leveraging by bailing-out the banks whilst reducing interest rates to record low levels. At the same time, policy makers introduced legislation that extended sovereign guarantees to a plethora of instruments and markets that had become dysfunctional. However, heightened mistrust required a more systematic approach; in late September Ireland got the ball rolling when the government moved to essentially guarantee the banking system, rather than elements thereof. Similar guarantees soon followed around the world which helped reduce the tempo of de-leveraging, whilst the introduction of the $700bn Troubled Asset Relief Programme ("TARP") by the US administration in October was the first of several gargantuan efforts designed to help improve the liquidity of mispriced assets. By the end of October stocks had become comprehensively oversold and cheap – for instance, Japanese stocks traded below book value for the first time since records began. At this point, sentiment was at such a low ebb that it had become fashionable to suggest that capitalism itself was on the ropes.

Although equities staged a very respectable calendar year end rally, early in 2009 the real economy began to feel the full force of the financial crisis, leading to one of the worst ever starts to a calendar year for equity markets. A slew of negative macroeconomic data in January confirmed that the current downturn had become the most precipitous experienced in the post-war period. A lukewarm reception to US Treasury Secretary Geithner's '*Financial Stability Plan*' provided the catalyst for an equity slump that saw most markets breach their November lows. Creeping nationalisation of the UK and US banking systems together with some spectacularly weak data added further fuel to the fire. At their mid-march lows, global equities had fallen an incredible 59% in US Dollar terms (i.e. without the mollifying impact of Sterling's pronounced weakness) from the October 2007 highs whilst investor sentiment had plunged to levels not seen since the dark days of October 1990.

Thus the stage was set for a rally that began as a "short-squeeze", but subsequently broadened and extended following Geithner's follow-up proposals that better detailed a way to rid banks of bad assets. Amid rebounding sentiment, a clear change of focus meant the discovery of 'green shoots' everywhere investors cared to look. Rare positive data points were lauded whilst poor ones (US unemployment at 8.1%, advanced reading of US Q1 GDP of -6.1%) were dismissed as lagging indicators or symptomatic of a trough. In short, stocks were no longer falling on bad news. Supportive rhetoric at both the G20 summit in London and the April Federal Open Market Committee (FOMC) meeting added to the sense that the worst had already passed, reinforced by easing of mark-to-market accounting rules for banks and encouraging preliminary results of the Treasury stress tests. A significant improvement in US consumer confidence and market resilience following the outbreak of swine flu towards month-end added weight to the view that bear market lows had already been made.

TECHNOLOGY OVERVIEW

The technology sector delivered its best relative fiscal year performance since the heady days of 2000, the Dow Jones World Technology index falling just 5.5% in Sterling terms over the period. Outperformance was initially driven by what the sector did not have – namely exposure to financial leverage, emerging markets and commodity prices – the same attributes that helped ensure its muted participation during the last cycle. However, by the first quarter of 2009 the technology sector began to outperform based on what it had to offer, rather than on what it did not. In the first instance, the severity of the Q4/Q1 downturn saw stocks with early-cycle characteristics (such as semiconductor / component companies) outperform as investors began to discount the trough, looking instead at ways to gain exposure to the so-called 'second derivative' trade without the balance sheet risk associated with financials. A predictably tough Q4 technology earning season was not only better than that posted by the broader market, but the magnitude of cost-cutting efforts was a genuine surprise and served to reduce the scale of downward revisions to 2009 forecasts. Most importantly, the sector had so significantly de-rated that US technology stocks traded at just 0.9x the market multiple based on forward estimates – one of the few times that the sector has traded at a discount. The 'positive' news that followed – a better than feared Q1 earnings season, inventory replenishment, firming component prices and corporate M&A – resulted in a re-rating (from 0.9x to 1.1x at period end) which drove material stock outperformance.

OUR PERFORMANCE

The Trust's NAV fell 4.4% as compared to the 5.5% decline registered by the Dow Jones World Technology index in Sterling terms. Once again, US technology stocks materially outperformed; our decision to increase our US exposure at the expense of Europe ameliorated the impact of this skew of returns. Performance benefited from limited exposure to non-US small caps, the retention of a modest amount of cash during the second half of 2008 and the NAV uplift associated with our buyback efforts. Negative contributions were generated by our alternative energy / environmental exposure which although pared during the year still detracted from performance. Similarly medical technology stocks did not prove as defensive as they have done previously during bear markets due to the perceived risk to industry margins represented by President Obama's renewed focus on containing the cost of health care whilst providing universal coverage.

Although we had intended to shift the portfolio away from large cap incumbents, we deferred this decision until the final third of the year due to the worsening macroeconomic backdrop. This deferral did not impact performance as small cap technology stocks had modestly trailed their larger cap peers at market lows. At the sector level, positive contributions were generated by increased exposure to the communications subsector, although this was partially offset by a higher semiconductor weighting. At the stock level positive contributions were generated by defensive assets, particularly companies with a high percentage of recurring revenues (**Oracle**, **McAfee**, **Checkpoint Software**), stocks with exposure to secular growth themes (**F5 Networks**, **Starent Networks, Qualcomm**) and a clutch of small cap purchases made near market lows at distressed values (Riverbed, Sonus Networks). Negative contributions came primarily from poor individual performances by a number of smaller stocks (Commscope, Cavium Networks).

ECONOMIC OUTLOOK

We have consistently argued that this atypical recession is unlikely to prove as deleterious as either the Great Depression, or the Japanese deflationary experience. Whilst acknowledging some alarming recent similarities with the 1930s – systemic fear, unprecedented government intervention, the creation of TARP, TALF and others in a move reminiscent of the so-called 'alphabet agencies' – we continue to believe that collective economic wisdom is greater today that it was eighty years ago. Policy makers are not shackled by a neo-classical theory of savings, nor beholden to a fixed currency system. They are also acutely aware of the risk posed by protectionism. However, the principal difference today is that the magnitude of government spending and real money supply growth already exceeds the experience of the 1930s.

Nor do we believe that Japan's '*Lost Decade*' is a particularly useful guide for our present predicament. Once again, recognising that deflation remains the most significant risk to equity markets, the unprecedented scale of intervention post Lehman should make plain that policy makers share our concern. Federal Reserve Chairman Ben Bernanke has long argued that deflation can always be avoided simply by issuing more money. Aside from those dark days in Q3/08 when concerns about systemic failure overwhelmed the ordinarily unemotional bond market, longer-term inflation cross-overs suggest that few expect present deflationary readings to persist. In terms of policy too, it is already clear that the US have already adopted a far more aggressive response that the Japanese did.

As a result of our belief that neither the 1930s nor Japan would be a useful guide for the current downturn, we have been able to maintain a relatively sanguine prognosis of the world ever since systemic risk reached its zenith in November 2008. Central to this view has been that core inflation, at least for the moment remains firmly under control – a function of sharply lower commodity prices and excess capacity. As a result we expect monetary policy to remain extremely accommodative: record low global interest rates are likely to be maintained whilst focus will remain on growing the monetary base and continuing to narrow credit spreads that in turn should help support asset values. Meanwhile massive stimulus packages have yet to really have an impact.

However, perhaps as a result of the magnitude of the Q1/09 inventory correction, a number of leading and concurrent indicators (including stock prices, credit spreads, non-farm payrolls, consumer confidence to cite a few) are beginning to indicate that the recession could end earlier than forecast, perhaps during the third-quarter. History suggests that it takes around four years for growth to return to trend following a credit crisis, whilst many of the severe imbalances that exist between savers and consumers (both at the macro and micro level) will take years to resolve. Savings rates in consuming nations such as the UK and US that have spiked higher during the current downturn are unlikely to return to their pre-recession levels until consumer balance sheets have been meaningfully repaired. As such we suspect that the recovery trajectory may prove disappointing to some. Furthermore we expect the recovery of the global banking system to adopt a 'two-steps-forward, one-step-back' pattern as non-US property values remain subject to further downward pressure, commercial property loans may be problematic to roll and there remain plenty of toxic assets that still need to be cleaned up. As such our base case anticipates sub-trend global growth for the next two-to-three years.

MARKET OUTLOOK

Despite the expectation of sub-trend growth ahead, we are relatively sanguine about the prospects for further gains over the coming year. Whilst we recognise that markets have already rallied sharply, they have done so from very depressed levels. Credit markets have significantly normalised since September with a number of financial spreads such as LIBOR and mortgage rates at, or near their lows for the year. This is significant because it is very difficult to buy equities whilst credit markets are dysfunctional. Fortunately, the fact that systemic risk has peaked and that normality is returning to critical elements of the financial system makes it extremely unlikely that markets will revisit lows.

A number of different factors would appear to support this assertion. In terms of the magnitude of the correction, US stocks at recent lows had fallen 57% from their highs. This surpassed the declines experienced during the two most brutal post-war corrections, 1973/4 (when stocks fell by 48%) and 2000/2 (fell by 49%). We also believe that many of the empirical prerequisites for a market recovery have also been observed. These include the ECB targeting growth, the launch of financial 'lifeboats' for lowest quality assets, a waterfall decline / selling climax and an improvement in breadth. Furthermore, investor pessimism recently plumbed depths often associated with significant previous lows. Most recently the resilience of markets in the face of a potential flu pandemic reflects under-ownership of stocks, evidenced by large cash positions held by institutional investors.

A NEW TECHNOLOGY CYCLE

Our expectation of a period of multi-year outperformance begins with the fact that the sector enjoyed limited participation during the last cycle as it continued to work off the excesses of the bubble years. Relative valuations continued to compress, IT spending was muted and tech companies hoarded cash, reducing returns on capital. In addition, the sector suffered from its limited exposure to emerging markets/commodity price inflation which captured the imagination of investors during the last bull market. As a result of booming emerging markets particularly in China, the technology sector proved a poor proxy for global growth. In a sense technology stocks fared poorly during the last cycle because the 'growth' they had to offer was lost in a sea of alternative and often 'cheaper' asset classes. Now we believe that the market is beginning to understand that in a sub-trend growth world, sectors and stocks that can deliver genuine growth become intrinsically more attractive due to their relative scarcity.

Our sector has always been about doing more for less. This had limited resonance during the last up cycle because companies were focused on growth – understandably so, given the opportunities presented by global emerging markets and the profligate use of leverage. Now focus has clearly shifted towards managing downside risk and that invariably means worrying about costs, getting leaner and trying to maintain profitability. As such, productivity – a concept that took a backseat during the coordinated upcycle that just ended – is far more pertinent today which is very much music to our ears, because delivering productivity has always been our sector's *raison d'etre*.

Whilst this was well understood in the late 1990s when our sector traded with a massive (egregiously so) valuation premium, today's level of 1.1x the market multiple is still below its long-term average premium excluding the bubble years. Moreover, if one considers that technology company balance sheets are in far better shape than the average company, then at recent lows the sector may have traded at its lowest ever relative valuation point on a cash-adjusted P/E basis. This is the starting point against which the recent sector outperformance needs to be considered; just as we do not expect to revisit recent lows, we also think there is limited risk of a significant de-rating. As such we are hopeful that superior earnings growth will continue to translate into stock price outperformance.

We believe that the recent sector re-rating reflects the fact that investors have embraced technology stocks as an 'each way bet' on future market progress; should the global economy begin to improve, the sector has empirically been a strong performer from market lows due to the close correlation between IT spending and corporate profitability together with the early cycle characteristics of semiconductor stocks. However, should things deteriorate further, technology companies are extremely well-capitalised and many boast attractive cash flow dynamics which should help mitigate some of the downside.

However, whilst investors may have embraced our sector's **cyclicality**, the reason we are so upbeat is entirely **secular**, based on a belief that a new technology cycle is unfolding, this cycle is based on leveraging internet infrastructure allowing IT assets to be better utilised whilst reducing complexity and cost. As in previous technology cycles ("mainframe", "client-server") this one is all about reducing the cost of computing and the barriers to adoption, thus expanding the industry's addressable market. Since the zenith of mainframe computing, each and every cycle that followed has been about taking cheaper forms of computing nearer to the user. This process has driven the multi-decade growth of the technology industry and has revolutionised the way in which we live, work and play.

The basic notion behind what we dub the '**distributed computing**' cycle is that it is no longer necessary to compute locally now that bandwidth is plentiful and cheap, thanks to the advent of Internet protocol (IP) and telecom deregulation. The idea of re-centralising computing (moving computing away from the user and into the 'cloud') reflects the fact that as prices of hardware have plunged so the cost of supporting and powering it has become disproportionately large. Today there is a very real alternative way of delivering computing as anyone who has used Google search or bought a book on Amazon will understand. In both those cases (and in almost every transaction that occurs online) very little computing occurs locally; instead a remote server does the computational work and the results are delivered instantaneously across the Internet.

The battle between local and distributed forms of computing has already been played out in the world of electricity generation at the end of the 19th century. Once it became possible to economically distribute power over long distances (due to the advent of power transformers that 'stepped' up the voltage') the incumbent technology (direct current or 'DC') was swept aside by the new, alternating current (AC) technology because it was **cheaper and had more utility**. The war of words between Edison (DC) and Westinghouse / Tesla (AC) may have continued but the battle was over. Today the same dynamic is playing out in our industry; incumbent suppliers – companies and people –with much to lose and little to gain from a cheaper form of computing do all they can to slow its progress. Unfortunately for them history is not on their side, nor is the present economic environment as we expect IT buyers to be more amenable to the idea of newer (if less proven) technologies with budgets pressured.

From our perspective it is clear who our 'Edisons' are – **Microsoft**, **Intel**, **IBM** and so on – which is why we remain structurally underweight the hardware sector. We would own less of each (and in some instances, none) of these companies if the investing backdrop was less choppy. If hardware vendors and IT support companies are the big losers over the course of this new cycle, so we expect companies that carry IP traffic to be significant winners because as computing re-centralises so masses of data that was once only carried across the LAN (local area network) will now need to be carried over the WAN (wide-area network). We therefore have significant positions in companies such as Cisco Systems and Juniper Networks, whose products carry or direct data traffic and those who help ensure the resilience of IP networks and distributed computing in general, companies such as F5 Networks and Riverbed Technologies.

The ability to compute in the 'cloud' is also having a profound impact on application development in the same way AC power facilitated new uses for electricity. As highlighted in last year's report, we believe that the software industry is likely to continue to migrate to a subscription or 'software as a service' (SAAS) model. Essentially by delivering enterprise-class software with little or no upfront costs (because they are 'shared' by all users across the network), companies such as Salesforce.com, Concur Technologies and Ariba are using the Internet delivery mechanism to collapse the adoption barriers that the traditional software licence fee represents to small and mid-sized companies. Despite the challenging backdrop for IT spending this year, we expect all of our SAAS companies to grow in 2009 which points to their basic productivity propositions and compelling payback periods. With less than 10% of software currently delivered on a 'per user, per month basis' we expect the SAAS industry to continue to deliver strong growth over the next few years.

The delivery of applications across the Internet has meaningfully advanced the cause of mobile broadband; as computing and applications are designed to be delivered across the 'cloud' so it has become possible to access them on devices other than PCs. This, together with 3G infrastructure deployments and compelling devices such as the iPhone, has resulted in explosive growth of both smart phones and mobile data traffic. According to data from Gartner, smart phone penetration reached 13.5% in Q1/09. Our belief that consumer technologies tend to inflect positively once penetration rates reach 10% suggests that the best growth is still ahead of us which should benefit our holdings in smartphone providers such as Apple, Research in Motion, HTC and their suppliers (Qualcomm, Texas Instruments).

As smart phone penetration rises so mobile data usage should grow exponentially. In just nine months post the launch of its '*App Store*', Apple's iPhone and iTouch customers downloaded more than one billion applications. Together with the introduction of affordable laptop cards and data-only tariffs we anticipate significant growth in traffic. We are particularly excited about this opportunity and have increased our exposure to this theme over the past year, via companies that help mobile operators carry the traffic (Ericsson), monitor network efficiency (Netscout) and deliver quality of service (Starent Networks).

In addition to these three key themes – 'Internet infrastructure', 'broadband applications' and 'mobile data' there are additional areas within the technology universe that we believe will grow nicely over the coming years: these include alternative and environmental technologies (driven by resource shortages), medical devices (demographics), games consoles (demographics), security (online activity) and emerging market infrastructure (demographics). However, we have chosen to reduce our exposure to a number of these segments in order to reposition the portfolio towards the new cycle thesis that we have already articulated.

KEY RISKS

As ever, there are myriad risks to our prognosis. Many of these are macroeconomic related and include the potential for further economic deterioration, failure of the credit market to normalise fully, and disorderly US Dollar weakness that could lessen the ability to fund the intervention upon which the recovery is based. We are also mindful that favourable exchange rate moves over the past year have benefited our performance; these trends may not continue and could reverse over the coming year. In addition we are conscious of political risk (Iran and North Korea for example) and legislation that could create upward pressure on effective US corporate tax rates. However, the most significant threat to risk assets is posed by the potential for higher inflation expectations should the velocity of money increase. We have long been of the view that the attractiveness of financial assets waxes and wanes according to prevailing inflation expectations. As such, should the unprecedented magnitude of intervention and resultant money supply growth force policymakers to refocus on inflation containment, we would expect risk appetite to deteriorate materially, with the potential for recent interest rate cuts to be reversed and for P/E ratios to contract.

ASIA

Just as elsewhere, the Asian region set a swathe of new records for the year of which few, if any, can be filed under a positive heading. This is despite the fact that – as last year – the true cause and epicentre of the crisis (over-leverage in Anglo-Saxon economies) remained elsewhere. However, the region's dependence on global trade ensured that virtually no businesses remained untouched by the economic hurricane circumnavigating the globe.

Nowhere was this more pronounced than in Japan where the manufacturing sector remains the life-blood of the entire economy. The problem here being that this manufacturing is in turn dominated by goods of a "consumer cyclical" nature (such as cars and electronics), which were predictably among the first areas to be severely reigned in by belt-tightening consumers. Compounding this further was the fact that the normal stabilizing factor for a struggling export economy – a weakening currency – was actually working strongly in the opposite direction by virtue of the Yen's role in the de-leveraging of global capital flows. The end result was a devastating collapse in exports and industrial production of a magnitude unprecedented in both scale and alacrity in the modern history of Japan. This resulted in GDP falling at an annualized rate of over 15% during the first quarter of 2009. To put this into some context, it may be worth recalling that even during Japan's 'lost decade' in the 1990's, GDP rarely contracted by even as much as several percentage points.

Ironically, the country for which most commentators would have ex-ante offered the above prognosis – China – continued to defy expectations of a meltdown. Consensus opinion seemed of the view that if western consumers were in retrenchment mode, surely nowhere would be worse hit than the modern-day 'workshop of the world'. Throw in the perception of a domestic property bubble and you can see why the doomsters were so vociferous on this issue. The reality, however, has been very different, Chinese growth has been driven primarily by domestic consumption and investment and not by net exports. The robustness of these domestic drivers in recent months has been due in large part to the substantial and very timely stimulus package enacted by the central government. Indeed, of all the emergency fiscal / monetary policy programmes announced around the world during the last year China's has had the most effective and immediate impact. This should not come as a surprise given that the structural problems of over-leverage and worsening demographics hanging over much of the developed world simply do not exist in China and much of Asia outside Japan. For this reason there are genuine grounds for optimism that Asian growth need not be overly constrained by the threat of potentially sub-par growth elsewhere in the medium term.

As one might expect, the actual performance of markets over the period reflected the grim reality of the economic environment. Stock and sector contributions had limited impact as the variance of returns at these levels was extremely low; market timing being the much more important determinant. This can be seen from the very narrow spread of returns achieved by the technology sector versus the relevant broader markets.

The timeline of returns clearly resembles that of other equity markets and falls into two fairly distinct periods. From May until October markets were almost universally in a downward tailspin, culminating in a free-fall following the collapse of Lehman Brothers. As has been adequately reported already, unprecedented government / central bank intervention thereafter gradually served to stabilize the system and allowed markets to map out an extended bottoming process. When the world stopped spinning for many businesses in the final quarter of 2008 tech companies were, in aggregate, very quick to hit the brakes in the hope of preventing another repeat of the 2001 inventory fiasco. In the event, production cuts appear to have been more severe than that required by falling end demand, and as a result, from the beginning of 2009 we have started to see this process reverse, creating – at least temporarily – a classic "V-shaped" trough.

Thus far the most cyclical sub-sectors of tech have performed to script by vastly outpacing their more defensive peers in the rebound from lows. Indeed, given the inherent cyclicality of Asia as a region, the Asian tech sector as a whole has been in the vanguard of the nascent global rally. Whilst we expect this to endure for as long as the inventory restocking cycle is in full swing, we are less excited by the prospects for medium term regional out-performance as we are mindful of the considerable regional exposure to PCs and consumer facing technologies that are unlikely to benefit from the new cycle thesis articulated earlier. As such, we believe it will become even more important to seek out those companies benefitting from genuinely secular growth characteristics. Fortunately in Asia, with the twin engines of China and India to the fore, such trends *do* still exist and it is in areas such as the internet, telecom services, and possibly renewable energy where we will fashion our core portfolio for the year ahead.

EUROPE

Over the last year, European equity performance mirrored the extreme macroeconomic weakness already amply described. European stocks performed particularly poorly, the Bloomberg European 500 index returning -36.1% and -27.2% in Euro and Sterling terms respectively. The fiscal year began quietly despite some ominous portents before markets plunged amid spiking energy prices, an erroneous ECB rate rise and the bankruptcy of Lehman Brothers. A calendar year-end rally gave way to pronounced weakness in early 2009 as macroeconomic data began to reveal the havoc the credit crisis was wreaking on the Eurozone economy. The sharp rally following the March lows (+27% in Euro terms) helped the fiscal year end on a more upbeat note but proved insufficient to prevent 2009 being the worst fiscal year experienced by European stocks for at least twenty years. As in other regions, European technology stocks outpaced the broader market, this outperformance being most pronounced in the UK.

Unlike the rest of the developed world, Europe was slow to cut interest rates due to inflationary data that appeared to constrain monetary policy. This may have helped the progress of the Euro but did little to allay fears that the ECB would once again prove 'behind the curve'. Such fears proved relatively short-lived once the extent of the crisis became clearer following the implosion of the Icelandic banking system and the pressures building at the periphery of the Eurozone, particularly in Spain and Ireland. In the UK, the introduction of quantitative easing (QE) and interest rates cut to record lows helped alleviate the prospect of systemic failure. However, they could not prevent the Eurozone economy shrinking by 0.3% in 2Q/08 before it worsened considerably through the period end.

As a result of our less sanguine market prognosis, we materially reduced our European exposure during the year, principally via the sale of a number of our smaller-cap holdings. This decision proved to be a fortuitous one, particularly prior to the recent rally as the region exhibited its empirical beta characteristics. The most cyclical sectors were amongst the hardest hit with particular weakness reserved for the alternative energy sub-sector due to the combination of lower energy prices, leveraged balance sheets and a deteriorating backdrop for project financing. At the stock level, we enjoyed solid performances from a number of holdings that proved relatively defensive, including Inmarsat, Fresenius Medical and Synthes together with a strong positive contribution from our position in Fidessa and in Autonomy, beneficiaries of the trend towards greater regulatory scrutiny of the financial services industry. Our relative performance benefited from limited exposure to those companies most challenged by a recession – such as ST Micro, Alcatel, Infineon and Qimonda. Unfortunately our alternative energy exposure (Q-Cells, Gamesa) weighed on performance.

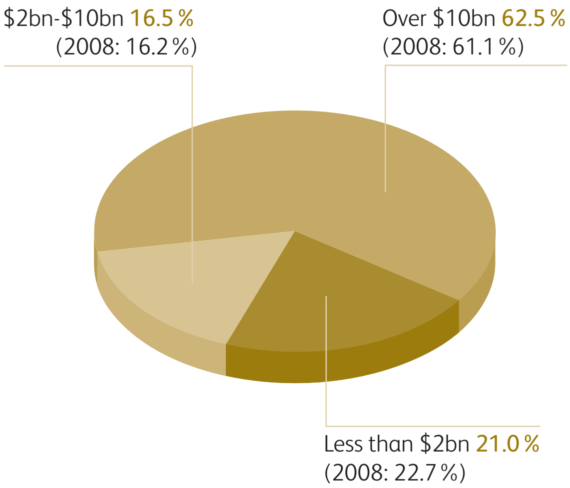
Historically, Europe's attraction for technology investors has lain in the existence of some high quality niche companies together with the availability of material pricing anomalies. The last decade has not proved fertile in the development of the former while excess analytical coverage has limited the latter. As such we have adopted a "barbell-like" approach within our European portfolio favouring on the one hand global leaders that should emerge from the current downturn in an improved market position – companies like Ericsson, SAP and ASM Lithography – and on the other, a selection of genuine growth stocks with thematic exposure difficult to source elsewhere. Companies that we currently hold in this vein include Aixtron (solid state lighting), Autonomy (regulatory compliance) and Inmarsat (in-flight broadband). Whilst we see good value in European small caps today, we find it more difficult to identify genuine next-generation winners which will likely mean that our recent European disallocation proves a permanent one unless we get significantly more positive about the renewables sub-sector.

Whilst we expect the market and our sector's progress to remain choppy, we are more convinced than ever that our new cycle thesis is beginning to gain traction. Over the coming year (assuming that the macroeconomic backdrop does not meaningfully deteriorate from here) we intend to reorient the portfolio more significantly. This will involve materially reducing our exposure to legacy incumbents that have little to gain from the new cycle. Whilst these stocks appear cheap (and many have proved relatively defensive in a difficult market environment), with a new cycle commencing they may prove expensive in terms of opportunity cost. Instead we intend to continue the transition towards small and mid-sized next-generation companies that do not have legacy positions and mature operating models to defend. We expect that many of these 'upstarts' will be acquired for big premiums over the coming years by the legacy companies whose markets they seek to disrupt.

Ben Rogoff

PORTFOLIO REVIEW

MARKET CAPITALISATION OF UNDERLYING INVESTMENTS AT 30 APRIL 2009



CLASSIFICATION OF INVESTMENTS AT 30 APRIL 2009

	North America %	Europe %	Asia %	Total 30 April 2009 %	Total 30 April 2008 %
Computing	24.8	0.2	3.2	28.2	23.3
Components	10.0	1.5	7.0	18.5	16.0
Software	17.3	1.8	1.4	20.5	19.6
Services	1.6	1.1	0.4	3.1	3.3
Communications	8.4	3.1	1.9	13.4	11.3
Life Sciences	1.6	0.3	0.2	2.1	5.5
Consumer, Media & Internet	6.9	–	0.7	7.6	5.9
Other Technology	1.0	1.3	1.7	4.0	9.3
Unquoted Investments	–	0.3	–	0.3	0.8
Total investments	71.6	9.6	16.5	97.7	95.0
Other net assets (excluding loans)	2.4	1.9	8.0	12.3	13.1
Loans	–	–	(10.0)	(10.0)	(8.1)
Grand total (net assets of £274,179,000)	74.0	11.5	14.5	100.0	–
At 30 April 2008 (net assets of £300,425,000)	67.0	20.0	13.0	–	100.0

EQUITY INVESTMENTS OVER 0.75% AND DETAILS OF INVESTMENTS OVER 1% OF NET ASSETS AT 30 APRIL 2009

NORTH AMERICA

Value of holding 30 April 2009 £'000	Value of holding 30 April 2008 £'000		% of net assets 30 April 2009 %	% of net assets 30 April 2008 %
14,397	9,115	**Apple** Apple is a leading supplier of personal computers and digital media products that feature the company's proprietary OS X operating system. The company has become somewhat synonymous with the explosion in digital media as evidenced by market share gains in its core business and the spectacular success of its iPod and iTunes offerings. Its most recent product introduction – the iPhone – has already begun to redefine the smart phone category and today represents the company's most important growth driver.	5.2	3.0
12,356	11,719	**Google** Google is the dominant provider of Internet search and online advertising, provider of web applications and tools, as well as a developer of software and mobile applications. The company operates a leading index of web sites and media content and offers an auction based advertising platform. By helping content owners to efficiently find customers online, Google remains a critical element in the growth of Internet advertising and e-commerce.	4.5	3.9
11,713	8,251	**Cisco** Cisco Systems is the pre eminent provider of Internet protocol (IP)-based equipment that is used to carry data, voice and video traffic. In addition to its core router and switch offerings, the company also produces IP telephony products, set-top boxes and videoconferencing systems. The company is thus well positioned to benefit from the continued growth of both wireline and wireless broadband traffic.	4.3	2.7
11,113	6,900	**Microsoft** Microsoft is the largest software company in the world. Founded in 1975, the company has built a dominant franchise in desktop software through its ubiquitous Windows operating system and Office productivity software. In addition the company has expanded into other markets such as games consoles, server and storage software and the Internet via its MSN offering.	4.0	2.3
10,378	8,047	**Qualcomm** QUALCOMM is the world leader in wireless code division multiple access (CDMA) technologies for mobile communications. The company has more than 3,000 patents for CDMA and licenses its IP to the world's leading handset and infrastructure providers. The company also sells chipsets via its QCT division. Recent settlements with Broadcom (2009) and Nokia (2008) resulted in the removal of Qualcomm's legal overhang.	3.8	2.7
8,821	6,488	**Intel** Intel is the world's largest supplier of semiconductor chips. The company designs and manufacturers microprocessors, boards and semiconductor components that are used in computers, servers, and networking and communication products. As the world's largest supplier of microprocessors, Intel enjoys a worldwide market share of more than 75%. New products include Atom (for netbooks), ultra-low voltage CPUs for thin notebooks and the new Xeon 5500, a server chip optimized for virtualized environments.	3.2	2.2
8,169	9,178	**Oracle** Oracle is the leading vendor of relational database management systems (RDBMS) and is the world's second largest software company. With more than $20bn in annual revenues, Oracle's offerings span database systems, middleware and a broad range of applications such as ERP, CRM and SCM. The company also intends to enter the enterprise hardware and storage markets following its surprise bid for Sun Microsystems.	3.0	3.1

PORTFOLIO REVIEW (CONTINUED)

NORTH AMERICA (CONTINUED)

Value of holding 30 April 2009 £'000	Value of holding 30 April 2008 £'000		% of net assets 30 April 2009 %	% of net assets 30 April 2008 %
8,108	6,074	**Hewlett Packard** One of the world's largest providers of IT solutions, HP has used the cash flows generated by its print supplies business to acquire companies such as Compaq and EDS. This has resulted in one of the most comprehensive portfolios of hardware, software and services. Current CEO Mark Hurd is highly regarded having orchestrated the restructuring of NCR prior to his arrival at HP.	3.0	2.0
6,096	4,716	**IBM** International Business Machines (IBM) is one of the world's leading providers of enterprise solutions, offering a broad portfolio of hardware, IT services and software solutions. Whilst the company's revenue growth rate has moderated over recent years, it has been able to deliver fairly consistent earnings per share growth as a result of acquisitions, cost-saving initiatives and share repurchases.	2.2	1.6
5,918		**Texas Instruments** An early pioneer in the field of semiconductors, TI is today a leading provider of both digital signal processors and analogue / mixed signal chips. The company has adopted a 'fab-light' manufacturing model which allows it to better manage utilization rates during downturns allowing it to continue to generate strong free cash flows. The company has divested some non-core assets over recent years, returning the proceeds in the form of stock repurchases.	2.2	
4,700	8,404	**Research in Motion** Research in Motion is a leading designer, manufacturer and marketer of wireless solutions for the mobile communications market. Its popular line of 'BlackBerry' handsets handle voice, email and text message communications, as well as Internet access. In addition to dominating the enterprise market, the company is currently benefiting from the strong growth of smart phones in the consumer segment, driven by social networking, and aided by shifting carrier subsidies.	1.7	2.8
3,456	4,885	**Salesforce.com** Founded in 1999 and based in San Francisco, salesforce.com is the leading provider of hosted, outsourced customer relationship management (CRM) software. The company delivers its software via a web browser on a subscription basis and is widely considered a pioneer of the software-as-a-service (SAAS) alternative to the perpetual licence model adhered to by most software vendors. Its 'AppExchange' and 'Force.com' platforms have expanded the company's addressable market well beyond just CRM.	1.3	1.6
3,414		**F5 Networks** F5 Networks is a leading provider of application delivery networking products that manage, control and optimize Internet traffic within a network. These products are used for network load balancing, file virtualization, and WAN optimization all of which improve the reliability and user experience of applications being run remotely. The company's recent acquisition of Acopia expanded its addressable market into storage virtualisation.	1.2	
3,392		**Xilinx** Xilinx is a leading supplier of programmable logic devices (PLDs) – semiconductor chips that can be programmed to perform specific functions thereby reducing design costs and time to market. This flexibility has resulted in PLDs gaining share at the expense of traditional application specific integrated circuits (ASICs). The PLD industry has oligopolistic characteristics that allow Xilinx (and its principal competitor, Altera) to generate strong gross margins and cash flows over the duration of a semiconductor cycle.	1.2	

NORTH AMERICA (CONTINUED)

Value of holding 30 April 2009 £'000	30 April 2008 £'000			% of net assets 30 April 2009 %	30 April 2008 %
2,960	4,059	EMC EMC is a leading provider of enterprise storage systems that allows its customers to store, manage and retrieve massive amounts of information. In addition to its position in storage area networks (SANs), EMC also offers network-attached file servers and a wide array of software designed to manage, protect and share data. The company is the majority owner of VMware (a leading virtualization software supplier) and enjoys a close relationship with Dell which resells its systems.		1.1	1.4
2,783	3,684	First Solar First Solar is one of the world's leading producers of solar modules used to power both commercial and residential installations. The company uses a thin-film semiconductor technology to manufacture its modules, and is currently the world's lowest cost producer of such modules on a mass production basis.		1.0	1.2
2,681	2,650	Juniper Networks Juniper Networks is a global supplier of core and edge routers to service providers and large enterprises. Its products help carry data across IP networks and the company is therefore a beneficiary of Internet traffic growth. Through acquisitions the company has also entered the market for other next-generation IP technologies such as network security and WAN optimisation. The company recently developed its own Ethernet switch which it hopes will allow it to wrest market share from Cisco in the enterprise market.		1.0	0.9
2,601	5,127	Corning	LCD components	0.9	1.7
2,552		Yahoo	Internet	0.9	
2,444	2,914	Verisign	Internet infrastructure	0.9	1.0
2,406	4,162	Adobe Systems	Enterprise software	0.9	1.4
2,349		Concur Technologies	Enterprise software	0.9	
2,336		Dell Computer	Computing	0.9	
2,314	2,450	Network Appliance	Storage hardware	0.8	0.8
2,235	3,956	Altera	Semiconductors	0.8	1.3
2,202	3,503	Cognizant	IT services	0.8	1.2
2,116	3,724	American Tower	Telecom infrastructure	0.8	1.2
2,072		Starent Networks	Telecom infrastructure	0.8	
146,082		Total Investments over 0.75 % of net assets		53.3	
50,180		Other investments		18.3	
196,262		Total North American investments		71.6	

EUROPE

Value of holding 30 April 2009 £'000	Value of holding 30 April 2008 £'000			% of net assets 30 April 2009 %	% of net assets 30 April 2008 %
5,664	6,204	Nokia Nokia is the pre-eminent provider of mobile handsets and a leading vendor of wireless equipment via its Nokia Siemens Networks joint venture. Whilst the company has ceded market share in high end handsets, Nokia should benefit from ongoing penetration of 3G and smart phones, particularly post its legal settlement with Qualcomm. The company also possesses leading GPS intellectual property following its acquisition of NAVTEQ and boasts dominant market share in a number of emerging markets.		2.1	2.1
3,115	3,432	SAP SAP is the dominant provider of enterprise resource planning (ERP) software that is used to integrate back-office functions such as distribution, accounting, human resources and manufacturing. The company has leveraged this prominent position to expand into related fields such as business intelligence (via its Business Objects acquisition) and customer relationship management. SAP intends to grow its subscription licence business over time which should augment the company's existing recurring revenues.		1.1	1.1
2,831		Ericsson Ericsson is the world's leading maker of mobile broadband infrastructure products that telecom service providers use to carry voice, data and video traffic. In addition, the company also provides equipment for use in wireline networks, mobile handsets (via its partnership with Sony) and recently formed a joint venture with ST Micro to produce semiconductors for wireless phones.		1.0	
2,237		Fidessa	Enterprise software	0.8	
2,142	2,876	ASML Holdings	Semiconductor capital equipment	0.8	1.0
15,989		Total Investments over 0.75 of net assets		5.8	
10,370		Other investments		3.8	
26,359		Total European investments		9.6	

ASIA

Value of holding 30 April 2009 £'000	30 April 2008 £'000			% of net assets 30 April 2009 %	30 April 2008 %
7,834	7,151	Samsung Electronics Samsung manufactures a very wide array of products ranging from components to finished products for both consumer electronics and industrial end markets. The company is particularly renowned for its high global market share in the fields of memory semiconductors, LCD displays, and mobile handsets.		2.8	2.4
4,302	4,203	Taiwan Semiconductor TSMC is the world's largest semiconductor foundry, providing a full range of services from design to product delivery. The company is becoming increasingly dominant at the leading-edge of the technology road-map, where smaller rivals are struggling to adequately resource their product offerings.		1.6	1.4
3,369	4,102	High Tech Computer Corporation HTC is one of the world's leading providers of smart phones. The company's primary strengths are the ability to combine appealing hardware design with functional software integration, with a cheaper cost structure and faster time to market than rivals.		1.2	1.4
3,238	6,029	Canon Canon is one of the world's largest companies in the field of imaging and optical technology, manufacturing a wide range of products for both consumer and professional use. Examples include printers, copiers, cameras, semiconductor manufacturing equipment, and medical equipment.		1.2	2.0
2,136		Educomp Solutions	Educational software / services	0.8	
20,879		Total Investments over 0.75 % of net assets		7.6	
24,345		Other investments		8.9	
45,224		Total Asian investments		16.5	

DIRECTORS

CHAIRMAN

R K A Wakeling MA (Cantab), Barrister, FCT (aged 62) + * ^
Appointed to the Board as Chairman in 1996. Formerly chief executive of Johnson Matthey plc 1991-1994 and a non-executive director of Logica plc from 1995-2002. Mr Wakeling is a non-executive director of The Brunner Investment Trust plc.

Mr Wakeling has served on the Board for over 9 years and stands for annual re-election.

DIRECTORS

B J D Ashford-Russell BA (Oxon) (aged 50)
Appointed to the Board in 1996. Mr Ashford-Russell is a director and founder of Polar Capital Partners. He was previously head of the technology team at Henderson Global Investors. He managed the Company from launch until 30 April 2006.

Mr Ashford-Russell has served on the Board for over 9 years and is connected to the investment manager. He stands for annual re-election.

P F Dicks (aged 66) + * ^ #
Appointed to the Board in 1996 and elected Senior Independent Director in 2004. Mr Dicks is Chairman of the Remuneration Committee. He is the Chairman of Private Equity Investor plc and Sportingbet plc as well a director of several other companies including Standard Microsystems Corporation and Graphite Enterprise Trust plc.

Mr Dicks has served on the Board for over 9 years and stands for annual re-election.

D J Gamble (aged 65) + * ^
Appointed to the Board in 2002. He is Chairman of Hermes Property Unit Trust and Montanaro UK Smaller Companies Investment Trust plc. Mr Gamble is a director of IBM Pension Trustees Ltd., Barrie & Hibbert plc, Vencap International plc and Dunedin Enterprise Investment Trust plc. Mr Gamble was Chief Executive of British Airways Pension Investment Management Ltd. until his retirement in 2004.

R A S Montagu (aged 43) + * ^ #
Appointed to the Board in 2007. Mr Montagu co-founded Montagu Newhall Associates in 2000, a specialist investor in technology and healthcare venture capital industries.

M B Moule (aged 63) + * ^ #
Appointed to the Board in 2007. Mr Moule was a director of investment trusts at Henderson Global Investors, where he had been the investment manager for The Bankers Investment Trust plc and Law Debenture Corporation plc until his retirement in 2003. He is a director of Lowland Investment Company plc, Foreign & Colonial Eurotrust plc and Montanaro UK Smaller Companies Investment Trust plc.

The Board considers that the majority of the Directors including Mr Wakeling and Mr Dicks, who have both served more than nine years and stand for annual reappointment, are independent in character and there were no relationships or circumstances which were likely to affect or could appear to affect their judgement. In the case of Mr Ashford-Russell the Board has concluded that he should not be considered as independent due to his relationship with the investment manager.

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

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

The Directors present their Directors' Report including the Business Review and the report on Corporate Governance together with the Consolidated Audited Accounts for the Group prepared under IFRS for the year ended 30 April 2009.

PRINCIPAL ACTIVITIES AND STATUS

The Company is established under the UK Companies Act as an investment company defined in Section 833 of the Companies Act 2006. The Company is structured as a public limited company with its shares listed and traded on the London Stock Exchange.

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 qualify on an annual basis as an investment trust. This qualification permits the accumulation of capital within the portfolio without any liability to UK Capital Gains Tax. HM Revenue & Customs approval of the company's status as an investment trust has been received in respect of the year ended 30 April 2008 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 or premises and has contracted to service providers the functions of the Company. The Board is comprised of non-executive Directors. The day to day operations of the company have been delegated to third parties. The company has one subsidiary, PCT Finance Limited a wholly owned dealing Company whose results are consolidated with the Parent Company.

BUSINESS REVIEW

The Company is required by the Companies Act to set out a business review for shareholders to provide a fair review of the business of the Group during the financial year to 30 April 2009, the position of the group at the end of the year and a description of the principal risks and uncertainties.

Full details of the Investment Manager's activities and its views are given in the Investment Manager's Report. The Board considers that the Chairman's Report and the Investment Manager's Report when read in conjunction with the information provided in the Directors' report fulfils the requirements of the business review and 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.

FUTURE DEVELOPMENTS

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

INVESTMENT OBJECTIVE, POLICY AND STRATEGY

Objective and policy

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

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

Rationale

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

Strategy

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

Investment approach

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

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

Asset allocation

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

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

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

Market parameters

Not withstanding the ability to invest up to 100% of the portfolio in any one market, with current and foreseeable investment conditions the portfolio will be invested in accordance with the objective across worldwide markets within the following geographical and markets parameters:

- North America — up to 85% of the portfolio;
- Europe — up to 40% of the portfolio;
- Japan and Asia — up to 55% of the portfolio;
- Rest of the world — up to 10% of the portfolio.

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

Largest investment

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

Unquoted investments

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

Derivatives

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

Cash and borrowings

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

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

PERFORMANCE

At the year end the portfolio comprised of 120 investments with the single largest investment being Apple representing 3.9% by book cost or 5.2% when investment value is used. The portfolio analysis on pages 14 to 16 provides details on the distribution of investments by market capitalisation, the different sectors in the different principal geographies and all the investments which individually represented more than 0.75% of net assets.

The Company had Japanese Yen borrowings of ¥4.01bn (£27.5m) at the year end which were used to finance investment in Japan and ¥3.2bn (£21.9m) cash balances were held at the year end. This facility falls due for repayment in June 2010.

The Company had arrangements up to December 2008 for a short-term multicurrency facility of up to £20m. This was unused during the year and not renewed.

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

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

Movement in Net Asset Value (total return) per share

Over the year to 30 April 2009 the Net Asset value per share fell 4.4% compared to the fall in the Benchmark, the Dow Jones World Technology Index (total return, Sterling adjusted) of 5.5%.

	%	%	p per share
NAV per share at 30 April 2008			226.72
Benchmark performance		-5.5	
Portfolio performance vs Benchmark		+1.1	
from asset allocation	-0.2		
from stock selecton	+1.4		
due to net gearing	+0.4		
due to share buy backs	+0.7		
due to management fees and finance costs	-1.2		
Perfomance of NAV		-4.4	-9.97
NAV per share at 30 April 2009			216.75

KEY PERFORMANCE OBJECTIVES

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

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

The Company's NAV has over the last year outperformed the Dow Jones World Technology Index for the reasons explained in the Chairman's Report and the Investment Manager's Report. Over the longer term NAV growth has outperformed the Dow Jones World Technology Index as shown in the Historic Performance table on page 64.

The discount of the share price to the NAV per share over the year has ranged from a maximum of 30% to a minimum of 11%. The Company bought back 6,011,000 shares in the year to 30 April 2009, all of which were cancelled, uplifting NAV per share by 1.6p.

ASSETS

At 30 April 2009 the total net assets of the Group amounted to £274,179,000 compared with £300,425,000 at 30 April 2008. The net asset value per share fell by 4.4% from 226.72p to 216.75p.

REVENUE AND DIVIDENDS

The gross revenue return for the year was £3,720,000 (2008: £3,815,000) and the net revenue profit after taxation amounted to £566,000 (2008: loss £1,354,000). The total return for the year amounted to a loss after tax of £17,285,000 (2008: loss £19,792,000).

The Directors do not recommend the payment of a dividend.

BENCHMARK

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

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

As at 30 April 2009 the Dow Jones World Technology Index was calculated as a market capitalization based index of 479 technology companies worldwide. 72% of the index weighting is in North America, 9% in Europe and 19% in Asia/Pacific. By market capitalisation 70% is represented by large companies, 25% by mid-caps and 5% by smaller companies.

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

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

BUSINESS RISKS

In delivering long-term returns to shareholders the identification and monitoring of risk is crucial. In addition to the detailed internal controls set out in the Corporate Governance Report the Board seeks to identify, assess and monitor risks to the business.

These relate primarily to economic uncertainties and its particular sphere of activity of investing in worldwide stock markets.

- The appropriateness of the investment mandate and strategy is considered as this may lead to a depressed share price as investors seek alternative investments or low risk strategies.
- As the Company's assets comprise mainly listed equities the principal risks to the performance of the business are market related. The principal risks are investment and market price, credit, liquidity, foreign currency and interest rates.
- While the portfolio is diversified across a number of stock markets worldwide, the investment mandate is focused on technology and thus the portfolio will be more sensitive to investor sentiment and the commercial acceptance of technological developments than a general investment portfolio.
- Technology stocks also have greater relative price volatility and are subject to the risks of developing technologies, competitive pressures and other factors including the acceptance of new technologies and rapid obsolescence.
- Many companies in the technology sector are smaller companies and are therefore subject to the risks attendant on investing in smaller capitalisation businesses.
- There is significant exposure to the economic cycles of Europe, Asia and the US as these are the major investment markets for technology stocks.
- A small element of the investment portfolio is invested into unlisted securities. These investments are made where they offer specialist management or investment opportunities which would otherwise not be available. At the year-end this amounted to less than 0.5%.
- The Board has regard to the degree of risk which the Investment Manager incurs in order to generate the investment returns and the effect of gearing on the portfolio by borrowed funds which can magnify the portfolio returns per share positively or negatively.

There is a second group of business risks in the form of legal, accounting and regulatory requirements. These include qualification on an annual basis as an investment trust, compliance with the FSA's Listing Rules and Transparency and Disclosure Rules, the provisions of the Companies Act requirements and other legislation affecting UK companies and compliance with accounting standards.

The policies for managing the risks posed by exposure to market prices, interest rates, foreign currency exchange rates and liquidity are set out in note 29 to the accounts. The other business risks are managed through regular reporting to the Board on the diversification of portfolio, market and sector views, analytical performance data and attribution presented by the Investment Manager. The Board also receives financial information on the Company and discusses the share register and share price performance at each meeting. The Board in consultation with the Investment Manager considers all these reports and reviews the strategy. Any investment in unquoted companies or funds is approved by the Directors before the investment is made.

Information and guidance on the second group of risks is managed by the use of professional advisers, the taking of advice when necessary and reports submitted to the Board.

MANAGEMENT COMPANY AND MANAGEMENT OF THE PORTFOLIO

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

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

Investment team

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

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

Polar Capital provides a team of technology specialists led by Ben Rogoff, who is supported by Craig Mercer and Nick Evans. Each member focuses on specific areas and the team is supported by a research analyst. Ben has overall responsibility for the portfolio and looks after the US market. Polar Capital also has other specialist and geographically focused investment teams which contribute to ideas generation.

Termination arrangements

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

Continued appointment

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

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

Fee arrangements

Management fee

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

Performance fee

- Performance periods will coincide with the Company's accounting periods.
- Annual performance fee equal to 15% of the amount by which the increase in the adjusted Net Asset Value per share exceeds the total return on the Dow Jones World Technology Index (total return, Sterling adjusted) multiplied by the time weighted average of the number of shares in issue during that period, subject to a high water mark.
- The Net Asset Value per share ("Adjusted NAV per share") is adjusted for the purposes of the performance fee calculation by adding back any accruals for unpaid performance fees, any dividends paid or payable by reference to the performance period and the removal of any benefit of share buy backs.
- High water mark – the performance fee will only be payable if, and to the extent that, the Adjusted NAV per share exceeds the highest of:
  - the NAV per share on the last day of the previous performance period;
  - the Adjusted NAV per share on the last day of a performance period in respect of which a performance fee was last paid;
  - 255.88 pence per share, this being the Adjusted NAV per share as at 30 April 2006 when the current performance fee arrangements became effective.
- Any performance fee accrual will be calculated monthly and included in the month end net asset value calculated in accordance with the AIC guidelines.
- The performance fee which can be paid by the Company in any one performance period is capped at 2% of net assets.

- In the event of a termination of the investment management agreement, the date the agreement is terminated will be deemed to be the end of the relevant performance period and any performance fee payable shall be calculated as at that date.

Management fees of £2,904,000 have been paid for the year to 30 April 2009 (2008: £3,567,000). No performance fee was earned or paid in the year (2008: £Nil).

CAPITAL STRUCTURE

The Company's share capital is divided into ordinary shares of 25p each and at the year-end there were 126,497,914 shares in issue (2008: 132,508,914). Voting rights are exercised on a show of hands at a meeting, or on a poll, where each share has one vote.

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

The Board was granted by shareholders at the AGM in 2008 the power to allot up to a nominal value £1,656,361 of equity securities and to issue those shares for cash without offering those shares to shareholders in accordance with their statutory pre-emption rights. It is the Board's policy not to allot and issue new shares below net asset value. These powers will last until the AGM in 2009. These powers have not been used and renewal of the authorities will be sought at the AGM in 2009.

The Board was also granted shareholder authority at the AGM in 2008 to make market purchases of up to 19,863,000 shares of the company for cancellation in accordance with the terms and conditions set out in the shareholder resolution. This power remains in force until the AGM in 2009. During the financial year to 30 April 2009 467,000 shares were purchased and cancelled under the shareholder resolution granted at the AGM in 2007 and 5,544,000 shares have been purchased and cancelled under the 2008 AGM authority. The Directors have the power to purchase up to a further 14,319,000 shares under the 2008 authority which will last until the AGM on 29 July 2009.

Major interests in shares

As at 11 June 2009 notices for the purposes of part 5 of the FSA's Disclosure and Transparency Rules had been received of the following major interests in the voting rights of the Company.

	Number of ordinary shares	Percentage of voting rights
Rensburg Sheppards Investment Management	7,168,186	5.67% (indirect)
Prudential plc group	6,143,000	4.86% (direct)
Legal & General Group plc	5,035,261	3.98% (direct)

The above percentages are calculated by applying the shareholdings as notified to the issued ordinary share capital at 11 June 2009 of 126,497,914 shares.

Directors' share interests

The interests of Directors in the shares of the Company at 30 April 2009 and 30 April 2008 are as follows:

	Ordinary Shares	
Beneficial:	30 April 2009	30 April 2008
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
M Moule	7,000	7,000
R Montagu	8,500	8,500
Non-beneficial:		
P Dicks	1,057	1,057

There have been no changes in these interests between the end of the financial year and 11 June 2009.

LIFE OF THE COMPANY

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

THE PAYMENT OF CREDITORS

It has been and will remain the Company's policy for the forthcoming financial year to obtain the best terms for all business and therefore there is no single policy as to the terms used. In general the Company agrees with its suppliers the terms on which business will take place and it is the Company's policy to abide by such terms. There were no trade creditors at 30 April 2009.

SERVICE PROVIDERS

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

AUDITORS

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as the Company's Statutory 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 £28,000 (2008: £26,000). The Company has also used PricewaterhouseCoopers LLP to give advice on VAT recoverability, Section 842, and other taxation issues. These other taxation services are provided by the Newcastle office while the audit work is carried out by the Edinburgh and London offices.

The fees paid for the taxation advice services amounted to £25,000 (2008: £36,000). The Directors do not consider the provision of this non-audit work to the Company affects the independence of the Auditors.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 29 July 2009 at 12.30pm at The Royal Automobile Club, 89 Pall Mall London SW1Y 5HS.

The separate Notice of Meeting contains resolutions to receive the accounts, approve the Directors' remuneration report, re-appoint retiring Directors, re-appoint the auditors and empower the Directors to set their fees. As in previous years the Directors are seeking powers to allot shares for cash and to buy back shares for cancellation. The full text of the resolutions and an explanation of each is contained in the Notice of Meeting.

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

REPORT ON CORPORATE GOVERNANCE

The Directors are accountable to shareholders for the governance of the Company's affairs. The Company is subject to the 2006 Combined Code on Corporate Governance as published by the Financial Reporting Council ("Combined Code") and abides by the AIC Code of Corporate Governance ("AIC Code"). Copies of these codes can be obtained from the relevant organisations and their details are given in the share holder information section of this report. The Company's policies on Corporate Governance can be found on its website.

The Corporate Governance Report describes how the principles of the Combined Code and the Code of Corporate Governance issued by the AIC have been applied.

Background and development

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

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

Application of the AIC code's principles

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

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

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

Directors and Board; independence and composition

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

Each Director has different qualities and areas of expertise on which they may lead where issues arise. The Directors' biographies, on page 20, demonstrate the breadth of investment, commercial and professional experience relevant to their positions as Directors of the Company.

The Directors' Remuneration Report is set out on pages 34 and 35.

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

The Board's policy on tenure for Directors states that, in line with the Combined Code, any Director who has served for over nine years should stand for annual re-appointment. 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.

Four Directors stand for re-appointment at the AGM in 2009 and the Nomination Committee of the Board has considered each Director.

Under the provisions of the Articles of Association Mr David Gamble stands for re-appointment at the AGM in 2009 as this will be the third AGM since he was last re-appointed. Mr Gamble was appointed to the Board in 2002.

Mr Richard Wakeling and Mr Peter Dicks stand for annual re-appointment in line with the corporate governance policy as each has served more than nine years. They were both appointed to the Board in 1996.

Mr Brian Ashford-Russell, who has also been on the Board for more than nine years, stands for annual re-appointment as required by the Listing Rules due to his association with the Investment Manager. Mr Ashford-Russell has been a Director since 1996.

Mr Ashford-Russell is a partner of Polar Capital LLP and a shareholder in Polar Capital Holdings plc, the ultimate holding company of Polar Capital LLP and as such he has an interest in the investment management contract. He is therefore not considered to be an independent Director. However, the Board values the fact that Mr Ashford-Russell, although no longer actively involved in the day to day management of the portfolio, serves as a Director of the Company and gives the Directors and shareholders the benefit of his experience and knowledge.

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

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

No Director, except Mr Brian Ashford-Russell, has any links with the Investment Manager, Polar Capital LLP. 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 Nomination Committee, as part of the Director and Board performance evaluation, has carefully reviewed and rigorously assessed the contribution of each Director standing for re¬appointment and their independence. They have determined that each Director continued to offer relevant experience, effectively contributed to the operation of the Board and had demonstrated independent views on a range of subjects.

All the Directors, with the exception of Mr Ashford-Russell, were considered independent of the Investment Manager and had no relationship or conflicts which were likely to affect their judgment.

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

Conflicts of interests

Following the introduction of the provisions of the Companies Act 2006 ("the Act") on 1 October 2008, which imposes a duty on directors to avoid a situation in which they have or could have a conflict of interest or possible conflict with the interests of the Company, the Company introduced additional procedures to handle such situations. Under the Act public companies may authorise conflicts or potential conflicts if the Articles of Association contain provisions to this effect. The Article of Association adopted by shareholders at the Annual General Meeting on 30 July 2008 give the Directors the authority to deal with conflicts of interest.

The Board has always had 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.

Each Director has provided the Company with a statement of all conflicts of interest and potential conflicts of interest. These have been approved by the Board and recorded in a register. The Board may impose conditions on authorising any conflict or potential conflict situations. Each Director has agreed to notify the Chairman and the Company Secretary of any changes to his circumstances which would impact on the notified conflicts or potential conflicts and obtain approval before entering into any situation which might give rise to a conflict or potential conflict with the interests of the Company.

Directors are reminded at each Board meeting of their obligations to notify any changes in their statement of conflicts and also to declare any benefits from third parties in their capacity as a Director of the Company which might give rise to a conflict or potential conflict with the Company's interests. No Director has declared receipt of any benefits in his capacity as a Director of the Company.

Only Directors not involved in the conflict or potential conflict participate in the authorisation process. Directors in deciding whether to authorise a situation take into account their duty to promote the Company's success. The Board as part of its year-end has considered the register of conflicts, any conditions imposed on such conflicts or potential conflicts and the operation of the notification and authorisation process. They concluded that the process has operated effectively since its introduction.

Role and responsibilities

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

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

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

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

1 May 2008 to 30 April 2009

	Board	Audit	Management Engagement	Nomination	Remuneration
No. of Meetings	6	3	6	1	1
R Wakeling	6	3	6	1	n/a
B Ashford-Russell	6	3*	6*	1*	n/a
P Dicks	6	3	5	1	1
D Gamble	6	3	6	1	n/a
M Moule	6	3	6	1	1
R Montagu	5	3	5	1	1

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

All Directors in office at the date of the meeting attended the 2008 AGM, held on 31 July 2008.

Investment Manager

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

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

Senior independent director

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

Board committees

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

Audit Committee

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

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

The Audit Committee has direct access to the Auditors and to the key senior staff of the Investment Manager and it reports its findings and recommendations to the Board which retains the ultimate responsibility for the financial statements of the Company.

The Audit Committee meets with the Auditors each April to review the scope of the annual audit work and meets again each June to review the findings of the Auditors and the annual report and accounts prior to approval by the Board. The Committee also meets, without the Auditors present, in December to consider the half-year report. The independence and effectiveness of the Auditors and the nature of the services provided have therefore been assessed throughout the year and the provision of non-audit services provided by the Auditors have been kept under review. These non-audit services comprised the provision of specialist tax advice on matters relating to Section 842 of the Income and Corporation Taxes Act 1988 and VAT recovery which was provided by a separate office of the Audit firm. Details of fees paid to the Auditors are given in note 8 on page 48.

The Audit Committee has recommended the re-appointment of the Auditors at the AGM.

Management Engagement Committee

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

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

Nomination Committee

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

Once a decision has been made that additional directors are to be recruited then candidates will be drawn from suggestions put forward by the other Directors and by the use of external agencies. The final selection will be made by the Board following recommendations by the Committee.

The Committee also reviews the performance of the Board as a whole and each individual Director. Re-appointment as a Director is not automatic and will follow a process of evaluation of each Director's performance. The Board acknowledges the rationale of the Combined Code for the rigorous review of Directors serving over six years and annual re-appointment after nine years. Nevertheless the Board shares the view of the AIC that length of service will not necessarily compromise the independence or contribution of directors of investment trusts where continuity and experience can significantly strengthen a board.

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

Remuneration Committee

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

The Committee meets at least annually and is responsible for recommending the framework for the remuneration of Directors. The Committee reviews the ongoing appropriateness of the remuneration policy and the individual remuneration of Directors based on their contributions. The fees paid to Directors are detailed in the Directors' Remuneration Report on page 35.

Directors' training

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

Performance Evaluation

The Board

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

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

The Investment Manager

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

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

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

Accountability and audit

The Statement of Directors' Responsibilities in respect of the Accounts is set out on page 36 and the Independent Auditors' Report is on page 37.

Internal controls

The Board has overall responsibility for the Company's system of internal control and for reviewing its effectiveness. The Company has no employees as its operational functions are carried out by third parties and the Audit Committee does not consider it necessary for the Company to establish its own internal audit function. Contracts with each of these parties were 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 Investment Manager is responsible for the day to day investment management decisions on behalf of the Group and for the provision of accounting and administrative services including company secretarial and accounting. The Investment Manager has 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 Investment Manager is authorised and regulated by the Financial Services Authority and its compliance department monitors compliance with the FSA rules.

The Board has established a process for identifying, evaluating and managing any major risks faced by the Company. The process is documented through the use of a Risk Map which is subject to regular review by the Board and accords with the Turnbull guidance. The controls are embedded within the business and aim to ensure that identified risks are managed and systems are in place to report on such risks. The internal controls seek to ensure that the assets of the Company are safeguarded, proper accounting records are maintained and the financial information used in the Group and for publication is reliable. Controls covering the risks identified, including financial, operational, compliance and risk management are monitored by a series of regular reports covering investment performance, attribution analysis, reports from various third parties and from the Investment Manager including risks not directly the responsibility of the Investment Manager.

The process was active throughout the year and up to the date of approval of this annual report. However, such a system is designed to manage rather than eliminate risks of failure to achieve the Company's business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has received formal reports from the Investment Manager with details of any known internal control failures. The Board considers reports on the Investment Manager's internal controls and systems operated by other third party suppliers. The Board also receives and considers ad hoc reports from the Investment Manager and information is supplied to the Board as required. During the year the Board reviewed the arrangements and counterparty risk in the provision of the global safe custody of the Group's assets. The Board also examined the risks and controls operated by the Investment Manager when placing investment trades with third parties.

The Investment Manager has delegated the provision of accounting, portfolio valuation and trade processing to HSBC Securities Services (UK) Limited but remains responsible to the Company for these functions and provided the Board with information on the services provided.

The Board, assisted by the Investment Manager, undertakes an annual review of the Company's system of internal control where the Risk Map is reviewed and control processes considered.

The Board will continue to monitor the system of internal controls in order to provide assurance that they operate as intended.

Relations with shareholders

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

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

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

The Company has adopted a nominee shareholder code which is set out on page 63.

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

Environment, socially responsible investing and exercise of voting powers

The Board has instructed the Investment Manager to take into account the published corporate governance policy and the environmental practices and policies of the companies in which they invest on behalf of the Company.

The Company has also considered the Investment Manager's policy on voting. The policy is for the Investment Manager to vote at all general meetings of UK companies in favour of resolutions proposed by the management where it believes that the proposals are in the interests of shareholders. However in exceptional cases where it believes that a resolution could be detrimental to the interests of shareholders or the financial performance of the Company, appropriate notification will be given and abstentions or a vote against will be lodged. The Board believes that their practices accord with current best practice whilst maintaining a primary focus on financial returns.

STATEMENT OF COMPLIANCE

The Board, assisted by the Investment Manager has conducted an annual review of the risk map and the effectiveness of the system of internal controls taking into account any issues, none of which were considered significant, which arose during the course of the year ended 30 April 2009 and up to the date of this report.

The Directors consider that the Company has complied with the recommendations of the AIC Code and the relevant provisions of Section 1 of the Combined Code, except as set out below.

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

By order of the Board

N P Taylor FCIS
Polar Capital Secretarial Services Limited
Secretary
11 June 2009

DIRECTORS' REMUNERATION REPORT

INTRODUCTION

This report has been prepared and is submitted in accordance with the provisions of the Companies Act 2006 and the Listing Rules of the Financial Services Authority in respect of the year ended 30 April 2009. It has been audited where indicated as such.

An ordinary resolution to approve the report will be put to the AGM on 29 July 2009.

CONSIDERATION OF MATTERS RELATING TO DIRECTORS' REMUNERATION

The Remuneration Committee sits under the chairmanship of Mr Dicks as the Senior Independent Director with two independent Directors, Mr Moule and Mr Montagu who were both elected to serve on the Committee in 2007. The Committee considers and makes recommendations on the remuneration of the non-executive Directors. The Company has no employees other than the non-executive Directors.

The Committee met on 23 April 2009 to consider the level of Directors' fees and having taken account of the current fee level and the principles of the remuneration policy decided that there should be no fee increase for the forthcoming year.

In the year under review the Directors' fees were paid at the following annual rates, the Chairman £30,000 (2008: £30,000); other independent Directors £20,000 (2008: £20,000). The Committee awarded a supplemental payment of £5,000 to the Chairman in respect of the additional work undertaken by him in dealing with advisers and the current and previous investment managers in obtaining refunds of VAT previously charged on investment management fees.

Mr Ashford-Russell waived his fee for 2008/2009 and has indicated that he will do so for the forthcoming year.

The last fee increase was in 2006 and the Committee is proposing to undertake in 2010 a review of the fees paid to Directors to ensure they remain competitive with market rates and reflect the responsibilities of Directors.

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 have 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.

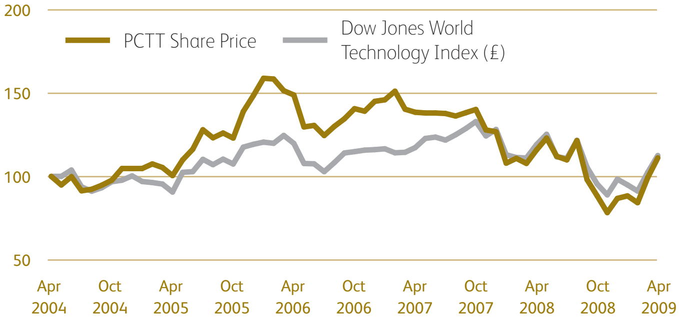
The policy also recognises:

- 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 5 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-appointed 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 reelection under the Corporate Governance Code adopted by the Company.

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

REMUNERATION (AUDITED)

The fees payable in respect of each of the Directors, who served during the year, and during 2009, were as follows:

	Year ended 30 April 2009 £	Year ended 30 April 2008 £
R Wakeling	35,000*	30,000
B Ashford-Russell	–#	–#
P Dicks	20,000	20,000
D Gamble	20,000	20,000
R Montagu	20,000	20,000
M Moule	20,000	20,000
TOTAL	115,000	110,000

* Includes supplemental fee for work carried out on VAT recovery matters
\# fee of £20,000 waived

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 11 June 2009

By order of the Board

N P Taylor FCIS
Polar Capital Secretarial Services Limited
Secretary

STATEMENT OF DIRECTORS' RESPONSIBILITIES

IN RESPECT OF THE ANNUAL REPORT, DIRECTOR'S REMUNERATION REPORT AND ACCOUNTS

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Parent Company financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group's financial statements, Article 4 of the IAS Regulations. They are also responsible for safeguarding the assets of the Company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to the Auditors

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

Going concern

The Board assessment of the Group's position as at 30 April 2009 and the factors impacting the forthcoming year are set out in the Chairman's Report and the Investment Managers' Review on pages 3 to 13 and in the Directors' Report which incorporates the business review and corporate governance statements.

The financial position of the Group, its cash flows, and its liquidity position as described in the Business Review on pages 21 to 24. Note 29 to the financial statements include the Group's policies and process for managing its capital; its financial risk management objectives; details of financial instruments and hedging activities. Exposure to credit risk and liquidity risk are also disclosed.

The Group has considerable financial resources and after making enquiries the Directors have a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future despite the continued uncertain economic outlook. Accordingly the Directors continue to adopt the going concern basis in preparing the annual report and accounts.

Responsibility statement under the Disclosure and Transparency Rules

The Directors of Polar Capital Technology Trust plc, who are listed on page 20, confirm to the best of their knowledge:

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

The financial statements were approved by the Board on 11 June 2009 and the responsibility statement was signed on its behalf by Richard Wakeling, Chairman of the Board.

R K A Wakeling
11 June 2009

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF POLAR CAPITAL TECHNOLOGY TRUST PLC

We have audited the financial statements of Polar Capital Technology Trust plc for the year ended 30 April 2009 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. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Statement of Directors' Responsibilities set out on page 36, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Sections 495 to 497 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

OPINION ON FINANCIAL STATEMENTS

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 April 2009 and of the Group's loss and group's and Parent Company's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulations.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 36, in relation to going concern; and
- the parts of the Corporate Governance Report relating to the company's compliance with the nine provisions of the 2006 Combined Code specified for our review.

Marcus Hine (Senior Statutory Auditor)
for and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
11 June 2009

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 2009

Notes		Year ended 30 April 2009 Revenue return £'000	Year ended 30 April 2009 Capital return £'000	Year ended 30 April 2009 Total return £'000	Year ended 30 April 2008 Revenue return £'000	Year ended 30 April 2008 Capital return £'000	Year ended 30 April 2008 Total return £'000
3	Investment income	3,180	–	3,180	2,644	–	2,644
4	Other operating income	540	–	540	1,171	–	1,171
5	Losses on investments held at fair value	–	(16,737)	(16,737)	–	(13,397)	(13,397)
6	Other currency losses	–	(992)	(992)	–	(5,041)	(5,041)
	Total income	3,720	(17,729)	(14,009)	3,815	(18,438)	(14,623)
	Expenses						
7	Investment management fee	(2,904)	–	(2,904)	(3,730)	–	(3,730)
7	VAT recovery	1,107	–	1,107	–	–	–
	Net management fee expense	(1,797)	–	(1,797)	(3,730)	–	(3,730)
8	Other administrative expenses	(436)	–	(436)	(626)	–	(626)
	Total expenses	(2,233)	–	(2,233)	(4,356)	–	(4,356)
	Profit/(loss) before finance costs and tax	1,487	(17,729)	(16,242)	(541)	(18,438)	(18,979)
9	Finance costs	(675)	–	(675)	(480)	–	(480)
	Profit/(loss) before tax	812	(17,729)	(16,917)	(1,021)	(18,438)	(19,459)
10	Tax	(246)	(122)	(368)	(333)	–	(333)
	Net profit/(loss) for the year	566	(17,851)	(17,285)	(1,354)	(18,438)	(19,792)
11	Earnings per ordinary share (pence)	0.44	(13.72)	(13.28)	(0.99)	(13.46)	(14.45)

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

All items in the above statement derive from continuing operations.

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

The net loss for the year of the Company was £17,285,000 (2008: £19,792,000).

The notes on pages 42 to 60 form part of these financial statements.

CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2009

	Ordinary share capital £'000	Capital redemption reserve £'000	Share premium £'000	Warrant exercise reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
Group							
Total equity at 30 April 2007	34,998	9,214	117,902	7,536	224,904	(59,056)	335,498
Loss for the year to 30 April 2008	–	–	–	–	(18,438)	(1,354)	(19,792)
Shares bought back for cancellation	(1,871)	1,871	–	–	(15,281)	–	(15,281)
Total equity at 30 April 2008	33,127	11,085	117,902	7,536	191,185	(60,410)	300,425
Profit/(loss) for the year to 30 April 2009	–	–	–	–	(17,851)	566	(17,285)
Shares bought back for cancellation	(1,503)	1,503	–	–	(8,961)	–	(8,961)
Total equity at 30 April 2009	31,624	12,588	117,902	7,536	164,373	(59,844)	274,179
Company							
Total equity at 30 April 2007	34,998	9,214	117,902	7,536	226,928	(61,080)	335,498
Loss for the year to 30 April 2008	–	–	–	–	(18,428)	(1,364)	(19,792)
Shares bought back for cancellation	(1,871)	1,871	–	–	(15,281)	–	(15,281)
Total equity at 30 April 2008	33,127	11,085	117,902	7,536	193,219	(62,444)	300,425
Profit/(loss) for the year to 30 April 2009	–	–	–	–	(17,724)	439	(17,285)
Shares bought back for cancellation	(1,503)	1,503	–	–	(8,961)	–	(8,961)
Total equity at 30 April 2009	31,624	12,588	117,902	7,536	166,534	(62,005)	274,179

The notes on pages 42 to 60 form part of these financial statements.

CONSOLIDATED AND COMPANY BALANCE SHEETS

AT 30 APRIL 2009

Notes		30 April 2009 Group £'000	30 April 2009 Company £'000	30 April 2008 Group £'000	30 April 2008 Company £'000
	Non current assets				
12-14	Investments held at fair value	267,845	270,006	285,569	287,603
	Current assets				
15	Other receivables	7,150	10,531	11,933	15,244
	Cash and cash equivalents	33,729	28,187	38,843	33,498
		40,879	38,718	50,776	48,742
	Total assets	308,724	308,724	336,345	336,345
	Current liabilities				
16	Other payables	(7,039)	(7,039)	(11,716)	(11,716)
17	Bank loans	–	–	(4,831)	(4,831)
		(7,039)	(7,039)	(16,547)	(16,547)
	Total assets less current liabilities	301,685	301,685	319,798	319,798
	Non current liabilities				
17	Bank loans	(27,506)	(27,506)	(19,373)	(19,373)
	Net assets	274,179	274,179	300,425	300,425
	Equity attributable to equity shareholders				
18	Ordinary share capital	31,624	31,624	33,127	33,127
19	Capital redemption reserve	12,588	12,588	11,085	11,085
20	Share premium	117,902	117,902	117,902	117,902
21	Warrant exercise reserve	7,536	7,536	7,536	7,536
22	Capital reseves	164,373	166,534	191,185	193,219
23	Revenue reserve	(59,844)	(62,005)	(60,410)	(62,444)
	Total equity	274,179	274,179	300,425	300,425
27	**Net asset value per ordinary share (pence)**	216.75	216.75	226.72	226.72

The financial statements were approved by the Board of Directors on 11 June 2009

R K A Wakeling
Chairman

The notes on pages 42 to 60 form part of these financial statements

CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2009

	2009 Group £'000	2009 Company £'000	2008 Group £'000	2008 Company £'000
Cash flows from operating activities				
Loss before finance costs and tax	(16,242)	(16,242)	(18,979)	(18,979)
Adjustment for non-cash items:				
Foreign exchange losses	992	992	5,041	5,041
Adjusted loss before finance costs and tax	(15,250)	(15,250)	(13,938)	(13,938)
Adjustments for:				
Decrease in investments	17,724	17,597	66,636	64,860
Decrease/(increase) in receivables	4,999	4,929	(6,063)	(6,147)
(Decrease)/increase in payables	(4,727)	(4,727)	4,774	4,774
	17,996	17,799	65,347	63,487
Net cash from operating activities before tax	2,746	2,549	51,409	49,549
Overseas tax deducted at source	(584)	(584)	(374)	(374)
Net cash from operating activities	2,162	1,965	51,035	49,175
Cash flows from financing activities				
Cost of shares repurchased	(8,961)	(8,961)	(15,281)	(15,281)
Loans matured	(5,271)	(5,271)	(38,530)	(38,530)
Loans taken out	–	–	21,340	21,340
Finance costs	(625)	(625)	(433)	(433)
Net cash used in financing activities	(14,857)	(14,857)	(32,904)	(32,904)
Net (decrease)/increase in cash and cash equivalents	(12,695)	(12,892)	18,131	16,271
Cash and cash equivalents at the beginning of the year	38,843	33,498	22,059	18,574
Effect of foreign exchange rate changes	7,581	7,581	(1,347)	(1,347)
Cash and cash equivalents at the end of the year	33,729	28,187	38,843	33,498

The notes on pages 42 to 60 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 International Accounting Standards Committee (IASC), as adopted by the European Union.

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

The principal accounting policies followed are set out below:

2. ACCOUNTING POLICIES

(a) Basis of Preparation

The consolidated financial statements have been prepared on a going concern basis under the historical cost convention, as modified by the inclusion of investments and derivative financial instruments at fair value. The principal accounting policies adopted are set out below. Where presentational guidance set out in the Statement of Recommended Practice (SORP) for investment trusts issued by the Association of Investment Companies (AIC) in January 2009 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.

The Group's business activities, together with the factors likely to affect its future development and performance, are set out in the Business Review section of the Directors' Report on pages 21 to 24. The financial position of the Group as at 30 April 2009 is shown in the balance sheet on page 40. As at 30 April 2009 the Group's total assets less current liabilities exceeded its total non current liabilities by a multiple of over ten. The assets of the Group consist mainly of securities that are held in accordance with the Company's investment policy, as set out on page 21 and these securities are readily realisable. The Directors consider that the Company has adequate financial resources to enable it to continue in operational existence for the foreseeable future. Accordingly, the Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the Group's accounts.

(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 408 of the Companies Act 2006.

(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 833 of the Companies Act 2006, net capital returns may not be distributed by way of dividend. Additionally, the net revenue is the measure the Directors believe appropriate in assessing the Group's compliance with certain requirements set out in section 842 Income and Corporation Taxes Act 1988.

(d) Income

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

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

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

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

(e) Expenses and Finance costs

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

All expenses have been presented as revenue items except as follows:

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

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

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

(f) Taxation

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Changes in fair value of all investments held at fair value and 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) Non current liabilities

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

(l) Rates of exchange

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

(m) Capital reserves

Capital reserve – gains/losses on disposal includes:

- gains/losses on disposal of investments
- exchange differences on currency balances and on settlement of loan balances
- cost of own shares bought back
- other capital charges and credits charged to this account in accordance with the accounting policies above

Capital reserve – revaluation includes:

–increases and decreases in the valuation of investments and loans held at the year end.

All of the above are accounted for in the Income Statement except the cost of own shares bought back which is accounted for in the Statement of Changes in Equity.

(n) 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.

(o) Segmental Reporting

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

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

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

(p) 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). At the year end, unquoted investments represent 0.3% of net assets.

(q) Accounting standards issued but not yet effective

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

IAS 23 (revised) requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the costs of that asset.

IFRS 8 replaces IAS 14 Segment Reporting and requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. Following a review of IFRS 8, the company has reached the conclusion that the current segmentation reporting reflects the management approach, and as such, adoption of IFRS 8 will not have a significant impact on financial disclosures.

Amendments to IAS 1 prohibit the presentation of items of income and expense – that is "non-owner changes in equity" – in the statement of changes in equity, requiring "non-owner changes in equity" to be presented separately from owner changes in equity.

Amendments to IFRS 1 and IAS 27 allow first-time adopters to use a deemed cost to measure the initial cost of investments in the separate financial statements and removes the definition of the cost method from IAS 27 by replacing it with a new requirement.

Amendments to IAS 27 required the effects of all transactions with a non-controlling interest (minority interest) to be recognised in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost.

Amendments to IAS 32 and IAS 1 required an entity to classify puttable financial instruments and instruments, or components of instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation as equity.

Amendment to IAS 39 clarifies whether a hedged risk or portion of cash flows is eligible for hedge accounting.

The following interpretations are mandatory for accounting periods beginning on or after 1 January 2009:

- IFRIC 13 Customer Loyalty Programmes
- IFRIC 15 Agreements for constructions of real estates
- IFRIC 16 Hedges of a net investment in a foreign operation
- IFRIC 17 Distributions of Non-cash Assets to Owners

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

3 INVESTMENT INCOME

	Year ended 30 April 2009 £'000	Year ended 30 April 2008 £'000
Franked: Listed investments		
Dividend income	156	284
Unfranked: Listed investments		
Dividend income	3,024	2,224
Interest income	–	136
	3,024	2,360
	3,180	2,644

4 OTHER OPERATING INCOME

	Year ended 30 April 2009 £'000	Year ended 30 April 2008 £'000
Bank interest	357	1,121
Deposit interest	1	50
HMRC interest on VAT recovery – see note 7	182	–
	540	1,171

5 LOSSES ON INVESTMENTS HELD AT FAIR VALUE

	Year ended 30 April 2009 £'000	Year ended 30 April 2008 £'000
Net losses on disposal of investments at historic cost	(7,544)	(8,274)
Transfer on disposal of investments	(15,713)	(11,500)
Losses based on carrying value at previous balance sheet date	(23,257)	(19,774)
Valuation gains on investments held during the year	6,520	6,377
	(16,737)	(13,397)

6 OTHER CURRENCY LOSSES

	Year ended 30 April 2009 £'000	Year ended 30 April 2008 £'000
Exchange gains/(losses) on currency balances	7,581	(1,347)
Exchange (losses)/gains on settlement of loan balances	(216)	2,123
Exchange losses on translation of loan balances	(8,357)	(5,817)
	(992)	(5,041)

7 INVESTMENT MANAGEMENT FEE (CHARGED WHOLLY TO REVENUE)

	Year ended 30 April 2009 £'000	Year ended 30 April 2008 £'000
Investment management fee paid to Polar Capital	2,904	3,567
Irrecoverable VAT thereon	–	163
	2,904	3,730

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

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

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

The Company has recovered £237,000 of previously charged VAT on management fees from Henderson Global Investors for the period from October 2000 to February 2001 and is due to recover £870,000 from Polar Capital for the period from February 2001 to July 2007. The total recovery of £1,107,000 is shown separately in the Consolidated Income Statement as a reduction to the management fee expense.

The Company has recognised £182,000 of interest from HMRC in relation to the recovery of VAT of which £141,000 is outstanding at the Balance Sheet date.

8 OTHER ADMINISTRATIVE EXPENSES (INCLUDING VAT WHERE APPROPRIATE)

	Year ended 30 April 2009 £'000	Year ended 30 April 2008 £'000
Directors' fees	115	110
Auditors' remuneration: For audit services	28	26
For other services (taxation services)	25	36
Other expenses (including Shareplan and ISA administration fees)	268	454
	436	626

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 1.16% (30 April 2008: 1.37%) 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 2009 £'000	Year ended 30 April 2008 £'000
Interest on loans and overdrafts	675	480

10 TAXATION

	Year ended 30 April 2009 £'000	Year ended 30 April 2008 £'000
a) Analysis of tax charge for the year:		
Overseas tax	368	333
Total tax for the year (see note 10b)	368	333
b) Factors affecting tax charge for the year:		
The charge for the year can be reconciled to the loss per the income statement as follows:		
Loss before tax	(16,917)	(19,459)
Tax at the UK corporation tax rate of 30% (2008: 30%)	–	(5,352)
Tax at the UK corporation tax rate of 28% (2008: 28%)	(4,737)	(454)
Tax effect of non-taxable UK dividends	(44)	(85)
Tax effect of non-taxable stock dividends	(11)	(40)
Losses on investments that are not taxable	4,964	5,501
Gains on sale of qualifying offshore funds	122	–
Utilisation of prior year expenses and deficits	(204)	–
Unrelieved current year expenses and deficits	–	425
Expenses and finance costs not deductible for tax purposes	3	5
Overseas tax suffered	368	333
Tax relief on overseas tax suffered	(93)	–
Total tax for the year (see note 10a)	368	333
c) Factors that may affect future tax charges:		
There is an unrecognised deferred tax asset comprising:		
Unrelieved management expenses	18,056	18,251
Eligible unrelieved foreign tax	1,102	1,120
	19,158	19,371

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.

In the Finance Act 2008, the Chancellor reduced the rate of Corporation Tax from 30% to 28% for the financial year commencing April 2008. 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 foreseeable 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 2009 Revenue return	Year ended 30 April 2009 Capital return	Year ended 30 April 2009 Total return	Year ended 30 April 2008 Revenue return	Year ended 30 April 2008 Capital return	Year ended 30 April 2008 Total return
The calculation of basic earnings per share is based on the following data:						
Net profit/(loss) for the year (£'000)	566	(17,851)	(17,285)	(1,354)	(18,438)	(19,792)
Weighted average ordinary shares in issue during the year	130,094,815	130,094,815	130,094,815	136,939,163	136,939,163	136,939,163
From continuing operations						
Basic – ordinary shares (pence)	0.44	(13.72)	(13.28)	(0.99)	(13.46)	(14.45)

There are no potentially dilutive securities in issue.

NOTES TO THE ACCOUNTS (CONTINUED)

12 CHANGES IN NON CURRENT ASSETS

	Group 30 April 2009 £'000	Company 30 April 2009 £'000	Group 30 April 2008 £'000	Company 30 April 2008 £'000
Valuation at 1 May 2008	285,569	287,603	352,205	352,463
Less: Valuation gains	(12,797)	(14,831)	(17,920)	(19,944)
Cost at 1 May 2008	272,772	272,772	334,285	332,519
Additions at cost	278,934	278,934	385,409	385,372
Proceeds of disposal	(279,921)	(279,921)	(438,648)	(436,845)
Losses on disposal	(7,544)	(7,544)	(8,274)	(8,274)
Cost at 30 April 2009	264,241	264,241	272,772	272,772
Add: Valuation gains	3,604	5,765	12,797	14,831
Valuation at 30 April 2009	267,845	270,006	285,569	287,603
Of which:				
Listed on a recognised Stock Exchange	267,144	267,144	283,386	283,386
Unlisted	701	2,862	2,183	4,217

Included in additions at cost are purchase costs of £756,000 (30 April 2008: £978,000). Included in proceeds of disposals are sales costs of £718,000 (30 April 2008: £1,181,000). These comprise mainly stamp duty and commission.

Unquoted investments

The value of the unquoted investments as at 30 April 2009 was £701,000 (30 April 2008: £2,183,000) and the portfolio comprised of the following holdings:

Investment	Valuation £'000
Herald Ventures Limited Partnership	455
Herald Ventures Limited Partnership II	246
	701

During the year the Company sold its holding in Domain Equity Partners for $1,566,000 (£1,100,000). This resulted in a loss to the Company of $2,434,000 (£1,230,000). At 30 April 2008, the value of the Company's holding in Domain Equity Partners was £1,411,000.

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 2008: £2).

	Company 30 April 2009 £'000	Company 30 April 2008 £'000
Balance brought forward at 30 April 2008	2,034	2,024
Revaluation of subsidiary	127	10
Balance carried forward at 30 April 2009	2,161	2,034

During the year an interim dividend of £nil (30 April 2008: £200,000) was paid to Polar Capital Technology Trust plc.

The valuation of PCT Finance is at Net Asset Value hence the revaluation each year.

14 SUBSTANTIAL EQUITY INTERESTS

During the year, the Company sold its entire interest as a limited partner (30 April 2008: 4.8 %) 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 5 (30 April 2008: 4) investee companies.

	Company 30 April 2009 %	Company 30 April 2008 %
Sanderson	4.6	4.7
Sinosoft	3.4	6.2
Low Carbon Accelerator	3.4	3.4
Circadian	3.3	–
Software Radio Technology	3.0	3.2

At 30 April 2009 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 2009 £'000	Company 30 April 2009 £'000	Group 30 April 2008 £'000	Company 30 April 2008 £'000
Sales for future settlement	5,412	5,412	3,093	3,093
Spot foreign exchange contracts awaiting settlement	72	72	8,556	8,556
Overseas tax recoverable	261	261	45	45
Prepayments and accrued income	530	529	233	211
Amounts due from subsidiary undertaking	–	3,382	–	3,333
VAT recoverable	875	875	6	6
	7,150	10,531	11,933	15,244

The carrying value of other receivables approximate their fair value.

16 OTHER PAYABLES

	Group 30 April 2009 £'000	Company 30 April 2009 £'000	Group 30 April 2008 £'000	Company 30 April 2008 £'000
Purchases for future settlement	5,969	5,969	1,926	1,926
Spot foreign exchange contracts awaiting settlement	72	72	8,600	8,600
Accruals	998	998	1,190	1,190
	7,039	7,039	11,716	11,716

The carrying value of other payables approximate their fair value.

17 BANK LOANS

	Group and Company 30 April 2009 £'000	Group and Company 30 April 2008 £'000
The Group has the following unsecured Japanese Yen loans:		
¥4,010m at a fixed rate of 1.198% repayable 29 June 2010	27,506	19,373
¥1,000m at a fixed rate of 1.215% repayable 30 September 2008	–	4,831
	27,506	24,204
Less: Amounts due for settlement within 12 months (shown under current liabilities)	–	(4,831)
Amounts due for settlement after 12 months	27,506	19,373

Bank loans are disclosed at amortised cost. The fair value of the loans as at the year end was £27,902,000.

18 ORDINARY SHARE CAPITAL

	Group and Company 30 April 2009 £'000	Group and Company 30 April 2008 £'000
Authorised:		
860,000,000 ordinary shares of 25p	215,000	215,000
Allotted, called up and fully paid: 126,497,914 (30 April 2008: 132,508,914) ordinary shares of 25p	31,624	33,127

Between 3 July 2008 and 19 March 2009 the Company made market purchases of 6,011,000 of its own shares for cancellation, for a total consideration of £8,961,416 including stamp duty (nominal value of £1,502,750) at between 125p and 192p per share. At the year end all shares were treated as cancelled.

19 CAPITAL REDEMPTION RESERVE

	Group and Company £'000
As at 1 May 2008	11,085
Transfer to capital redemption reserve on buy back of shares	1,503
At 30 April 2009	12,588

20 SHARE PREMIUM

	Group and Company £'000
As at 1 May 2008	117,902
At 30 April 2009	117,902

21 WARRANT EXERCISE RESERVE

	Group and Company £'000
As at 1 May 2008	7,536
At 30 April 2009	7,536

At 30 April 2009 there were no warrants outstanding (30 April 2008: nil).

22 CAPITAL RESERVES

	Capital reserve – gains/losses on disposal 30 April 2009 £'000	Capital reserve – revaluation 30 April 2009 £'000	Total capital reserves 30 April 2009 £'000	Capital reserve – gains/losses on disposal 30 April 2008 £'000	Capital reserve – revaluation 30 April 2008 £'000	Total capital reserves 30 April 2008 £'000
Group:						
Opening balances at 1 May 2008	181,252	9,933	191,185	204,031	20,873	224,904
Net losses on disposal of investments	(23,257)	–	(23,257)	(19,774)	–	(19,774)
Transfer on disposal of investments	15,713	(15,713)	–	11,500	(11,500)	–
Valuation gains on investments held during the year	–	6,520	6,520	–	6,377	6,377
Exchange gains/(losses) on currency balances	7,581	–	7,581	(1,347)	–	(1,347)
Exchange (losses)/gains on settlement of loan balances	(216)	–	(216)	2,123	–	2,123
Exchange losses on translation of loan balances	–	(8,357)	(8,357)	–	(5,817)	(5,817)
Relief on taxable income in capital	(122)	–	(122)	–	–	–
Cost of ordinary share repurchases	(8,961)	–	(8,961)	(15,281)	–	(15,281)
Balance at 30 April 2009	171,990	(7,617)	164,373	181,252	9,933	191,185
Company:						
Opening balances at 1 May 2008	181,252	11,967	193,219	204,031	22,897	226,928
Net losses on disposal of investments	(23,257)	–	(23,257)	(19,774)	–	(19,774)
Transfer on disposal of investments	15,713	(15,713)	–	11,500	(11,500)	–
Valuation gains on investments held during the year	–	6,520	6,520	–	6,377	6,377
Revaluation of subsidiary undertaking (see note 13)	–	127	127	–	10	10
Exchange gains/(losses) on currency balances	7,581	–	7,581	(1,347)	–	(1,347)
Exchange gains on settlement of loan balances	(216)	–	(216)	2,123	–	2,123
Exchange losses on translation of loan balances	–	(8,357)	(8,357)	–	(5,817)	(5,817)
Relief on taxable income in capital	(122)	–	(122)	–	–	–
Cost of ordinary share repurchases	(8,961)	–	(8,961)	(15,281)	–	(15,281)
Balance at 30 April 2009	171,990	(5,456)	166,534	181,252	11,967	193,219

NOTES TO THE ACCOUNTS (CONTINUED)

23 REVENUE RESERVE

	Group 30 April 2009 £'000	Company 30 April 2009 £'000	Group 30 April 2008 £'000	Company 30 April 2008 £'000
Opening balance at 1 May	(60,410)	(62,444)	(59,056)	(61,080)
Profit/(loss) for the year to 30 April	566	439	(1,354)	(1,364)
Balance at 30 April	(59,844)	(62,005)	(60,410)	(62,444)

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 2009 £'000	Group and Company Year ended 30 April 2008 £'000
Proceeds on disposal of fair value through profit or loss investments	277,602	437,015
Purchases of fair value through profit or loss investments	(274,891)	(386,239)
	2,711	50,776

25 CAPITAL COMMITMENTS

At 30 April 2009 the Group had a commitment in respect of the following limited partnerships:

	Commitment at 30 April 2009 £'000	Drawn down at 30 April 2009 £'000	Commitment at 30 April 2008 £'000	Drawn down at 30 April 2008 £'000
Herald Ventures Limited Partnership	1,000	1,000	1,000	1,000
Herald Ventures Limited Partnership II	500	375	500	275
Domain Public Equity Partners	–	–	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 fee, paid under this agreement to Polar Capital in respect of the year ended 30 April 2009 was £2,904,000 (2008: £3,730,000) of which £650,000 (2008: £765,000) 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 Securities Services. The total fee paid to BNP Paribas for these services for the year ended 30 April 2009 amounted to £10,000 (30 April 2008: £200,000) (including irrecoverable VAT) and the Company received income of £5,000 (30 April 2008: £182,000) in respect of the charges collected from investors. The compensation payable to key management personnel in respect of short term employee benefits is £115,000 (2008: £110,000) which comprises £115,000 (2008: £110,000) paid by the Company to the Directors. Refer to pages 34 to 35 for the Directors' Remuneration Report.

27 NET ASSET VALUE PER ORDINARY SHARE

	Net asset value per share 30 April 2009 pence	30 April 2008 pence
Ordinary shares:	216.75	226.72

The net asset value per ordinary share is based on net assets at the year end and on 126,497,914 (2008: 132,508,914) ordinary shares, being the number of ordinary shares in issue at the year end.

28 SEGMENTAL REPORTING

An analysis of the Group's investments held at 30 April 2009 by geographical segment and the related investment income earned during the year to 30 April 2009 is noted below:

	30 April 2009 Value of investments £'000	Year ended 30 April 2009 Gross income £'000	30 April 2008 Value of investments £'000	Year ended 30 April 2008 Gross income £'000
North America	196,262	1,250	191,266	623
Europe	26,359	945	51,246	1,025
Asia	45,224	985	43,057	996
Total	267,845	3,180	285,569	2,644

29 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

Risk management policies and procedures

The Group comprises of an investment trust and a wholly owned subsidiary. The Group invests in equities and other financial instruments for the long term to further the investment objective set out on page 21. This exposes the Group to a range of financial risks that could impact on the assets or performance of the Group.

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

The Group's exposure to financial instruments comprise:

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

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

(a) Market Risk

Market risk comprises three types of risk: market price risk (see note 29(a)(i)), currency risk (see note 29(a)(ii)), and interest rate risk (see note 29(a)(iii)).

(i) Market Price Risk

The Company is an investment company and as such its performance is dependent on the valuation of its investments. Consequently market price risk is the most significant risk that the Group faces. Market price risk arises mainly from uncertainty about future prices of financial instruments used in the Group's operations. It represents the potential loss the Group might suffer through holding market positions in the face of price movements. A detailed breakdown of the investment portfolio is given on pages 14 and 19. Investments are valued in accordance with the Group's accounting policies as stated in Note 2(g).

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

Management of the risk

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

Market price risks exposure

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

	30 April 2009 £'000	30 April 2008 £'000
Non-current asset investments at fair value through profit or loss	267,845	285,569
	267,845	285,569

An analysis of the Group's portfolio is shown on pages 14 to 19.

Market price risk sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and the value of shareholders' funds to an increase or decrease of 15% (30 April 2008:15%) in the fair values of the Group's equities. This level of change is considered to be reasonably possible based on observation of current market conditions and historic trends. The sensitivity analysis is based on the Group's equities at each balance sheet date, with all other variables held constant.

	30 April 2009 Increase in fair value £'000	30 April 2009 Decrease in fair value £'000	30 April 2008 Increase in fair value £'000	30 April 2008 Decrease in fair value £'000
Income statement – loss after tax				
Revenue return	(402)	402	(428)	428
Capital return	40,177	(40,177)	42,835	(42,835)
Change to the loss after tax for the year	39,775	(39,775)	42,407	(42,407)
Change to shareholders' funds	39,775	(39,775)	42,407	(42,407)

(ii) Currency Risk

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

Management of the risk

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

Foreign currency exposure

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

	US dollar	Euro	Yen	Other non sterling	30 April 2009 £'000 Total
Investments at fair value through profit or loss that are monetary items	–	–	–	–	–
Other receivables	5,509	221	98	74	5,902
Cash at bank and short term deposits	4,915	(70)	21,865	2,366	29,076
Other payables	(3,912)	–	(185)	(2,056)	(6,153)
Borrowings under loan facility	–	–	(27,506)	–	(27,506)
Foreign currency exposure on net monetary items	6,512	151	(5,728)	384	1,319
Investments at fair value through profit or loss that are equities	199,590	14,915	16,369	28,238	259,112
Total net foreign currency exposure	206,102	15,066	10,641	28,622	260,431

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

At various points during the year the Group entered into spot currency rate contracts. Contracts awaiting settlement at the year end are disclosed in notes 15 and 16 and are included in other receivables and other payables above.

During the financial year sterling depreciated by 25.2% against the US dollar (2008: depreciated by 1.0%), depreciated by 29.6% against the Japanese yen (2008: depreciated by 13.4%) and depreciated by 12.1% against the Euro (2008: depreciated by 13.2%).

Foreign currency sensitivity

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

It assumes the following changes in exchange rates:

£/US dollar +/- 10% (2008: 10%)

£/Euro +/- 10% (2008: 10%)

£/Japanese yen +/- 15% (2008: 15%)

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

	30 April 2009 £'000 US dollar	Euro	Yen	30 April 2008 £'000 US dollar	Euro	Yen
Income statement – loss after tax						
Revenue return	123	34	4	63	39	(3)
Capital return	22,900	1,674	1,910	22,633	3,566	(123)
Change to the loss after tax for the year	23,023	1,708	1,914	22,696	3,605	(126)
Change to shareholders' funds	23,023	1,708	1,914	22,696	3,605	(126)

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

	30 April 2009 £'000 US dollar	Euro	Yen	30 April 2008 £'000 US dollar	Euro	Yen
Income statement – loss after tax						
Revenue return	(101)	(27)	(3)	(52)	(32)	2
Capital return	(18,737)	(1,370)	(1,412)	(18,518)	(2,918)	90
Change to the loss after tax for the year	(18,838)	(1,397)	(1,415)	(18,570)	(2,950)	92
Change to shareholders' funds	(18,838)	(1,397)	(1,415)	(18,570)	(2,950)	92

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

(iii) Interest Rate Risk

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

All cash balances earn interest at a variable rate.

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

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

Management of the risk

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

Interest rate exposure

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

– floating interest rates (i.e. giving cash flow interest rate risk) – when the rate is due to be re-set;
– fixed interest rates (i.e. giving fair value interest rate risk) – when the financial instrument is due for repayment.

	30 April 2009			30 April 2008		
	Within one year £'000	More than one year £'000	Total £'000	Within one year £'000	More than one year £'000	Total £'000
Exposure to floating interest rates:						
Cash at bank and short-term deposits	33,729	–	33,729	38,843	–	38,843
Creditors:						
amounts falling due within one year						
– Bank loan	–	–	–	–	–	–
	33,729	–	33,729	38,843	–	38,843
Exposure to fixed interest rates:						
Investments at fair value through profit or loss	–	–	–	–	–	–
Creditors:						
amounts falling due after more than one year:						
– Long-term loans	–	(27,506)	(27,506)	–	(19,373)	(19,373)
Creditors:						
amounts falling due within one year:						
– Bank loan	–	–	–	(4,831)	–	(4,831)
	–	(27,506)	(27,506)	(4,831)	(19,373)	(24,204)
Net exposure to interest rates	33,729	(27,506)	6,223	34,012	(19,373)	14,639

Interest rate sensitivity

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

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

	30 April 2009		30 April 2008	
	Increase in rate £'000	Decrease in rate £'000	Increase in rate £'000	Decrease in rate £'000
Income statement – loss after tax				
Revenue return	16	(16)	37	(37)
Capital return	–	–	–	–
Change to the loss after tax for the year	16	(16)	37	(37)
Change to shareholders' funds	16	(16)	37	(37)

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

(b) Liquidity Risk

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

Management of the risk

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

Liquidity risk exposure

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

(c) Credit Risk

All cash balances are held with AAA-rated counterparties.

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

Management of the risk

This risk is not considered significant. The Group manages credit risk by using brokers from a database of approved brokers and by dealing through Polar Capital. All cash balances are held with approved counterparties.

These arrangements were in place throughout the current year and the prior year.

Credit risk exposure

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

(d) Gearing risk

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

Management of the risk

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

Gearing risk exposure

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

(e) Capital Management Policies and Procedures

The Company's capital management objectives are:

The Company's capital, or equity, is represented by its net assets which are managed to achieve the Company's investment objective set out on page 21.

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

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

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

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

The Company is subject to externally imposed capital requirements through the Companies Act with respect to its status as a public company. In addition in order to pay dividends out of profits available for distribution by way of dividend, the Company has to be able to meet one of the two capital restriction tests imposed on investment companies by company law. The Company is also subject to externally imposed capital requirements through the loan covenants set out in the loan facility.

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

SHAREHOLDER AND INVESTOR INFORMATION – TAX

CAPITAL GAINS TAX

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

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

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

MARKET PRICES OF THE COMPANY'S SHARES AND WARRANTS

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

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

Source: Dun & Bradstreet

FORMER SHAREHOLDERS OF TR TECHNOLOGY PLC

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

TR Technology plc	Polar Capital Technology Trust plc
For each ordinary share of 25p each:	On 16 December 1996, one C share 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

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

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

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

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

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

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

REGISTERED NUMBER
Registered in England and Wales
No. 3224867

COMPANY WEBSITE
www.polarcapitaltechnologytrust.co.uk

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

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

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

Shareholder helpline: 0870 6015366

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

www.shareview.co.uk

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

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

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

aic
The Association of
Investment Companies

SHAREHOLDER AND INVESTOR INFORMATION – GENERAL

COMPANY WEBSITE

The Company maintains a website at www.polracapitaltechnologytrust.co.uk which provides a wide range of information on the company, monthly fact sheets, and copies of announcements and other useful details and further links to information sources.

Information on the Company can be obtained from various different sources including www.theaic.co.uk, www.ft.com/markets and www.telegraph.co.uk/funds

SHARE PRICE AND PERFORMANCE DETAILS

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

The mid-market price of the ordinary shares is published daily in the Financial Times in the Companies and Markets section under the heading "Investment Companies".

Share price information is also available from The London Stock Exchange Website www.londonstockexchange.co.uk (PCT), Bloomberg (PCT.LN), Datastream (PCT), Lipper (71000395) and Reuters (PCT.L).

The SEDOL code for the shares is 0422002 and the ISIN is GB004220025.

PORTFOLIO DETAILS

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

DISABILITY ACT

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

You can contact our Registrars, Equiniti Limited (formerly Lloyds TSB Registrars), who have installed textphones to allow speech and hearing impaired people who have their own textphone to contact them directly by ringing 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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Total Assets less current liabilities (£m)	279.9	668.7	401.3	287.2	221.0	306.6	236.4	358.2	335.5	300.4	274.2
NAV per share (pence)											
undiluted	190.2	452.8	270.2	192.8	148.3	208.1	205.0	n/a	n/a	n/a	n/a
diluted	175.3	395.8	243.7	178.5	141.3	193.7	189.8	255.9	239.7	226.7	216.8
Share price (pence)	167.5	436.0	281.5	165.0	120.5	164.8	165.5	245.0	228.0	190.8	183.0
Indices of Growth											
Share price	100.0	260.3	168.1	98.5	71.9	98.4	98.8	146.3	136.1	113.9	109.3
Net asset value per share undiluted	100.0	238.1	142.1	101.4	78.0	109.4	107.8	134.5	126.0	119.2	114
Dow Jones World Technology Index (Sterling)	100.0	192.7	107.8	72.7	52.2	62.6	56.7	74.9	73.4	74.5	70.5

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

Notes:

1 rebased to 100 at 30 April 1999

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

Sources: HSBC Securities Services and Polar Capital LLP.

FSA

WARNING TO SHAREHOLDERS – BOILER ROOM SCAMS

ICSA

Over the last year, many companies have become aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based 'brokers' who target UK shareholders, offering to sell them what often turn out to be worthless or high risk shares in US or UK investments. These operations are commonly known as 'boiler rooms'. These 'brokers' can be very persistent and extremely persuasive, and a 2006 survey by the Financial Services Authority (FSA) has reported that the average amount lost by investors is around £20,000.

It is not just the novice investor that has been duped in this way; many of the victims had been successfully investing for several years. Shareholders are advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports. If you receive any unsolicited investment advice:

- Make sure you get the correct name of the person and organisation
- Check that they are properly authorised by the FSA before getting involved by visiting **www.fsa.gov.uk/register**
- Report the matter to the FSA either by calling **0845 606 1234** or visiting **www.moneymadeclear.fsa.gov.uk**
- If the calls persist, hang up.

If you deal with an unauthorised firm, you will not be eligible to receive payment under the Financial Services Compensation Scheme. The FSA can be contacted by completing an online form at **www.fsa.gov.uk/pages/doing/regulated/law/alerts/overseas.shtml**

Details of any share dealing facilities that the company endorses will be included in company mailings.
More detailed information on this or similar activity can be found on the FSA website **www.moneymadeclear.fsa.gov.uk**

INVESTING

MARKET PURCHASES

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

SHARE DEALING SERVICES

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

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

SAVINGS SCHEME & ISA

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

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

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

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

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

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

75
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