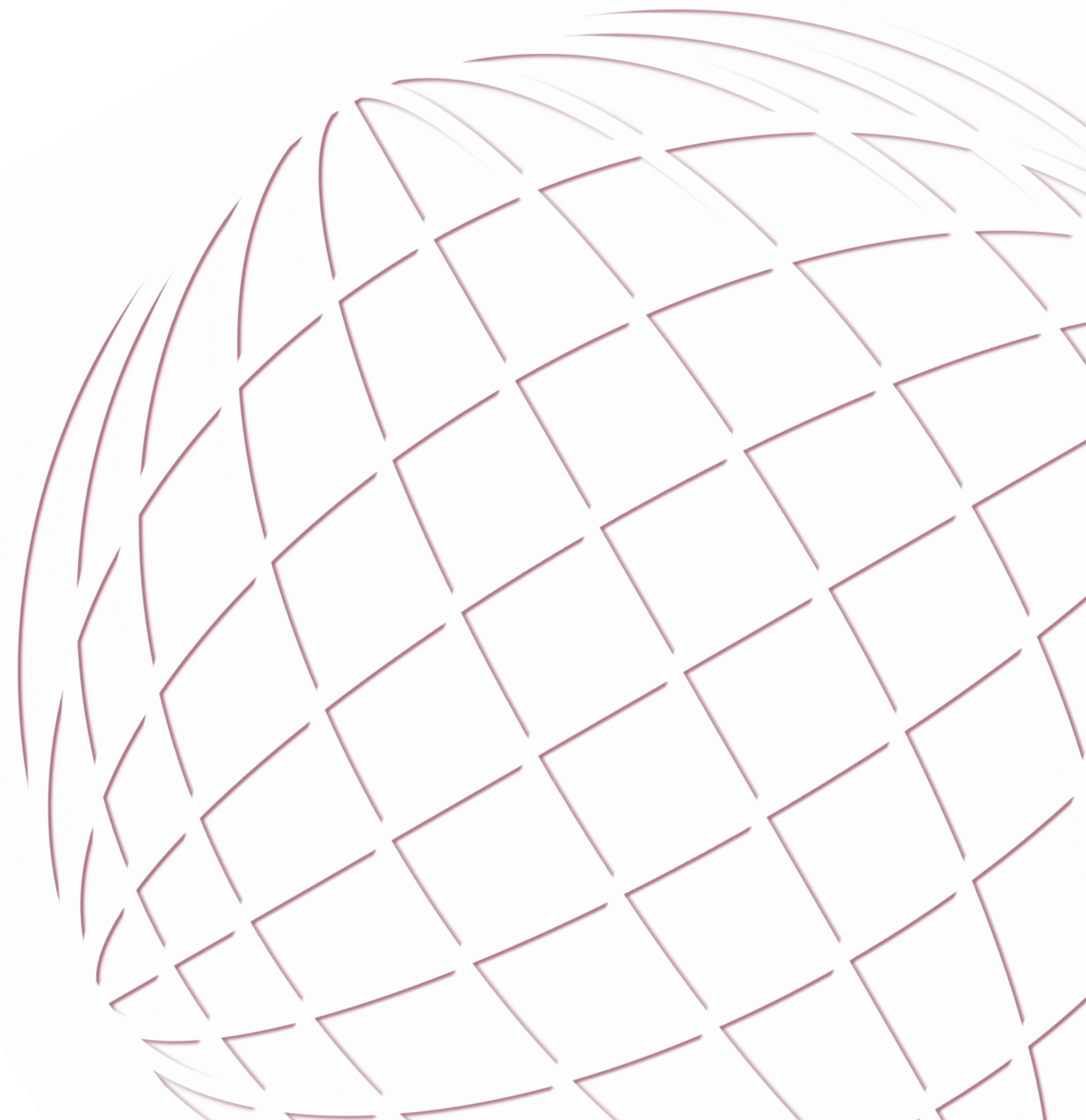
Polar Capital Technology Trust PLC – Annual Report and Accounts for the year ended 30 April 2005

PCTT 30/04/05

POLAR CAPITAL TECHNOLOGY TRUST PLC

Annual report and accounts for the year ended 30 April 2005



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 one warrant attached to every five shares. The original subscription price for each share was £1. In 2006, and every five years thereafter, shareholders will have the right to approve, or otherwise, the continued existence of the Company.

OBJECTIVE

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

RATIONALE

Over the last two decades the technology industry has been one of the most vibrant, dynamic and rapidly growing segments of the global economy. Technology companies offer the potential for substantially faster earnings growth than the broad market, reflecting the long-term secular uptrend in technology spending.

INVESTMENT APPROACH

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

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

MANAGEMENT

Polar Capital Partners Limited has been the appointed investment manager throughout the year. Mr. Brian Ashford-Russell, the appointed fund manager, has been responsible for the Company's portfolio since its launch and before that for the Company's predecessor, TR Technology PLC, throughout its life. Mr Ashford-Russell directs a portfolio management team of five technology specialists. Mr Ben Rogoff was appointed deputy fund manager in 2004.

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

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

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

CONTENTS

HIGHLIGHTS

FINANCIAL

	Year ended 30 April 2005	Year ended 30 April 2004	Movement %
Net assets			
per ordinary share (undiluted)	**205.72p**	208.13p	(1.2)
per ordinary share (diluted)	**190.36p**	193.71p	(1.7)
Price			
per ordinary share	**165.50p**	164.75p	0.5
per warrant	**65.00p**	64.75p	0.4
Total net assets	**£237,237,000**	£306,636,000	(22.6)
Shares in issue	**115,320,162**	147,328,288	

INDEX CHANGES over the year ended 30 April 2005

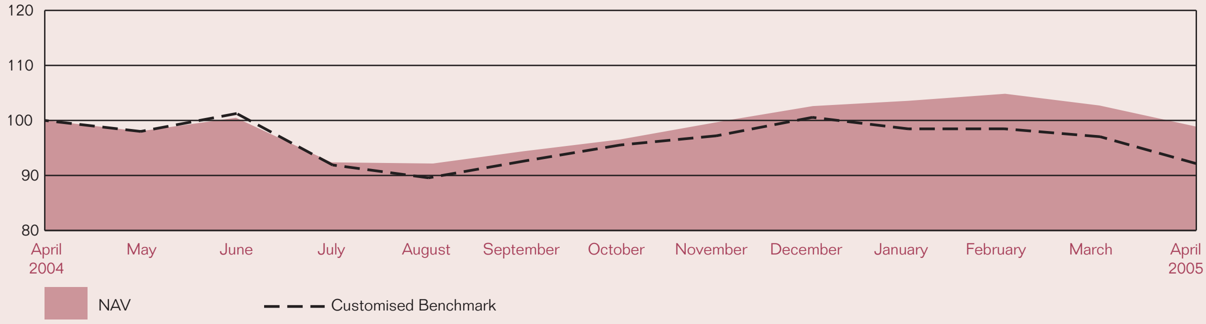
(Total Return)

	Local Currency %	Sterling Adjusted %
Benchmark	–	(7.8)
Technology Indices:		
Dow Jones World Technology	(3.0)	(9.9)
Pacific SE (USA) Technology	2.2	(5.1)
MS Eurotec (based in US dollars)	(4.7)	(11.5)
FTSE Techmark 100	–	(6.2)
Tecdax	(14.5)	(14.5)
Tokyo SE Electronics	(13.5)	(15.5)
DS Asia ex Japan Electronics	9.7	1.8
Market Indices:		
FTSE World	–	3.6
S & P 500 Composite	6.3	(1.3)
FTSE All-Share	–	10.7
FTSE World Europe (ex UK)	–	10.4
Tokyo SE (Topix)	(3.6)	(5.9)
FTSE World Pacific Basin (ex Japan)	–	13.6

Exchange rates	**30 April 2005**	30 April 2004
US$ to £	**1.9099**	1.7733
Japanese Yen to £	**200.38**	195.70
Euro to £	**1.4794**	1.4792

PERFORMANCE

UNDILUTED NAV PER SHARE AND CUSTOMISED BENCHMARK for the period 30 April 2004 to 30 April 2005 at each month end (rebased to 100)



The Company was established with a performance fee benchmark of the FTSE World Index (capital return). This was changed on 1 May 2000 to a composite benchmark comprising 50% PSE (USA) Technology Index; 15% Morgan Stanley Eurotec Index; 7.5% FTSE TechMARK 100 Index; 7.5% EuroNM Index; 15% Datastream Asian Electronics Index and 5% JASDAQ Index. The Board reviewed the composition of the benchmark following the closure of the Euro NM Index and the much reduced technology exposure of JASDAQ. From 1 May 2003 the customised benchmark has comprised of 50% Pacific SE (USA) Technology Index; 15% Morgan Stanley Eurotec Index; 7.5% FTSE Techmark Index; 7.5% Tecdax Index; 15% Tokyo SE Electronics and 5% DS Asia ex Japan Electronics Index.

HISTORICAL PERFORMANCE for the years ended 30 April

	1997*	1998	1999	2000	2001	2002	2003	2004	**2005**
Total net assets (£'000)	141,474	201,891	279,946	668,727	401,337	287,229	221,022	306,636	**237,237**
NAV per share (pence)									
undiluted	96.2	137.2	190.2	452.8	270.2	192.8	148.3	208.1	**205.7**
diluted	96.2	131.0	175.3	395.8	243.7	178.5	141.3	193.7	**190.4**
Share price (pence)	89.0	115.0	167.5	436.0	281.5	165.0	120.5	164.8	**165.5**
Indices of Performance									
Share price	100	129.2	188.2	489.9	316.3	185.4	135.4	185.1	**186.0**
Net asset value per share (undiluted)	100	142.6	197.7	470.7	280.9	200.4	154.2	216.3	**213.8**
PSE (USA) Technology	100	139.6	207.8	453.7	349.6	269.4	201.7	250.8	**238.1**
MS Eurotec	100	185.0	226.4	482.5	293.8	166.9	87.2	124.6	**110.3**
Tokyo SE Electronics	100	95.4	103.1	175.2	126.8	103.0	63.6	97.4	**83.5**

Due to the relative newness of some technology indices it is not possible to show all the constituents of the benchmark from the beginning of the Company's life. The historic performance table therefore shows three main indices that have been in existence over the life of the Company.

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

Sources: HSBC Securities Services and Polar Capital Partners.

CHAIRMAN'S STATEMENT

Good returns proved elusive for most investors over the past year with most of the rich pickings to be found in Asia and the natural resource markets, both of which benefited from China's growth. In contrast, the technology sector failed to generate any really positive momentum and gave up about half of the relative outperformance enjoyed the previous year. Your Company's net assets per share fell by 1.2% over the twelve months to 30 April 2005. While this figure contrasts favourably with a fall in the Dow Jones World Technology Index of 9.9% (in sterling terms) over the same period, the absolute result was disappointing.

For most of the year, the bulls and bears struggled to gain the upper hand with the US economy alternating between periods of robust growth and patches of softness. Both interest rates and oil prices acted as dampeners on domestic demand while the same factors operating in reverse helped to prevent downside economic momentum becoming too established. Asian growth and the robust performance of real estate markets have been two of the major props to the global economy supported by the continuation – until recently – of very accommodative monetary policies. Growth in the USA has defied but not necessarily converted the sceptics while there have been grounds for greater optimism in Japan if not in much of Europe.

While the macroeconomic picture has been mixed, the microeconomic environment has been very supportive for equity markets. Corporate earnings growth has been strongly positive, cash flows outstanding and balance sheets a picture of health. Even in those countries where macroeconomic change has been most hesitant, developments at a corporate level have suggested the possibility of positive change being driven from below. Japan is an obvious case in point but there have also been encouraging signs in both Germany and France.

On balance, developments in the technology industry have also been favourable. Companies continue to trim their costs and improve their capital efficiency while most have been restrained in adding capacity. Earnings growth for the industry has been good but it has been insufficient to attract the attention of generalist investors. Consequently, the relative valuations of technology shares have shrunk. European and Asian technology shares were particularly poor relative performers while, in the USA, smaller technology companies and semiconductor shares were hardest hit.

Your Company's relative outperformance was generated by a number of factors. The positive impact of share buy backs accounted for half the outperformance. We also benefited from adopting a relatively cautious stance ahead of the sharp sell-off in technology shares last summer and from our partial hedging of both the dollar and the yen. Finally, we materially outperformed our benchmark in Europe.

To date, our share and warrant buy backs have resulted in the repurchase and cancellation of 33,730,000 shares and 1,345,000 warrants over the financial year, equivalent to 22.9% of our shares and 5.9% of our warrants in issue at 30 April 2004. The Board intends to continue with such purchases thus removing excess shares and unwanted warrants especially as there may be an over supply of shares when the warrants reach their final exercise date of 30 September 2005. Undoubtedly, our ability to buy back shares has been made easier by the understandable frustration and even disillusionment felt by many investors whose only experience of our investment specialisation has been during an exceptionally difficult bear market over the last five years. Such frustration is only too evident across the entire technology investment space and has been reflected in heavy redemptions of technology mutual funds in both Europe and in the USA. Selling of this magnitude is almost always the sign of a mature bear market and a lead indicator of an impending directional change in that market. To the extent that this is so, we are encouraged by this development and we will continue to be buyers of our stock.

As we enter our new financial year, many of the issues confronting investors are the same as those encountered a year ago. The Federal Reserve continues its move towards a more neutral monetary policy, trying to balance the need for greater monetary discipline with the risks inherent in America's massive fiscal and trade deficits and the still ebullient US housing market. Consumer spending has thus far proved remarkably resilient but, with some evidence of greater inflationary pressure, together with the recessionary impact of oil prices, there is a risk that the Fed may fail to sustain its delicate balancing act. Recent signs of a slowdown in retail sales not just in the USA, but also in other countries such as the UK and Australia which were early to raise interest rates, suggest caution. Hopefully, the recent data simply reflects a soft patch which may give way to a reacceleration in the economy later this year. However, it seems important to reflect in our investment stance the possibility of a recession.

Recession risks aside, the outlook for markets is for more of the same – modest returns from immodest effort. The health of the corporate sector is an encouragement but margins must be at or very close to a peak. Earnings growth is however still reasonable and, relative to bonds, equities look cheap and liquidity is still plentiful. Our secular preference remains for Asian markets although they are unlikely in the event of any economic weakness to decouple from the USA. In both Japan and in Europe there have been positive microeconomic developments which should ensure plenty of opportunities at a corporate level.

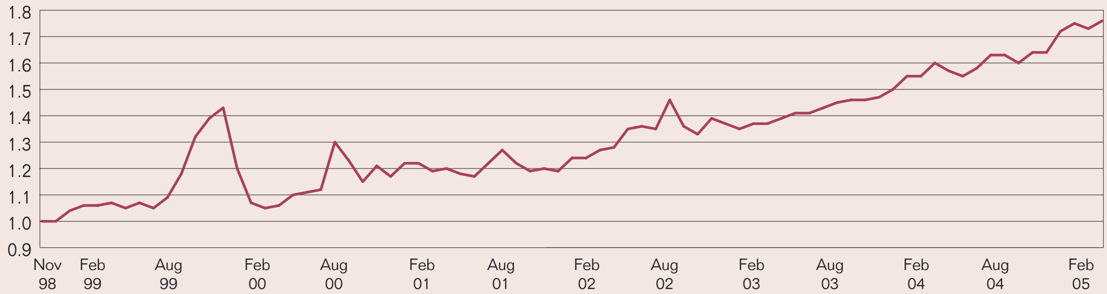
In the technology industry, spending growth continues at a similar pace to last year which should allow solid rather than spectacular earnings growth. However, there have been a number of encouraging developments over the last year, in particular the continuing consolidation in the sector, the emergence of a number of strong growth areas, the accelerating roll out of new applications to take advantage of broadband communications and the general improvement in corporate management. These developments together with the level of investor disenchantment with the sector provide increasing support for our view that we are within 18 months of a turning point for the industry, one which we believe will see the technology bear market being replaced by an extended period of technology sector outperformance.

Over the eight and a half years since your Company was launched as a successor to TR Technology, net assets per share have grown by 111%. This compares with the Company's original benchmark (the FTSE World Index) rising by 44.2%. In November 1998, the first of a number of global technology indices was launched and since then, our net assets have risen by 41% against a decline of 18% in the Dow Jones World Technology Index. Relative to the vast majority of our peer group, performance has been highly satisfactory and has fully vindicated the Board's decision to move the management contract to Polar in 2001. Over the last twenty years, Polar's technology management team have built an outstanding record first at TR, then at Henderson and more recently at Polar. Clearly the technology investing environment has been very difficult over the last five years and the inevitable result has been absolute losses despite sound relative performance. However, we believe that we are within sight of an important turning point for the sector and that our management team are well resourced to exploit the opportunities ahead. Consequently, the Board strongly recommends shareholders to vote in favour of resolution 7. This resolution, if passed, will remove the requirement for a winding-up resolution to be put at our annual general meeting in 2006, a point in time when we think investors ought to be overweight in an industry which should be due for an extended upturn in its cycle. The Directors intend to vote their shares in favour of the resolution and are encouraged by indications of support from a significant number of our major shareholders.

Richard Wakeling

13 June 2005

POLAR CAPITAL TECHNOLOGY TRUST UNDILUTED NAV VS. DOW JONES WORLD TECHNOLOGY INDEX (November 1998 to February 2005)



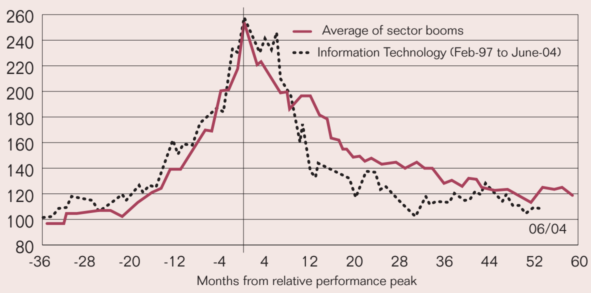
Source: AITC/Polar Capital Partners

FUND MANAGER'S REPORT

TECHNOLOGY CYCLES AND PERFORMANCE

The last five years have been a truly horrible experience for technology investors and particularly so for those who only first invested in the industry in the latter part of 1999 or in 2000. In absolute terms, the damage done to investors' portfolios by the bursting of the technology bubble in March 2000 and the subsequent collapse bears comparison with that which followed the technology boom in the late 1960s and greatly exceeds that experienced in the aftermath of the PC boom in the early 1980s. In relative terms, however, the pattern followed by the sector during this cycle has been very similar to that of previous "booms and busts" both in the technology sector and other areas of the financial markets over the last forty years.

The chart below shows the relative performance of "boom" areas of the stockmarket in the three years leading up to their peak and in the five years following it. The current cycle in technology fits the curve remarkably neatly and supports the theory that sectors that experience a boom rarely provide a sustained period of outperformance for at least five years following the peak of that boom. Given that the NASDAQ market peaked on 10 March 2000, just over five years ago, it is appropriate to consider what previous cycles would suggest about the likely behaviour of the technology sector over the next 5-10 years.



Source: UBS Warburg, Polar Capital Partners

There appears to be a pattern of technology cycles with peaks separated by periods of 12-15 years and normally associated with major product cycles such as reprographics (late 1960s), PCs (early 1980s) and the internet (late 1990s). Looking at the last two cycles and using an unweighted technology index from Piper Jaffray, a US securities firm, suggests that the sector's relative low normally occurs 6-6.5 years after the previous boom. This would point to a bottom on this cycle sometime in the second or third quarter of 2006. Further analysis of the PJ index suggested very strong relative performance over both three and five year periods following the fifth anniversary of the previous boom's peak. This implies that, even from the point that we have reached today, technology investors should now be able to look forward to a period of good medium term performance relative to the overall stock market.

We have also noticed a pattern of four year cycles in technology shares, possibly the consequence of a broader capital spending cycle. This "medium term" cycle shows a pattern of alternating "larger" and "smaller" cycles. If this four year pattern were to repeat itself going forward then this also would point to a turning point in the second half of 2006 and imply a strong period for technology shares in 2006-7.

While one needs to be cautious about history repeating itself too exactly, we take some comfort from both the evidence of earlier cycles and also from the way in which the excesses of the late 1990s technology boom have been largely expunged over the last 5 years. These factors, together with a number of other normally late cycle developments such as heavy technology mutual fund redemptions, suggest the end of the downturn may not be too far away and a new upturn is likely to follow close behind. Against that backdrop, we will be looking at the best way in which to position the Company's portfolio for the better times that we think lie ahead.

Notwithstanding the pain that we have all experienced over the period since March 2000, we believe that the technology industry's proven ability to grow considerably faster than global economic growth and to reinvent itself with each new cycle will continue to allow it to generate significant excess returns over the long term. Over the last 20 years, a period which encompasses 11 years of technology bear markets and 9 years of bull markets, the Polar Capital management team have delivered appreciation of 1,918%* (see footnote on page 11) which compares to an appreciation in the MSCI World Index of 451.9%. With what we believe is the greatest part of the current technology bear market now behind us, we are hopeful that returns over the next 5-7 years can return to the levels delivered historically and that your Company can resume its historic position in the upper reaches of the investment performance tables.

Brian Ashford-Russell

US

Having recently passed the inauspicious milestone of the fifth anniversary of the Nasdaq Composite's all-time high, it is worth pointing out that perhaps the most telling result of the 'bubble' period is that companies appear to be behaving differently. Just as every action has an equal and opposite reaction, so the 'build it and they will come' mentality that prevailed during the boom has been replaced by conservative expansion. Likewise, instead of unbridled M&A activity and corporate recklessness, we see more focus on returns on invested capital and a legislation-led, holier-than-thou approach to financial reporting. Although these changes reflect the quest for corporate absolution post 2000, they have had obvious negative ramifications for IT spending. This post-bubble conservatism was obscured during the early stages of the current cyclical upturn but as the economic tailwinds have receded (discussed below), so the more muted nature of capital spending has become more apparent.

The past 12 months has witnessed pedestrian share price performance with the Pacific Stock Exchange Technology Index returning 2.2% in local terms, lagging the broader market as measured by the S&P500 which ended up 6.3%. The US dollar continued to erode in value, losing 7.5% against Sterling, meaningfully reducing returns to Sterling investors. The sell-off that occurred from April through August reflected decreasing confidence in the global economy due to the oil price moving relentlessly higher and the Chinese making hawkish comments regarding the 'forceful' measures they would take to slow their 'overheating' economy. The 'soft patch' that followed resulted in a disappointing Q2 earnings season and an inventory build which did little to allay fears that the best of the cyclical rebound had passed, a concern reinforced by the imminence of a credit tightening cycle. The August rally was driven by a combination of rebounding investor sentiment, reasonable September earnings, relief at the decisiveness of the Bush election victory and liquidity in the run-up to the seasonally strong fourth-quarter. However, by late December, markets had got ahead of themselves. Just as climactic volume marked the lows in August, so a crescendo of activity in December reflected the zenith of investor confidence. The poor start to 2005 initially reflected the need to work off some of this excess, but a slew of negative macro-economic data points intensified the retracement as markets began to price in lower future growth rates.

Moribund benchmark performance masked considerable divergence of technology sub-sector and individual stock performance. The telecom equipment sector (–17% in $ terms) was the worst-performing group over the past twelve months due to operator consolidation, capital spending dislocation and intense pricing pressure. Semiconductor stocks also fared poorly (–13%) due to their sensitivity to a decelerating US economy. Whilst the fundamentals in software (+1%) remained mixed, several of our holdings performed well (Autodesk +90%, Adobe +43%) due to strong product cycles. The sector also benefited from a pronounced pick-up in M&A activity. Lacklustre service sector (–2%) news-flow was offset by the leveraged buyout of Sungard Data for a significant premium.

The biotech/medical technology sub-sector performed broadly in line (+1%), while Internet stocks (+3%) modestly outperformed aided by the strong debut of Google, the most keenly awaited offering post 2000. The Hardware sector rose 21%, and our top stocks within this sector included NCR (+48%) and 'stock of the year', Apple Computer (+180%) whose iPod portable music player became the 'must-own' product of 2004. However, it was the defence (+27%) sector which enjoyed the best returns, driven by increased government spending and an upturn in the commercial aerospace cycle.

Looking ahead, it is likely that the magnitude of growth will again determine the direction of markets. From a top-down perspective, it is difficult to make the case for re-acceleration. Negative real rates have been replaced by Fed Funds at 3% and likely to move higher given the Fed's commitment to removing their accommodative stance. Expansionary fiscal policies have likely run their course given that 2005 is the first year of a new Presidential cycle. Liquidity appears to be deteriorating, with broad money growth recently slipping below 2%, whilst weak March retail data suggests that consumers are finally feeling the impact of higher oil prices which have risen a punitive 33% during the past twelve months. Given that the structural issues (twin deficits) remain unresolved, the risks associated with recession are heightened, but there is as yet scant evidence that we are headed in that direction either. Although consumer spending has disappointed recently, bulls will take heart from improving employment trends and productivity-driven growth in real pay per worker. Meanwhile corporate balance sheets are awash with liquidity, augmented by strong free cash-flow generation which should (eventually) be reflected in more upbeat capital spending. Although interest rates are set to move higher (and we all know that it is rarely judicious to 'fight the Fed'), rates today are only 3% having already risen, whereas during the past tightening cycle, they were 3% before rates began to rise.

Of course, post the March Federal Open Market Committee comments that 'inflation pressures have picked up' there is understandable consternation that rates will move significantly higher in order to choke off inflation. However, core inflation remains under control due to benign unit labour costs, the result of a 5.4% unemployment rate and ongoing productivity gains. As long as core inflation remains below 2%, Fed Funds should not have to rise above 4% which will marginally impact demand but should prove insufficient to induce a recession.

Typically perceived inflation risk usually exerts downward pressure on P/E ratios. However valuations of technology companies have had already compressed meaningfully during the past twelve months as stocks made little headway despite strong earnings progression. Although some of this compression is justifiable given peaking profit margins, slowing growth rates and the negative impact of stock option expensing, valuations still look relatively unchallenging, aided by balance sheet strength and free cash-flow generation. When pitted against bonds, stocks appear undervalued. Relative to the broader market, technology valuations also look attractive. According to Merrill Lynch, the median forward 12 month P/E of the largest 20 US technology companies is now less than the S&P 500, excluding the likely impact of stock options. However, the attractiveness of current valuations depends critically on the direction and magnitude of earnings estimates, both of which feel less certain than during either 2003 or 2004.

Whilst the narrowing of relative valuations should serve to make technology stocks more enticing, this process has not yet been sufficient to attract the attention of generalists. Indeed the Technology sector recently breached the relative lows of August 2004, reflecting growing investor ambivalence towards the sector. Using the proportion of Fidelity's select mutual fund range accounted for by technology-related assets as a proxy for investor appetite for technology, it is clear that the healing process is well advanced but may have a little further to go. Having reached an astonishing 80% of total assets, technology today accounts for 39% of Fidelity's select funds' assets. Sentiment might well improve should the semiconductor industry show signs of recovery. Absent a recession, our proprietary work suggests a low might occur later this year though further economic weakness would delay this turning point. In summary, risk-reward appears finely balanced, with modest valuations and negative sentiment offset by economic uncertainty and waning risk appetite, as evidenced by widening credit spreads.

Although it is too early to tell whether the current 'soft patch' will develop into something more ominous, recession risk has undoubtedly increased. While core inflation remains benign enough to obviate rates much above 4%, the all-important 2% level could be challenged if commodity prices keep trending higher, or if a weaker dollar results in higher import prices. For now, we are working on the assumption that the next year will deliver more of the same – modest earnings growth and modest positive returns.

As a result we continue to seek out technology themes that should prove relatively resilient should this uncertainty remain. The transition to LCD televisions represents a massive opportunity as only 9% of all televisions sold in 2004 were flat panel. We have built a sizeable position in Corning, the world's largest supplier of glass for LCD, and Applied Films, a maker of deposition equipment used in coating LCD screens. Another theme we are currently highlighting is the 'commoditisation of communication', a result of the telecom overbuilds that took place during the boom years which today act as plentiful sources of cheap bandwidth. Ongoing broadband penetration has had a profound impact on internet usage which in turn, has driven online advertising. Our position in Yahoo! should benefit from the continuation of this trend. In a similar vein, broadband access has heightened the need for protection from viruses and spyware, the latest and most pernicious of online threats. Here our favoured name is Symantec which, following the pullback post the proposed Veritas merger, trades at a modest valuation relative to its likely growth rate. Elsewhere, we have been making selective investments in sub-themes such as 'digital home', 'mobility' and 'solar power'.

Other technologies that we are excited about but which are not currently represented within the portfolio include solid-state lighting, OLED's (organic light-emitting diodes), and RFID (radio frequency identification). In addition, members of the investment team have recently undertaken projects evaluating investment opportunities in the areas of 'water' and 'nanotechnology' that should serve as the basis for future potential investments in these areas.

Ben Rogoff

EUROPE

European stock markets produced solid returns over the year with the FTSE World Europe (ex UK) Index up 10.4% in sterling terms. Although economic growth was modest, the combination of low interest rates, plentiful liquidity and strong corporate earnings growth ensured that equities made reasonable progress. The Euro's strength against the dollar acted as a brake on growth as did domestic demand which was constrained by modest job creation and high energy prices. Indeed, over recent months, the risks to the European economy have appeared to be largely to the downside. Notwithstanding this uninspiring economic picture, there has been a good deal to encourage investors over the last year with more flexible labour contracts being negotiated in Germany, the French breaking away from their 35 hour week and private equity activity very much to the fore. Companies across the region have generated strong cash flow and done much to strengthen their balance sheets. As a result, Europe now looks a great deal fitter from a "bottom-up" if not a "top-down" perspective.

Much of the focus in European equity markets has been on value, cash flows and "take-out" potential. Against this backdrop, the technology sector has failed to attract much interest and Morgan Stanley's Eurotec Index fell by 11.5% in sterling terms while the Tech Dax tumbled even further. The degree of European technology shares' underperformance as compared to their counterparts in the USA seems to reflect both the narrowness of the sector and perhaps also investors' shorter history with technology shares in Europe and their consequently earlier willingness to capitulate. Certainly the scale of technology unit trust redemptions in the UK has been very striking.

Semiconductor stocks suffered the sharpest falls but the communications and services sectors were also hard hit. Stock specific risk remained very high throughout the year and, with corporate spending on IT relatively subdued and competition fierce, the incidence of earnings disappointments has been on the increase. There have, however, been a number of niche areas where spending has been reasonably buoyant notably digital broadcasting, alternative energy, on line gambling related IT and payment systems. However, for many companies, the last year has been about a battle for market share in which all competitors have suffered.

For most of the year, we maintained a relatively modest exposure to Europe and a particularly underweight position in semiconductors. While both these actions contributed to our good relative performance, we also outstayed our welcome in three or four companies, the consequences of which were painful. Our best performing holdings displayed strong execution in healthy niche markets such as Wincor (payment systems), Sectra (digital radiography) and Aveva (software for process industries) or represented under-appreciated value – Austriamicrosystems and Software AG.

On the whole, we have avoided too much exposure to the lowest market capitalisation tiers, a decision that hurt us over the winter but which we believe will serve us well over the next few quarters. At the time of writing, there seems to have been a surfeit of new issues particularly on AIM and we expect that many of these companies' share prices will prove vulnerable over the summer.

European technology will remain a stock picker's market. There are many good companies in the sector but, for the time being, we see most as fully or fairly valued and would welcome a weak summer generating better buying opportunities. With some indigestion from the new issue market and an economy sufficiently sluggish to make life difficult for a number of companies, it seems sensible to keep enough liquidity available to allow opportunistic purchases. We believe that the medium term outlook for many of our existing and "would-be" holdings is excellent and anticipate Europe generating good returns for the portfolio over the next few years.

Brian Ashford-Russell

ASIA

In Japan it was a year when economic fundamentals really came through; real estate prices bottomed, deflation ameliorated, bank lending stabilised, corporate profits blossomed, and graduate recruitment saw its sharpest rise for more than a decade. In short, the domestic reflation story turned into reality. The problem for the equity market, however, was that we'd already travelled a long way in discounting just such a scenario in the previous 12 months – new highs therefore proved elusive.

However one source of new encouragement was Korea – long mired in a Japan-like slump – which demonstrated a few similar signs to those that got us so excited about Japan in early 2003. More specifically, we detected almost universal disdain and disenchantment from market participants despite indicators such as sharply rising government bond yields, improving consumer confidence, and a notable pick-up in risk appetite from local retail investors (in the form of a surge in speculative small caps). While cautiously aware that Korea is a notoriously cyclical market in which timing has proved everything in the past, we nevertheless continue to be intrigued with some of the stock opportunities we find there and have therefore maintained a healthy exposure throughout the last year.

China has, thus far, remained something of a mystical opportunity for us. While we have been emphatically right – contrary to the overwhelming consensus – on our top down economic view that there would be no landing (either 'soft' or 'hard') in the last year; still, we have frustratingly struggled to translate this into enough meaningful ideas in the portfolio. We have identified many trends and sub-sectors we wish to exploit (internet portals, online advertising, online gaming, infrastructure spending, environmental protection, proliferation of medical equipment/consumables, leisure services etc), but have yet to find many companies that meet all of our stock selection criteria. This will remain an active area of focus for us going forward as our enthusiasm for the unfolding domestic growth story remains undimmed.

All of these positive developments on the macro front encourage us to believe that the foundations for an endogenous growth cycle in Asia, that would allow a greater decoupling from the US, are slowly but steadily being put in place. However, it is our sombre duty to report that this provided little respite for equity market returns from Asian technology stocks in the last year. The major sector indices in Japan, Korea, and Taiwan all registered losses (in local currency terms) of between 11% and 14%, with the majority of these declines being concentrated in the May to July quarter. It was a year when investors were condemned to underperform by sticking with the mainstream technology stocks in the region. As there were no significant developments from the two key sub-sectors – semiconductors and components – the vast majority of stocks waxed and waned in relatively narrow trading ranges according to whether the bulls or the bears were winning the latest arguments in the economic data releases. It really was a time to mercilessly hunt out niche pockets of growth or companies enjoying very specific product cycles, and while we had a handful of very notable successes (see Motech example later) using this strategy, it is clear in hindsight that we should have been even more ruthless in aggressively pursuing this agenda.

We did, however, continue steadfastly to emphasise our positive stance on the flat panel display industry. Indeed, this represents around 50% of our Asian exposure, and is therefore typically 10% of the overall fund and our biggest sector bet there-in. This certainly hurt performance in the sharp sell-off between May and July, but has increasingly paid off as the year unfolded. The watershed event for the sector was probably the initial public offering of LG Philips in the summer. We sensed a huge opportunity as sentiment towards the sector was at distressed levels, as evidenced by the issue's postponment on several occasions. The risk/reward ratio seemed unusually favourable as the only apparent buyers were core long term investors willing to hold all the way through the cycle, and all the more so since we were bullish on the cycle. A large position was duly taken and the stock grew into the biggest holding for the fund for much of the year. A 54% return by year end has been a satisfying vindication of this decision so far.

We're still very excited that the wider market is only now starting to realise the potential of the whole flat panel sector, leaving much scope for further gains. The story is simple – LCD TVs are going to be the product of the Christmas selling season in 2005. We are confident that price points will be low enough by then to trigger an accelerated phase of adoption – a 'tipping point' to use the cliché. We anticipate penetration rates jumping from 10% to almost 30% over the next two years. This is key, since studies of previous product booms show that all excess stock market returns are typically enjoyed during this fleeting sweet-spot of adoption.

We would like to conclude, by explaining another exciting stock position in a little more depth since you will note the name – Motech – is the biggest position in the overall portfolio as of year end. In our keen search for niche sectors enjoying unfettered secular growth, we discovered that the solar power industry was starting to reach genuine critical mass after a decade of quietly compounding growth at 30% per annum from a very low base. Government subsidies in two key countries – Germany and Japan – combined with efficiency breakthroughs on the manufacturing side, have finally given the industry economic viability from an end-user perspective. Solar cells are manufactured in a similar process to semiconductors ensuring a number of technology companies would be direct beneficiaries. Motech is one of these being a pure-play solar cell producer based in Taiwan. The Company is in a hyper growth phase (sales and profits growing at more than 100% annually), with the prospect of several more years of high growth to come. Selling at 15x prospective earnings, we are hopeful of adding to the 150% returns the fund has already enjoyed as the story gets wider recognition.

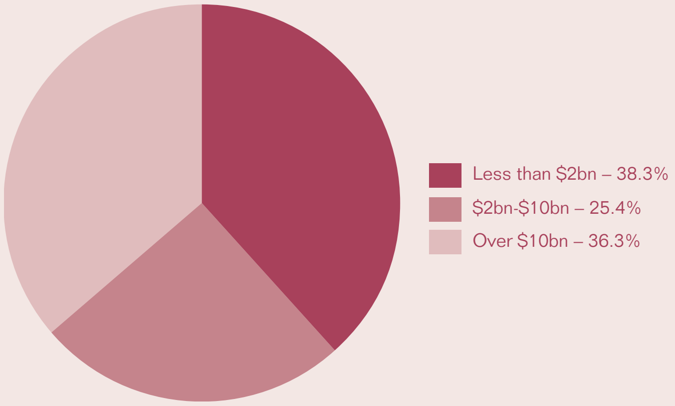
Our intention is to seek out, and aggressively back, more of such opportunities in the coming year.

Craig Mercer — May 2005

* Source Polar Capital Partners based on figures from 30 April 1985 to 30 April 2005 and using Henderson Global Technology Unit Trust for the period prior to the Company's launch on 16 December 1996 and based on the Undiluted NAV for the Company.

FUND DISTRIBUTION BY MARKET CAPITALISATION

at 30 April 2005



CLASSIFICATION OF INVESTMENTS

at 30 April 2005

	North America %	Europe %	Asia %	Total 2005 %	Total 2004 %
Computing	9.5	1.3	–	**10.8**	8.4
Components	10.5	2.9	8.9	**22.3**	27.8
Software	7.7	8.5	2.3	**18.5**	19.0
Services	1.2	1.3	–	**2.5**	5.5
Communications	1.9	1.0	1.1	**4.0**	5.5
Life Sciences	9.5	3.1	–	**12.6**	13.2
Consumer, Media and Internet	2.0	2.8	1.8	**6.6**	4.2
Other Technology	2.4	0.5	3.1	**6.0**	5.2
Unquoted Investments	–	0.4	–	**0.4**	0.3
EQUITY INVESTMENTS	44.7	21.8	17.2	**83.7**	89.1
Money Market Funds	–	7.9	–	**7.9**	–
Corporate Bonds	–	–	0.6	**0.6**	–
Forward Currency Contracts	(8.3)	8.3	–	**–**	0.4
Net Current Assets	5.4	6.5	14.6	**26.5**	25.3
Loans	–	–	(18.7)	**(18.7)**	(14.8)
OTHER NET ASSETS	(2.9)	22.7	(3.5)	**16.3**	10.9
GRAND TOTAL (net assets of £237,237,000)	41.8	44.5	13.7	**100.0**	–
At 30 April 2004 (net assets of £306,636,000)	34.3	58.0	7.7	**–**	100.0

EQUITY INVESTMENTS OVER 0.75%

of net assets at 30 April 2005

NORTH AMERICA

£'000s			% of net assets
3,250	Genentech	Biotechnology	1.4%
3,096	Medtronic	Medical technology	1.3%
2,804	Amgen	Biotechnology	1.2%
2,797	Dell Computer	Computing	1.2%
2,650	Yahoo	Internet advertising	1.1%
2,484	Analog Devices	Analog IC's	1.0%
2,476	Linear Technologies	Analog IC's	1.0%
2,437	KLA Tencor	Semiconductor capital equipment	1.0%
2,432	Lockheed Martin	Aerospace/Defence	1.0%
2,403	International Business Machines	IT services	1.0%
2,172	Electronic Arts	Gaming software	0.9%
2,077	Juniper Networks	Telecom equipment	0.9%
2,044	DST Systems	IT services	0.9%
2,004	Genzyme Transgenics	Biotechnology	0.8%
1,985	Applied Materials	Semiconductor capital equipment	0.8%
1,911	Corning	Telecom equipment	0.8%
1,862	Apple Computers	Computing	0.8%
1,837	CMP Sciences	Services	0.8%
1,825	Microsoft	Software	0.8%
1,802	Network Appliance	Storage hardware	0.8%
1,781	Maxim Integrated Products	Analog IC's	0.8%
48,129	**Total investments over 0.75%**		**20.3%**
57,917	**Other investments**		**24.4%**
106,046	**Total North American investments**		**44.7%**

EQUITY INVESTMENTS OVER 0.75%

of net assets at 30 April 2005

EUROPE

£'000s			% of net assets
3,054	Wincor Nixdorf	ATM/Pos hardware	1.3%
2,687	Atos Origin	IT services	1.1%
2,498	Synthes	Medical technology	1.1%
2,364	SES Global	Satellite communications	1.0%
2,269	Aveva Group	Software	1.0%
2,221	SAP	Enterprise software	0.9%
2,092	Sage	Payroll software	0.9%
2,050	Austriamicrosystems	Semiconductors	0.8%
19,235	**Total investments over 0.75%**		**8.1%**
32,445	**Other investments**		**13.7%**
51,680	**Total European investments**		**21.8%**

ASIA

£'000s			% of net assets
4,304	Motech	Solar cells	1.8%
3,711	Kumho Electric	LCD components	1.6%
3,477	Aplix	Mobile phone software	1.5%
3,460	Nitto Denko	Polarisers	1.5%
3,401	CKD	Factory automation	1.4%
3,174	JSR	LCD materials	1.3%
2,907	Zeon	LCD materials	1.2%
2,635	Kiryung Electronics	Satellite radio	1.1%
2,527	Kuroda Electric	Components	1.1%
2,219	Aruze	Gaming equipment	0.9%
2,109	LG Philips	LCD panels	0.9%
2,079	Connect Technologies	Software/services	0.9%
36,003	**Total investments over 0.75%**		**15.2%**
4,695	**Other investments**		**2.0%**
40,698	**Total Asian investments**		**17.2%**

DIRECTORS

CHAIRMAN

R K A Wakeling MA (Cantab), Barrister, FCT
(age 58)

Appointed to the Board and Chairman in 1996. Formerly Chief Executive of Johnson Matthey plc 1991-1994 and a non-executive director of Logica plc 1995-2002. Mr Wakeling is a non-executive director of The Brunner Investment Trust plc.

DIRECTORS

B J D Ashford-Russell BA (Oxon)
(aged 46)

Appointed to the Board in 1996. Mr Ashford-Russell is a director and founder of Polar Capital Partners Limited. He was previously head of the technology team at Henderson Global Investors. He has managed the Company since launch.

P F Dicks
(aged 62)

Appointed to the Board in 1996, elected Senior Independent Director on 1 May 2004 and Chairman of the Remuneration Committee. Mr Dicks is a director of Standard Microsystems Corporation and Graphite Enterprise Trust plc. He is also the Chairman of Second London American Trust plc and a director of several other companies.

D J Gamble
(aged 61)

Appointed to the Board in 2002. Mr Gamble was formerly the Chief Executive of British Airways Pension Investment Management Ltd. He is Chairman of Hermes Property Unit Trust and Montanaro Smaller Companies Investment Trust plc as well as a trustee of the IBM UK Pension Trust and the John Lewis Pension Trust. He also holds a number of other directorships.

Professor J D Rhodes CBE, FRS, FREng.
(aged 61)

Appointed to the Board in 1996. Professor Rhodes is Executive Chairman of Filtronic plc and Emeritus Professor at Leeds University.

C J M Stutterheim
(aged 58)

Appointed to the Board in 1998. Mr Stutterheim is non-executive Chairman of LogicaCMG plc and a non-executive director of a Dutch publishing company, Wegemer.

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

REPORT OF THE DIRECTORS

The Directors present their report and audited accounts of the Group for the year ended 30 April 2005.

PRINCIPAL ACTIVITIES

A review of the business is given in the Chairman's Statement on pages 4 and 5 and in the Fund Manager's Report on pages 6 to 11.

STATUS

The Company is an investment company as defined in Section 266 of the Companies Act 1985 and carried on business as an investment trust in accordance with Section 842 of the Income and Corporation Taxes Act 1988. Inland Revenue approval of the Company's status as an investment trust has been received in respect of the year ended 30 April 2004 subject to matters that may arise from any subsequent enquiry by the Inland Revenue 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 it to obtain Inland Revenue approval. The Company has no employees.

INVESTMENT IN INVESTMENT COMPANIES

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

ASSETS

At 30 April 2005 the total net assets of the Group amounted to £237,237,000 compared with £306,636,000 at 30 April 2004, with most of the reduction due to share buy backs costing £55,286,000. The net asset value per ordinary share, on a diluted basis, fell by 1.7% from 193.7p to 190.4p.

REVENUE AND DIVIDENDS

The gross revenue for the year was £3,294,000 (2004: £2,716,000) and the net loss after taxation amounted to £1,194,000 (2004: £680,000). The Directors do not recommend the payment of a dividend.

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 2006, and at every fifth Annual General Meeting thereafter, a vote on whether the Company should be wound up will be proposed as an ordinary resolution. The Directors may be released from this obligation by the passing of an ordinary resolution at the preceding AGM.

The Directors will propose an ordinary resolution at this year's Annual General Meeting to be released from the obligation. The resolution is set out in the Notice of Meeting on page 48. The Directors intend to vote their shares in favour of the resolution. They are encouraged by the feedback from shareholders visited over the last few months as part of the regular programme of shareholder communications.

MANAGEMENT COMPANY AND FEE ARRANGEMENTS

Under the terms of a management agreement Polar Capital Partners Limited, which is regulated by the Financial Services Authority, or its subsidiary ("Polar Capital") provides investment management, accounting, company secretarial and administrative services. Polar Capital has procured the provision of a share savings plan and ISA accounts for the Company from BNP Paribas Fund Services UK Ltd.

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

The Company pays Polar Capital a base management charge quarterly in arrears equal to one quarter of one percent of the aggregate of the value of the Company's net assets plus borrowings incurred for investment purposes. Fees are subject to VAT as applicable.

The performance fee arrangements, effective from 1 May 2000, and carried forward into the current management agreement, (Polar Capital was appointed the investment manager in February 2001), split the fee into two parts. The first part is at the rate of 10% of the amount, if any, by which the increase in the undiluted net asset value of the ordinary shares over the financial year exceeds the increase in the benchmark over the year. The benchmark was reviewed by the Board following the closure of the Euro NM Index and the much reduced technology exposure of JASDAQ. With effect from 1 May 2003 the benchmark comprised a blend of worldwide technology indices; 50% PSE (USA) Technology, 15% MS Eurotec, 7.5% FTSE Techmark, 7.5% Tecdax, 15% Tokyo SE Electronic and 5% DS Asia ex Japan Electronics.

The second part comprises a longer-term incentive and will be at the rate of 5% of the amount, if any, by which the increase in the undiluted net asset value of the ordinary shares over each three year period exceeds LIBOR +5% over the same period. Each three year period will be discrete and hence the first ended on 30 April 2003 with no fee paid. The next period will end on 30 April 2006.

The provisions of the fee agreement provide that in the event of any underperformance, subsequent performance fees will only be paid once the levels on which previous fees have been based are exceeded. Polar Capital agreed to continue with the arrangements established when the Company was managed by Henderson and will not seek a performance fee until the previous level of performance at which a performance fee was paid to Henderson is exceeded.

No performance fee has been paid to Polar Capital in the year to 30 April 2005.

CUSTODIAN

JP Morgan Chase acts as global custodian for all the Company's investments.

DIRECTORS

The Directors of the Company and their biographies are shown on page 15. The Directors' Remuneration Report is set out on pages 21 and 22. All the Directors held office throughout the year.

The Articles of Association require that a Director retires at the third AGM after their last re-election. At the forthcoming Annual General Meeting Mr Richard Wakeling will retire and offers himself for re-election. Biographical details are given on page 15.

The Nomination Committee has reviewed re-election of Mr Wakeling and endorses his re-election.

Mr Wakeling, Mr Ashford-Russell, Mr Dicks and Professor Rhodes were all appointed directors in 1996 and stood for election at the first AGM of the Company in 1997.

In line with the Company's policy on Corporate Governance they will each stand for annual re-election from 2006 onwards and their contribution will be rigorously assessed. The Board is of the opinion that long service does not necessarily compromise the independence or contribution of directors of investment trusts where continuity and experience can significantly benefit a board.

Mr Brian Ashford-Russell already stands for annual re-election due to his association with the Manager.

All the Directors, with the exception of Mr Ashford-Russell, are independent of the Manager.

Mr Ashford-Russell is a director of Polar Capital Partners Limited and a shareholder in PCP Holdings Plc, its parent company, as such he has an interest in the management contract. There were no other contracts during or at the end of the year in which a Director of the Company is or was materially interested and which is or was significant in relation to the Company's business.

The interests of Directors in the ordinary shares and warrants of the Company at 30 April 2005 and 30 April 2004 are set out below:

	Ordinary Shares		Warrants	
Beneficial:	**30.04.05**	30.04.04	**30.04.05**	30.04.04
RKA Wakeling	**16,000**	10,000	**2,000**	2,000
BJD Ashford-Russell	**183,540**	183,540	**100,124**	100,124
PF Dicks	**25,000**	25,000	**5,000**	5,000
DJ Gamble	**5,902**	5,902	**–**	–
Professor JD Rhodes	**–**	–	**–**	–
CJM Stutterheim	**–**	–	**–**	–
Non-beneficial:				
PF Dicks	**1,057**	1,057	**–**	–

There have been no changes in these interests between the end of the financial year and 13 June 2005.

CORPORATE GOVERNANCE

A formal statement on corporate governance is set out on pages 23 to 27.

SUBSTANTIAL SHARE INTERESTS

At 13 June 2005 notices have been received of the following substantial interests in the issued ordinary share capital of the Company:

Prudential Corporation plc	4.2%
Legal & General Investment Management Ltd	3.9%
HBOS plc	3.9%

The above percentages are calculated by applying the shareholdings as notified to the Company to the issued ordinary share capital as at 13 June 2005.

ISSUED SHARE CAPITAL

At 30 April 2005, the Company's issued share capital comprised 115,320,162 (2004: 147,328,288) ordinary shares of 25p each and 19,595,659 (2004: 22,662,533) warrants.

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

The Company's Articles of Association permit the Company to purchase its own shares.

At the AGM in July 2004 the Company was authorised to make market purchases up to 21,727,000 of the Company's own issued shares for cancellation.

This power was renewed at an Extraordinary General Meeting held on 18 March 2005. The EGM authorised the purchase of a further 17,805,146 shares. The unused element of the buy back authority grant at the AGM in July 2004 lapsed on the granting of the new authority.

During the financial year the Company made market purchases for cancellation of 33,730,000 shares with a nominal value of £8,432,500 and representing 22.9% of the issued shares at the beginning of the year. These cost £55,286,000 including stamp duty. Since the year end and up to the date of this report a further 277,000 shares at a cost of £471,000 including stamp duty have been purchased for cancellation. As at the date of this report, the Company had valid authority outstanding, until the conclusion of this year's AGM, to make market purchases of up to 14,068,146 issued shares.

The Directors are seeking to renew the powers granted at the EGM to make market purchases of the Company's own shares for cancellation. The Directors believe that to make such purchases in the market at appropriate times and prices is a suitable method of enhancing shareholder value. The Company would, within guidelines set from time to time by the Board, make either a single purchase or a series of purchases, when market conditions are suitable, with the aim of maximising the benefits to shareholders.

Where purchases are made at prices below the prevailing net asset value per share, this will enhance the net asset value for the remaining shareholders. It is therefore intended that purchases would only be made at prices below net asset value. Your Board considers that it will be most advantageous to shareholders for the Company to be able to make such purchases as and when it considers the timing to be favourable and therefore does not propose to set a timetable for making any such purchases.

The rules of the UK Listing Authority limit the price which may be paid by the Company to 105% of the average middle-market quotation for an ordinary share on the 5 business days immediately preceding the date of the relevant purchase. The minimum price to be paid will be 25p per ordinary share (being the nominal value). Also these rules limit a listed company to purchases of shares representing up to 15% of its issued ordinary share capital through the market pursuant to a general authority such as this. For this reason, the Company is limiting its authority to make such purchases to 17,244,970 ordinary shares, representing approximately 14.99% of the issued ordinary share capital at the date of this Annual Report. The authority will last until the AGM of the Company to be held in 2006 or the whole of the 14.99% has been utilised, whichever is earlier.

The rules of the UK Listing Authority also require the Company to disclose the percentage of the issued share capital that the outstanding warrants would represent if exercised after the theoretical implementation of the authorities to make market purchases granted at the last AGM and proposed at this AGM.

The total number of warrants to subscribe for ordinary shares in the Company as at 13 June 2005 (being the latest practicable date prior to publication of this document) was 19,195,659 If exercised in full, ordinary shares issued on the exercise of the Company's warrants would represent 16.7% of the Company's issued share capital at that date. If the Company's authority to purchase its own shares was exercised in full, and no further warrants were purchased for cancellation then the ordinary shares issued on exercise of the Company's warrants would represent 23.4% of the Company's issued share capital.

AUTHORITY TO ALLOT SHARES AND DISAPPLICATION OF PRE-EMPTION RIGHTS

The Directors are seeking the authority to allot ordinary shares for cash. At the forthcoming AGM, resolution 8 will be proposed as an ordinary resolution to authorise the Directors to allot ordinary shares up to an aggregate nominal amount of £1,438,039 (being 5,752,158 ordinary shares or 5% of the Company's issued ordinary share capital at the date of this report).

In addition, resolution 9 will be proposed as a special resolution to seek authority to allot ordinary shares for cash on a non pre-emptive basis up to a maximum aggregate nominal amount of £1,438,039 (being 5,752,158 ordinary shares or 5% of the Company's issued ordinary share capital at the date of this report).

The authorities to allot shares will last until the AGM of the Company in 2006, or until all shares have been allotted, whichever is the earlier. The Directors will use the authorities only if they believe that to do so would be advantageous to the Company's existing shareholders and when the share price is at or above the net asset value. The Directors will limit the allotment of new shares to the total number of shares purchased and cancelled up to the date of allotment.

WARRANTS

Holders of warrants will have the final opportunity to exercise their warrants on 30 September 2005 after which date the warrants will expire.

A circular will be sent to warrant holders to explain their rights and reminding them of the exercise date nearer to the exercise date.

A warrantholder has the right to subscribe for ordinary shares of 25p each in the Company on 30 September in any of the years up to 2005 inclusive, at a price of 100p per ordinary share. On 30 September 2004, 1,721,874 warrants were exercised and the same number of ordinary shares were issued.

During the year 1,345,000 warrants were purchased at prices between 46.0p and 74.2p each and cancelled. The Company will continue to seek to buy in warrants.

The Company has power to repurchase warrants under the terms of the warrants and no further authority is required. The price paid for the warrants is limited to 105% of the average middle market quotation for the warrants over the preceding 5 and 10 business days immediately preceding the date of purchase.

THE PAYMENT OF CREDITORS

It remains 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 2005.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on Friday 22 July 2005 at 12.30pm at the offices of UBS Investment Bank. A map is given on page 50.

The Notice of Meeting is set out on page 48.

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

AUDITORS

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

INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

New international accounting standards have been introduced which apply to groups of companies with accounting periods commencing after 1 January 2005. The new standards will replace UK Financial Reporting Standards under which the Company has prepared its accounts. The Company and its subsidiary PCT Finance Ltd comprise a group and IFRS will be first applied at the 2005 interim reporting stage and will result in the restatement of the prior year's figures.

SHAREHOLDER AND INVESTOR INFORMATION

Investors in the Polar Capital Technology Trust Share Savings Scheme and the Polar Capital Technology Trust ISA receive all shareholder communications and a letter of instruction is provided to facilitate voting at the AGM.

Further investor information on the Company can be found on pages 45 to 47 and page 51.

By order of the Board

N P Taylor FCIS
Polar Capital Secretarial Services Limited
Secretary
13 June 2005

DIRECTORS' REMUNERATION REPORT

INTRODUCTION

This report has been prepared in accordance with the Directors' Remuneration Report Regulations 2002 in respect of the year ended 30 April 2005 and has been audited where indicated as such. An ordinary resolution to approve the report will be put to the AGM on 22 July 2005.

CONSIDERATION OF MATTERS RELATING TO DIRECTORS' REMUNERATION

On 1 May 2004 a Remuneration Committee was established under the chairmanship of Mr Peter Dicks as the Senior Independent Director and Mr Cor Stutterheim and Professor Rhodes were elected to serve on the Committee.

The Remuneration Committee met on 26 April 2005 to consider the level of Directors' fees and having taken account of the current fee level, the principles of the remuneration policy and the report by Principle Search on the Remuneration of Boards of UK Investment Trust Companies in 2004, decided that there should be no increase in fees for the forthcoming year.

It has been the policy to increase fees, if appropriate, every other year.

STATEMENT OF THE COMPANY'S POLICY ON DIRECTORS' REMUNERATION

The Board consists entirely of non-executive Directors, who meet regularly throughout the year to deal with the Company's affairs.

The Company's Articles of Association limit the total fees payable to all the Directors to £150,000 per annum. In the year under review the Directors' fees were paid at the following annual rates, the Chairman £27,000 (2004: £25,000); other independent Directors £18,000 (2004: £17,000).

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

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

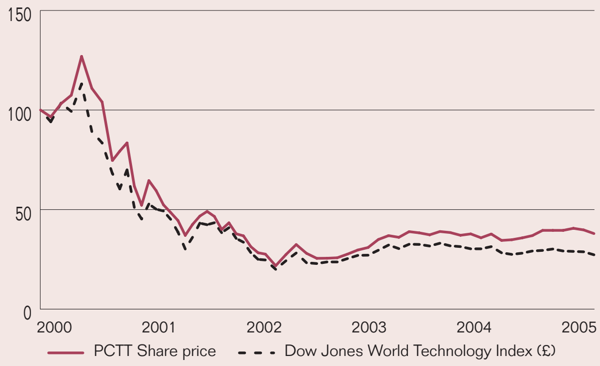
The policy also recognises:

- 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

The Company does not consider it appropriate to benchmark performance against one specific index. A five year performance comparison is required to be presented in this report. The Dow Jones World Technology Index has been 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 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. The Articles require a Director to retire at every third AGM after the first AGM at which he is appointed by shareholders.

Directors' and Officers' liability insurance cover is held by the Company in respect of the Directors.

The Companies (Audit, Investigations and Community Enterprise) Act 2004 came into force in April 2005 and changed the provisions of section 310 of the Companies Act 1985 to give companies the power to extend indemnities to directors against liability to third parties (excluding criminal and regulatory penalties) and to pay directors' legal costs up-front provided they are reimbursed to the Company if the individual is convicted or, in an action brought by the Company judgment is given against him. On 26 February 2004, the Company entered into deeds of indemnity with the directors of the Company. A copy of each deed is available on the Company's website.

REMUNERATION (AUDITED)

The fees payable in respect of each of the Directors who served during the year, and during 2004, were as follows:

	Year ended 30 April 2005 £	Year ended 30 April 2004 £
R Wakeling	27,000	25,000
B Ashford-Russell	Nil	Nil
P Dicks	18,000	17,000
D Gamble	18,000	17,000
D Rhodes	18,000	17,000
C Stutterheim	18,000	17,000
TOTAL	99,000	93,000

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. Travel expenses of £3,340 (2004: £467) were paid to Mr Stutterheim in respect of him attending Board meetings. No other Directors claimed or received any expenses.

The Directors' emoluments stated above were those actually paid by the Company. However, Mr Ashford-Russell was employed and paid by Polar Capital Partners Ltd ("Polar Capital") for the provision of services to the Company. By reason of the Companies Act 1985 and the regulations referred to above, it is necessary to state the amount which he received from Polar Capital and which related to the management of the Company, even though the Company did not pay these emoluments to him and was not involved in their determination.

The Company has been informed that the emoluments paid by Polar Capital to Mr Ashford-Russell for services to the Company during the year were:

	Year ended 30 April 2005 £	Year ended 30 April 2004 £
Salary & other benefits	75,058	76,308
Pension	7,500	7,500
TOTAL	82,558	83,808

The pension contribution was paid by Polar Capital on behalf of Mr Ashford-Russell to a money purchase arrangement.

Approved by the Board on 13 June 2005

By order of the Board

N P Taylor FCIS
Polar Capital Secretarial Services Limited
Secretary

CORPORATE GOVERNANCE

BACKGROUND

The UK Listing Authority requires all listed companies to disclose how they have applied the principles and complied with the provisions of the Combined Code on Corporate Governance (the "Combined Code"). A Revised Combined Code on Corporate Governance was issued by the Financial Reporting Council in July 2003 and this was effective throughout the year under review. In addition, the Association of Investment Trust Companies issued a Code of Corporate Governance in July 2003 (the "AITC Code").

APPLICATION OF THE COMBINED CODE'S PRINCIPLES

The Board attaches great importance to the matters contained in the Combined Code and observed the relevant requirements throughout the year under review. The Board will continue to observe the relevant Main and Supporting Principles set out in the Combined Code and the AITC Code in future. It should be noted that, as an investment trust, most of the Company's day to day responsibilities are delegated to third parties and the Directors are all non-executive. Thus not all the provisions of the Combined Code are directly applicable to the Company. The Board believes that the Company's current practices are consistent in all material respects with the principles of the Combined Code. Where non-compliance occurs, an explanation has been provided. The Board is also adhering to the principles and recommendations of the AITC Code.

BOARD INDEPENDENCE AND COMPOSITION

The Board currently consists of six non-executive Directors, the majority of whom are independent and have no links with the investment manager, Polar Capital Partners Limited (the "Manager").

The Board has put in place policies to govern situations where a potential conflict of interests may arise, in particular where a Director is also a director of a company in which the Company invests or may invest. These Directors are excluded from any discussions or decisions relating to investments in their respective companies. Currently Professor Rhodes is executive chairman of Filtronic PLC and Mr Stutterheim is non-executive chairman of LogicaCMG PLC, both these companies are held from time to time in the investment portfolio.

Mr Ashford-Russell is a director of the Manager and is therefore not an independent Director. However, the Board values the fact that Mr Ashford-Russell serves as a Director of the Company and is committed to achieving the best returns for shareholders.

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

The Chairman of the Company is a non-executive Director and as the Board is comprised of non-executive Directors there has been no need to separate the roles of Chairman and Chief Executive.

Each Director has different qualities and areas of expertise on which they may lead where issues arise. The Directors' biographies, on page 15, demonstrate the breadth of investment, commercial and professional experience relevant to their positions as Directors on the Board of the Company.

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, review of financial statements, approval of borrowing limits within which the manager has discretion to act, the review of investment performance and the level of discount or premium to net asset value, and the evaluation of third party service providers. Additional meetings of the Board may be arranged as required. A formal schedule of matters specifically reserved for decision by the full Board has been defined and was reviewed and updated as at 1 May 2004. The Board has delegated to a number of committees specific remits for consideration and recommendations but the final responsibility remains with the Board.

A procedure has been adopted for Directors, in the furtherance of their duties, to take independent professional advice at the expense of the Company.

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

1 May 2004 to 30 April 2005	Board	Audit	Management Engagement	Remuneration	Nomination
No. of Meetings	**6**	**3**	**1**	**1**	**1**
R Wakeling	6	3	1	n/a	1
B Ashford-Russell	5	2*	n/a	n/a	n/a
P Dicks	6	3	1	1	1
D Gamble	6	3	1	n/a	1
D Rhodes	5	2	1	1	1
C Stutterheim	5	3	1	1	1

All Directors attended the 2004 AGM, held on 23 July. Mr Wakeling and Mr Ashford-Russell attended the EGM on 18 March 2005.

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

SENIOR INDEPENDENT DIRECTOR

With effect from 1 May 2004 the Board elected Mr Peter Dicks as the Senior Independent Director.

BOARD COMMITTEES

Following the publication of the Revised Combined Code, the Board considered the composition and number of Board committees. Copies of the terms of reference for each committee are available on request and can be viewed on the Company's website.

AUDIT COMMITTEE

The Audit Committee meets three times a year. The Committee comprises of all the independent non-executive Directors. The Board carefully considered the composition of the Audit Committee in light of the Smith Report recommendations and concluded that due to his experience Mr Wakeling, despite being Chairman of the Board, should remain as the Committee's chairman. Mr Wakeling has previously served as a finance director of two public companies and in the opinion of the board has the most relevant experience to act as Chairman of the Audit Committee. As a non-executive Director Mr Wakeling is not involved in the preparation of the accounts of the Company, as this has been contracted to the Manager. The terms of reference of the Committee were revised to incorporate the best practice recommendations and requirements of the Revised Code and were adopted with effect from 1 May 2004.

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

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

The Audit Committee meets with the Auditors each April to review the scope of the annual audit work and meet again each June to review the findings of the Auditors and the annual report and accounts prior to approval by the Board. The Committee also meets, without the Auditors present, in December to consider the interim report.

The effectiveness of the Auditors and the nature of the services provided have therefore been assessed 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 Section 842 issues 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 6 on page 35.

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 management contract which is reviewed annually and the Committee also considers, prior to making its recommendation to the Board, the retention of the Manager as being in the interests of shareholders.

NOMINATION COMMITTEE

A Nomination Committee was created on 1 May 2004 comprising 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 balance of ages and the Committee will make recommendations to the Board when the further recruitment of non-executive directors is required.

It also will review the performance of the Board as a whole and each individual Director. Re-appointment as a Director is not automatic and will follow a process of evaluation of each Director's performance. The Board acknowledges the rationale of the Combined Code for the particularly rigorous review of Directors serving over six years and annual re-election after nine years. Nevertheless the Board is of the opinion 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 and in accordance with the existing Articles of Association, will stand for election at the first AGM following their appointment. Directors will retire at every third AGM after their last election to ensure compliance with the Combined Code and the Articles of Association. The names of the Directors retiring by rotation at the forthcoming AGM are given in the Report of the Directors. The Directors who are subject to annual re-election due to length of service would be subject to particularly rigorous assessment of their contribution.

DIRECTORS' REMUNERATION

A Remuneration Committee was created on 1 May 2004. Mr Peter Dicks, the Senior Independent Director was elected chairman and Mr Cor Stutterheim and Professor David Rhodes were elected Committee members. 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.

Since all Directors are non-executive, the Company is not required to comply with the Principles of the Code in respect of the executive Directors' remuneration. Directors' fees are detailed in the Directors' Remuneration Report on pages 21 and 22.

DIRECTORS' TRAINING

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

RESPONSIBILITIES

The Board has contractually delegated the management of the portfolio to the Manager, Polar Capital Partners. It is the Manager's sole responsibility to take decisions as to the purchase and sale of individual investments. The Manager has responsibility for gearing, asset allocation and sector selection within the limits established and regularly reviewed by the Board. The Board has directly appointed the custodian and the share registrars, both of which the Manager monitors and the Manager provides or procures the provision of accountancy services, company secretarial and administrative services and the shareplan and savings scheme arrangements. The Manager also ensures that all Directors receive in a timely manner all relevant management, regulatory and financial information. Representatives of the Manager attend each Board meeting enabling the Directors to probe further on matters of concern or seek clarification on certain issues. The Directors have access to the advice and services of the corporate company secretary through its appointed representative who is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The Board and Manager operate in a supportive, co-operative and open environment.

PERFORMANCE EVALUATION

THE BOARD

The Chairman of the Nomination Committee and the Senior Independent Director review each individual Director's contribution on an annual basis. The work of the Board as a whole is also be reviewed annually. The Board meets without the Chairman present in order to review the performance of the Chairman.

THE INVESTMENT MANAGER

The Board reviews the performance of the Manager at each Board meeting and the Company's performance against a peer group of investment companies and funds with similar investment objectives. The investment team provided by the Manager, led by Mr Brian Ashford-Russell, has long experience of investment in technology. In addition the Manager has other investment resources which support the investment team and experience in managing and administering investment trust companies. The Management Engagement Committee regularly reviews the terms of the contract with the Manager.

In the opinion of the Board, on the recommendation of the Management Engagement Committee, the continued appointment of the Manager on the terms agreed is in the interests of the Company's shareholders as a whole.

ACCOUNTABILITY AND AUDIT

The Statement of Directors' Responsibilities in respect of the Accounts is set out on page 28, the Independent Auditors' Report on pages 28 and 29.

GOING CONCERN

The Directors are recommending that shareholders vote in favour of the resolution to release them from proposing a winding up resolution at the Annual General Meeting in 2006. The Directors believe that the Company has adequate resources to continue in existence for the foreseeable future. For these reasons the Directors consider it appropriate to prepare accounts on a going concern basis.

INTERNAL CONTROLS

The Board has overall responsibilities for the Company's system of internal control and for reviewing its effectiveness. It has established a process for identifying, evaluating and managing any major risks faced by the Company. The process is subject to regular review by the Board and accords with Internal Control Guidance for Directors on the Combined Code published in September 1999 ("the Turnbull Guidance"). The process was fully in place from June 2000 and up to the date of approval of this annual report. However, such a system is designed to manage rather than eliminate risks of failure to achieve the Company's business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

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

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

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

The Company does not have an internal audit function; it delegates to third parties most of its operation and does not employ any staff. The Board will continue to monitor its system of internal control in order to provide assurance that it operates as intended and from time to time the Directors will review if a function equivalent to internal audit is needed.

Each of these contracts was entered into after full and proper consideration by the Board of the quality and cost of the services offered, including the control systems in operation in so far as they relate to the affairs of the Company.

The Board receives and considers regular reports from the Manager and ad hoc reports and information are supplied to the Board as required.

RELATIONS WITH SHAREHOLDERS

The Board is keen that the AGM be a participative event which shareholders are encouraged to attend. The Chairman of the Board and the Committees attend the AGM and are available to respond to queries and concerns from shareholders. The Manager makes a presentation to shareholders and answers questions on investment performance.

The Company has made arrangements for a share savings scheme, ISA and transfer PEP 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** and other services are also provided via this service.

The Company publishes an annual report and financial statements as well as an interim report. These are posted to all shareholders and warrantholders. These are also made available on the Company's website (**www.polarcapitaltechnologytrust.co.uk**) where monthly factsheets are published by the Manager.

The Company has adopted a nominee shareholder code which is set out on page 47 and proxy votes received are relayed to the meeting.

Twenty working days' notice of the AGM has been given to shareholders as required.

The Notice of Meeting sets out the business of the AGM and the special resolutions are explained more fully in the Report of the Directors. Separate resolutions are proposed to each substantive issue.

The Board monitors the shareholders register of the Company, correspondence from shareholders at each meeting and maintains regular contact with major shareholders.

SOCIALLY RESPONSIBLE INVESTING AND EXERCISE OF VOTING POWERS

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

STATEMENT OF COMPLIANCE

The Board, assisted by the Manager has conducted an annual review of the risk map and the effectiveness of the system of internal controls taking into account any significant issue which arose during the course of the year ended 30 April 2005 and up to the date of this report.

The Directors considered that the Company has complied throughout the accounting period ended 30 April 2005 with all the relevant provisions set out in the Combined Code. The Company has also been compliant with the AITC Code.

STATEMENT OF DIRECTORS' RESPONSIBILITIES
IN RESPECT OF THE ACCOUNTS

Company law requires the Directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and the Group and the net revenue/losses of the Company and the Group for that period. In preparing those accounts, the Directors are required to:

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

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

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

We have audited the accounts which comprise the statement of total return, the balance sheet, the cash flow statement and the related notes 1 to 29 of the accounts. We have also audited the disclosures required by Part 3 of Schedule 7A to the Companies Act 1985 contained in the Directors' Remuneration Report ("the auditable part").

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Directors' responsibilities for preparing the annual report and the accounts in accordance with applicable United Kingdom law and accounting standards are set out in the Statement of Directors' Responsibilities. The Directors are also responsible for preparing the Directors' Remuneration Report.

Our responsibility is to audit the accounts and the auditable part of the Directors' Remuneration Report in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the accounts give a true and fair view and whether the accounts and the auditable part of the Directors' Remuneration Report have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' Remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. The other information comprises only the Directors' Report, the unaudited part of the Directors' Remuneration Report, the Fund Manager's Report, the Portfolio Review, the Chairman's Statement and the Corporate Governance Statement.

We review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of the FRC 2003 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or to form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts and the auditable part of the Directors' Remuneration Report. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts and the auditable part of the Directors' Remuneration Report are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

OPINION

In our opinion:

- the accounts give a true and fair view of the state of affairs of the Company and the Group at 30 April 2005 and the loss and cash flows of the group for the year then ended;
- the accounts have been properly prepared in accordance with the Companies Act 1985; and
- those parts of the Directors' Remuneration Report required by Part 3 of Schedule 7A to the Companies Act 1985 have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
13 June 2005

NOTES:

(a) The maintenance and integrity of the Polar Capital Technology Trust plc website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the accounts since they were initially presented on the website.

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

GROUP STATEMENT OF TOTAL RETURN for the year ended 30 April 2005

(INCORPORATING THE REVENUE ACCOUNT)

Notes		Year ended 30 April 2005 Revenue £'000	Capital £'000	Total £'000	Year ended 30 April 2004 Revenue £'000	Capital* £'000	Total* £'000
2	Total capital (losses)/gains from investments	–	(13,778)	(13,778)	–	90,434	90,434
3	Income from fixed asset investments	2,501	–	2,501	1,828	–	1,828
4	Other interest receivable and similar income	793	–	793	888	–	888
	Gross revenue and gains/(losses) on investments	3,294	(13,778)	(10,484)	2,716	90,434	93,150
5	Investment management fee	(3,224)	–	(3,224)	(2,098)	–	(2,098)
6	Other administrative expenses	(609)	–	(609)	(586)	–	(586)
	Net (loss)/return on ordinary activities before interest payable, cost of warrant repurchases and taxation	(539)	(13,778)	(14,317)	32	90,434	90,466
	Repurchase of warrants	–	(438)	(438)	–	(8)	(8)
7	Interest payable and similar charges	(501)	–	(501)	(569)	–	(569)
	Net (loss)/return on ordinary activities before taxation	(1,040)	(14,216)	(15,256)	(537)	90,426	89,889
8	Taxation on ordinary activities	(154)	–	(154)	(143)	–	(143)
	Net (loss)/return on ordinary activities after taxation	(1,194)	(14,216)	(15,410)	(680)	90,426	89,746
9	(Loss)/return per ordinary share (pence)						
	Basic	(0.91p)	(10.84p)	(11.75p)	(0.45p)	60.44p	59.99p
	Diluted	(0.85p)	(10.13p)	(10.98p)	(0.43p)	57.14p	56.71p

*Restated – see note 25

The revenue columns of this statement represent the Profit and Loss account of the Group.

The notes on pages 33 to 44 form part of these accounts

BALANCE SHEETS at 30 April 2005

Notes		Group 2005 £'000	Group 2004 £'000	Company 2005 £'000	Company 2004 £'000
10 to 12	**Fixed asset investments**				
	Listed at market value:				
	United Kingdom	27,248	36,280	27,248	36,280
	Overseas	190,560	235,562	190,560	235,562
		217,808	271,842	217,808	271,842
	Unlisted at directors' valuation:				
	Subsidiary undertaking	–	–	3,390	3,174
	Other United Kingdom	930	842	930	842
		218,738	272,684	222,128	275,858
	Current assets				
	Investments	1,603	1,563	–	–
13	Debtors	29,408	34,569	32,464	37,539
	Cash	58,222	74,254	53,379	69,673
		89,233	110,386	85,843	107,212
14	**Creditors:** amounts falling due within one year	(40,242)	(41,840)	(40,242)	(41,840)
	Net current assets	48,991	68,546	45,601	65,372
	Total assets less current liabilities	267,729	341,230	267,729	341,230
15	**Creditors:** amounts falling due after more than one year	(30,492)	(34,594)	(30,492)	(34,594)
	Total net assets	237,237	306,636	237,237	306,636
	Capital and reserves				
17	Called up share capital	28,830	36,832	28,830	36,832
18	Capital redemption reserve	9,145	713	9,145	713
19	Share premium	90,134	88,842	90,134	88,842
20	Warrant reserve	6,179	7,147	6,179	7,147
21	Warrant exercise reserve	1,483	940	1,483	940
22	Other capital reserves	157,002	226,504	160,392	229,678
23	Revenue reserve	(55,536)	(54,342)	(58,926)	(57,516)
25	**Equity shareholders' funds**	237,237	306,636	237,237	306,636
26	**Net asset value per ordinary share** – undiluted	205.72p	208.13p	205.72p	208.13p
	– diluted	190.36p	193.71p	190.36p	193.71p

The accounts were approved by the Board of Directors on 13 June 2005.

R K A Wakeling

B J D Ashford-Russell

The notes on pages 33 to 44 form part of these accounts

CONSOLIDATED CASH FLOW STATEMENT for the year ended 30 April 2005

Notes		2005 £'000	2005 £'000	2004 £'000	2004 £'000
27	**Net cash outflow from operating activities**		(1,507)		(2,521)
	Servicing of finance				
	Bank and loan interest paid	(506)		(634)	
	Net cash outflow from servicing of finance		(506)		(634)
	Taxation				
	Overseas withholding tax recovered	42		–	
	Net tax recovered		42		–
	Financial investment				
	Purchase of investments	(271,719)		(306,715)	
	Sale of investments	308,327		332,899	
	Settlement of forward foreign currency contracts	4,555		6,879	
	Settlement of spot FX contracts	3		–	
	Settlement of derivative contracts	420		–	
	Liquidation proceeds	66		–	
	Net cash inflow from financial investment		41,652		33,063
	Net cash inflow before financing		39,681		29,908
	Financing				
	Proceeds from exercise of warrants	1,722		1,178	
	Repurchase of warrants	(734)		(559)	
	Repurchase of shares	(55,269)		(4,759)	
	Loans taken out	10,396		45,410	
	Loans matured	(10,396)		(31,196)	
	Net cash (outflow)/inflow from financing		(54,281)		10,074
28	**(Decrease)/increase in cash**		(14,600)		39,982

Reconciliation of net cash flow to movements in net funds

Notes		2005 £'000	2004 £'000
	(Decrease)/increase in cash as above	(14,600)	39,982
	Movement in long term loans	–	(14,214)
	Change in net funds resulting from cash flows	(14,600)	25,768
	Exchange movements	(373)	(1,544)
	Net movement in the year	(14,973)	24,224
	Net funds at 1 May	28,929	4,705
28	**Net funds at 30 April**	13,956	28,929

The notes on pages 33 to 44 form part of these accounts

NOTES TO THE ACCOUNTS

1 Accounting policies

a Basis of accounting

The accounts have been prepared on the historical cost basis of accounting, modified to include the revaluation of fixed asset investments and in accordance with applicable accounting standards and the Statement of Recommended Practice *Financial Statements of Investment Trust Companies* (the "SORP"), issued January 2003. All of the Group's operations are of a continuing nature.

b Basis of consolidation

The Group accounts consolidate the accounts of the Company and its wholly owned subsidiary undertaking, PCT Finance Limited.

c Valuation of fixed asset investments

Listed investments are valued at middle market prices or where applicable the last traded price. Unlisted investments are valued at Directors' valuation, having regard to the price at which recent arm's length transactions have occurred, the Company's net asset value or earnings and other operational circumstances of which the directors are aware. Investments in subsidiary undertakings are stated in the Company's accounts at net asset value.

d Valuation of current asset investments

Current asset investments held by the Company's subsidiary undertaking are included in the Group accounts at the lower of cost and net realisable value.

e Foreign currency

Transactions denominated in overseas currencies during the period are translated into sterling at the appropriate daily exchange rates. Assets and liabilities denominated in overseas currencies at the balance sheet date are translated into sterling at the exchange rates ruling at that date. Bank currency loans covered by related forward currency transactions are translated at the rates specified in the forward contracts. In the case of forward exchange contracts entered into to hedge fluctuating exchange rates on foreign currency assets or liabilities, the difference between the value at the contracted forward rate and the forward rate ruling at the year end is taken credit for, or provided for, in other capital reserves.

f Capital gains and losses

Realised and unrealised capital gains and losses of the Company, together with exchange differences arising on the translation of foreign currency assets and liabilities, are dealt with in other capital reserves.

g Income

Dividends receivable from equity shares are taken to the revenue account on an ex-dividend basis. Special dividends are recognised on an ex-dividend basis and may be considered to be capital items. The facts and circumstances are considered on a case by case basis before a conclusion on appropriate allocation is reached.

Where the Company has received dividends in the form of additional shares rather than in cash, the amount of the cash dividend foregone is recognised as income. Any excess in the value of the shares received over the amount of the cash dividend foregone is recognised in capital reserves.

The fixed returns on debt securities and non-equity shares are recognised on a time apportionment basis so as to reflect the effective yield on each such investment. Bank interest and other income receivable are accounted for on an accruals basis. The dealing profits of the subsidiary undertaking, representing realised gains and losses on the sale of current asset investments, are dealt with in the Group accounts as a revenue item.

h Expenses and interest payable

All expenses, including the management fee, and interest payable are accounted for on an accruals basis and are charged wholly to revenue. Expenses which are incidental to the purchase or sale of a fixed asset investment are included in the cost or deducted from the proceeds of sale of the investment.

1 **Accounting policies** (continued)

i Taxation

Deferred taxation is provided for at the anticipated tax rate on differences arising from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the accounts. Deferred tax is recognised in respect of all timing differences which have originated but not reversed by the balance sheet date. Deferred tax assets are recognised only to the extent that it is regarded more likely than not there will be taxable profits from which underlying timing differences can be deducted.

j Financial instruments

Derivative instruments utilised by the Group comprise index options and forward foreign exchange contracts. 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. Unrealised gains and losses on index options held by the Group are included within fixed asset investments. Details of open positions at the year end are disclosed in note 16.

2 Total capital (losses)/gains from investments	Year ended 30 April 2005 £'000	Year ended 30 April 2004 £'000
Net realised gains based on historical cost	10,419	18,627
Add: amounts recognised as unrealised in previous years	(20,876)	28,421
Realised (losses)/gains based on carrying value at previous balance sheet date	(10,457)	47,048
Realised gains on forward currency contracts	3,219	6,470
Net movement in unrealised (depreciation)/appreciation on fixed asset investments	(6,092)	36,716
Net movement in unrealised (depreciation)/appreciation on forward foreign exchange contracts	(75)	1,744
Net losses on foreign exchange movements	(373)	(1,544)
	(13,778)	90,434

3 Income from fixed asset investments	Year ended 30 April 2005 £'000	Year ended 30 April 2004 £'000
Franked:		
Listed investments	431	392
Unfranked:		
Listed investments		
Dividend income	1,335	1,214
Interest income	735	222
	2,070	1,436
Total income from fixed asset investments	2,501	1,828

4 Other interest receivable and similar income

	Year ended 30 April 2005 £'000	Year ended 30 April 2004 £'000
Bank interest	691	852
Interest income from current asset investments	72	36
Futures deposit interest	3	–
Dealing profits	27	–
	793	888

5 Investment management fee (charged wholly to revenue)

	Year ended 30 April 2005 £'000	Year ended 30 April 2004 £'000
Investment management fee paid to Polar Capital Partners (including irrecoverable VAT)	3,224	2,098

Details of the investment management agreement and fees are contained in the Report of the Directors on page 16.

6 Other administrative expenses (including VAT where appropriate)

	Year ended 30 April 2005 £'000	Year ended 30 April 2004 £'000
Directors' fees	99	93
Auditors' remuneration:		
For audit services	21	19
For non-audit services	26	23
Other expenses (including share plan and ISA administration fee)	463	451
	609	586

The non-audit services cover an ongoing review commissioned by the Company from the Newcastle office of PricewaterhouseCoopers LLP ("PwC") on the method of VAT recovery to determine if further amounts of VAT may be recovered. PwC has also provided the Company with advice on Section 842 compliance and other general tax issues.

7 Interest payable and similar charges

	Year ended 30 April 2005 £'000	Year ended 30 April 2004 £'000
Interest on loans and overdrafts repayable within one year	501	569

8 Taxation

	Year ended 30 April 2005 £'000	Year ended 30 April 2004 £'000
(a) Analysis of charge in period:		
Overseas tax	154	146
Tax credits on overseas dividends	–	(3)
Total current tax for period (see note 8b)	154	143
Deferred tax	–	–
Total tax for period	154	143

No provision for corporation tax or deferred tax has been made as expenses exceed the income liable to corporation tax.

8 Taxation on ordinary activities (continued)

(b) Factors affecting current tax charge for the period:

The tax assessed for the period is higher than the standard rate of corporation tax in the UK for an investment trust (30%) (2004: 30%)

The differences are explained below:

Net (loss)/return before taxation	**(1,040)**	(537)
Corporation tax at 30%	**(312)**	(161)
Effects of:		
UK dividends not subject to corporation tax	**(130)**	(118)
Stock dividends not subject to corporation tax	**(21)**	(40)
Excess management expenses for which no relief taken	**461**	358
Expenses not deductible for tax purposes	**–**	(26)
Income taxable in different periods	**5**	(12)
Taxable income not reflected in income account	**(3)**	(1)
Overseas tax suffered	**154**	146
Tax credits on overseas dividends	**–**	(3)
Current tax charge for the period (see note 8a)	**154**	143

Investment Trusts are exempt from tax on capital gains. Therefore, any capital return is not included in the above reconciliation.

(c) Provision for deferred taxation

The company has not recognised a deferred tax asset of either £17,928,433 (30 April 2004: £17,457,341) arising as a result of having unutilised management expenses or £497,525 (30 April 2004: £358,911) arising from eligible unrelieved foreign tax. It is unlikely either these management expenses or unrelieved foreign tax amounts will be utilised in future accounting periods unless the investment policy of the Company or the taxation treatment is changed.

9 (Loss)/return per ordinary share

Basic revenue loss per ordinary share is based on the net loss after taxation attributable to the ordinary shares of £1,194,000 (30 April 2004: £680,000) and on 131,110,198 (30 April 2004: 149,607,557) ordinary shares, being the weighted average number of shares in issue during the year.

Basic capital (loss)/return per ordinary share is based on net capital losses of £14,216,000 (30 April 2004: gains of £90,426,000) and the weighted average number of shares in issue during the year as shown above.

The calculations of the diluted revenue and capital returns per ordinary share are carried out in accordance with Financial Reporting Standard No.14 Earnings per share (FRS14). For the purpose of calculating diluted revenue and capital returns per share, the number of shares is the weighted average used in the basic calculation plus a number of shares deemed to be issued for no consideration on exercise of all warrants, by reference to the average price of the ordinary shares during the year. The calculations indicate that the exercise of warrants would result in an additional weighted average number of shares of 9,208,806 (2004: 8,636,006) resulting in a total weighted average number of shares of 140,319,004 (2004: 158,243,563).

10 Changes in fixed assets

	Group £'000	Company £'000
Valuation at 1 May 2004	272,684	275,858
Unrealised appreciation	(18,309)	(21,483)
Cost at 1 May 2004	254,375	254,375
Additions at cost	273,445	273,445
Disposals at cost	(300,363)	(300,363)
Derivative additions at cost	1,216	1,216
Derivative disposals at cost	(1,276)	(1,276)
Cost at 30 April 2005	227,397	227,397
Unrealised depreciation	(8,659)	(5,269)
Valuation at 30 April 2005	218,738	222,128

11 Subsidiary undertaking

The Company has an investment in the issued ordinary share capital, fully paid, of £2 in its wholly owned subsidiary undertaking, PCT Finance Limited, which is registered in England and Wales and operates in the United Kingdom as a dealing company. The subsidiary is stated in the Company's accounts at net asset value. Included in the unrealised appreciation of the fixed assets of the Company is £3,390,000 relating to the subsidiary (2004: £3,174,000). The cost of the investment in the subsidiary was £2 (2004: £2).

12 Substantial equity interests

The Company has a 33⅓% interest as a limited partner in TR Ecotec Environmental Fund ("the Fund"), an English Limited Partnership registered under the Limited Partnership Act 1907, the principal place of business of which is 4 Broadgate, London EC2M 2NB. The Directors do not consider the Fund to be an associated undertaking of the Company because in their view, having regard to the write off of two of the Fund's three investments and the decision by the General Partner to commence the winding up of the Fund on 30 June 1997, the investment is not held on a long term basis.

The Company has no other interests of 3% or more of any class of capital in any investee companies in the year ended 30 April 2005 (2004: Nil).

13 Debtors

	Group 30 April 2005 £'000	Group 30 April 2004 £'000	Company 30 April 2005 £'000	Company 30 April 2004 £'000
Sales for future settlement	6,483	4,516	6,483	4,516
Foreign exchange contracts awaiting settlement	19,590	29,603	19,590	29,603
Spot FX contracts awaiting settlement	2,946	–	2,946	–
Income tax and overseas tax recoverable	–	14	–	14
Prepayments and accrued income	291	283	268	267
Amounts due from subsidiary undertaking	–	–	3,079	2,986
VAT recoverable	98	153	98	153
	29,408	34,569	32,464	37,539

14 Creditors: amounts falling due within one year	Group 30 April 2005 £'000	Group 30 April 2004 £'000	Company 30 April 2005 £'000	Company 30 April 2004 £'000
Purchases for future settlement	3,590	2,492	3,590	2,492
Foreign exchange contracts awaiting settlement	19,665	28,267	19,665	28,267
Spot FX contracts awaiting settlement	2,949	–	2,949	–
Accruals	264	350	264	350
Japanese loans:				
¥2,760m at a fixed rate of 0.970% repayable 31 August 2005	13,774	–	13,774	–
¥2,100m at a fixed rate of 0.950% repayable 30 April 2005	–	10,731	–	10,731
	40,242	41,840	40,242	41,840

Included in purchases for future settlement are amounts for ordinary shares repurchased of £1,065,000 (2004:£1,089,000) and warrants repurchased of £129,000 (2004:£nil).

15 Creditors: amounts falling due after more than one year	Group and Company 30 April 2005 £'000	Group and Company 30 April 2004 £'000
The Group has the following unsecured Japanese loans:		
¥2,760m at a fixed rate of 0.970% repayable 31 August 2005	–	14,103
¥2,100m at a fixed rate of 0.750% repayable 30 June 2006	10,480	–
¥4,010m at a fixed rate of 0.840% repayable 30 June 2006	20,012	20,491
	30,492	34,594

16 Derivatives and other financial instruments

(a) Management of risk

The Group's financial instruments comprise:

- Equity and non-equity shares and fixed interest securities which are held in accordance with the Group's investment objectives which are set out on the inside front cover of the Report and Accounts;
- Term loans and bank overdrafts, the main purpose of which is to raise finance for the Group's operations;
- Cash, liquid resources and short-term debtors and creditors that arise directly from the Group's operations;
- Derivative transactions which the Group enters into comprise index options and forward foreign exchange contracts. The purpose of these is to manage the market price risks and foreign exchange risks arising from the Group's investment activities.

The following index option positions were open at 30 April 2005 (2004: nil):

	Unrealised gain/(loss) £'000
Nasdaq 1400 put option September 2005 (150 contracts)	479
Nasdaq 1450 call option September 2005 (125 contracts)	(331)
Nasdaq 1475 call option September 2005 (25 contracts)	(73)
	75

16 Derivatives and other financial instruments (continued)

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

Short term debtors and creditors are excluded from disclosure as allowed by FRS13, other than for currency disclosures (see note 16d).

Market price risk

Market risk arises mainly from uncertainty about future prices of financial instruments used in the Group's operations. It represents the potential loss the Group might suffer through holding market positions in the face of price movements.

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

Interest rate risk

The Group finances its operations through its term loans as well as bank overdrafts and any retained gains arising from operations. The Group uses borrowings in the desired currencies at both fixed and floating rates of interest to both generate the desired interest rate profile and manage the exposure to interest rate fluctuations. The Board imposes borrowing limits to ensure gearing levels are appropriate to market conditions and reviews these on a regular basis.

Liquidity risk

The Group's assets comprise mainly readily realisable securities which can be sold to meet funding commitments if necessary. The maturity of the Group's existing borrowings are set out in notes 14 and 15 to the accounts. Short-term flexibility is achieved through the use of overdraft facilities.

Foreign currency risk

The Group's total return and net assets can be significantly affected by currency translation movements as the majority of the Group's assets and revenue are denominated in currencies other than sterling. The portfolio fund manager mitigates the individual currency risks through the international spread of investments and the use of forward foreign exchange contracts. Borrowings in foreign currencies are entered into to manage the asset exposure to those currencies, which vary in accordance with the asset allocation.

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

Financial assets

The majority of the Group's financial assets are equity shares and other investments which neither pay interest nor have a stated maturity date. Material interest bearing assets earn interest by reference to LIBOR or international equivalents.

Financial liabilities

The interest rate profile of the Group's financial liabilities at 30 April 2005 was:

	30 April 2005			30 April 2004		
Currency	**Total £'000**	**Floating rate financial liabilities £'000**	**Fixed rate financial liabilities £'000**	Total £'000	Floating rate financial liabilities £'000	Fixed rate financial liabilities £'000
Yen	**44,266**	**–**	**44,266**	45,325	–	45,325

The weig hted average interest rate on the above liabilities was 0.859% (2004: 0.906%).

The weighted average period for which the interest rate is fixed was 0.91 years (2004: 1.63 years).

16 Derivatives and other financial instruments (continued)

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

The maturity profile of the Group's financial liabilities at 30 April was:

	2005 £'000	2004 £'000
In one year or less, or on demand	13,774	10,731
In more than one year but no more than two years	30,492	14,103
In more than two years	–	20,491
	44,266	45,325

The Group has various undrawn committed borrowing facilities. The facilities available at 30 April in respect of which all conditions precedent had been met were:

	2005 £'000	2004 £'000
Expiring in one year or less	–	30,000
	–	30,000

(d) Currency exposure

	2005			2004		
	Investments denominated in overseas currencies £'000	Net monetary assets/ (liabilities) £'000	Net foreign currency monetary assets £'000	Investments denominated in overseas currencies £'000	Net monetary assets/ (liabilities) £'000	Net foreign currency monetary assets £'000
US dollar	109,959	12,928	122,887	132,749	16,585	149,334
Euro	18,870	310	19,180	24,487	13,848	38,335
Yen	24,818	(23,564)	1,254	36,040	(33,862)	2,178
Other non-sterling	27,536	12,391	39,927	42,286	10,680	52,966
Sub total	181,183	2,065	183,248	235,562	7,251	242,813
Sterling	39,158	14,831	53,989	38,685	25,138	63,823
Total net assets	220,341	16,896	237,237	274,247	32,389	306,636

(e) Fair values of financial assets and financial liabilities

Securities held by the Company are valued at mid-price or at Directors' valuation (see note 1c). The difference between this value and the fair value of the securities is immaterial. Other financial assets and liabilities are included in the balance sheet at fair value.

17 Called up share capital

	Group and Company 30 April 2005 £'000	Group and Company 30 April 2004 £'000
Authorised:		
860,000,000 ordinary shares of 25p	215,000	215,000
Allotted, called up and fully paid:		
115,320,162 (2004: 147,328,288) ordinary shares of 25p	28,830	36,832

17 Called up share capital (continued)

During the year 1,721,874 ordinary shares of 25p (with a nominal value of £430,469) were issued on the exercise of warrants, for a total consideration of £1,721,874.

During the year the Company made market purchases of 33,730,000 of its own shares for cancellation, for a total consideration of £55,286,000 including stamp duty (nominal value of £8,432,000), at prices between 145p per share and 176p per share. At the year end all shares were treated as cancelled.

18 Capital redemption reserve

	Group and Company £'000
As at 1 May 2004	713
Transfer to capital redemption reserve on buy back of shares	8,432
At 30 April 2005	**9,145**

19 Share premium

	Group and Company £'000
As at 1 May 2004	88,842
Exercise of warrants for ordinary shares	1,292
At 30 April 2005	**90,134**

20 Warrant reserve

	Group and Company £'000
As at 1 May 2004	7,147
Transfer to warrant exercise reserve on exercise of warrants	(543)
Repurchase of warrants	(425)
At 30 April 2005	**6,179**

During the year 1,345,000 (2004: 1,750,000) warrants were purchased at prices between 46.00p and 74.20p each. These warrants have been treated as cancelled by the Company.

21 Warrant exercise reserve

	Group and Company £'000
As at 1 May 2004	940
Transfer from warrant reserve on exercise of warrants	543
At 30 April 2005	**1,483**

Warrantholders are entitled to subscribe for ordinary shares of 25p in the Company on the basis of one ordinary share for one warrant. Warrants may be exercised on 30 September in each of the years up to 2005 inclusive at a price of 100p per share. At 30 April 2005 there were 19,595,659 warrants outstanding (30 April 2004: 22,662,533).

22 Other capital reserves

Group	Unrealised appreciation/ (depreciation) £'000	Realised gains/(losses) £'000	Total £'000
At 1 May 2004	20,936	205,568	226,504
Transfer on disposal of assets	(20,876)	20,876	–
Net losses on fixed asset investments	(6,092)	(10,457)	(16,549)
Cost of ordinary share repurchases	–	(55,286)	(55,286)
Net (losses)/gains on forward foreign exchange	(75)	3,219	3,144
Net (losses)/gains on foreign exchange	(1,203)	830	(373)
Net loss on repurchase & cancellation of warrants	–	(438)	(438)
At 30 April 2005	(7,310)	164,312	157,002

Company	Unrealised appreciation/ (depreciation) £'000	Realised gains/(losses) £'000	Total £'000
At 1 May 2004	24,110	205,568	229,678
Transfer on disposal of assets	(20,876)	20,876	–
Net losses on fixed asset investments	(5,876)	(10,457)	(16,333)
Cost of ordinary share repurchases	–	(55,286)	(55,286)
Net (losses)/gains on forward foreign exchange	(75)	3,219	3,144
Net (losses)/gains on foreign exchange	(1,203)	830	(373)
Net loss on repurchase & cancellation of warrants	–	(438)	(438)
At 30 April 2005	(3,920)	164,312	160,392

23 Revenue reserve

	Group £'000	Company £'000
At 1 May 2004	(54,342)	(57,516)
Deficit for the period	(1,194)	(1,410)
At 30 April 2005	(55,536)	(58,926)

As permitted under section 230 of the Companies Act 1985, the Company has not presented its own revenue account.

The net loss on ordinary activities after taxation of the Company amounted to £1,410,000 (30 April 2004: net loss £341,000).

24 Capital commitments

At 30 April 2005 the Group had a commitment in respect of Herald Ventures II Limited Partnership of £500,000 of which £75,000 had been drawn down.

The Company has not been notified of the final draw down date.

25 Group reconciliation of movement in equity shareholders' funds

	Year ended 30 April 2005 £'000	Restated Year ended 30 April 2004 £'000
Net (loss)/return after taxation	(1,194)	(680)
(Decrease)/increase in capital reserves	(14,216)	90,426
	(15,410)	89,746
Exercise of warrants for ordinary shares	1,722	1,178
Repurchase of warrants	(425)	(551)
Cost of ordinary share repurchases	(55,286)	(4,759)
Net (decrease)/increase in shareholders' funds	(69,399)	85,614
Equity shareholders' funds at 1 May	306,636	221,022
Equity shareholders' funds at 30 April	237,237	306,636

The total capital gains/(losses) from investments figure for the year ended 30 April 2004 has been restated from £85,675,000 to £90,434,000. This restatement was necessary as the cost of the Company purchasing its own shares had been included in the Statement of Total Return for the year ended 30 April 2004. These costs are now shown in the Group reconciliation of movements in equity shareholders funds (see above). This restatement has no impact on the net asset value of the Company.

26 Net asset value per ordinary share

Undiluted net asset value per ordinary share is based on net assets attributable to the ordinary shares of £237,237,000 (2004: £306,636,000) and on 115,320,162 ordinary shares in issue at 30 April 2005 (2004: 147,328,288).

The fully diluted net asset value per ordinary share, as disclosed on the balance sheet, is calculated in accordance with the SORP, based on the assumption that the 19,595,659 warrants in issue at 30 April 2005 (2004: 22,662,533) were converted into ordinary shares. Dilution is assumed to occur only if the diluted net asset value is greater than the subscription price of 100p.

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

	£'000
Total assets at 1 May 2004	306,636
Exercise of warrants for ordinary shares	1,722
Repurchase of warrants	(425)
Cost of ordinary share repurchases	(55,286)
Net loss on ordinary activity after taxation	(15,410)
Total assets at 30 April 2005	**237,237**

		Year ended 30 April 2005 £'000	Year ended 30 April 2004 £'000
27	**Reconciliation of operating revenue to net cash outflow from operating activities**		
	Net (loss)/gain before interest payable and taxation	**(539)**	32
	Increase in current asset investments	**(40)**	(1,563)
	Decrease/(increase) in accrued income	**75**	(90)
	Decrease/(increase) in other debtors	**43**	(33)
	Decrease in other creditors	**(123)**	(335)
	Capital dividends	**–**	19
	Overseas withholding tax suffered	**(187)**	(145)
	Scrip dividends included in investment income	**(71)**	(133)
	Interest accumulations included in investment income	**(665)**	(273)
	Net cash outflow from operating activities	**(1,507)**	(2,521)

		At 1 May 2004 £'000	Cash Flow £'000	Other non cash Movements £'000	Exchange Movements £'000	At 30 April 2005 £'000
28	**Analysis of changes in net funds**					
	Cash at bank and overdrafts	74,254	(14,600)	–	(1,432)	**58,222**
	Debts falling due within one year	(10,731)	10,396	(13,774)	335	**(13,774)**
	Debts falling due after more than one year	(34,594)	(10,396)	13,774	724	**(30,492)**
	Net funds	28,929	(14,600)	–	(373)	**13,956**

29 Related party transactions

Under the terms of an agreement dated 9 February 2001 the Company has appointed Polar Capital Partners Limited ("Polar Capital") to provide investment management, accounting, secretarial and administrative services. Details of the fee arrangement for these services are given in the Report of the Directors. The total fees, after the offset described below, paid under this agreement to Polar Capital in respect of the year ended 30 April 2005 was £3,224,000 (2004: £2,098,000). 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 2005 amounted to £139,000 (including irrecoverable VAT) and the Company received income of £70,000 in respect of changes collected from investors.

As part of the investment management contract with Polar Capital the Company has contractually agreed for the full amount of compensation paid to Henderson, the previous investment managers, plus legal and other professional fees and costs together with extra fees paid to the Directors for work incurred in the change of investment manager to be recovered from Polar Capital. These costs amounted to £3,466,000 and have been offset against the management fees payable to Polar Capital over 10 quarters from February 2001 to the quarter ended 31 July 2003. From 1 August 2003 the Company has paid management charges at the full contractual rate.

CAPITAL GAINS TAX

The Finance Act 1998 included provisions which made considerable changes to the way that chargeable gains are calculated for non-corporate shareholders in respect of disposals made on or after 6 April 1998. From that date pooling no longer applies and disposals are matched against shares acquired in the following order:

- same date acquisitions;
- acquisitions within the following 30 days (using the 'first in last out' basis);
- previous acquisitions on or after 6 April 1998 (using the 'last in first out' basis);
- any shares held in the pool as at 5 April 1998;
- any shares held in the pool as at 5 April 1982;
- any shares acquired before 6 April 1965; and
- any shares acquired subsequent to the disposal.

For disposals on or after 6 April 1998 indexation is still allowed but only up to April 1998. The Finance Act changes apply a taper relief to the amount of the chargeable gain on these disposals. The taper is 5% for each complete year of ownership after the first two complete years, with a maximum reduction of 40% after ten complete years.

In calculating the tapering relief, assets held before 17 March 1998 qualify for an extra year. The way that chargeable gains are calculated for companies is currently under review by the Inland Revenue and for the time being pooling remains.

The special rules that previously applied to shareholders disposing of shares who had purchased their shares through Polar Capital Investors Investment Trust Share Plan on a monthly basis, were withdrawn by the Inland Revenue for savings commenced on or after 6 April 1998. When savings commenced before 6 April 1998, the simplified basis will still apply for acquisitions during the investment trust's accounting period ended before 6 April 1999, which in the case of the Company is 30 April 1998.

The calculation of the tax on chargeable gains will depend on personal circumstances. The above information is of a general nature and is not exhaustive. If you are in any doubt about your personal tax position, you are recommended to contact your professional adviser.

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.

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

FUND MANAGER
B J D Ashford-Russell

DEPUTY FUND MANAGER
B Rogoff

SECRETARY
Polar Capital Secretarial Services Limited,
represented by N P Taylor FCIS

REGISTERED OFFICE
4 Matthew Parker Street
London SW1H 9NP

AUDITORS
PricewaterhouseCoopers LLP
Southwark Towers
32 London Bridge Street
London SE1 9SY

SOLICITORS
Herbert Smith
Exchange House
Primrose Street
London EC2A 2HS

STOCKBROKERS
UBS Investment Bank
1 Finsbury Avenue
London EC2M 2PP

BANKERS AND CUSTODIAN
J P Morgan Chase Bank
125 London Wall
London EC2Y 5AJ

REGISTERED NUMBER
Registered in England and Wales
No. 3224867

COMPANY WEBSITE
www.polarcapitaltechnologytrust.co.uk

REGISTRAR
Lloyds TSB Registrars Scotland
The Causeway
Worthing
West Sussex
BN99 6DA

www.shareview.co.uk

Shareholder helpline: 0870 6015366

Shareholders and warrant holders who have their shares registered in their own name, not through a Share Savings Scheme or PEP/ISA, can contact the registrars with any queries on their holding. In correspondence you should refer to Polar Capital Technology Trust PLC, stating clearly the registered name and address and if available the full account number.

SHARE PRICE AND PERFORMANCE DETAILS
The Company's Net Asset Value ("NAV") is released daily, on the normal working day following the calculation date, to the London Stock Exchange.

The mid-market prices of the ordinary shares and warrants are 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**), Bloomberg (PCT.LN), Reuters (PCT.L), and SEDOL codes: Ordinary Shares – 0422002 Warrants – 0422035.

PORTFOLIO DETAILS
Portfolio information is provided to the AITC for its monthly statistical information service (**www.AITC.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**).

AI TC Polar Capital Technology Trust PLC is a member of the Association of Investment Trust Companies

DISABILITY ACT

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

You can contact our Registrars, Lloyds TSB Registrars Scotland, who have installed textphones to allow speech and hearing impaired people who have their own textphone to contact them directly 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) the number is 0800 959 598.

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 nominees accounts. Nominee investors may attend general meetings and speak at meetings when invited by the Chairman.

Investors in the Polar Capital Technology Trust Share Savings Scheme and the Polar Capital Technology Trust ISA receive all shareholder communications. A letter of instruction 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

23 July – Annual General Meeting

30 September – warrant subscription date

31 October – half-year end

Mid-December – announcement of half-year results

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the ninth Annual General Meeting of Polar Capital Technology Trust PLC will be held at the offices of UBS Investment Bank, 1 Finsbury Avenue, London EC2M 2PP on Friday 22 July 2005 at 12.30 pm for the transaction of the following business:

1 To receive and consider the Report of the Directors and the Audited Accounts for the year ended 30 April 2005.

2 To receive and consider the Directors' Remuneration Report for the year ended 30 April 2005.

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

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

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

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

To consider and, if thought fit, pass resolutions 7 and 8 which will be proposed as Ordinary Resolutions:

7 THAT the Directors be and they are hereby released from their obligation contained in Article 141(1) of the Company's Articles of Association (such release being permitted under the Article) to procure that an ordinary resolution be proposed at the Annual General Meeting of the Company in 2006 for the Company to be wound-up voluntarily.

8 THAT the Directors be and they are hereby generally and unconditionally authorised in substitution for all existing authorities to exercise all powers of the Company to allot relevant securities (within the meaning of Section 80 of the Companies Act 1985 ('the Act')) up to a maximum aggregate nominal amount of £1,438,039 (being 5% of the Company's issued ordinary share capital on 13 June 2005) PROVIDED THAT this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution save that the said authority shall allow and enable the Directors to make an offer or agreement before the expiry of that authority which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

To consider and, if thought fit, pass resolutions 9 and 10 as Special Resolutions (a special resolution is one that requires a majority of at least 75% of those present and voting to be passed):

9 THAT, subject to the passing of resolution 8, the Directors be and are hereby empowered pursuant to Section 95 of the Act to allot equity securities (within the meaning of Section 94 of the Act) wholly for cash pursuant to the authority conferred by resolution 8 as if sub-section (1) of Section 89 of the Act did not apply to any such allotment PROVIDED THAT this power shall be limited:

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

(ii) to the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to a maximum aggregate nominal value of £1,438,039 (being 5% of the Company's issued ordinary share capital on 13 June 2005); and

(iii) to the allotment of equity securities at a price not less than the net asset value per share

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

10 THAT the Company be and is hereby generally and unconditionally authorised in accordance with Section 166 of the Act to make market purchases (within the meaning of Section 163 of the Act) of ordinary shares of 25p each in the capital of the Company ("Ordinary

Shares"), on such terms and in such manner as the Directors may from time to time determine provided that:

(i) the maximum number of Ordinary Shares hereby authorised to be purchased shall be 17,244,970;

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

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

(iv) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company in 2006 or, if earlier, on the expiry of 12 months from the passing of this resolution, unless such authority is renewed prior to such time; and

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

By order of the Board

N P TAYLOR FCIS
For and on behalf of

Polar Capital Secretarial Services Limited,
Secretary

13 June 2005

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

NOTICE OF ANNUAL GENERAL MEETING – NOTES

ENTITLEMENT TO ATTEND AND VOTE

1 Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001 the Company specifies that only those holders of shares registered in the Register of Members as at 6pm on Wednesday, 20 July 2005 shall be entitled to attend or vote at the Annual General Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the register after 6pm on Wednesday, 20 July 2005 shall be disregarded in determining the right of any person to attend or vote at the Meeting.

APPOINTMENT OF PROXIES

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

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

4 CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting to be held on Friday, 22 July 2005 and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with CRESTCo's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by Lloyds TSB Registrars (ID 7RA01) by no later than 12.30 am on Wednesday, 20 July 2005. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Lloyds TSB Registrars are able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

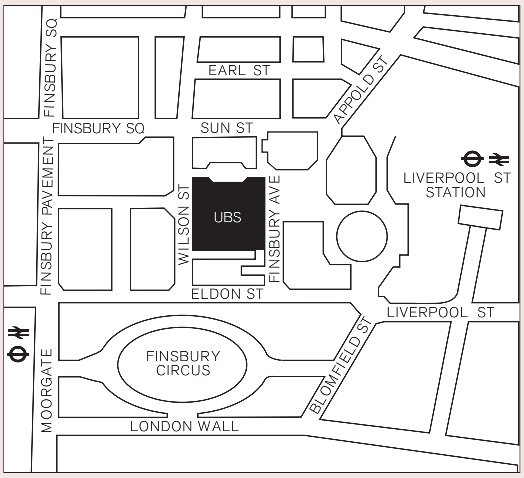
CREST members and, where applicable, their CREST sponsors or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions.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

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

5 This notice of AGM is sent for information only to warrant holders who are not entitled to attend or vote at the meeting.

6 The Register of Directors' Interests, kept by the Company in accordance with Section 325 of the Companies Act 1985, will be open for inspection at the meeting.

ANNUAL GENERAL MEETING VENUE



THE AGM IS BEING HELD AT THE OFFICES OF UBS INVESTMENT BANK, 1 FINSBURY AVENUE, LONDON EC2M 2PP. ENTRANCES CAN BE FOUND IN EITHER WILSON STREET OR FINSBURY AVENUE.

SHAREHOLDERS SHOULD ARRIVE AT THE OFFICES OF UBS INVESTMENT BANK IN SUFFICIENT TIME TO CLEAR SECURITY BEFORE THE COMMENCEMENT OF THE AGM AT 12.30.

INVESTING

MARKET PURCHASES

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

SHARE DEALING SERVICES

The Company has arranged for Shareview Dealing, a telephone and internet share sale service offered by Lloyds TSB Registrars to be made available. For telephone sales call 0870 8500852 between 8.30am and 4.30pm, Monday to Friday and for internet sales log on to **www.shareview.co.uk/dealing**

SAVINGS SCHEME & ISA

Alternatively, the Company has made arrangements for you to be able purchase shares in Polar Capital Technology Trust PLC through a share saving scheme (Polar Capital Technology Trust Share Scheme) and an ISA (Polar Capital Technology Trust ISA) administered by BNP Paribas Fund Services. BNP Paribas Fund Services is authorised and regulated by the FSA.

- The share savings scheme is way of acquiring shares in the Company with lump sums of a minimum of £500 or £50 per month.
- The ISA enables investors to invest with the benefits of the tax advantages granted to ISA. The minimum lump sum is £2,000 or £50 per month. Annual management fee of £30 (plus VAT) on direct applications or up to 1.25% pa for IFA advised schemes.
- The only investments held in the savings scheme and ISA are the shares of Polar Capital Technology Trust, no other investments are made on your behalf.
- The savings scheme and the ISA are administered by BNP Paribas Fund Services and are subject to the key features document which should be read before entering into the investment. Dealing commission and stamp duty are charged on transactions and administration fees for the transfer of shares in to or out of these schemes.

Please remember that the savings scheme and ISA carries the risk that the value of the investment and where applicable the interest income, can fall as a result of fluctuations in the value of, Polar Capital Technology Trust plc, the market and interest rates. This risk may result in an investor not getting back their original amount invested. The Polar Capital Technology Trust plc is allowed to borrow against its assets, this may increase losses triggered by a falling market. However the Company can increase or decrease its borrowing levels to suit market conditions.

It is advised that you seek independent professional advice before investing your money into this scheme or ISA. Before investing it is important you read through the key features document to understand the nature and risks associated with such investment products.

For a copy of the key feature document for the savings scheme and ISA please contact:

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

Telephone 0845 3581109; Fax 01733 285822

NOTES

This page has been left blank intentionally.