POLAR CAPITAL TECHNOLOGY TRUST PLC

Annual report and accounts for the year ended 30 April 2002

Registered Number : 3224867

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 segment 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 is assisted by Mr Tim Woolley and Mr David Magliocco in managing the US portfolio.

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.

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HIGHLIGHTS

FINANCIAL

	Year ended 30 April 2002	Year ended 30 April 2001	Movement %
Total net assets	**£287,229,000**	£401,337,000	-28.4%
Net assets			
per ordinary share (undiluted)	**192.8p**	270.2p	-28.6%
per ordinary share (diluted)	**178.5p**	243.7p	-26.8%
Price			
per ordinary share	**165.0p**	281.5p	-41.4%
per warrant	**66.5p**	182.5p	-63.6%

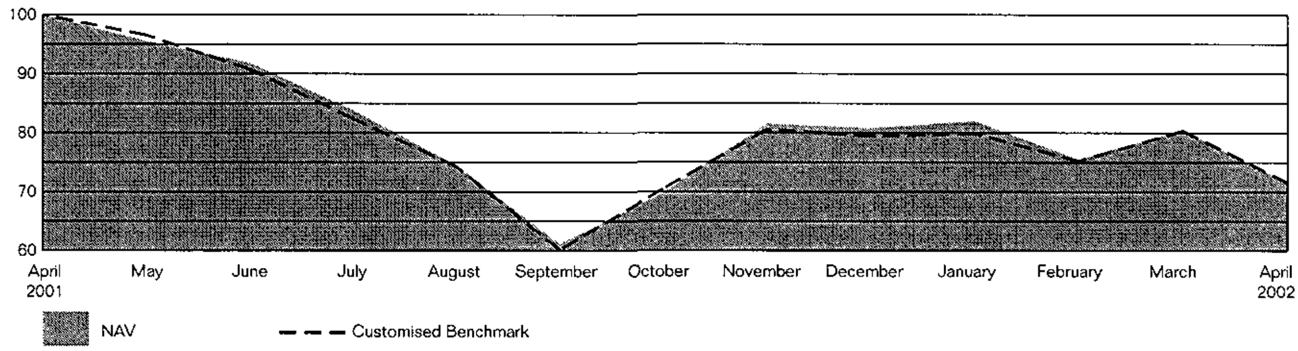
INDEX CHANGES over the year ended 30 April 2002

	Local Currency %	Sterling Adjusted %
Technology Indices:		
Dow Jones World Technology	-31.6	-32.9
PSE (USA) Technology	-22.9	-24.2
MS Eurotec (based in US dollars)	-42.0	-40.8
FTSE Techmark 100	-49.0	-49.3
Euro NM	-54.1	-54.3
Japan JASDAQ	-15.5	-21.0
DS Asia Electronics	-7.3	-8.9
Market Indices:		
S & P 500 Composite	-15.0	-16.4
FTSE All-Share	-12.0	-12.0
FTSE World Europe (ex UK)	-17.3	-17.3
Tokyo SE (Topix)	-23.4	-28.4
FTSE World Pacific Basin (ex Japan)	4.7	4.7
FTSE World	-16.9	-16.9

Exchange rates	**30 April 2002**	30 April 2001
US$ to £	1.4573	1.4308
Japanese Yen to £	187.12	176.75
Euro to £	1.6173	1.6139

PERFORMANCE

UNDILUTED NAV PER SHARE AND CUSTOMISED BENCHMARK for the period 30 April 2001 to 30 April 2002 at each month end (rebased to 100)



The benchmark was changed on 1 May 2000 from FTSE World Index (capital return) to a customised benchmark. The customised benchmark comprises 50% Pacific SE (USA) Technology Index; 15% Morgan Stanley Eurotec Index; 7.5% FTSE TechMARK 100 Index; 7.5% Euro NM Index; 15% Datastream Asian Electronics Index and 5% Jasdaq Index. Due to the relative newness of some technology indices it is not possible to back track the current customised benchmark to the beginning of the Company's life. The Historical Performance table below therefore shows three main indices that have been in existence over the life of the Company

HISTORICAL PERFORMANCE for the years ended 30 April

	1997	1998	1999	2000	2001	**2002**
Total net assets (£m)	141,474	201,891	279,946	668,727	401,337	**287,229**
NAV per share (pence)						
undiluted	96.2	137.2	190.2	452.8	270.2	**192.8**
diluted	96.2	131.0	175.3	395.8	243.7	**178.5**
Share price (pence)	89.0	115.0	167.5	436.0	281.5	**165.0**
Indices of Growth						
Share price	100	129.2	188.2	489.9	316.3	**185.4**
Net asset value	100	142.7	197.9	472.7	283.7	**203.0**
PSE (USA) Technology	100	139.6	207.8	453.7	349.6	**269.4**
MS Eurotec	100	185.0	226.4	482.5	293.8	**166.9**
DS Asia Electronic	100	95.7	113.4	214.2	148.3	**140.2**

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

Sources: HSBC Global Funds Services, Polar Capital Partners, Bloomberg, Thomson Financial.

CHAIRMAN'S STATEMENT

The technology sector suffered another traumatic year. The Dow Jones World Technology Index tumbled 32%, substantially underperforming the 17% fall in the FT World Index. Against this background, your company's net assets fell by 28% to a level not far above that of three years ago. The boom of late 1999 / early 2000 may have faded in some memories but the ensuing destruction of wealth will haunt investors for some time to come.

Investment conditions over the reporting period were by no means easy, even for the general investor. For much of the period, the global economy seemed to teeter on the brink of recession. Indeed the 11 September terrorist attacks in the USA appeared, at one point, almost certain to push the economy over the precipice. However, the burden of averting a more debilitating downturn has successfully been borne by the remarkably stoic American consumer. Much of the credit belongs also to the US monetary authorities who acted with commendable speed in orchestrating a massive infusion of liquidity into the global economic system.

For the corporate sector as a whole, life has been tough. Company profits have tumbled as weak demand and competitive price pressures combined uneasily with cost structures that owed much to the sunnier economic climate of 1999-2000. With valuations at demanding levels, investors have been wary of equities following their unhappy experience in recent years.

Nowhere has that experience been more unfavourable than in the technology and in particular the telecommunications sectors. The former's decline has now extended to 26 months following its March 2000 peak. Most technology markets are now 70% and more down from their highs while the list of stocks that have fallen by more than 90% is depressingly long. The decline in technology prices exceeds that of any bear market experienced over the last twenty years and is, in its intensity, the mirror image of the bull market excesses that preceded it.

A year ago, we commented on the structural rather than purely cyclical nature of the technology downturn. We also drew an analogy with that period in the mid 1980s which followed the rupturing of the PC bubble in 1983. Developments over the last year continue to suggest that the analogy is correct and the industry will require an extended period of retrenchment before it solves its structural problems. These problems are most acute in the telecommunications industry where a combination of overcapacity, faltering demand and fragile balance sheets has produced a flood of bankruptcies and retrenchments with often catastrophic repercussions for related technology businesses.

With corporate confidence impacted by weak profits and a lack of economic visibility, spending on information technology has been reduced and budgets have been increasingly allocated to the

CHAIRMAN'S STATEMENT continued

leading rather than to secondary suppliers. Many smaller companies have seen both their sales and profitability collapse. Indeed, 2001 was an appalling year for technology profits with some estimates suggesting a fall of over 50% to a level last seen in 1995.

Against this backdrop, the disillusionment of investors is easy to comprehend. Stock specific risk has always been high in technology but was temporarily masked by extraordinarily buoyant trading conditions. It has now returned with a vengeance, blowing gaping holes in even the most diligently selected portfolio. Faced with the prospect of a long road to recovery, investors have voted with their feet and sought more tranquil pastures elsewhere.

Most of our financial year was spent in damage limitation. With this goal in mind we greatly reduced our European exposure in the spring of last year and held substantial liquidity throughout last summer before reducing the cash in late September. This helped us to contain the devastation in what was by far the worst performing region. Although the performance of Asia was relatively strong our weighting there was too low to take full advantage of this until the last quarter of our year. We also had a difficult year in the USA. On balance, the fund performed in line with its specialisation but well relative to its peers. Although it is still early days, the relative performance since the change of management company has so far justified the Board's decision to move to Polar Capital Partners.

OUTLOOK

We anticipate a continuation of the global economic recovery that was set in motion by the significant monetary and fiscal stimulus provided in the fourth quarter of last year. However, for a variety of reasons, we would expect the recovery to be restrained and the economic cycle ahead to be muted in its force. With capacity utilisation relatively low, the consumer likely to be less of a force for growth than usual and the Japanese and continental European economies still fragile, it is hard to argue for a conventionally robust upturn.

As economic recovery unfolds, corporate confidence and profits should strengthen, allowing a more benign environment to emerge for capital spending. This would certainly provide a boost for the technology sector. However, the cyclical upturn that we envisage for the technology industry will be restrained by the problems of the telecommunications industry and the absence of any major new drivers for technology spending. At the stock market level, technology investors continue to face the problems of relatively

CHAIRMAN'S STATEMENT continued

full valuations and a still substantial supply of technology paper – the consequence of the IPO boom of the late 1990s.

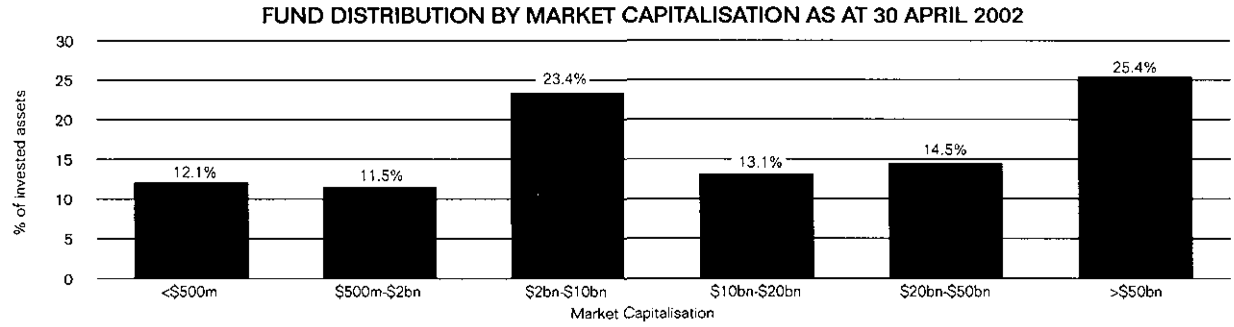
Nevertheless, the history of sector booms and busts over the last forty years suggests that most of technology's relative underperformance should now be behind us. With economic recovery driving what may be the first year of earnings growth for technology companies for some time, investor confidence should return to the sector. Technology investment is understandably unpopular and, consequently, value has begun to appear. While it may still be a little early to position the fund for a cyclical upturn, we expect to have moved in this direction by the late autumn.

Although the last two years have been horrendous for both companies and investors in the sector, the long term returns that this industry has generated remain difficult to beat. While many investors have lost faith, we are becoming more optimistic that better times lie not too far ahead even if the next major boom remains a distant prospect.

We are delighted to welcome Mr David Gamble who has joined the board as a non-executive director. Mr Gamble has 35 years of investment management experience and is currently Chief Executive of British Airways Pension Investment Management Ltd.

The board looks forward to welcoming shareholders to our AGM on 23 July 2002 at 12.30 pm at the Gibson Hall, Bishopsgate, London. The Notice of the meeting is set out on page 38. There will be a presentation by the fund managers and light refreshments following the meeting.

R K A Wakeling,
Chairman
11 June 2002



FUND MANAGER'S REPORT

With the FT World Index falling 17% over the year and the global stock market returning to a level first seen in 1996, the past twelve months have been an uneasy time for most investors. For much of the year, the global economy seemed to be delicately balanced between a resilient consumer sector and a singularly depressed corporate sector with the risks to the economy appearing to be biased towards the downside. European economies seemed comatose while the Japanese economy lurched unsteadily from one crisis to another. It seemed improbable that the USA could continue to defy gravity. Consequently, the shock imparted to global confidence by the World Trade Center attacks seemed certain to plunge the world into recession. Instead, perversely, it almost guaranteed a recovery by setting in motion one of the most significant bursts of monetary and fiscal stimulus ever provided to the global economy.

It is now evident that not only the US, but also the European, and even the hitherto moribund Japanese economy are all experiencing the early stages of recovery. With inflation subdued, another Japanese banking crisis temporarily averted and interest rates still at very low nominal levels, equity markets should be celebrating. However, the festivities have yet to have much impact on share prices.

One reason for this subdued reaction to economic recovery lies in the nature of that recovery. While economists' views are deeply divided on the outlook, we find it hard to believe in anything more than a relatively muted recovery. As neither the consumer nor the housing markets experienced a traditional recession, it seems improbable that they can drive a conventional recovery. Consequently, economic recovery will be unusually dependent on a cyclical upturn in capital spending and exports. While we expect the former to benefit from a recovery in corporate profits, current levels of capacity utilisation do not argue for a robust recovery. Similarly, export growth must inevitably be constrained by the mild nature of the European and Japanese recoveries. If global economic recovery is to be more modest than normal, then there are clear and not entirely encouraging implications for corporate profits growth and ultimately share prices. Given that valuations in most equity markets are, in absolute terms, at relatively high levels, subdued corporate profits growth is unlikely to set share prices alight. Moreover, investors, chastened by their experience of the last few years, may be reluctant to chase equity prices dramatically higher. The champagne therefore remains on ice awaiting both greater visibility on the pace and shape of economic recovery and the path of corporate profits. We do not expect the cork to be popped before the autumn and anticipate that the effervescence may prove to be disappointing.

The prognosis for the global economy is of critical importance to the technology investor, confronted as he is by not only major structural issues in certain key end markets but also by the general malaise in the capital equipment sector. The last year has been a rude awakening for the industry as the realisation has set in that there are no quick "fixes" for the industry's ailments. Investors, who initially showed a willingness to be patient in waiting for the industry to resolve its problems, have

FUND MANAGER'S REPORT continued

increasingly lost faith in the speed with which that process could take place. Generalist investors have sought (and found) better returns and a good deal lower risk elsewhere. Retail investors have moved their assets away from specialist technology funds into areas such as "value". After falling 47% in our previous financial year, the Dow Jones World Technology Index fell another 32% in the year under review. In doing so the Index retraced to the levels of 1998.

The study of historical data suggests that the recent technology boom was comparable both in the degree of the sector's outperformance and (now) in the extent of its underperformance to the average of all the different sector booms of the last three decades. The implication to be drawn is that technology's cycle of underperformance should now be close to an end. However, history suggests that any sector that has experienced a boom has difficulty in staging a strong and sustained period of outperformance within the first five years of its share price peak. Certainly this was true of the aftermath of the 1983 technology boom with which we drew parallels last year. It also supports the views that we have expressed over the last year that the industry's structural imbalances preclude us seeing anything better than a (probably economically induced) cyclical upturn over the next few years.

Those imbalances are nowhere more stark than in the communications industry, the source of many of the sector's woes and the blight of countless investors and bankers. The sheer scale of the excesses seen in the late 1990s has left the industry replete with unwanted capacity and even less wanted debt. Confronted by already almost insurmountable difficulties, the last thing on the industry's wish list was a slackening in demand. However, aggressive price competition combined with flattening demand has severely impacted cash flows. Capital expenditure has unsurprisingly collapsed. Some estimates suggest that capital spending by US wireline telecom carriers will fall by 45% in 2002 and decline again in 2003. The wireless industry, additionally burdened in Europe by the cost of third generation licenses, has fared little better. Initially expected to emerge in late 2001 / early 2002, wireless data now looks to be at best a 2003 story.

Although we benefited from limiting our exposure to the sector throughout the period, we still suffered some damage. Moreover the sector's demise particularly impacted on the performance of the European technology sector which over the year was, by a distance, the worst performing region.

However, Europe's underperformance also owed much to another of the imbalances that we discussed last year, the excess supply of technology paper. Although the new issue market collapsed last year (in the US there were just 19 technology IPOs, the lowest level since 1985), there remains a vast excess supply of technology share certificates. Many, if not most, of the companies floated in 1999-2000 have no commercial future and, as they move inexorably towards the industry's graveyard, the level of activity in the sector's mortuary acts as a severe dampener on investor sentiment. While this process of corporate destruction and death is a painful one, ultimately it is also necessary. Unfortunately, in Europe, investors' experience with and therefore tolerance of the

FUND MANAGER'S REPORT continued

submerging phase of the technology cycle is a good deal less than in the USA. Consequently, European investors have been much quicker to throw in the towel. The resulting damage is all too evident when one considers the catastrophic performance of TechMark and the Neuer Markt.

Perhaps the most unsettling aspect of the last 18 months for both companies and investors has been the almost complete absence of revenue and earnings visibility. For many technology companies, revenues quite simply collapsed in 2001 and, no matter how fast they tried to cut costs, sales fell faster. This was particularly evident in the software industry where for many companies the last two weeks (and in some cases two days) of any reporting period are critical in delivering earnings. With capital spending budgets under intense scrutiny and earnings misses two a penny, vendors of large scale applications were the second worst performing sub-sector of the technology universe.

In the technology world the last year has been a tough one in which to find anywhere to either make money or even protect it. There have been few new themes to pursue, perhaps unsurprisingly given the lack of new drivers for technology spending. Moreover, even areas such as healthcare and IT services, traditional sanctuaries for the escapist technology investor have proved less than tranquil, albeit still infinitely preferable to mainstream technology.

Over the year, we made our two largest sector calls on consumer electronics and on semiconductors. Our focus on consumer spending was originally driven by the belief that, following 11 September, the general aversion to travel would lead households to focus more of their spending on home entertainment. However, this call then broadened into a more general play on the digital upgrade cycle in the home including the purchase of PC accessories, DVDs, digital cameras, games consoles and flat screens. We still believe that this theme has a long way to play out and that it also has important implications for our geographical exposure in that it encourages a higher weighting in Asia, the source of many of the innovations in these areas.

Our overweight position in semiconductors served us especially well over the year as the sector far outperformed most others. Our belief was and remains that the next cyclical upturn in technology will be driven by a broader economic recovery and will be led by the sector's classic cyclical play, the semiconductor related companies. The latter are already benefiting from the end of the inventory depletion cycle and the gradual replenishment of stocks. Unlike many sectors of the technology industry, the risk attached to semiconductor shares is less stock specific and more based around the correct interpretation of the cycles' various phases. As such, we expect that generalist investors, who are comfortable with and experienced in investing in cyclicals, will be far more willing to buy back into this area of the technology market. While semiconductor related shares are not cheap by historical standards, we still expect them to outperform any recovery.

The issue of valuation has been a problematic one for the technology sector as a whole. Although share prices have tumbled, in many cases earnings have fallen just as fast. Moreover, while the collapse of the Dow

FUND MANAGER'S REPORT continued

Jones World Technology Index since its peak has brought valuations down from the celestial to the merely earthly level, valuations can still not be described as dirt cheap. Indeed our expectation is that valuations will erode over the next five years so that share prices will underperform earnings. However, this does not mean that we expect share prices to decline or remain flat over this time frame. We expect corporate profit recovery to ease the pressure on IT budgets. This together with a more propitious phase of the inventory cycle, should lead to some recovery in revenues over the next year. In combination with the operational leverage created by many companies' aggressive cost cutting, this should translate into some strong earnings growth from the sector.

Our expectation has been that the sector would find a bottom in the third quarter of 2002 and then enjoy a cyclical upturn. In previous post-boom periods, such cyclical upturns have delivered returns of as much as 40-50% from trough to peak before giving way to a 15-20% correction. We may see a similar pattern emerging over the next few years subject to the overall stockmarket beginning to make upward progress. We do not expect another technology boom immediately to follow the painful bear market of the last two years. For this to happen, we would need to see some major (and as yet not visible) new drivers of technology spending.

In the environment that we foresee, stock selection and market timing will be critical. A passive index of the last bull market's leaders will be doomed to underperformance. We believe that, over the next three years, some of the leaders for the next bull phase should emerge from what will be a far more selective new issue market. We therefore need to construct a portfolio that represents a good mix of core names, predictable growth and emerging technology businesses. In order to do this more effectively in the USA, we decided in October to split the US portfolio between a core run by David Magliocco and a more aggressive, small and mid capitalisation portfolio managed by Tim Woolley. As and when we feel the timing is right for a strong performance by US technology shares, we will greatly increase the size of the aggressive pool relative to the core.

The last two years have been horrendous for investors in technology and we are very unhappy at seeing our shareholders' wealth diminish. We will strive to rebuild value over the year ahead. Although the sector continues to face many issues and a return to boom conditions is a distant prospect, we believe that the vast majority of the damage has been done. In the mid 1980s, it took two and a quarter years after the peak of the PC boom for the sector to find a sustainable low. We are now nearly that far in time from the March 2000 peak and expect a similar outcome.

Brian Ashford-Russell,
11 June 2002

PORTFOLIO REVIEW

COMPUTING

Weak capital spending together with the collapse of the dot.com and telecom sectors impacted demand for computers of all sizes. Even storage, which had previously grown exponentially, was affected. For the first time in the industry's history PC unit shipments declined over the year and margins and profitability suffered accordingly. Entering 2002, demand appears to have stabilised, albeit at low levels and inventories are at a multi-year low. The HP-Compaq merger should be positive for the supply-side of the industry. Valuations are relatively undemanding and are likely to remain so until demand improves.

SEMICONDUCTORS

Semiconductor stocks significantly outperformed the rest of the technology sector. Inventory depletion was completed during 2001 and the back-end of our year saw a resumption of order flows for both component and equipment manufacturers. Those companies selling into the consumer end market performed most strongly while those exposed to the communications markets suffered. The critical issue now is whether the positive order trends can continue without an improvement in final demand for communications and computing equipment. Valuations look high if demand falters but the industry should lead any broad upturn in technology.

SOFTWARE

2001 was a terrible year for software with aggregate demand falling for the first time. Demand weakened *for both infrastructure and application software vendors* and decision cycles stretched dramatically. As a consequence, earnings estimates were in many cases spectacularly wide of the mark. An improvement in corporate confidence and a significant loosening in capital spending budgets will be necessary before any *upturn is seen. In the meantime, companies selling low-*priced software and/or offering products with a very short pay-back are best positioned.

SERVICES

The consulting and system integration companies suffered the same problems as the software industry. Weak demand for application deployment combined with an excess supply of consultants led to lower revenues, poor utilisation and sharply reduced profitability. There are some signs of stabilisation (although not yet in Europe) but little evidence of any genuine improvement. Outsourcing and processing services were one of the few areas to perform well. Their greater predictability and counter-cyclical strengths provided considerable defensive qualities. However, their valuations are now relatively demanding.

COMMUNICATIONS

Demand for communications equipment has collapsed. Both the wireless and wireline carriers are suffering from weak balance sheets, faltering demand and cut-throat competition. In order to rebuild their balance sheets, capital spending has been slashed and shows no sign of picking up in the near future. The wireless handset market shows signs of increasing maturity and the delay in third generation network build-out has impacted many suppliers. Valuations have slumped but so too have sales. The industry's rehabilitation is likely to take a considerable time.

PORTFOLIO REVIEW continued

CONSUMER

With consumer demand remaining resilient throughout the last year, consumer electronics spending has held up well. There is some evidence of a displacement in spending away from products such as mobile handsets towards home entertainment. Demand for DVDs, flat panel displays and digital cameras have soared while a strong new product cycle is underway in the game console market. The other clear winner over the year was the e-commerce group where the diminishing number of survivors are showing signs of successfully exploiting the franchises that they have established. Continued strength in this area depends on further improvement in economic activity as consumer debt remains high and job lay-offs may impact confidence.

LIFE SCIENCES

Healthcare shares provided some sanctuary for technology investors over the year but to a lesser degree than would be considered normal. While medical device stocks enjoyed a steady year, the pharmaceutical sector proved a minefield. An increasing number of patent expiries together with closer FDA scrutiny of new drug applications led to some very disappointing earnings from major drug companies. The biotech sector suffered from some of the consequent fall-out as well as from investor's new found risk aversion.

CLASSIFICATION OF INVESTMENTS

at 30 April 2002

	North America %	Europe %	Asia %	Total 2002 %	Total 2001 %
Computing	8.4	0.2	0.6	**9.2**	9.7
Components	9.9	2.0	9.7	**21.6**	18.1
Software	12.9	2.3	–	**15.2**	18.0
Services	5.3	5.6	2.5	**13.4**	9.9
Communications	2.5	2.6	2.9	**8.0**	7.7
Life Sciences	8.2	2.1	0.4	**10.7**	9.7
Consumer, media and internet	3.5	3.0	0.8	**7.3**	9.2
Other Technology	3.6	2.5	1.2	**7.3**	7.9
Unquoted Investments	–	0.1	–	**0.1**	0.1
EQUITY INVESTMENTS	54.3	20.4	18.1	**92.8**	90.3
Fixed Interest	–	2.9	–	**2.9**	6.1
Net Current Assets	–	15.7	–	**15.7**	10.8
Loans	–	–	(11.4)	**(11.4)**	(7.2)
OTHER NET ASSETS	–	18.6	(11.4)	**7.2**	9.7
GRAND TOTAL (net assets of £287,229,000)	54.3	39.0	6.7	**100.0**	100.0
At 30 April 2001 (net assets of £401,337,000)	60.4	34.3	5.3	**100.0**	100.0

PORTFOLIO REVIEW – EQUITY INVESTMENTS OVER 1%

of net assets at 30 April 2002

NORTH AMERICA

£'000s			% of net assets
7,591	Dell Computer	PCs	2.6%
7,020	Applied Materials	Semiconductor production equipment	2.4%
6,610	International Business Machines	Computer hardware and services	2.3%
6,367	Texas Instruments	Semiconductors	2.2%
6,171	Kla-Tencor	Semiconductor production equipment	2.2%
6,105	Teradyne	Semiconductor production equipment	2.1%
5,980	Medtronic	Medical devices	2.1%
5,875	Electronic Arts	Gaming software	2.0%
5,379	Microsoft	PC software	1.9%
4,733	Johnson & Johnson	Medical products	1.6%
4,664	First Data	Processing services	1.6%
4,580	Electronic Data Systems	Outsourcing services	1.6%
4,373	Cisco	Networking equipment	1.5%
4,290	Pfizer	Life Sciences	1.5%
4,255	Micron Technology	DRAMs	1.5%
4,049	Xilinx	Programmable logic devices	1.4%
3,702	Adobe	Publishing software	1.3%
3,645	Symantec	Security software	1.3%
3,629	Amgen	Biotechnology	1.3%
3,312	Northrop Grumman	Defence electronics	1.2%
3,170	Intel	PC semiconductors	1.1%
2,861	Automatic Data Processing	Processing services	1.0%
108,361	**Total investments over 1%**		**37.7%**
47,680	**Other investments**		**16.6%**
156,041	**Total North American investments**		**54.3%**

EUROPE

£'000s			% of net assets
4,840	Abacus	Component distribution	1.7%
4,790	Logitech	Computer peripherals	1.7%
3,165	Nokia	Mobile telephony	1.1%
3,116	ASM Lithography	Semiconductor production equipment	1.1%
3,072	Ordina	IT consultancy	1.0%
18,983	**Total investments over 1%**		**6.6%**
39,502	**Other investments**		**13.8%**
58,485	**Total European investments**		**20.4%**

ASIA

£'000s			% of net assets
5,398	NTT	Communications carrier	1.9%
4,254	Samsung Electronics	Diversified electronics manufacturer	1.5%
3,819	Disco	Semiconductor production equipment	1.3%
3,582	Rohm	Components	1.3%
3,576	Fuji Photo Film	Photographic technology	1.3%
3,508	NGK Spark	Semiconductor packaging	1.2%
3,154	Sumitomo Electric	Communications components	1.1%
3,155	Hon Hai Precision	Components	1.1%
2,950	Sony	Consumer electronics	1.0%
33,396	**Total investments over 1%**		**11.7%**
18,529	**Other investments**		**6.4%**
51,925	**Total Asian investments**		**18.1%**

DIRECTORS

CHAIRMAN

R K A Wakeling MA (Cantab), Barrister, FCT
(aged 55).

Appointed to the board and as Chairman in 1996. Formerly chief executive of Johnson Matthey plc 1991-94, and a non-exective director of Logica plc from 1995-2002, Mr Wakeling is a non-executive director of The Brunner Investment Trust plc.

DIRECTORS

B J D Ashford-Russell BA (Oxon)
(aged 43).

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

P F Dicks
(aged 59).

Appointed to the board in 1996. Mr Dicks is a director of Standard Microsystems Corporation and Graphite Enterprise Trust. He is also the Chairman of Second London American Trust plc and a director of several other companies.

D J Gamble
(aged 58).

Appointed to the board in 2002. Mr Gamble is Chief Executive of British Airways Pension Investment Management Ltd.

Professor J D Rhodes CBE, FRS, FREng.
(aged 58).

Appointed to the board in 1996. Professor Rhodes is Executive Chairman of Filtronic plc, Chairman of Isotek (Holdings) Limited and Industrial Professor at Leeds University.

C J M Stutterheim
(aged 56).

Appointed to the board in 1998. Mr Stutterheim is Executive Chairman of CMG plc.

BOARD COMMITTEES

All the directors, with the exception of Mr Ashford-Russell, are independent of the management company. The Audit and Management Engagement Committees comprise of all the independent directors and are chaired by Mr Wakeling.

REPORT OF THE DIRECTORS

The Directors present their report and the audited accounts of the Group for the year ended 30 April 2002.

PRINCIPAL ACTIVITIES

A review of the business is given in the Chairman's Statement on pages 4 to 6 and in the Fund Manager's Report and Portfolio Review on pages 7 to 13.

The Company 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 2000. 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.

ASSETS

At 30 April 2002 the total net assets of the Group amounted to £287,229,000 compared with £401,337,000 at 30 April 2001. The net asset value per ordinary share, on a fully diluted basis, decreased by 26.8% from 243.7p to 178.5p.

REVENUE AND DIVIDENDS

The gross revenue for the year was £3,131,000 (2001: £5,639,000) and the net loss after taxation amounted to £608,000 (2001: £6,807,000). 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.

INVESTMENT COMPANY STATUS AND NEW ARTICLES OF ASSOCIATION

The Company ceased to be an investment company in 1998 under the provisions of Section 266 of the Companies Act 1985. The loss of this status was to permit the Company to purchase its own shares out of its capital profits. As explained at that time, the loss of investment company status did not have any affect on the tax status of the Company as an investment trust.

Following changes in the Companies Act 1985 allowing investment companies to use capital profits to fund share purchases, the directors consider it desirable to re-apply for investment company status.

New Articles of Association have been prepared dealing with the use of capital profits, thus allowing the Company to reapply for investment company status.

As the Articles are updated infrequently, the opportunity has also been taken to increase the overall limit that may be paid as directors' fees in the new Articles of Association. The limit in the existing Articles of Association was established in 1996 at £70,000. The proposed limit of £150,000 has been set to allow for future increases in the fees paid to the Directors and the appointment of additional new Directors. The Board considers it important to have the ability to attract and retain the highest calibre of Directors.

The Articles of Association have also been updated for other minor provisions as explained on pages 39 and 40.

Resolutions will be proposed at the AGM seeking shareholder approval to these changes.

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.

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 less than 12 months notice is given.

The Company pays Polar Capital a base management fee and a performance fee under certain circumstances. The base fee is charged 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.

The performance fee arrangements, effective from 1 May 2000 and carried forward into the agreement with Polar Capital split the performance 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 is a blend of worldwide technology indices, comprising 50% Pacific SE (USA) Technology, 15% Morgan Stanley Eurotec, 7.5% FTSE Techmark, 7.5% Euro NM, 15% Datastream Asian Electronics and 5% JASDAQ. The second part comprised 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 will end on 30 April 2003. No performance fee was paid to Polar Capital in the year to 30 April 2002.

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

CUSTODIAN

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

SUBSTANTIAL SHARE INTERESTS

At 11 June 2002 the following substantial interests in the issued ordinary share capital of the Company had been notified:

Halifax Group plc	5.22%
Prudential plc	4.83%

DIRECTORS

The Directors of the Company and their biographies are shown on page 14. All the Directors held office throughout the year, except for Mr Gamble who was appointed on 11 June 2002. At the forthcoming Annual General Meeting Mr Richard Wakeling, Mr Brian Ashford-Russell and Mr David Gamble will retire and offer themselves for re-election.

Mr Wakeling, Mr Dicks, Mr Gamble, Professor Rhodes and Mr Stutterheim are independent of the Investment Manager, Polar Capital Partners Ltd. Mr Ashford-Russell is a director of Polar Capital Partners Ltd.

The interests of Directors in the ordinary shares and warrants of the Company, at 30 April 2002 and 30 April 2001 are set out below:

	Ordinary Shares		Warrants	
	30.04.02	30.04.01	**30.04.02**	30.04.01
With beneficial interest:				
RKA Wakeling	**10,000**	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
Professor JD Rhodes	–	–	–	–
CJM Stutterheim	–	–	–	–
With non-beneficial interest:				
PF Dicks	**1,057**	1,057	–	–

There have been no changes in the Director's interests in the shares or warrants between the end of the financial year and 11 June 2002.

On 11 June 2002, the date of his appointment, Mr Gamble had no interest in the shares or warrants of the Company.

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.

No Director has a service contract with the Company. Fees paid to the Directors are set out in note 7 to the accounts.

REPORT OF THE DIRECTORS continued

CORPORATE GOVERNANCE

A formal statement on Corporate Governance is set out on pages 18 to 20.

SHARE CAPITAL AND WARRANTS

On 1 October 2001, 475,369 warrants were exercised and the same number of ordinary shares were issued.

As at 30 April 2002, there were 148,995,345 ordinary shares and 27,145,476 warrants in issue (2001: 148,519,976 shares and 27,620,845 warrants).

A warrant holder 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.

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 2002.

ANNUAL GENERAL MEETING (AGM)

The AGM will be held on Tuesday 23 July 2002 at 12.30 pm. The Notice of meeting is set out on page 38 and an explanation of the business to be conducted is given on pages 39 and 40. There will be a presentation from the fund manager and the opportunity for shareholders to meet the Directors.

SHAREHOLDER AND INVESTOR INFORMATION

Further information on the Company can be found on pages 41 to 44.

By order of the Board

Neil Taylor

N P Taylor FCIS
Polar Capital Secretarial Services Limited
Secretary
11 June 2002

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 ("the Code").

APPLICATION OF THE PRINCIPLES OF THE CODE

The Board attaches importance to the matters set out in the Code and applies its principles. However, as an investment trust company, 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 Code are directly applicable to the Company.

DIRECTORS

The Board currently consists of five non-executive Directors, all of whom (with the exception of Mr Brian Ashford-Russell) are independent of the Company's investment manager. Their biographical details, set out on page 14, demonstrate a breadth of investment, industrial, commercial and professional experience with an international perspective.

The Board meets at least seven times a year and deals with the important aspects of the Company's affairs, including the setting and monitoring of investment strategy and the review of investment performance. The investment manager takes decisions as to the purchase and sale of individual investments. The investment manager also ensures that all Directors receive, in a timely manner, all relevant management, regulatory and financial information. Representatives of the investment manager attend each Board meeting, enabling the Directors to seek clarification on specific issues or to probe further on matters of concern. Matters specifically reserved for decision by the full Board have been defined and there is an agreed procedure for Directors, in the furtherance of their duties, to take independent professional advice if necessary at the Company's expense. 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.

When a Director is appointed he or she is offered an induction briefing by the investment manager. Changes affecting Directors' responsibilities are advised as they arise.

Directors are appointed for specific terms, subject to re-election and to the provisions of the Companies Act. In accordance with the Company's Articles of Association, new directors stand for election at the first annual general meeting following their appointment and every director stands for re-election at intervals of not more than three years.

The Chairman of the Company is a non-executive Director. As the board is comprised of non executive directors, the roles of the Chairman and Chief Executive have not been separated, nor has a senior non-executive Director been identified. The Board considers that all the Directors have different qualities and areas of expertise on which they may lead when issues arise. Accordingly, concerns may be conveyed to any one of them.

BOARD COMMITTEES

The Board has established audit, and management engagement committees with defined terms of reference and duties. The membership of these committees comprise of all the independent non-executive directors.

The Audit Committee is responsible for the review of the annual report and the interim report, the nature and scope of the external audit and the findings therefrom, and the terms of appointment of the auditors, including their remuneration and the provision of any non-audit services by them. It also meets with representatives of the investment manager and receives reports on the quality and effectiveness of the accounting records and management information maintained on behalf of the Company.

The Management Engagement Committee is responsible for the regular review of the terms of the management contract with the investment manager.

The Board has not established a nominations committee to make recommendations on the appointment of new directors as it considers itself to be a small board. The

Board as a whole considers nominations made in accordance with an agreed procedure.

DIRECTORS' REMUNERATION

The Board as a whole considers Directors' remuneration; therefore it has not appointed a separate remuneration committee. Because the Company is an investment trust and all its Directors are non-executive, the Company is not required to comply with the provisions of the Code in respect of remuneration of executive Directors. The Directors' fees are detailed in note 7 to the Accounts.

RELATIONS WITH SHAREHOLDERS

The investment manager has a programme of meetings with institutional shareholders and matters raised at these meetings are reported back to the Board.

The Board considers that shareholders should be encouraged to attend and participate in the annual general meeting. Details of the proxy votes received in respect of each resolution are relayed to shareholders. The investment manager makes a presentation to the meeting. The Company has adopted a nominee shareholder code which is set out on page 41.

The Board has arranged for twenty working days' notice of the annual general meeting to shareholders as required under Code provision C.2.4.

The Notice of Meeting sets out the business of the meeting and the special resolutions are explained more fully in the Explanation of the Notice of Meeting on pages 39 and 40. Separate resolutions are proposed for each substantive issue.

ACCOUNTABILITY AND AUDIT

The statement of Directors' responsibilities in respect of the accounts is set out on page 20 and the report of the auditors is set out on page 21.

The Board has delegated contractually to external agencies, including the investment manager, the management of the investment portfolio, the custodial services (which include the safeguarding of the assets), the day to day accounting, company secretarial and administration requirements and the registration services. 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 investment manager and ad hoc reports and information are supplied to the Board as required.

The investment manager has established an internal control framework to provide reasonable assurance on the effectiveness of the internal controls operated on behalf of its clients.

INTERNAL CONTROL

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Company. This process is subject to regular review by the Board and accords with the Internal Control Guidance for Directors on the Combined Code published in September 1999 ("the Turnbull guidance").

The Board receives each quarter from the investment manager a formal report which details the steps taken to monitor the identified areas of risk, including those that are not directly the responsibility of the investment manager, and details of any known internal control failures.

The Company does not have an internal audit function; it delegates to third parties most of its operations and does not directly 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 the Directors will review from time to time whether a function equivalent to an internal audit is needed.

The Board is responsible for the Company's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risks of failure to achieve the Company's business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

CORPORATE GOVERNANCE continued

GOING CONCERN

The Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the accounts as the assets of the Company consist mainly of securities that are readily realisable and, accordingly, the Company has adequate financial resources to continue in operational existence for the foreseeable future.

EXERCISE OF VOTING POWERS

The Board has approved a corporate governance voting policy which, in its opinion, accords with current best practice whilst maintaining a primary focus on financial returns.

STATEMENT OF COMPLIANCE

The Directors have conducted an annual review of the effectiveness of the system of internal controls taking into account any significant issues which arose during the course of the year ended 30 April 2002. The Directors consider that the Company has complied throughout the year ended 30 April 2002 with all the relevant provisions set out in Section 1 of the 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 Group and of the net revenue of the Company and 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 financial statements which comprise the statement of total return, the balance sheet, the reconciliation of movements in equity shareholders' funds and the cash flow statement and notes 1 to 29.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, United Kingdom Auditing Standards issued by the Auditing Practices Board and the Listing Rules of the Financial Services Authority.

We report to you our opinion as to whether the financial statements give a true and fair view and are 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 financial statements, 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 or the Listing Rules 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 financial statements. The other information comprises only the directors' report, the chairman's statement, the fund manager's report, the portfolio review and the corporate governance statement.

We review whether the corporate governance statement reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules, 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, 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 financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group at 30 April 2002 and of the total loss and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London
11 June 2002

GROUP STATEMENT OF TOTAL RETURN for the year ended 30 April 2002

(INCORPORATING THE REVENUE ACCOUNT)

Notes		Year ended 30 April 2002 Revenue £'000	Capital £'000	Total £'000	Year ended 30 April 2001 Revenue £'000	Capital £'000	Total £'000
2	Total capital losses from investments	–	(113,975)	(113,975)	–	(261,400)	(261,400)
3	Income from fixed asset investments	2,252	–	2,252	2,972	–	2,972
4	Other interest receivable and similar income	879	–	879	2,667	–	2,667
	Gross revenue and capital losses	3,131	(113,975)	(110,844)	5,639	(261,400)	(255,761)
5	Management fees	(2,494)	–	(2,494)	(11,116)	–	(11,116)
6	Other administrative expenses	(597)	–	(597)	(890)	–	(890)
	Net loss on ordinary activities before interest payable and taxation	40	(113,975)	(113,935)	(6,367)	(261,400)	(267,767)
8	Interest payable and similar charges	(513)	–	(513)	(393)	–	(393)
	Net loss on ordinary activities before taxation	(473)	(113,975)	(114,448)	(6,760)	(261,400)	(268,160)
9	Taxation on ordinary activities	(135)	–	(135)	(47)	–	(47)
	Net loss on ordinary activities after taxation	(608)	(113,975)	(114,583)	(6,807)	(261,400)	(268,207)
10	**Loss per ordinary share (pence)**						
	Basic	(0.41p)	(76.61p)	(77.02p)	(4.59p)	(176.41p)	(181.00p)
	Fully Diluted	–	(70.03p)	(70.40p)	–	(154.56p)	(158.58p)

The revenue columns of this statement represent the revenue accounts of the group.

The notes on pages 25 to 37 form part of these accounts

BALANCE SHEETS at 30 April 2002

Notes		Group 2002 £'000	Group 2001 £'000	Company 2002 £'000	Company 2001 £'000
11 to 13	**Fixed asset investments**				
	Listed at market value:				
	United Kingdom (excluding fixed interest)	**30,684**	45,889	**30,684**	45,889
	United Kingdom fixed interest	**–**	24,409	**–**	24,409
	Overseas	**243,653**	315,903	**243,653**	315,903
		274,337	386,201	**274,337**	386,201
	Unlisted at directors' valuation:				
	Subsidiary undertaking	**–**	–	**3,325**	4,120
	Other United Kingdom	**345**	328	**345**	328
	Overseas	**10**	298	**10**	298
		274,692	386,827	**278,017**	390,947
	Current assets				
14	Debtors	**8,664**	4,718	**11,481**	7,435
	Cash	**37,689**	39,471	**31,547**	32,634
		46,353	44,189	**43,028**	40,069
15	**Creditors:** amounts falling due within one year	**(1,163)**	(29,679)	**(1,163)**	(29,679)
	Net current assets	**45,190**	14,510	**41,865**	10,390
	Total assets less current liabilities	**319,882**	401,337	**319,882**	401,337
16	**Creditors:** amounts falling due after more than one year	**(32,653)**	–	**(32,653)**	–
	Total net assets	**287,229**	401,337	**287,229**	401,337
	Capital and reserves				
18	Called up share capital	**37,249**	37,130	**37,249**	37,130
19	Share premium	**87,955**	87,599	**87,955**	87,599
20	Warrant reserve	**8,560**	8,709	**8,560**	8,709
21	Warrant exercise reserve	**566**	417	**566**	417
22	Other capital reserves	**206,631**	320,606	**209,956**	324,726
23	Revenue reserve	**(53,732)**	(53,124)	**(57,057)**	(57,244)
25	**Equity shareholders' funds**	**287,229**	401,337	**287,229**	401,337
26	**Net asset value per ordinary share** – undiluted	**192.78p**	270.22p	**192.78p**	270.22p
	– diluted	**178.48p**	243.72p	**178.48p**	243.72p

The accounts were approved by the Board of Directors on 11 June 2002.

R K A Wakeling

B J D Ashford-Russell

The notes on pages 25 to 37 form part of these accounts

GROUP CASH FLOW STATEMENT for the year ended 30 April 2002

Notes		2002 £'000	2002 £'000	2001 £'000	2001 £'000
27	**Net cash inflow/(outflow) from operating activities**		986		(53,149)
	Servicing of finance				
	Bank and loan interest paid	(336)		(331)	
	Net cash outflow from servicing of finance		(336)		(331)
	Taxation				
	UK tax recovered	–		16	
	Overseas withholding tax recovered	–		11	
	Net tax recovered		–		27
	Financial investment				
	Purchase of investments	(369,032)		(751,980)	
	Sale of investments	362,169		780,979	
	Net cash (outflow)/inflow from financial investment		(6,863)		28,999
	Net cash outflow before financing		(6,213)		(24,454)
	Financing				
	Proceeds from exercise of warrants	475		817	
	New loans taken out	33,860		14,955	
	Loan matured	(29,505)		–	
	Net cash inflow from financing		4,830		15,772
28	**Decrease in cash**		(1,383)		(8,682)

Reconciliation of net cash flow to movements in net funds

Notes		2002 £'000	2001 £'000
	Decrease in cash as above	(1,383)	(8,682)
	Movement in long term loans	(4,355)	(14,955)
	Change in net funds resulting from cash flows	(5,738)	(23,637)
	Exchange movements	298	2,090
	Net movement in the year	(5,440)	(21,547)
	Net funds at 1 May	10,476	32,023
28	**Net funds at 30 April**	5,036	10,476

The notes on pages 25 to 37 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"). 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. The fixed returns on debt securities and non-equity shares are recognised on a time apportionment basis and, if material, 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.

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. A deferred tax asset or provision is established to the extent that it is probable that an asset or liability will crystallise in the future.

j Financial instruments

Derivative instruments utilised by the Group comprise index options. A derivative instrument is considered to be used for hedging purposes when it alters the market risk profile of an existing underlying exposure of the Group. The Company has taken advantage of the exemption allowed under FRS13 and excluded short-term debtors and creditors from disclosures under financial instruments where allowed.

k Investment company status

In the year to 30 April 1999 the Company ceased to be an investment company within the meaning of section 266, Companies Act 1985. However, since then it has continued to conduct its affairs as an investment trust for taxation purposes under section 842 of the Income and Corporation Taxes Act 1988, and the Articles of the Company prohibit capital profits from being distributed by way of dividend. Proposals are being put at the AGM in July which will enable the Company to re-apply for investment company status. As such, the directors consider it necessary to continue to present the accounts in accordance with the SORP. Under the SORP, the financial performance of the Company is presented in a statement of total return in which the revenue column is the profit and loss account of the Company. The revenue column excludes net losses on disposals of investments, calculated by reference to their previous carrying amount of £38,030,000 (2001: £126,610,000) and realised exchange losses of £909,000 (2001 realised gain: £1,346,000). Net losses on disposals and realised exchange losses are included in the capital reserve. Since the Company is not an investment company, the Companies Act and/or FRS3 would ordinarily require this amount to be included in the profit and loss account. In the opinion of the Directors the inclusion of this item in the profit and loss account would be misleading because it would obscure and distort both the revenue and capital performance of the Company, and would not show clearly the revenue profits emerging to be distributable by way of dividend. The Directors therefore consider that these departures from the specific provisions of Schedule 4 of the Companies Act relating to the form and content of accounts for companies other than investment companies and these departures from accounting standards are necessary to give a true and fair view. The departures have no effect on total return or on the balance sheet.

2 **Total capital losses from investments**	**Year ended 30 April 2002 £'000**	Year ended 30 April 2001 £'000
Net realised (losses)/gains based on historical cost	**(59,220)**	55,886
Add/(less): amounts recognised as unrealised in the previous year	**21,190**	(182,496)
Realised losses based on carrying value at previous balance sheet date	**(38,030)**	(126,610)
Net movement in unrealised depreciation	**(76,243)**	(136,880)
Net gain on foreign exchange movements	**298**	2,090
	(113,975)	(261,400)

3	Income from fixed asset investments	Year ended 30 April 2002 £'000	Year ended 30 April 2001 £'000
	Franked:		
	Listed investments	360	423
		360	423
	Unfranked:		
	Listed investments		
	Dividend income	836	572
	Interest income	1,056	1,977
		1,892	2,549
	Total income from fixed asset investments	2,252	2,972

4	Other interest receivable and similar income	Year ended 30 April 2002 £'000	Year ended 30 April 2001 £'000
	Bank interest	867	1,743
	Underwriting commission	–	3
	Dealing profits	–	918
	Other	12	3
		879	2,667

5	Management fee (charged wholly to revenue)	Year ended 30 April 2002 £'000	Year ended 30 April 2001 £'000
	Management fee to Polar Capital Partners (2001: from 10 February 2001)	2,494	786
	Management fee, paid to Henderson in the period up to 9 February 2001	–	7,012
	Compensation paid to Henderson for early termination of management agreement (note 29)	–	3,318
		2,494	11,116

A summary of the terms of the management agreement is given in the Report of the Directors on pages 15 and 16.

6	**Other administrative expenses**	**Year ended 30 April 2002 £'000**	Year ended 30 April 2001 £'000
	(Includes VAT where appropriate)		
	Directors' fees (note 7)	**67**	88
	Auditors' remuneration:		
	For audit services	**18**	20
	For non-audit services	**10**	34
	AITC *its* campaign	**–**	159
	Henderson share plan administration fee	–	73
	Share plan and ISA administration fee	**64**	–
	Expenses incurred in change of investment manager (note 29)	–	73
	Other expenses	**438**	443
		597	890

7 Directors' emoluments

Mr B J D Ashford-Russell, a Director of the Company, is employed by Polar Capital Partners Limited, ("Polar Capital Partners") and part of his remuneration relates to the services he provides to the Company. Under the Companies Act 1985, it is necessary to state the proportion of the emoluments he receives from Polar Capital Partners which related to the management of the Company, even though the Company did not pay these emoluments and is not involved in their determination.

The Company has been informed that the applicable proportion of the emoluments, paid by Polar Capital Partners, (including any performance related bonus) was £76,000 (2001: £61,427). This amount, together with the amounts paid by the Company to the other Directors, is included in the analysis below:

	Year ended 30 April 2002 £'000	Year ended 30 April 2001 £'000
Fees paid by the Company	**57**	66
Salary and other benefits paid by Henderson	–	41
Salary and other benefits paid by Polar Capital	**84**	20
Total emoluments, excluding amounts paid to third parties	**141**	127
Fees paid to third parties	**10**	22
Pension contribution paid by Henderson	**–**	3
Pension contribution paid by Polar Capital Partners	**8**	2

The pension contribution represents the amount paid by Henderson to a non-contributory defined benefit pension scheme or Polar Capital Partners to a money purchase arrangement on behalf of Mr B J D Ashford-Russell.

8 Interest payable and similar charges

	Year ended 30 April 2002 £'000	Year ended 30 April 2001 £'000
Interest on bank loans and overdrafts	**513**	393
	513	393

9 Taxation

	Year ended 30 April 2002 £'000	Year ended 30 April 2001 £'000
a) Analysis of charge in period:		
Corporation tax at 30%	**–**	–
Overseas tax	**137**	47
Tax credits on overseas dividends	**(2)**	–
Total current tax for period (see note 9b)	**135**	47
Deferred tax (see note 9c)	**–**	–
Total tax for period	**135**	47

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%) (2001: 30%)

The differences are explained below:

Net deficit before taxation	**(473)**	(6,760)
Corporation tax at 30%	**(142)**	(2,028)
Effects of:		
UK dividends not subject to corporation tax	**(107)**	(127)
Excess management expenses for which no relief taken	**282**	2,179
Expenses not deductible for tax purposes	**–**	7
Income taxable from previous periods	**45**	27
Income taxable in future periods	**(43)**	(45)
Taxable income not reflected in income account	**1**	5
Overseas tax suffered	**137**	47
Relief for overseas tax suffered	**(36)**	(18)
Overseas tax credits	**(2)**	–
Current tax charge for the period (see 9a)	**135**	47

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

9 **Taxation (continued)**

c) Deferred Tax

The company has not recognised a deferred tax asset of £17,085,670 (30th April 2001: £16,809,796) arising as a result of having unutilised management expenses. It is unlikely these management expenses will be utilised in future accounting periods unless the investment policy of the company or the taxation treatment is changed.

10 **Loss per ordinary share**

Revenue loss per ordinary share is based on the net loss after taxation attributable to the ordinary shares of £608,000 (2001: £6,807,000) and on 148,773,940 (2001: 148,179,591) ordinary shares being the weighted average number of shares in issue during the year.

Basic capital loss per ordinary share is based on net capital losses of £113,975,000 (2001: net capital loss: £261,400,000) and on the weighted average number of shares in issue during the year as shown above.

The calculation of the fully diluted revenue and capital returns per ordinary share are carried out in accordance with Financial Reporting Standard No. 14, Earnings per Share. For the purposes of calculating diluted revenue and capital returns per share, the number of shares is the weighted average used in the basic calculation plus the 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 13,980,989 (2001: 20,948,643) resulting in a total weighted average number of shares of 162,754,929 (2001: 169,128,234).

11 **Changes in fixed assets**	Group £'000	Company £'000
Valuation at 1 May 2001	**386,827**	**390,947**
Unrealised depreciation	**18,880**	**14,760**
Cost at 1 May 2001	**405,707**	**405,707**
Additions at cost	**369,434**	**369,434**
Disposals at cost	**(424,228)**	**(424,228)**
Cost at 30 April 2002	**350,913**	**350,913**
Unrealised depreciation	**(76,221)**	**(72,896)**
Valuation at 30 April 2002	**274,692**	**278,017**

12 **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 £3,325,000 relating to the subsidiary (2001: £4,120,000). The cost of investment in the subsidiary was £2 (2001: £2).

13 Substantial equity interests

The Company also 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 3 Finsbury Avenue, London EC2M 2PA. 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 Partners to commence the winding up of the Fund on 30 June 1997, the investment is not held on a long term basis.

In addition to the above, the Company has no interests of 3% or more of any class of capital in investee companies in the year ended 30 April 2002 (2001: 1).

At 30 April 2002 none of these investments represented more than 3% of the fixed asset investments and therefore are not considered significant in the context of these accounts.

14 **Debtors**	**Group 30 April 2002 £'000**	Group 30 April 2001 £'000	**Company 30 April 2002 £'000**	Company 30 April 2001 £'000
Sales for future settlement	**8,297**	3,259	**8,297**	3,259
Foreign exchange contracts awaiting settlement	**–**	1	**–**	1
Income tax and overseas tax recoverable	**23**	16	**23**	16
Prepayments and accrued income	**271**	373	**251**	341
Amounts due from subsidiary undertaking	**–**	–	**2,837**	2,749
VAT recoverable	**73**	1,069	**73**	1,069
	8,664	4,718	**11,481**	7,435

All amounts fall due within one year.

15 **Creditors:** amounts falling due within one year	**Group 30 April 2002 £'000**	Group 30 April 2001 £'000	**Company 30 April 2002 £'000**	Company 30 April 2001 £'000
Purchases for future settlement	**688**	285	**688**	285
Accruals	**475**	399	**475**	399
Japanese loans	**–**	28,995	**–**	28,995
	1,163	29,679	**1,163**	29,679

16 **Creditors:** amounts falling due after more than one year	**Group and Company 30 April 2002 £'000**	Group and Company 30 April 2001 £'000
The Group has the following unsecured Japanese Yen loans:		
¥2,610m at a fixed rate of 0.795% repayable 30 June 2003	**13,948**	–
¥1,400m at a fixed rate of 0.880% repayable 23 July 2003	**7,482**	–
¥2,100m at a fixed rate of 0.950% repayable 28 April 2005	**11,223**	–
	32,653	–

17 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 comprising index options, the purpose of which is to manage the market price risks arising from the Group's investment activities.

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.

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 and movements in exchange rates.

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 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 borrows in the desired currencies at both fixed and floating rates of interest. 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 15 and 16 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. Borrowings in foreign currencies will be limited to levels appropriate to the asset exposure to those currencies.

(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.

Derivatives and other financial instruments (continued)

Included in fixed asset investments at 30 April 2002 were UK Treasury bills with a market value of £nil (2001: £24,409,000). The weighted average interest rate on these was nil% (2001: 5.32%).

Financial liabilities

The interest rate profile of the Group's financial liabilities at 30 April 2002 was:

Currency	Total £'000	Floating rate financial liabilities £'000	Fixed rate financial liabilities £'000
Yen	**32,653**	**–**	**32,653**

The weighted average interest rate on the above liabilities was 0.868% (2001: 1.084%).

The weighted average period for which the interest rate is fixed was 1.81 years (2001: 0.31 years).

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

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

	2002 £'000	2001 £'000
In one year or less, or on demand	**–**	28,995
In more than one year but not more than two years	**21,430**	–
In more than two years	**11,223**	–
	32,653	28,995

The Group has various undrawn committed borrowing facilities. The facilities available at 30 April 2002 in respect of which all conditions precedent had been met were as follows:

	2002 £'000	2001 £'000
Expiring in one year or less	**70,000**	115,000
	70,000	115,000

(d) Currency exposure

	2002			2001		
	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	**155,457**	**11,647**	**167,104**	242,241	(309)	241,932
Euro	**27,168**	**17,200**	**44,368**	25,387	1,860	27,247
Yen	**37,579**	**(34,175)**	**3,404**	44,945	(28,305)	16,640
Other non-sterling	**23,459**	**11,361**	**34,820**	3,628	6,024	9,652
Sub Total	**243,663**	**6,033**	**249,696**	316,201	(20,730)	295,471
Sterling	**31,029**	**6,504**	**37,533**	70,626	35,240	105,866
Total net assets	**274,692**	**12,537**	**287,229**	386,827	14,510	401,337

Derivatives and other financial instruments (continued)

(e) Fair values of financial assets and financial liabilities

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

		Group and Company 30 April 2002 £'000	Group and Company 30 April 2001 £'000
18	**Called up share capital**		
	Authorised:		
	860,000,000 ordinary shares of 25p	**215,000**	215,000
	Allotted, called up and fully paid:		
	148,995,345 (2001: 148,519,976) ordinary shares of 25p	**37,249**	37,130

During the year 475,369 ordinary shares of 25p (with a nominal value of £118,842) were issued on the exercise of warrants, for a total consideration of £475,369.

		Group and Company £'000
19	**Share premium**	
	At 1 May 2001	**87,599**
	Exercise of warrants for ordinary shares	**356**
	At 30 April 2002	**87,955**

		Group and Company £'000
20	**Warrant reserve**	
	At 1 May 2001	**8,709**
	Transfer to warrant exercise reserve on exercise of warrants	**(149)**
	At 30 April 2002	**8,560**

		Group and Company £'000
21	**Warrant exercise reserve**	
	At 1 May 2001	**417**
	Transfer from warrant reserve on exercise of warrants	**149**
	At 30 April 2002	**566**

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 2002 there were 27,145,476 warrants outstanding (2001: 27,620,845).

22 Other capital reserves

a Group

	Unrealised depreciation £'000	Realised gains £'000	Total £'000
At 1 May 2001	(21,229)	341,835	320,606
Transfer on disposal of assets	21,190	(21,190)	–
Net losses on fixed asset investments	(76,243)	(38,030)	(114,273)
Net gains on foreign exchange	1,207	(909)	298
At 30 April 2002	(75,075)	281,706	206,631

b Company

	Unrealised depreciation £'000	Realised gains £'000	Total £'000
At 1 May 2001	(17,109)	341,835	324,726
Transfer on disposal of assets	21,190	(21,190)	–
Net losses on fixed asset investments	(77,038)	(38,030)	(115,068)
Net gains on foreign exchange	1,207	(909)	298
At 30 April 2002	(71,750)	281,706	209,956

23 Revenue reserve

	Group £'000	Company £'000
At 1 May 2001	(53,124)	(57,244)
Deficit for the period	(608)	187
At 30 April 2002	(53,732)	(57,057)

As permitted by section 230 of the Companies Act 1985, the Company has not presented its own revenue account. The net profit on ordinary activities after taxation of the Company amounted to £187,000. (2001: net loss £6,479,000).

24 *Capital Commitments*

At 30 April 2002 the Group had a commitment of £1,000,000 of which £400,000 had been drawn down (2001: £300,000).

25 Group reconciliation of movement in equity shareholders' funds

	Year ended 30 April 2002 £'000	Year ended 30 April 2001 £'000
Net loss after taxation	(608)	(6,807)
Decrease in capital reserves	(113,975)	(261,400)
	(114,583)	(268,207)
Exercise of warrants for ordinary shares	475	817
Net decrease in shareholders' funds	(114,108)	(267,390)
Equity shareholders' funds at 1 May	401,337	668,727
Equity shareholders' funds at 30 April	287,229	401,337

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 £287,229,000 (2001: £401,337,000) and on the 148,995,345 ordinary shares in issue at 30 April 2002 (2001: 148,519,976).

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 27,145,476 warrants in issue at 30 April 2002 (2001: 27,620,845) 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.

An alternative diluted net asset value per share is calculated using the methodology of FRS14, by dividing the net assets of £287,229,000 by the 162,754,929 weighted average number of shares, derived as described in note 10. Under this method the diluted net asset value per share is 176.48p (2001: 237.30p).

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

	£'000
Total net assets at 1 May 2001	**401,337**
Exercise of warrants for ordinary shares	**475**
Net loss on ordinary activities after taxation	**(114,583)**
Total net assets at 30 April 2002	**287,229**

27 Reconciliation of operating revenue to net cash inflow/(outflow) from operating activities

	Year ended 30 April 2002 £'000	Year ended 30 April 2001 £'000
Net gain/(loss) before interest payable and taxation	**40**	(6,367)
Decrease in accrued income	**84**	91
Decrease/(increase) in other debtors	**1,009**	(1,066)
Decrease in other creditors	**(28)**	(45,748)
UK income tax deducted at source	**–**	6
Overseas withholding tax suffered	**(119)**	(53)
Scrip dividends included in investment income	–	(12)
Net cash inflow/(outflow) from operating activities	**986**	(53,149)

28 Analysis of changes in net funds

	At 1 May 2001 £'000	Cash Flow £'000	Exchange Movements £'000	**At 30 April 2002 £'000**
Cash at bank and overdrafts	39,471	(1,383)	(399)	**37,689**
Debts falling due within one year	(28,995)	29,505	(510)	–
Debts falling due after more than one year	–	(33,860)	1,207	**(32,653)**
Net funds	10,476	(5,738)	298	**5,036**

Comparative Information

In the company's financial statements for the year ended 30 April 2001, the movement in short term loans was not reflected in the reconciliation of net cash flow to movements in net funds. The impact was to increase net funds from £10,476,000 to £39,417,000. This miscalculation has been corrected in the prior year comparative figures shown for 30 April 2001. This reclassification has no impact on the total return, net assets or decrease in cash, as stated in the last annual report.

NOTES TO THE ACCOUNTS continued

29 Related party transactions

Under the terms of an agreement dated 9 February 2001 the Company has appointed Polar Capital Partners Ltd ("Polar Capital") to provide investment management, accounting secretarial and administrative services. Details of the fee arrangement for these services are given in the Report of the Directors. The total fees paid under this agreement to Polar Capital in respect of the year ended 30 April 2002 was £2,261,000, excluding VAT (2001: £786,000 paid to Polar Capital from 10 February 2001 and £8,495,000 paid to Henderson Global Investors for the period up to 9 February 2001), of which £nil is included in creditors at 30 April 2002 (2001: £nil). 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. The total fees paid for these services for the year ended 30 April 2002 amounted to £123,000, excluding VAT. These services did not operate in the financial year ended 30 April 2001.

As part of the investment management contract with Polar Capital the Company has contractually agreed for the full amount of compensation paid to Henderson Global Investors plus legal and other professional advisers fees and costs together with extra fees paid to the Directors for the work incurred in the change of investment manager to be recovered from Polar Capital. These costs amounted to £3,466,000 and will be offset against the management and any performance fees payable to Polar Capital over 10 quarters. As a result of this the management fees paid by the Company in the year to 30 April 2002 were reduced by £1,327,000 (2001: £332,000). The period of reduced fees can be altered upwards so ensuring the minimum fee paid to Polar Capital in any one quarter does not fall beneath £500,000.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the sixth Annual General Meeting of Polar Capital Technology Trust PLC ("Company") will be held at Gibson Hall, Bishopsgate, London EC2M 4QB on Tuesday 23 July 2002 at 12.30 pm for the transaction of the following business:

1 To receive the report of the Directors and the audited accounts for the year ended 30 April 2002.

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

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

4 To re-appoint Mr D J Gamble as a Director of the Company.

5 To re-appoint PricewaterhouseCoopers as auditors to the Company.

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

To consider and, if thought fit, pass resolution 7 as an Ordinary Resolution and resolutions 8 and 9 as Special *Resolutions:-*

7 THAT the limit on the aggregate annual sum of Directors fees payable to Directors be increased from £70,000 to £150,000 pursuant to article 77 of the existing Articles of Association.

8 THAT the Company be and is hereby generally and unconditionally authorised in accordance with Section 166 of the Companies Act 1985 ("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 22,263,144;

(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 Daily Official List for the 5 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 2003 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.

9 THAT the Articles of Association in the form produced to the meeting and initialled by the Chairman for the purpose of identification be and are hereby approved and adopted as the new Articles of Association of the Company in substitution for and to the exclusion of all the existing Articles of Association of the Company.

By order of the Board
Polar Capital Secretarial Services Limited,
Secretary. 11 June 2002

Neil Taylor

Registered Office:
Cayzer House, 30 Buckingham Gate, London SW1E 6NN

NOTICE OF ANNUAL GENERAL MEETING – NOTES

1 Pursuant to Section 41 of the Uncertificated Securities Regulations 2001, only those shareholders registered in the Register of Members of the Company at close of business on 21 July 2002 shall be entitled to attend or vote at the Annual General Meeting in respect of the number of shares registered in their names at that time. Changes to entries after this time shall be disregarded in determining the rights of any person to attend or vote at the meeting.

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 Registrar of the Company not less than forty eight 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 This notice of AGM is sent for information only to warrant holders who are not entitled to attend or vote at the meeting.

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

EXPLANATION OF NOTICE OF MEETING

RESOLUTION 1: ACCOUNTS

This is the normal resolution which deals with the presentation of the audited accounts, and allows shareholders to raise questions on the accounts.

RESOLUTIONS 2, 3 AND 4: RE-ELECTION OF DIRECTORS

These resolutions deal with the re-appointment of Mr Wakeling and Mr Ashford-Russell, who are required to retire by rotation and Mr Gamble, who was appointed a director on 11 June 2002.

RESOLUTIONS 5 AND 6: AUDITORS

These deal with the re-appointment of the Auditors PricewaterhouseCoopers, and authorising of the Directors to determine their remuneration.

RESOLUTION 7: DIRECTORS' REMUNERATION

This resolution will be proposed as an ordinary resolution, in accordance with article 77 of the existing Articles of Association, and proposes to increase the limit on the aggregate annual sum of directors' remuneration from £70,000 to £150,000. The existing ceiling of £70,000 for the aggregate annual sum of directors' remuneration was set in 1996 and some headroom is now desirable to allow for increases in remuneration and the appointment of additional directors,

RESOLUTION 8: AUTHORITY TO MAKE MARKET PURCHASES OF THE COMPANY'S OWN SHARES

The Directors are seeking to renew the powers granted at last year's AGM to make market purchases of the Company's own shares for cancellation. The powers granted last year have not been used.

The Director's 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 22,263,144 ordinary shares, representing approximately 14.9% 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 2003.

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 11 June 2002 (being the latest practicable date prior to publication of this document) was 27,145,476. If exercised in full, ordinary shares issued on exercise of the Company's warrants would represent 18.2% 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 21.4% of the Company's issued share capital.

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 10 business days immediately preceding the date of purchase.

RESOLUTION 9: ADOPTION OF NEW ARTICLES OF ASSOCIATION

This resolution will be proposed as a special resolution and approves the adoption of a new set of Articles of Association of the Company. The Company's existing Articles of Association were adopted in October 1996 and certain amendments were made to them in September 1998. Since then there have been a number of changes to company law and practice. The directors consider it appropriate for the Company to take this opportunity to update, where appropriate, the Company's existing Articles of Association while leaving their substance essentially unchanged.

The principal differences between the Company's existing Articles of Association and the proposed new Articles of Association are summarised below. All references below to numbered articles are to the proposed new Articles of Association. Other than as set out below, the proposed alterations to the Articles of Association are of a minor or technical nature.

A copy of the proposed new Articles of Association of the Company is available for inspection at the Company's registered office, Cayzer House, 30 Buckingham Gate, London SW1E 6NN, at any time during normal business hours on weekdays (Saturdays and public holidays excepted) up to and including the date of the Annual General Meeting and at the place of the Annual General Meeting fifteen minutes prior to the start of the meeting and during the meeting.

Aggregate limit on Directors fees (article 82)
The level of fees proposed in the new Articles of Association will only increase to £150,000 if shareholders vote in favour of resolution 6 above.

Appointment and retirement of directors (article 92)
The existing Articles of Association provide that one third of the directors will retire each year. This new article will state expressly and makes it clearer in the Company's Articles of Association that (i) no individual director remains on the board of the Company for longer than three consecutive Annual General Meetings without having to retire and (ii) one third of the directors will retire at each Annual General Meeting.

Retirement age of directors (article 102)
The existing Articles of Association provide that the compulsory retirement age of directors is seventy. This article has been amended to reduce the compulsory retirement age to sixty-five.

Reserves and distribution of realised capital profits (article 128(6))
The Company ceased to be an investment company within the meaning of section 266 of the Companies Act 1985 in 1998 since this was at that time a necessary step in order to be able to make purchases of its own shares. This is no longer the case and the Company is now seeking to re-adopt investment company status and this new article will allow the Company to redeem or purchase its own shares while remaining an investment company.

Indemnity of officers (article 143)
This article has been amended so that the indemnity clause in the Company's Articles of Association excludes auditors of the Company.

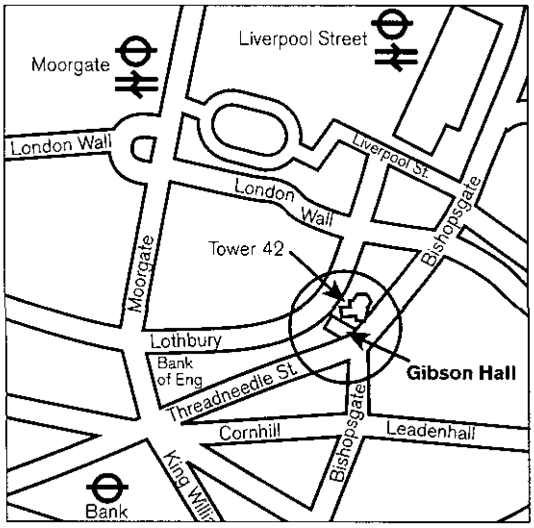
Uncertificated Securities Regulations 2001 and CREST (articles 1, 10, 11, 17, 27, 29, 31, 32, 33, 34, 42, 43, 45 and 123)
The new articles will reflect the provisions of the Uncertificated Securities Regulations 2001 and facilitate the trading of the Company's shares through CREST or other electronic settlement systems. The new articles will expressly allow the Company's shares to be held and transferred without share certificates or stock transfer forms in CREST. They will also enable the Company to take advantage of the existing facilities of CREST, together with those facilities which may become available in the future. The new articles allow the directors to apply for the Company's shares to be held or transferred in other computer-based settlement systems in the future or to resolve that the Company's shares may no longer be held in uncertificated form or transferred within any particular system.

Electronic Communications Act 2000 (articles 1, 12, 68, 71, 72, 73, 74, 75, 76, 77, 78, 101, 106, 123, 126, 131, 132, 135, 137 and 139)
The new articles will expressly allow electronic communications between the Company and its shareholders in accordance with the Electronic Communications Act 2000. The new articles will, for example, allow the directors to consider if they wish to offer shareholders the opportunity to appoint proxies by electronic means and, if the directors permit, the Company to send notices (including notices of meeting) by electronic means.

A special resolution is one that requires a majority of at least 75% of those present and voting to be passed.

SHAREHOLDER AND INVESTOR INFORMATION

ANNUAL GENERAL MEETING VENUE



The AGM is being held at the Gibson Hall, 13 Bishopsgate, London EC2M 4QB. The entrance is located at the corner of Bishopsgate and Threadneedle Street.

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	30 September – warrant subscription date
Mid-June – announcement of results	31 October – half-year end
23 July – Annual General Meeting	Mid-December – announcement of half-year results

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.

SHAREHOLDER AND INVESTOR INFORMATION continued

INVESTMENT MANAGER
Polar Capital Partners Limited regulated by FSA

FUND MANAGER
B J D Ashford-Russell

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

REGISTERED OFFICE
Cayzer House
30 Buckingham Gate
London SW1 6NN

REGISTERED NUMBER
Registered in England and Wales
No. 3224867

STOCKBROKERS
UBS Warburg
1 Finsbury Avenue
London EC2M 2PP

SOLICITORS
Herbert Smith
Exchange House
Primrose Street
London EC2A 2HS

AUDITORS
PricewaterhouseCoopers
Southwark Towers
32 London Bridge St
London SE1 9SY

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

REGISTRAR
Lloyds TSB Registrars Scotland
PO Box 28448
Finance House
Orchard Brae
Edinburgh EH4 1WQ
Telephone 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. The registrar can help you to check your holding; record a change of address or name; record the death of a holder or resolve general enquiries about your holding.

The Registrars also offer an internet based Shareview Portfolio Service (www.shareview.co.uk) which, when you have registered, allows you:

- direct access to data held for you on the share register including recent share movements;
- a valuation of your portfolio, based on recent share prices; and
- a range of information and practical help for shareholders.

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

INVESTING

Investors may purchase ordinary shares and warrants which are traded on the London Stock Exchange through their stockbroker, bank or other financial intermediary.

Polar Capital Technology Trust Plc has made arrangements for a Share Savings Scheme and an ISA product to be made available to allow investors to purchase shares in this way.

POLAR CAPITAL TECHNOLOGY TRUST SHARE SAVINGS SCHEME

This Scheme is operated by Cogent Investment Operations Limited as Scheme Managers and is designed to allow lump sum and regular savings into the Company's shares.

The Scheme offers:

- regular monthly savings from £50 per month or per quarter;
- lump sum investments from £500;
- half yearly valuations.

POLAR CAPITAL TECHNOLOGY TRUST ISA

This ISA is offered by Cogent Investment Operations Limited as Scheme Managers and offers tax free investing in the Company's shares.

The ISA offers:

- regular monthly savings from £50 per month or per quarter;
- lump sum investments from £2,000;
- annual management fee of £30 (+VAT) on direct applications or 1.25% pa charge for IFA advised schemes.

PEP

If you invest via a PEP, you need take no action following the introduction of the ISA; your PEP will remain in existence. If you have other PEPs which you would like to transfer please contact Cogent Investment Operations Limited (Polar Capital).

For details on the above Schemes please contact
Cogent Investment Operations Limited (Polar Capital)
3 Finsbury Avenue, London EC2M 2NB
Telephone 020 7818 5142; Fax 020 7410 2662

Cogent Investment Operations Limited is regulated by the FSA for the conduct of investment business.

Please remember that the price of an investment and the income from it can fall as well as rise as a result of market and currency fluctuations and an investor may not get back the amount originally invested.

Tax assumptions may change if the law changes and the value of tax relief will depend upon your individual circumstances.

SHARE PRICE AND PERFORMANCE DETAILS

The mid-market prices of the ordinary shares and warrants are published daily on the Company's website and in the Financial Times in the Companies and Markets section under the heading "Investment Companies". The ordinary share price is also published in other leading newspapers. Shareprice information is also available from Bloomberg (PCT.LN), Reuters (PCT.L), and SEDOL codes: Ordinary Shares – 0422002 Warrants – 0422035.

Monthly fact sheets are available on the Company's website.