

REGISTERED NUMBER
3224867

POLAR CAPITAL TECHNOLOGY TRUST PLC

Annual report and accounts for the year ended 30 April 2003



POLAR CAPITAL TECHNOLOGY TRUST PLC – PROFILE

Polar Capital Technology Trust PLC was launched on 16 December 1996 under the name Henderson Technology Trust PLC, with one warrant attached to every five shares. The original subscription price for each share was £1. In 2006, and every five years thereafter, shareholders will have the right to approve, or otherwise, the continued existence of the Company.

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

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

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

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

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

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

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

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HIGHLIGHTS

FINANCIAL

	Year ended 30 April 2003	Year ended 30 April 2002	Movement %
Total net assets	£221,022,000	£287,229,000	-23.0%
Net assets			
per ordinary share (undiluted)	148.3p	192.8p	-23.1%
per ordinary share (diluted)	141.3p	178.5p	-20.8%
Price			
per ordinary share	120.5p	165.0p	-27.0%
per warrant	27.25p	66.5p	-59.0%

INDEX CHANGES over the year ended 30 April 2003 (Total Return)

Technology Indices:

	Local Currency %	Sterling Adjusted %
Dow Jones World Technology	-21.6	-28.6
PSE (USA) Technology	-17.9	-25.1
MS Eurotec (based in US dollars)	-42.7	-47.8
FTSE Techmark 100	-34.7	-34.7
Euro NM	-49.2	-42.7
Japan JASDAQ	-13.0	-14.6
DS Asia Electronics	-21.7	-28.6

Market Indices:

S & P 500 Composite	-13.3	-21.0
FTSE All-Share	-22.0	-22.0
FTSE World Europe (ex UK)	—	-22.0
Tokyo SE (Topix)	-25.5	-26.9
FTSE World Pacific Basin (ex Japan)	—	-22.6
FTSE World	—	-21.6

Exchange rates

	30 April 2003	30 April 2002
US\$ to £	1.5982	1.4573
Japanese Yen to £	190.61	187.12
Euro to £	1.4321	1.6173

PERFORMANCE

UNDILUTED NAV PER SHARE AND CUSTOMISED BENCHMARK for the period 30 April 2002 to 30 April 2003 at each month end (rebased to 100)

GRAPH REMOVED.

The benchmark was changed on 1 May 2000 from the FTSE World Index (capital return) to a customised benchmark. The customised benchmark comprises 50% PSE (USA) Technology Index; 15% Morgan Stanley Eurotec Index; 7.5% FTSE TechMARK 100 Index; 7.5% EuroNM Index; 15% Datastream Asian Electronics Index and 5% JASDAQ Index. 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 historic 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	2003
Total net assets (£m)	141,474	201,891	279,946	668,727	401,337	287,229	221,022
NAV per share (pence)							
undiluted	96.2	137.2	190.2	452.8	270.2	192.8	148.3
diluted	96.2	131.0	175.3	395.8	243.7	178.5	141.3
Share price (pence)	89.0	115.0	167.5	436.0	281.5	165.0	120.5
Indices of Growth							
Share price	100	129.2	188.2	489.9	316.3	185.4	135.4
Net asset value	100	142.7	197.9	472.7	283.7	203.0	156.2
PSE (USA) Technology	100	139.6	207.8	453.7	349.6	269.4	201.7
MS Eurotec	100	185.0	226.4	482.5	293.8	166.9	87.2
DS Asia Electronic	100	95.7	113.4	214.2	148.3	140.2	100.1

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

Sources: HSBC Global Fund Services and Polar Capital Partners.

CHAIRMAN'S STATEMENT

Equity investors have experienced another very difficult year with the FTSE World Index declining by 22% on top of its 15% fall the previous year. Technology shares suffered even more severely with our benchmark index plummeting 30%. Our own assets fell by 23%, a good performance in relative terms but still a very disappointing outcome.

Our good relative performance over the year was largely the consequence of successful cash management, strong outperformance in Europe, and much improved performance in both the United States and Japan. We also benefited from maintaining the lowest weighting we have ever held in the year's worst performing technology market, Europe. Our currency hedges made a modest positive contribution to results and we continue to be fully hedged on our Yen exposure and approximately 50% hedged on our dollar exposure.

Investors have been confronted by a seemingly endless series of problems, some the inevitable consequence of the deflation of the stock market bubble of 2000, others less easy to predict. The economic environment has proved difficult notwithstanding the efforts of the Federal Reserve to reduce interest rates and the rather more tentative steps taken elsewhere in the world. Confidence has been sadly lacking on the part of companies while that of consumers has been eroded by concerns about terrorism and geopolitical issues. Investor confidence was battered further by a succession of financial scandals of which Enron and Worldcom were perhaps the most prominent examples.

Although the global economy has proved more resilient than was predicted by many, both consumers and corporates have been guarded in their spending. Earnings have disappointed, the consequence not only of fragile end-demand but also a more rigorous application of accounting standards. Valuations have eroded most conspicuously in Europe and Asia where markets were particularly

hard hit by structural selling by pension funds, banks and insurers.

The technology sector continued to suffer from weak capital spending by its customers and the overhang of excess capacity installed during the boom years. Earnings visibility has been negligible and, with companies in every industry rationalising their supplier lists, smaller companies were especially hard hit. Intense competition pressured margins while customers' focus on rebuilding their own balance sheets impacted volumes. Demand is now showing signs of stabilisation, inventories are relatively lean, cost bases have been aggressively pruned and management teams are becoming more realistic. Moreover, there have been some developments which encourage optimism about the future growth of the technology industry, perhaps most notably, the continuing dramatic growth in electronic commerce.

The bubble in technology shares that burst in 2000 seems now to be fully deflated. While valuations for larger capitalisation companies are still not cheap, they are no longer so detached from reality. Amongst the smaller companies, value is not difficult to find although stock specific risk has been high.

The analogy that we have drawn over the last two years with the period in the 1980s that followed the bursting of the PC bubble still seems apt. While the industry is a long way from returning to a secular bull market, we believe that its period of relative underperformance is largely behind us and that the next few years will see it rotate into and out of popularity in much the same way as other stock market sectors. Our strategy both over the last year and going forward will continue to be influenced by the experiences of that time. We anticipate an extended "bottoming" period marked by cyclical trading moves and a growing polarisation between the well positioned companies and those that represent little more than the residue of an IPO vintage of lamentable quality.

CHAIRMAN'S STATEMENT continued

SHAREHOLDER RETURNS AND BENCHMARK

As a board we are very conscious that whereas our relative performance in the current poor technology markets has been good, the absolute outcome for shareholders has been very disappointing. We believe that shareholders would welcome a more absolute return style approach and we are considering with our investment manager modest steps in this direction.

We are also planning some changes in our performance fee benchmark. This has become necessary because one of its constituents, the German Neuer Markt has closed and another, the Japanese JASDAQ Index, now has a much reduced technology exposure. These factors will lead to a number of minor adjustments in the composition of the benchmark.

OUTLOOK

With the Iraq crisis now off the front pages, it seems reasonable to anticipate some restoration of confidence amongst both consumers and the corporate sector. This, together with further reductions in interest rates, the gradual repair of corporate balance sheets and a modest level of inventory rebuilding should allow a cyclical recovery to get underway later this year.

While we remain of the view expressed a year ago that any economic recovery will be muted, we may see a stock market reaction out of proportion to the underlying improvement in the economic fundamentals. We do not believe that this will be the start of a major new bull market but nevertheless, we think that this cyclical upturn will be well worth playing.

Technology shares should be major beneficiaries of any loosening of capital spending purse strings and of a healthier stock market environment. However, we would not expect any such rally to develop into a new secular bull market as there are, as yet, insufficient new drivers for technology spending. Moreover, the imbalance between the supply of technology shares and demand for them may exert a downward pressure on valuations over the medium term. Nevertheless, value and opportunity are more prevalent than at any time in the last four years. We are hopeful that better times lie ahead for our shareholders and have positioned our portfolio accordingly.

R K A Wakeling,
Chairman

12 June 2003

GRAPH REMOVED.

FUND MANAGER'S REPORT

The year to 30 April 2003 was another grim one for investors and extended the sequence of negative years to three. Poor developments on the economic front were overshadowed by political and even ethical issues with the latter in particular likely to have long lasting consequences for both private and institutional investors' perspectives on the business and investment worlds. Enron's collapse, Worldcom's bankruptcy as well as other corporate scandals revealed a world in which self-interest had created a most unholy alliance between corporate managements, investment bankers and even accountants. Financial statements that for many investors were their only window onto the activities of their investments proved in many cases to be no more transparent or robust than a Dartmoor bog. While the scandals were most highly publicised in the USA, they proved to be an unappetising and not entirely expected feature of globalisation. In Germany, the Neuer Markt's closure owes much to a plague of accounting misdemeanours that were revealed in the aftermath of that market's spectacular boom.

The consequences of these events have been numerous. First, the requirement imposed upon US company boards personally to take responsibility for the validity of their financial statements led to a period of acute introspection on the part of many companies. This undoubtedly contributed to a pause or at least a postponement of capital spending plans and projects. At times, this made it extraordinarily difficult for some technology companies to close business deals with their customers. Secondly, *we have seen a tremendous increase in regulations for the investment industry and for business as a whole.*

While such measures are an important step in restoring investor confidence, metaphors involving sledge hammers and nuts, bolting horses and open stable doors inevitably spring to mind. Thirdly, and most importantly, these financial scandals are likely to have massively undermined the confidence of investors in the stock market and in particular the private investors who represent such a critical force in a share-owning democracy.

As the market began to adjust for these scandals, its emerging stability was quickly unsettled by renewed terrorist concerns following the dreadful Bali bombing and the emerging crisis over Iraq. The latter in particular has had a very demoralising effect on both consumer and corporate confidence. This deflationary consequence was accentuated by the dramatic rise in oil prices that anticipated the subsequent conflict. Fears of further escalation throughout the Middle East acted as a severe dampener on business activity. Purchasing decisions have been postponed, retail sales diminished and travel sharply curtailed as a consequence of the general geopolitical unease. The economic and stock market consequences have been only too apparent.

Against this very unconstructive background, the global economy has managed to produce a more resilient performance than many might have feared. Once again, consumers were largely responsible for sustaining the key US economy while China accounted for more than 15% of the growth achieved by the global economy.

In the USA, the Federal Reserve continued to inject liquidity into the system while consistently reducing short term rates. Interest rates also fell for longer maturities

FUND MANAGER'S REPORT continued

which allowed heavy mortgage refinancing to sustain consumer spending. However, capital spending remained weak and, with European and Japanese demand fragile, the US trade deficit soared and the dollar began what looks likely to be a long slide.

Europe largely stagnated with the ECB still fighting yesterday's inflation battle and reluctant to take a lead in cutting rates. Maastricht-imposed limits on fiscal deficits have constrained action on that front and the key economies of Germany and France appear increasingly moribund.

In Asia, China's growth continued at a fiery pace but its success is clearly evident in the diminishing trade surpluses of the rest of the region, most notably Japan. *Japanese growth was further hampered by weak consumption and capital spending.* Progress on structural reform in Japan has been negligible with the hopes that accompanied Koizumi's appointment as Prime Minister now largely abandoned.

2002-3 represented another year in which the global economy continued its "post-bubble" adjustment. So too did the stock market with the FTSE World Index down another 22% in sterling terms, returning at one point during the year to a level first reached nine years ago. Confronted by financial mal-practice, geopolitical uncertainty and disappointing growth, investors have sought (and found) sanctuary in bonds and cash and, to some extent also, in real assets. *Earnings growth has been a disappointment particularly so given the downward revisions to previous years reported earnings.* Valuations have compressed but by less than the damage to the stock market would suggest.

Over the year, US equities (and indeed technology shares) provided the least negative returns while Europe and Asia performed dismally, the former notwithstanding the sharp rise in the Euro. Most of the damage was done in the first quarter of our fiscal year and October saw an important low from which markets rallied strongly before renewed weakness accompanied heightening tension over the Iraq crisis.

Technology shares tumbled with our benchmark falling by 30% and the (more US centric) Dow Jones World Technology Index declining by 28.6% in sterling terms.

However, the scale of the sector's underperformance versus the markets in general was much diminished particularly in the USA where technology shares actually outperformed the S&P Composite Index by 6% over the last half of our financial year.

By far the worst performance came from European technology shares where the combination of poor operating results, mismanaged expectations and an acute imbalance between the supply of technology shares and the institutional and retail investor appetite for them produced sharp price falls. Asian shares also performed very poorly reflecting weak demand in the computer market, intense competition and a continuing decline in valuations.

Trading conditions in the industry continued to be very difficult with capital spending under pressure in most industries. Overcapacity and a general feeling of indigestion following the technology spending binge of the late 1990s induced a cautious approach on the part of most technology buyers. Moreover, the lack of compelling reasons to upgrade existing equipment or software resulted in continuing deferrals of spending. *Purchasers' caution was also reflected in their reluctance to buy from niche or smaller vendors and in the ongoing consolidation of supply chains.* This made the environment particularly difficult for smaller companies many of whom suffered severe earnings shortfalls. Together with investors' aversion to illiquidity, this resulted in very poor performance by most smaller company technology indices, most notably Germany's scandal tainted Neuer Markt, the closure of which offers an encouraging signal to the contrarian investor. *However, an exception to the rule was provided by Japan where larger companies' share prices markedly underperformed their smaller counterparts as banks' cross-shareholdings continued to be unwound and changes in the management of pension funds led to wholesale dumping of a number of big capitalisation stocks.*

Against a weak demand backdrop, technology (and indeed other) companies struggled to bring costs in line with far lower revenue levels. Visibility on orders, and consequently earnings, remained poor and, for some of the IPO generation of the late 1990s, non-existent. Nevertheless, a small number of companies succeeded

FUND MANAGER'S REPORT continued

in re-aligning their business models (for example, Cisco) while others (such as Dell and Ebay) reinforced their franchises. On line retailers were the "stand-out" performers while semiconductor companies and contract manufacturers experienced severe underperformance.

Over the twelve month period, our assets outperformed our benchmark by 10%. To a large extent this reflected our defensive stance towards the sector which we outlined in this report a year ago, and our particularly negative view of European technology. For a large part of the first half of 2002-3, we maintained a European weighting lower than any which we had previously held over the last two decades. We also allowed our liquidity to increase to exceptional levels with a view to taking advantage of short term rallies as and when they materialised. *Our overall strategy served us well in relative terms while our very strong relative performance in Europe and much improved US and Japanese performance also contributed.*

It is now more than three years on from the peak of the technology bubble and, as we outlined in our review a year ago and in the Interim Statement that preceded it, it would appear that the vast majority of the technology sector's underperformance is behind us. We had, however, underestimated the degree to which markets in general failed to discount our mundane prognosis for the global economy. The extraneous events of last year certainly had an impact in exaggerating the scale of the decline but it is worth revisiting our economic and market perspectives in order to make some sensible forecasts for the technology industry over the next few years.

Our base assumption remains that any economic recovery will be muted and that any more vibrant upswing awaits resolution of the structural deficiencies of the European and Japanese economies. Over the last few years, and indeed for much of the last decade, the USA has been the driving force for the global economy and, within the USA, the consumer sector has been the most important contributor to growth.

The economic slowdown (and at times recession) that we have experienced over the last few years is unusual in that it has not been accompanied by a severe downturn in consumer spending. With consumers now either

satiated or keen to rebuild their savings levels, consumption cannot – as it normally does – act as the driver for global recovery; nor, given the substantial excess capacity that exists in many industries, will capital spending. In Europe, the picture is further complicated by the constraints imposed on government budget deficits by the Maastricht Accord while, in Japan, the scale of the government's fiscal deficit precludes aggressive pump priming. As a consequence of all these factors, and given the severe external imbalances that exist, it is very difficult to believe in the probability of a conventional recovery. It is important also to be conscious of the fragility of the global economy and in particular of the importance of the continuing health of the real estate market in sustaining the very modest growth rates being forecast for the global economy over the next twelve months.

Consequently, we expect the monetary authorities to continue to take action to reduce interest rates and are hopeful that the hitherto recalcitrant ECB will take advantage of inflation dropping below 2% in the months ahead to pursue a heavier growth bias. We are, however, exasperated at the endless, pathetic procrastination of the Japanese authorities in tackling the chronic problems of the economy; hopefully, however, the degree of our exasperation may be an indicator of imminent change.

Having painted a somewhat gloomy picture for the global economy over the years ahead, there are nevertheless some grounds for optimism with regard to shorter term cyclical trends. With the war in Iraq behind us, if – and it is a big IF – there are no further damaging extraneous events, the ingredients for a modest cyclical upturn are being laid. Although consumption is fragile, lower short term interest rates should support its level as should improving confidence once the fear of further terrorist action diminishes. In the corporate sector, profits, cash flow and balance sheets are on the mend and, while excess capacity will constrain spending, the purse strings are likely to be loosened over the next few quarters with a "budget flush" likely in the December quarter. In Europe, the Maastricht strait-jacket is being perceptibly loosened while, in the USA, George W Bush is acutely conscious of how his father's failure to resurrect the US economy cost him the 1992 election. Even in Japan, the

FUND MANAGER'S REPORT continued

recent collapse in large company share prices has resurrected talk of more concerted action and Koizumi also faces a day of reckoning with both his party and the electors over the next year. All these factors encourage us to believe that, within the next year, we will see a period in which hopes for a cyclical recovery resurface.

Such a shift in expectations, particularly if accompanied by a fundamental improvement, could produce a meaningful rally for what is an unusually depressed stock market. We do not believe that such a rally would mark the start of a major new bull market unless it coincided with major structural reform in Japan and Europe. Nevertheless, the degree of pessimism that exists amongst investors and which is reflected in both defensively positioned portfolios and, amongst many pension funds and insurance companies, in some unusually low levels of equity investment as compared to bonds could generate a rally out of proportion to the underlying improvement in fundamentals. Such a rally would be worth playing.

At a fundamental level stock markets are now, after three years of decline, trading at acceptable rather than enticing valuations. Relative to bonds, however, they are unusually inexpensive. Earnings have bottomed, balance sheets are being repaired and cash flows are recovering strongly. The worst of the structural selling is probably behind us but investor pessimism is still rife. Although the outlook in Europe is less encouraging, this is to a large extent already reflected in valuations while, in Asia, the panic associated with the SARS outbreak has produced some enticing opportunities. Even in Japan, value is becoming apparent particularly amongst the heavily oversold large capitalisation companies. In most markets, the lower one descends down the market capitalisation tier, the more alluring the value.

Consequently, although we remain cautious about the outlook both for the global economy and stock market returns over the next few years, we believe that there is far more opportunity than has been the case for a considerable period. A cyclical upturn of moderate size and duration seems likely and should be accompanied by meaningfully higher share prices.

We also believe the same to be true of the technology sector which, over the next three years or more, we expect to perform broadly in line with the market although in common with other sectors, we expect it to rotate into and out of favour during each year. The analogies that we have drawn over the last two years with that period in the 1980s which followed the bursting of the PC bubble of 1983 appear to continue to hold true. Indeed, the pattern of performance remains uncannily similar.

The technology sector remains in a bottoming phase as the industry addresses and works its way through the problematic legacies of the bubble years. The communications industry, which represented the source of the greatest excesses, is seeing a gradual improvement in its health with the balance sheets of many operators being steadily rebuilt. Excess capacity, however, remains rife and capital spending will only recover slowly, the more so as third generation wireless telephony is only being very gingerly deployed.

The corporate sector remains cautious in its approach to technology spending. Finance directors rule the corporate roost and there remains considerable antipathy in Board rooms towards a technology industry that is perceived (in most cases justifiably) to have oversold and under-delivered. Companies want technology only on the basis of its capacity to deliver an easily quantifiable and rapid return on investment. No-one wants a "technology vision" based on fuzzy logic rather than commercial pragmatism. Ultimately, this focus on technology's capacity to deliver material cost savings will be the industry's salvation and it is with that objective in mind that technology companies' management teams need to operate.

Much has been written about the maturity of the technology industry and the saturation of its main markets. It is certainly true (and we have commented on it in these reports over the last five years) that the PC market is largely ex-growth and there can be little doubt that the years of explosive growth in wireless handsets are now behind us. However, the great strength of this industry has always been its capacity to reinvent itself thereby creating new markets and sources of demand. We do not believe that this capability has been lost but

we do believe that the industry is currently lacking any major new drivers for spending. Consequently, we anticipate a period of more than usually subdued and cyclically sensitive technology spending.

There is no shortage of interesting new technologies and, from time to time, much media hype is devoted to the opportunities presented by open source software, wireless networking and nanotechnology. Unfortunately, some of these new technologies simply cannibalise existing spending rather than expand the size of the market, while others are simply too far away in terms of their commercial impact. We still believe that areas such as high definition television, broadband to the home and multimedia messaging will be important opportunities but their maximum commercial impact may be some two to three years away. Other new drivers for spending will appear over the next five years but, for the time being, we expect technology only to gradually recover its share of overall capital spending.

At a stock market level, the industry is also gradually resolving its problems but the work out process is inevitably a lengthy one. Valuations have compressed and the management of earnings expectations is showing evidence of improvement. Value is particularly evident amongst smaller capitalisation companies but, at certain moments – October last year, March this year – it has also been apparent higher up the capitalisation tier. On balance, we are tending to favour the smaller capitalisation stocks while acknowledging that the survival rate at that end of the market may prove very modest. It is also important to bear in mind that the industry remains vastly over-populated by companies – the legacy of the cheap money available in the late 1990s. This has two consequences: first the excess supply of companies means that there are too many share certificates relative to investor demand. This is especially true in Europe where there is a less well established base of technology investors. The result is that valuations for technology companies remain under pressure. Secondly, too many companies means excessive competition and downward pressure on margins. This is particularly evident in areas such as consumer electronics where the added impact of the

“China” factor has been to collapse pricing at quite unprecedented rates.

Over the last year, our strategy has been to manage carefully our sector exposure using in particular semiconductors and software when a more aggressive stance has been justified, and computing and life science stocks when adopting a more defensive position. Market timing has been and will remain important to performance and we do not subscribe to the view that it is best to remain fully invested at all times. Over the next few months, we expect to add to our smaller company exposure and reorient towards a more “bottom-up” based approach.

Although a cyclical upturn in capital spending may necessitate adopting a temporarily different approach, we expect to continue emphasising those areas that served the investor well during a similar period of modest technology spending growth in the 1980s. These include consumable technology; applications software that offers a high and rapid return on investment; companies that focus on leveraging an installed base of customers or technology; medical devices; information processing and military electronics. We believe that valuation sensitivity will be of great importance and that, in a world of uncertainty and risk, disaster avoidance will be critical.

As with the market as a whole, we anticipate that technology shares will enjoy a pronounced rally within the next year. Our current thinking is that the strength that is accompanying the close of our financial year may give way to consolidation over the summer and that a further leg to the rally may accompany signs of a “budget flush” in capital spending later in the year.

We do not believe that a major secular bull market in technology lies immediately ahead. For it to do so, major new drivers for technology spending would be required and these remain as yet not visible. We do, however, believe that the sector is returning to normality, one in which we expect there to be a huge polarisation between a small number of successful companies and a huge swathe of “also rans”. We also expect the next year or two to produce a reopening of the IPO market and anticipate that this will be accompanied by much greater quality control on the part of investment banks. When

FUND MANAGER'S REPORT continued

this happens, we expect to devote a disproportionate amount of time to this area as it is from there that we expect to emerge many of the companies that will lead the industry into its next cycle.

In the meantime, from a contrarian perspective we are encouraged by some of the signs of investor disenchantment with the industry. Together with some evidence that demand is stabilising, this leads us to believe that better times lie ahead. First quarter earnings were surprisingly good, particularly so if one takes into account the very grim trading conditions that existed in March. With the Iraq crisis falling away from the front pages, confidence

is gradually rebuilding and should, later in the year, be reflected in more normal levels of capital spending. This should mark a significant improvement from the very depressed levels at which spending has been running and we expect that it will be accompanied by better than expected earnings and a strong rally in equity prices. Although this will not be the start of a major bull market, we believe that we are in a bullish cyclical phase, one that justifies our current more positive stance.

Brian Ashford-Russell,
12 June 2003

CLASSIFICATION OF INVESTMENTS

at 30 April 2003

	North America %	Europe %	Asia %	Total 2003 %	Total 2002 %
Computing	8.6	0.2	1.8	10.6	9.2
Components	8.2	2.2	6.7	17.1	21.6
Software	11.5	5.3	0.6	17.4	15.2
Services	2.6	5.0	1.0	8.6	13.4
Communications	2.7	4.4	2.9	10.0	8.0
Life Sciences	10.7	1.8	0.9	13.4	10.7
Consumer, Media and Internet	3.7	1.8	0.4	5.9	7.3
Other Technology	3.7	1.9	1.6	7.2	7.3
Unquoted Investments	–	0.2	–	0.2	0.1
EQUITY INVESTMENTS	51.7	22.8	15.9	90.4	92.8
Fixed Interest	–	7.8	–	7.8	2.9
Net Current Assets	–	16.3	–	16.3	15.7
Loans	–	–	(14.5)	(14.5)	(11.4)
OTHER NET ASSETS	–	24.1	(14.5)	9.6	7.2
GRAND TOTAL (net assets of £221,022,000)	51.7	46.9	1.4	100.0	100.0
At 30 April 2002 (net assets of £287,229,000)	54.3	39.0	6.7	100.0	100.0

EQUITY INVESTMENTS OVER 1%

of net assets at 30 April 2003

NORTH AMERICA

£'000s			% of net assets
5,684	IBM	Computer hardware and services	2.6%
4,411	Amgen	Biotechnology	2.0%
4,197	First Data	Processing services	1.9%
3,883	Medtronic	Medical devices	1.8%
3,808	Johnson & Johnson	Medical products	1.8%
3,367	Electronic Arts	Gaming software	1.6%
3,354	Dell	PCs	1.5%
3,132	Lockheed Martin	Defence electronics	1.4%
3,085	Maxim	Analogue linear ICs	1.4%
2,612	Symantec	Security software	1.2%
2,593	Adobe	Publishing software	1.1%

£'000s			% of net assets
2,565	KLa Tencor	Semiconductor production equipment	1.1%
2,343	Boston Scientific	Medical devices	1.1%
2,323	Harris	Information technology hardware	1.0%
2,281	Synopsys	Software & computer technology	1.0%
2,239	Microsoft	PC software	1.0%
2,227	Xilinx	Programmable logic devices	1.0%
2,227	Biotech Trust	Biotechnology fund	1.0%
2,206	Cisco	Networking equipment	1.0%
58,537	Total investments over 1%		26.5%
55,715	Other investments		25.2%
114,252	Total North American investments		51.7%

EUROPE

£'000s			% of net assets
4,044	Nokia	Mobile telephony	1.9%
3,379	Sage	Software & computer technology	1.5%
2,779	TietoEnator	IT services	1.3%
2,744	Galen	Pharmaceuticals	1.2%
2,705	SAP	ERP software	1.2%

£'000s			% of net assets
2,332	Dassault Systemes	Design software	1.1%
2,243	ASM Lithography	Semiconductor production equipment	1.0%
20,226	Total investments over 1%		9.2%
30,118	Other investments		13.6%
50,344	Total European investments		22.8%

ASIA

£'000s			% of net assets
3,667	NTT DoCoMo	Wireless communications carrier	1.7%
3,390	Venture Manufacturing	Electronic manufacturing services	1.6%
3,227	Zeon	LCD materials	1.5%
2,741	NTT	Communications carrier	1.2%

£'000s			% of net assets
2,276	Mabuchi Motor	Motors	1.0%
15,301	Total investments over 1%		7.0%
19,753	Other investments		8.9%
35,054	Total Asian investments		15.9%

DIRECTORS

CHAIRMAN

R K A Wakeling MA (Cantab), Barrister, FCT
(aged 56).

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

DIRECTORS

B J D Ashford-Russell BA (Oxon)
(aged 44).

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

P F Dicks
(aged 60).

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

D J Gamble
(aged 59).

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 59).

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 57).

Appointed to the Board on 1 May 1998. Mr Stutterheim is non-executive Chairman of LogicaCMG plc and a non-executive director of a Dutch publishing company, Wegemer.

BOARD COMMITTEES

All 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 Audited Accounts of the Group for the year ended 30 April 2003.

PRINCIPAL ACTIVITIES

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

STATUS

The Company is an investment company as defined in Section 266 of the Companies Act 1985 and carried on business as an investment trust in accordance with Section 842 of the Income and Corporation Taxes Act 1988. Inland Revenue approval of the Company's status as an investment trust has been received in respect of the year ended 30 April 2002 subject to matters that may arise from any subsequent enquiry by the Inland Revenue into the Company's tax return. The Directors are of the opinion that the Company has and will continue to conduct its affairs so as to enable it to obtain Inland Revenue approval.

ASSETS

At 30 April 2003 the total net assets of the Group amounted to £221,022,000 compared with £287,229,000 at 30 April 2002. The net asset value per ordinary share, on a fully diluted basis, decreased by 20.8% from 178.5p to 141.3p.

REVENUE AND DIVIDENDS

The gross revenue for the year was £2,983,000 (2002: £3,131,000) and the net profit after taxation amounted to £70,000 (2002 loss: £608,000). 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.

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 charge quarterly in arrears equal to one quarter of one percent of the aggregate of the value of the Company's net assets plus borrowings incurred for investment purposes.

The performance fee arrangements, effective from 1 May 2000, and carried forward into the current management agreement with Polar Capital, (Polar Capital was appointed the investment manager in February 2001), split the fee into two parts. The first part is at the rate of 10% of the amount, if any, by which the increase in the undiluted net asset value of the ordinary shares over the financial year exceeds the increase in the benchmark over the year. The benchmark is a blend of worldwide technology indices, comprising 50% PSE (USA) Technology, 15% Morgan Stanley Eurotec, 7.5% FTSE TechMARK, 7.5% Euro NM, 15% Datastream Asian Electronics and 5% JASDAQ.

The second part comprises a longer-term incentive and will be at the rate of 5% of the amount, if any, by which the increase in the undiluted net asset value of the ordinary shares over each three year period exceeds LIBOR +5% over the same period. Each three year period will be discrete and hence the first ended on 30 April 2003. The next period will end on 30 April 2006.

No performance fee has been paid to Polar Capital in the year to 30 April 2003.

REPORT OF THE DIRECTORS continued

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

CUSTODIAN

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

SUBSTANTIAL SHARE INTERESTS

At 12 June 2003 notices have been received of the following substantial interests in the issued ordinary share capital of the Company:

Halifax Group plc	5.22%
Prudential Corporation plc	4.83%
HBOS plc	3.71%
Legal & General Investment Management Ltd	3.01%

DIRECTORS

The Directors of the Company and their biographies are shown on page 13. The Directors' Remuneration Report is set out on pages 17 and 18

All the Directors held office throughout the year except for Mr Gamble who was appointed a Director on 11 June 2002 and was re-elected at the AGM on 23 July 2002.

At the forthcoming Annual General Meeting Mr Cor Stutterheim and Mr Peter Dicks will retire and offer themselves for re-election.

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

Mr Ashford-Russell is a director of Polar Capital Partners Limited and a shareholder in PCP Holdings Plc its parent company, as such he has an interest in the management contract. There were no other contracts during or at the

end of the year in which a Director of the Company is or was materially interested and which is or was significant in relation to the Company's business.

The interests of Directors in the ordinary shares and warrants of the Company, at 30 April 2003 and 30 April 2002 or the date of appointment are set out below:

	Ordinary Shares		Warrants	
	<u>30.04.03</u>	<u>30.04.02</u>	<u>30.04.03</u>	<u>30.04.02</u>
Beneficial:				
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
DJ Gamble*	5,902	—*	—	—*
Professor JD Rhodes	—	—	—	—
CJM Stutterheim	—	—	—	—
Non-beneficial:				
PF Dicks	1,057	1,057	—	—

*Date of appointment 11 June 2002.

There have been no changes in these interests between the end of the financial year and 12 June 2003.

CORPORATE GOVERNANCE

A formal statement on Corporate Governance is set out on pages 19 to 21.

SHARE CAPITAL AND WARRANTS

On 30 September 2002, 4,817 warrants were exercised and the same number of ordinary shares were issued.

In the year to 30 April 2003 the Company purchased 2,300,000 warrants for cancellation at prices between 31.50p and 24.25p per warrant. At the year end 1,550,000 had been cancelled. The Company did not buy any ordinary shares for cancellation.

As at 30 April 2003, there were 149,000,162 ordinary shares and 25,590,659 warrants in issue (2002: 148,995,345 shares and 27,145,476 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.

REPORT OF THE DIRECTORS continued

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 2003.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on Wednesday 23 July 2003 at 12.30pm at the offices of UBS. A map is given on page 41.

The Notice of Meeting is set out on page 42 and an explanation of the business to be conducted is given on page 43.

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

SHAREHOLDER AND INVESTOR INFORMATION

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

Further investor information on the Company can be found on pages 39 to 41.

By order of the Board

N P Taylor FCIS

Polar Capital Secretarial Services

Secretary

12 June 2003



DIRECTORS' REMUNERATION REPORT

INTRODUCTION

This report has been prepared in accordance with the Directors' Remuneration Report Regulations 2002 in respect of the year ended 30 April 2003 and has been audited where indicated as such.

CONSIDERATION OF MATTERS RELATING TO DIRECTORS' REMUNERATION

The whole Board acts as a Remuneration Committee and considers matters relating to the Directors' remuneration.

STATEMENT OF THE COMPANY'S POLICY ON DIRECTORS' REMUNERATION

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

The Company's Articles of Association limit the total fees payable to all the Directors to £150,000 per annum. In the year under review the Directors' fees were paid at the following annual rates, the Chairman £25,000; other independent Directors £17,500.

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

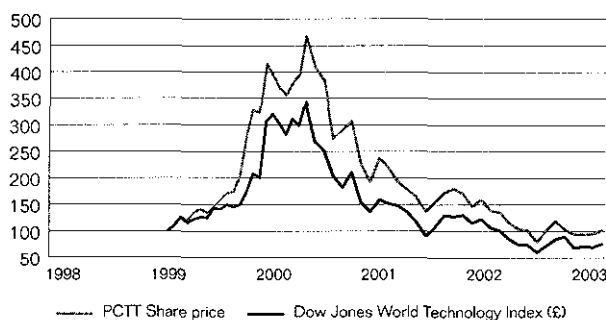
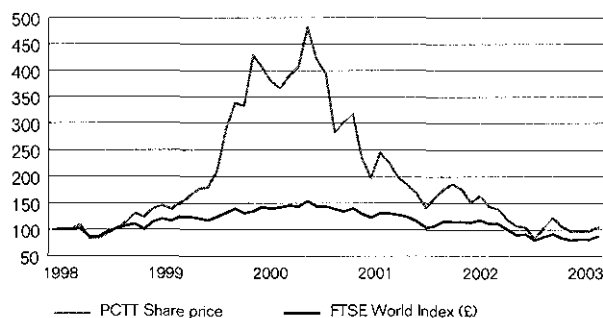
- reflect the time spent by them individually and collectively as part of the Board on the Company's affairs
- that the Chairman of the Board and if different the Chairman of any of the Board's committees to be paid higher fees than the other Directors in recognition of their more onerous role
- be of a level appropriate to the responsibilities borne by the Directors
- be in line with market practices and sufficient to enable candidates of high calibre to be recruited and retained
- that the form of remuneration be in cash, payable monthly in arrears, to the Director personally or to a third party specified by him

- the rates are reviewed annually; such review will not necessarily result in any change to the rates.

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

PERFORMANCE

The Company does not consider it appropriate to benchmark performance against one specific index. A five year performance comparison is required to be presented in this report. Accordingly the FTSE World Index has been shown as this is a broad market index that has been in existence for more than five years, but the Dow Jones World Technology Index has also been shown because as a market capitalisation weighted index based on the entire global technology sector it is a more appropriate single market index but has not been in existence for the necessary five years.



DIRECTORS' REMUNERATION REPORT continued

SERVICE CONTRACTS

None of the Directors has a contract of service or a contract for services and a Director may resign by notice in writing to the Board at any time; there are no set notice periods.

New Directors are appointed with the expectation that they will serve for a period of at least three years. Each Director's appointment is reviewed formally each time a Director retires by rotation under the Articles of Association. The Articles require a Director to retire at every third AGM after the first AGM at which he is appointed by shareholders.

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

REMUNERATION (AUDITED)

The fees payable in respect of each of the Directors who served during the year, and during 2002, were as follows:

	Year ended 30 April 2003	Year ended 30 April 2002
	£	£
R Wakeling	25,000	16,500
B Ashford-Russell	Nil	Nil
P Dicks	17,500	10,000
D Gamble*	16,042	Nil
D Rhodes	17,500	10,000
C Stutterheim**	17,500	10,000
TOTAL	93,542	46,500

* Mr Gamble was appointed to the Board on 11 June 2002.

** The fee for Mr Stutterheim was paid to his employer up to 31 December 2002. From 1 January 2003 the fees were paid to Mr Stutterheim.

Directors' remuneration was raised at the end of the last fiscal year. This move reflected a number of factors: first, it is the Board's practice to increase Directors' fees at intervals of at least two years so that there was an element of catch-up; second, the recruitment of a new Director in 2002 made it clear that the Company's remuneration level was somewhat behind the industry as a whole; and third, the role of non-executive Directors has

become more onerous with the increasing weight of corporate governance regulations and the growing risk of personal liability. The Board has conducted its annual review of fees and has concluded that there will be no increase in fees for the financial year 2003/04.

No pension contributions or other remuneration or compensation was paid or payable by the Company during the year to any of the current or former Directors, nor were any expenses claimed or paid to them (2002: £nil).

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

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

	Year ended 30 April 2003	Year ended 30 April 2002
	£	£
Salary & other benefits	59,500	76,000
Pension	7,500	7,500
TOTAL	67,000	83,500

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

Approved by the Board on 12 June 2003

By order of the Board

N P TAYLOR FCIS

For and on behalf of

Polar Capital Secretarial Services Limited

Secretary



CORPORATE GOVERNANCE

BACKGROUND

The UK Listing Authority requires all listed companies to disclose how they have applied the principles and complied with the provisions of the *Combined Code* ("the Code").

APPLICATION OF THE PRINCIPLES OF THE CODE

The Board attaches great 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 biographies, set out on page 13, demonstrate a breadth of investment, industrial, commercial and professional experience, with an international perspective.

The Board is responsible for the effective stewardship of the Company's affairs. It receives monthly reports and meets at least seven times a year to deal with the important aspects of the Company's affairs, including the setting and monitoring of investment strategy and the review of investment performance. The Board has established investment limits covering the use of derivatives, the concentration of investments both geographically and by sector and the extent that borrowings may be used. 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 Directors to seek clarification on certain issues or 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 in Directors' responsibilities are advised as they arise.

Directors are appointed for specific terms, subject to the provisions of the Companies Act. Each Director's appointment is reviewed formally each time a Director retires and offers himself for re-election under the Articles of Association. In accordance with the 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 every third AGM after the first AGM at which he is appointed by shareholders.

The Chairman of the Company is a non-executive Director. As the Board is comprised of non-executive Directors there has been no need to separate the roles of Chairman and chief executive, 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 where 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 comprises of all the independent non-executive Directors.

The Audit Committee is responsible for the review of the annual accounts and 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 provided 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.

CORPORATE GOVERNANCE continued

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 on 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. As the Company is an investment trust and all Directors are non-executive, the Company is not required to comply with the principles of the Code in respect of executive Directors' remuneration. Directors' fees are detailed in the Directors' Remuneration Report on pages 17 and 18.

RELATIONS WITH SHAREHOLDERS

The investment manager has an annual 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 share code which is set out on page 41.

The Board has arranged for 20 working days' notice of the annual general meeting be given 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 page 43. 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 21 and the report of the Auditors is set out on page 22.

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 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 reports regularly 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 by way of a risk map. 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"). This has operated throughout the year under review and up to the date of this report.

Each quarter the Board receives a formal report from the investment manager 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 Board also receives and reviews reports on internal controls from its principal third party suppliers.

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 Board 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.

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 operation for the foreseeable future.

SRI AND EXERCISE OF VOTING POWERS

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

The Board has also considered the investment manager's policy on voting. The policy is for the manager to vote at all

general meetings of UK companies in favour of resolutions proposed by the management where it is believed that the proposals will enhance shareholder value. However, in exceptional cases where it is felt that a resolution could be detrimental to the interest of shareholders or the financial performance of the Company appropriate notification will be given and abstention or a vote against will be lodged. The Board believes that these policies accord with current best practice whilst maintaining a primary focus on financial returns.

STATEMENT OF COMPLIANCE

- The Board, assisted by the investment manager, has conducted an annual review of the risk map and the effectiveness of the system of internal controls taking into account any significant issues which arose during the course of the year ended 30 April 2003 and up to the date of this report.
- The Directors consider that the Company has complied throughout the year ended 30 April 2003 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 the Group and the net revenue of the Company and the Group for that period. In preparing those accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and

- prepare the accounts on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF POLAR CAPITAL TECHNOLOGY TRUST PLC

We have audited the financial statements which comprise the statement of total, the balance sheet, the cash flow statement and the related notes 1 to 28 of the financial statements. We have also audited the disclosures required by Part 3 of Schedule 7A to the Companies Act 1985 contained in the directors' remuneration report ("the auditable part").

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

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

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

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the auditable part of the Directors' remuneration report have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the 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 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 unaudited part of the Directors' remuneration report, the fund manager's report, the portfolio review, the Chairman's statement and the corporate governance statement.

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

BASIS OF AUDIT OPINION

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the auditable part of the Directors' remuneration report. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the 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 and the auditable part of the Directors' remuneration report are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

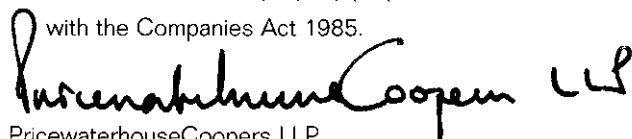
In our opinion:

- the financial statements give a true and fair view of

INDEPENDENT AUDITORS' REPORT continued

the state of affairs of the Company and the group at 30 April 2003 and the profit and cash flows of the group for the year then ended;

- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- those parts of the Directors' remuneration report required by Part 3 of Schedule 7A to the Companies Act 1985 have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

London

12 June 2003

NOTES:

- (a) The maintenance and integrity of the Polar Capital Technology Trust plc website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

GROUP STATEMENT OF TOTAL RETURN for the year ended 30 April 2003

(INCORPORATING THE REVENUE ACCOUNT)

Notes	Year ended 30 April 2003			Year ended 30 April 2002			
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	
2	Total capital losses from investments	–	(65,865)	(65,865)	–	(113,975)	(113,975)
	Repurchase of warrants	–	71	71	–	–	–
3	Income from fixed asset investments	2,092	–	2,092	2,252	–	2,252
4	Other interest receivable and similar income	891	–	891	879	–	879
	Gross revenue and capital losses	2,983	(65,794)	(62,811)	3,131	(113,975)	(110,844)
5	Management fee	(1,611)	–	(1,611)	(2,494)	–	(2,494)
6	Other administrative expenses	(601)	–	(601)	(597)	–	(597)
	Net return/(loss) on ordinary activities before interest payable and taxation	771	(65,794)	(65,023)	40	(113,975)	(113,935)
7	Interest payable and similar charges	(567)	–	(567)	(513)	–	(513)
	Net return/(loss) on ordinary activities before taxation	204	(65,794)	(65,590)	(473)	(113,975)	(114,448)
8	Taxation on ordinary activities	(134)	–	(134)	(135)	–	(135)
	Net return/(loss) on ordinary activities after taxation	70	(65,794)	(65,724)	(608)	(113,975)	(114,583)
9	Return/(loss) per ordinary share (pence)						
	Basic	0.05p	(44.16p)	(44.11p)	(0.41p)	(76.61p)	(77.02p)
	Fully Diluted	0.05p	(42.71p)	(42.66p)	–	(70.03p)	(70.40p)

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

The notes on pages 27 to 38 form part of these accounts

BALANCE SHEETS at 30 April 2003

Notes	Group 2003 £'000	Group 2002 £'000	Company 2003 £'000	Company 2002 £'000
10 to 12 Fixed asset investments				
Listed at market value:				
United Kingdom	21,738	30,684	21,738	30,684
Overseas	194,672	243,653	194,672	243,653
	216,410	274,337	216,410	274,337
Unlisted at directors' valuation:				
Subsidiary undertaking	–	–	3,513	3,325
Other United Kingdom	444	345	444	345
Overseas	–	10	–	10
	216,854	274,692	220,367	278,017
Current assets				
13 Debtors	51,761	8,664	54,661	11,481
Cash	36,760	37,689	30,347	31,547
	88,521	46,353	85,008	43,028
14 Creditors: amounts falling due within one year	(73,336)	(1,163)	(73,336)	(1,163)
Net current assets	15,185	45,190	11,672	41,865
Total assets less current liabilities	232,039	319,882	232,039	319,882
15 Creditors: amounts falling due after more than one year	(11,017)	(32,653)	(11,017)	(32,653)
Total net assets	221,022	287,229	221,022	287,229
Capital and reserves				
17 Called up share capital	37,250	37,249	37,250	37,249
18 Share premium	87,959	87,955	87,959	87,955
19 Warrant reserve	8,070	8,560	8,070	8,560
20 Warrant exercise reserve	568	566	568	566
21 Other capital reserves	140,837	206,631	144,350	209,956
22 Revenue reserve	(53,662)	(53,732)	(57,175)	(57,057)
24 Equity shareholders' funds	221,022	287,229	221,022	287,229
25 Net asset value per ordinary share – undiluted	148.34p	192.78p	148.34p	192.78p
– diluted	141.25p	178.48p	141.25p	178.48p

The accounts were approved by the Board of Directors on 12 June 2003.

R K A Wakeling

B J D Ashford-Russell

The notes on pages 27 to 38 form part of these accounts

GROUP CASH FLOW STATEMENT for the year ended 30 April 2003

Notes	2003 £'000	2003 £'000	2002 £'000	2002 £'000
26		32		986
Net cash inflow from operating activities				
Servicing of finance				
Bank and loan interest paid	(478)		(336)	
Net cash outflow from servicing of finance		(478)		(336)
Taxation				
UK tax recovered	—		—	
Overseas withholding tax recovered	10		—	
Net tax recovered		10		—
Financial investment				
Purchase of investments	(267,145)		(369,032)	
Sale of investments	265,702		362,169	
Gain from forward foreign currency contracts	2,333		—	
Net cash inflow/(outflow) from financial investment		890		(6,863)
Net cash inflow/(outflow) before financing		454		(6,213)
Financing				
Proceeds from exercise of warrants	5		475	
Repurchase of warrants	(418)		—	
Loans taken out	—		33,860	
Loans matured	—		(29,505)	
Net cash (outflow)/inflow from financing		(413)		4,830
27		41		(1,383)
Increase/(decrease) in cash				
Reconciliation of net cash flow to movements in net funds				
Increase/(decrease) in cash as above		41		(1,383)
Movement in long term loans		—		(4,355)
Change in net funds resulting from cash flows		41		(5,738)
Exchange movements		(372)		298
Net movement in the year		(331)		(5,440)
Net funds at 1 May		5,036		10,476
27		4,705		5,036
Net funds at 30 April				

The notes on pages 27 to 38 form part of these accounts

NOTES TO THE ACCOUNTS

1 Accounting policies

a Basis of accounting

The accounts have been prepared on the historical cost basis of accounting, modified to include the revaluation of fixed asset investments and in accordance with applicable accounting standards and the Statement of Recommended Practice *Financial Statements of Investment Trust Companies* (the "SORP"), issued in 1995. 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.

NOTES TO THE ACCOUNTS continued

j Financial instruments

Derivative instruments utilised by the Group comprise index options and forward foreign exchange contracts. A derivative instrument is considered to be used for hedging purposes when it alters the market risk profile of an existing underlying exposure of the Group. 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.

	Year ended 30 April 2003 £'000	Year ended 30 April 2002 £'000
2 Total capital losses from investments		
Net realised losses based on historical cost	(95,056)	(59,220)
Add: amounts recognised as unrealised in the previous year	33,200	21,190
Realised losses based on carrying value at previous balance sheet date	(61,856)	(38,030)
Realised gains on forward currency contracts	2,333	—
Net movement in unrealised depreciation on fixed asset investments	(5,562)	(76,243)
Net movement in unrealised depreciation on forward foreign exchange contracts	(408)	—
Net (losses)/gains on foreign exchange movements	(372)	298
	(65,865)	(113,975)

	Year ended 30 April 2003 £'000	Year ended 30 April 2002 £'000
3 Income from fixed asset investments		
Franked:		
Listed investments	324	360
	324	360
Unfranked:		
Listed investments		
Dividend income	978	836
Interest income	790	1,056
	1,768	1,892
Total income from fixed asset investments	2,092	2,252

	Year ended 30 April 2003 £'000	Year ended 30 April 2002 £'000
4 Other interest receivable and similar income		
Bank interest	858	867
Dealing profits	33	—
Other	—	12
	891	879

NOTES TO THE ACCOUNTS continued

	Year ended 30 April 2003 £'000	Year ended 30 April 2002 £'000
5 Management fee (charged wholly to revenue)		
Management fee paid to Polar Capital Partners (see note 28)	1,611	2,494
	<u>1,611</u>	<u>2,494</u>

Included in the above figures is irrecoverable VAT of £122,000 (2002: £219,000).

	Year ended 30 April 2003 £'000	Year ended 30 April 2002 £'000
6 Other administrative expenses		
Directors' fees	94	47
Auditors' remuneration:		
For audit services	21	18
For non-audit services	27	10
Share plan and ISA administration fee	179	123
Other expenses	280	399
	<u>601</u>	<u>597</u>

The non-audit services cover a review commissioned by the Company from the Newcastle office of PricewaterhouseCoopers LLP ("PwC") on the method of VAT recovery to determine if further amounts of VAT may be recovered. Following this review PwC lodged on behalf of the Company a request with HM Custom & Excise for a further refund of past VAT payments. PwC has also provided the Company with advice on Section 842 compliance and other general tax issues.

	Year ended 30 April 2003 £'000	Year ended 30 April 2002 £'000
7 Interest payable and similar charges		
Interest on bank loans and overdrafts	567	513
	<u>567</u>	<u>513</u>

	Year ended 30 April 2003 £'000	Year ended 30 April 2002 £'000
8 Taxation on ordinary activities		
a) Analysis of charge in period:		
Corporation tax @ 30%	—	—
Overseas tax	134	137
Tax credits on overseas dividends	—	(2)
Total current tax for period (see note 8b)	<u>134</u>	<u>135</u>
Deferred tax	—	—
Total tax for period	<u>134</u>	<u>135</u>

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

NOTES TO THE ACCOUNTS continued

8 **Taxation on ordinary activities** (continued)

b) Factors affecting current tax charge for the period:

The tax assessed for the period is higher than the standard rate of corporation tax in the UK for an investment trust (30%) (2002: 30%).

The differences are explained below:

Net return/(loss) before taxation	204	(473)
Corporation tax at 30%	61	(142)
Effects of:		
UK dividends not subject to corporation tax	(97)	(107)
Stock dividends not subject to corporation tax	(18)	–
Excess management expenses for which no relief taken	71	282
Expenses not deductible for tax purposes	11	–
Income taxable from previous periods	43	45
Income taxable in future periods	(27)	(43)
Taxable income not reflected in income account	(7)	1
Overseas tax suffered	134	137
Relief for overseas tax suffered	(37)	(36)
Overseas tax credits	–	(2)
Current tax charge for the period (see note 8a)	134	135

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

The Company has not recognised a deferred tax asset of £17,182,012 (30 April 2002: £17,085,670) 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.

9 **Return/(loss) per ordinary share**

Revenue return per ordinary share is based on the net return after taxation attributable to the ordinary shares of £70,000 (2002: net loss after taxation of £608,000) and on 148,998,143 (2002: 148,773,940) ordinary shares being the weighted average number of shares in issue during the year.

Basic capital return per ordinary share is based on net capital losses of £65,794,000 (2002: net capital loss: £113,975,000) and on the weighted average number of shares in issue during the year as shown above.

The calculations 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 (FRS14). For the purpose of calculating diluted revenue and capital returns per share, the number of shares is the weighted average used in the basic calculation plus a number of shares deemed to be issued for no consideration on exercise of all warrants, by reference to the average price of the ordinary shares during the year. The calculations indicate that the exercise of warrants would result in an additional weighted average number of shares of 5,032,510 (2002: 13,980,989) resulting in a total weighted average number of shares of 154,030,653 (2002: 162,754,929).

NOTES TO THE ACCOUNTS continued

	Group £'000	Company £'000
10 Changes in fixed assets		
Valuation at 1 May 2002	274,692	278,017
Unrealised depreciation	76,221	72,896
Cost at 1 May 2002	350,913	350,913
Additions at cost	268,607	268,607
Disposals at cost	(354,083)	(354,083)
Cost at 30 April 2003	265,437	265,437
Unrealised depreciation	(48,583)	(45,070)
Valuation at 30 April 2003	216,854	220,367

At 30 April 2003 the Company held 750,000 warrants in Polar Capital Technology Trust Plc at market value pending cancellation.

11 Subsidiary undertaking

The Company has an investment in the issued ordinary share capital, fully paid, of £2 in its wholly owned subsidiary undertaking, PCT Finance Limited, which is registered in England and Wales and operates in the United Kingdom as a dealing company. The subsidiary is stated in the Company's accounts at net asset value. Included in the unrealised appreciation of the fixed assets of the Company is £3,513,000 relating to the subsidiary (2002: £3,325,000). The cost of the investment in the subsidiary was £2 (2002: £2).

12 Substantial equity interests

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

The Company has no other interests of 3% or more of any class of capital in any investee companies in the year ended 30 April 2003 (2002: Nil).

	Group 30 April 2003 £'000	Group 30 April 2002 £'000	Company 30 April 2003 £'000	Company 30 April 2002 £'000
13 Debtors				
Sales for future settlement	1,623	8,297	1,623	8,297
Foreign exchange contracts awaiting settlement	49,812	—	49,812	—
Income tax and overseas tax recoverable	14	23	14	23
Prepayments and accrued income	205	271	188	251
Amounts due from subsidiary undertaking	—	—	2,917	2,837
VAT recoverable	107	73	107	73
	51,761	8,664	54,661	11,481

NOTES TO THE ACCOUNTS continued

	Group 30 April 2003 £'000	Group 30 April 2002 £'000	Company 30 April 2003 £'000	Company 30 April 2002 £'000
14 Creditors: amounts falling due within one year				
Purchases for future settlement	1,329	688	1,329	688
Foreign exchange contracts awaiting settlement	50,219	—	50,219	—
Accruals	750	475	750	475
Japanese loans	21,038	—	21,038	—
	<u>73,336</u>	<u>1,163</u>	<u>73,336</u>	<u>1,163</u>
15 Creditors: amounts falling due after more than one year			Group and Company 30 April 2003 £'000	Group and Company 30 April 2002 £'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 30 April 2005			11,017	11,223
			<u>11,017</u>	<u>32,653</u>

16 Derivatives and other financial instruments

(a) Management of risk

The Group's financial instruments comprise:

- Equity and non-equity shares and fixed interest securities which are held in accordance with the Group's investment objectives which are set out on the inside front cover of the Report and Accounts;
- Term loans and bank overdrafts, the main purpose of which is to raise finance for the Group's operations;
- Cash, liquid resources and short-term debtors and creditors that arise directly from the Group's operations;
- Derivative transactions which the Group enters into comprise index options and forward foreign exchange contracts. The purpose of these is to manage the market price risks and foreign exchange risks arising from the Group's investment activities. No open index option positions exist at 30 April 2003 (2002: nil).

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.

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

NOTES TO THE ACCOUNTS continued

16 Derivatives and other financial instruments (continued)

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 14 and 15 to the accounts. Short-term flexibility is achieved through the use of overdraft facilities.

Foreign currency risk

The Group's total return and net assets can be significantly affected by currency translation movements as the majority of the Group's assets and revenue are denominated in currencies other than sterling. The portfolio fund manager mitigates the individual currency risks through the international spread of investments and the use of forward foreign exchange contracts. Borrowings in foreign currencies 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. Material interest bearing assets earn interest by reference to LIBOR or international equivalents.

Financial liabilities

The interest rate profile of the Group's financial liabilities at 30 April 2003 was:

Currency	Total £'000	Floating rate financial liabilities £'000	Fixed rate financial liabilities £'000
Yen	32,055	—	32,055

The weighted average interest rate on the above liabilities was 0.868% (2002: 0.868%).

The weighted average period for which the interest rate is fixed was 0.81 years (2002: 1.81 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:

	2003 £'000	2002 £'000
In one year or less, or on demand	21,038	—
In more than one year but no more than two years	11,017	21,430
In more than two years	—	11,223
	<u>32,055</u>	<u>32,653</u>

NOTES TO THE ACCOUNTS continued

16 Derivatives and other financial instruments (continued)

The Group has various undrawn committed borrowing facilities. The facilities available at 30 April 2003 in respect of which all conditions precedent had been met were as follows:

	2003 £'000	2002 £'000
Expiring in one year or less	20,000	70,000
	20,000	70,000

(d) Currency exposure

	Investments denominated in overseas currencies £'000	2003 Net monetary assets/ (liabilities) £'000	Net foreign currency monetary assets £'000	Investments denominated in overseas currencies £'000	2002 Net monetary assets/ (liabilities) £'000	Net foreign currency monetary assets £'000
US dollar	113,309	2,349	115,658	155,457	11,647	167,104
Euro	43,867	826	44,693	27,168	17,200	44,368
Yen	22,118	(18,353)	3,765	37,579	(34,175)	3,404
Other non-sterling	15,378	7,579	22,957	23,459	11,361	34,820
Sub total	194,672	(7,599)	187,073	243,663	6,033	249,696
Sterling	22,182	11,767	33,949	31,029	6,504	37,533
Total net assets	216,854	4,168	221,022	274,692	12,537	287,229

(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 are included in the balance sheet at fair value.

17 Called up share capital

	Group and Company 30 April 2003 £'000	Group and Company 30 April 2002 £'000
Authorised: 860,000,000 ordinary shares of 25p	215,000	215,000
Allotted, called up and fully paid: 149,000,162 (2002: 148,995,345) ordinary shares of 25p	37,250	37,249

During the year 4,817 ordinary shares of 25p (with a nominal value of £1,204) were issued on the exercise of warrants, for a total consideration of £4,817.

NOTES TO THE ACCOUNTS continued

	Group and Company £'000
18 Share premium	
At 1 May 2002	87,955
Exercise of warrants for ordinary shares	4
At 30 April 2003	87,959
19 Warrant reserve	Group and Company £'000
At 1 May 2002	8,560
Transfer to warrant exercise reserve on exercise of warrants	(2)
Repurchase of warrants	(488)
At 30 April 2003	8,070
20 Warrant exercise reserve	Group and Company £'000
At 1 May 2002	566
Transfer from warrant reserve on exercise of warrants	2
At 30 April 2003	568

Warrantheolders 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 2003 there were 25,590,659 warrants outstanding (2002: 27,145,476).

Warrants may be repurchased by the Company. At 30 April 2003 750,000 warrants had been repurchased but not cancelled by the Company.

21 Other capital reserves			
(a) Group	Unrealised appreciation/ (depreciation) £'000	Realised gains/(losses) £'000	Total £'000
At 1 May 2002	(75,075)	281,706	206,631
Transfer on disposal of assets	33,200	(33,200)	–
Net losses on fixed asset investments	(5,562)	(61,856)	(67,418)
Net (losses)/gains on forward foreign exchange	(408)	2,333	1,925
Net gains/(losses) on foreign exchange	828	(1,200)	(372)
Net gain on repurchase & cancellation of warrants	–	71	71
At 30 April 2003	(47,017)	187,854	140,837

NOTES TO THE ACCOUNTS continued

21 Other capital reserves (continued)

(b) Company	Unrealised appreciation/ (depreciation) £'000	Realised gains/(losses) £'000	Total £'000
At 1 May 2002	(71,750)	281,706	209,956
Transfer on disposal of assets	33,200	(33,200)	–
Net losses on fixed asset investments	(5,374)	(61,856)	(67,230)
Net (losses)/gains on forward foreign exchange	(408)	2,333	1,925
Net gains/(losses) on foreign exchange	828	(1,200)	(372)
Net gain on repurchase & cancellation of warrants	–	71	71
At 30 April 2003	(43,504)	187,854	144,350

22 Revenue reserve	Group £'000	Company £'000
At 1 May 2002	(53,732)	(57,057)
Surplus/(deficit) for the period	70	(118)
At 30 April 2003	(53,662)	(57,175)

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

The net loss on ordinary activities after taxation of the Company amounted to £118,000 (2002: net profit £187,000).

23 Capital commitments

At 30 April 2003 the Group had a commitment of £1,000,000 of which £600,000 had been drawn down (2002: £400,000).

24 Group reconciliation of movement in equity shareholders' funds	Year ended 30 April 2003 £'000	Year ended 30 April 2002 £'000
Net return/(loss) after taxation	70	(608)
Decrease in capital reserves	(65,794)	(113,975)
	(65,724)	(114,583)
Exercise of warrants for ordinary shares	5	475
Repurchase of warrants	(488)	–
Net decrease in shareholders' funds	(66,207)	(114,108)
Equity shareholders' funds at 1 May	287,229	401,337
Equity shareholders' funds at 30 April	221,022	287,229

NOTES TO THE ACCOUNTS continued

25 Net asset value per ordinary share

Undiluted net asset value per ordinary share is based on net assets attributable to the ordinary shares of £221,022,000 (2002: £287,229,000) and on 149,000,162 ordinary shares in issue at 30 April 2003 (2002: 148,995,345).

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 25,590,659 warrants in issue at 30 April 2003 (2002: 27,145,476) 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.

Under FRS14 an alternative diluted net asset value per share is calculated by dividing the net assets of £221,022,000 by the 154,030,653 weighted average number of shares, derived as described in note 9. Under this method the diluted net asset value per share is 143.49p (2002: 176.48p).

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

	£'000
Total net assets at 1 May 2002	287,229
Exercise of warrants for ordinary shares	5
Repurchase of warrants	(488)
Net loss on ordinary activities after taxation	(65,724)
Total net assets at 30 April 2003	221,022

26 Reconciliation of operating revenue to net cash inflow from operating activities

	Year ended 30 April 2003 £'000	Year ended 30 April 2002 £'000
Net result before interest payable and taxation	771	40
Decrease in accrued income	101	84
(Increase)/decrease in other debtors	(48)	1,009
Increase/(decrease) in other creditors	158	(28)
Overseas withholding tax suffered	(129)	(119)
Scrip dividends included in investment income	(59)	—
Interest accumulations included in investment income	(762)	—
Net cash inflow from operating activities	32	986

NOTES TO THE ACCOUNTS continued

	At 1 May 2002 £'000	Cash Flow £'000	Exchange Movements £'000	At 30 April 2003 £'000
27 Analysis of changes in net funds				
Cash at bank and overdrafts	37,689	41	(970)	36,760
Debts falling due within one year	—	(21,244)	206	(21,038)
Debts falling due after more than one year	(32,653)	21,244	392	(11,017)
Net funds	5,036	41	(372)	4,705

28 Related party transactions

Under the terms of an agreement dated 9 February 2001 the Company has appointed Polar Capital Partners Limited ("Polar Capital") to provide investment management, accounting, secretarial and administrative services. Details of the fee arrangement for these services are given in the Report of the Directors. The total fees, after the offset described below, paid under this agreement to Polar Capital in respect of the year ended 30 April 2003 was £1,611,000 (2002: £2,494,000) of which £316,000 is included in creditors at 30 April 2003 (2002: £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 by BNP Paribas Securities Services. The total fee paid for these services for the year ended 30 April 2003 amounted to £179,000 (2002: £123,000).

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 fees and costs together with extra fees paid to the Directors for work incurred in the change of investment manager to be recovered from Polar Capital. These costs amounted to £3,466,000 and have been and will continue to be offset against the management and any performance fees payable to Polar Capital over 10 quarters up to and including the quarter ended 31 July 2003. As a result of this the management fees paid by the Company to 30 April 2003 were reduced by £1,115,000 (2002: £1,327,000). 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.

SHAREHOLDER AND INVESTOR INFORMATION

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

AUDITORS

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

SOLICITORS

Herbert Smith
Exchange House
Primrose Street
London EC2A 2HS

STOCKBROKERS

UBS
1 Finsbury Avenue
London EC2M 2PP

BANKERS AND CUSTODIAN

J P Morgan Chase Bank
125 London Wall
London EC2Y 5AJ

REGISTERED NUMBER

Registered in England and Wales
No. 3224867

REGISTRAR

Lloyds TSB Registrars Scotland
PO Box 28448
Finance House
Orchard Brae
Edinburgh EH4 1WQ
Telephone 0870 6015366

Shareholder helpline: 0870 6015366 www.shareview.co.uk

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

SHARE DEALING SERVICES

The Company has arranged for Shareview Dealing, a telephone and internet share sale service offered by Lloyds TSB Registrars, to be made available to shareholders. For telephone sales call 0870 850 0852 between 8.30am and 4.30pm, Monday to Friday, and for internet sales log on to www.shareview.co.uk/dealing

This service is only available to those shareholders who hold their shares on the main share register.

SHARE PRICE AND PERFORMANCE DETAILS

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

The mid-market prices of the ordinary shares and warrants are published daily in the Financial Times in the Companies and Markets section under the heading "Investment Companies". Share price information is also available from the London Stock Exchange Website (www.Londonstockexchange.co.uk), Bloomberg (PCT.LN), Reuters (PCT.L), and SEDOL codes: Ordinary Shares – 0422002 Warrants – 0422035.

PORTFOLIO DETAILS

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



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

SHAREHOLDER AND INVESTOR INFORMATION continued

DISABILITY ACT

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

You can contact our Registrars, Lloyds TSB Registrars Scotland, who have installed textphones to allow speech and hearing impaired people who have their own textphone to contact them directly without the need for an intermediate operator. Specially trained operators are available during normal business hours to answer queries via this service.

Alternatively, if you prefer to go through a 'typetalk' operator (provided by the Royal National Institute for the Deaf) the number is 0800 959 598.

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

NOMINEE SHAREHOLDER CODE

Where notification has been provided in advance the Company will arrange for copies of shareholder communications to be provided to the operators of nominees accounts. Nominee investors may attend general meetings and speak at meetings when invited by the Chairman.

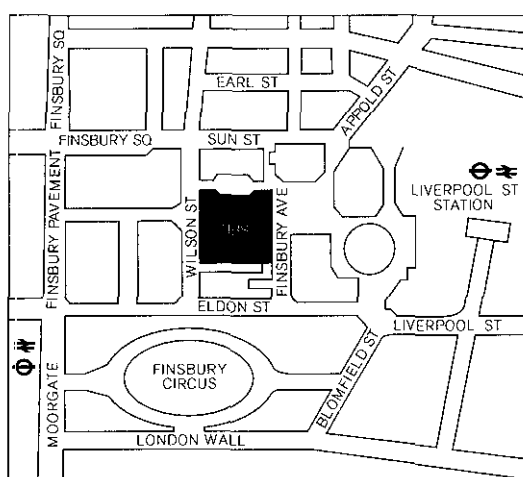
Investors in the Polar Capital Technology Trust Share Savings Scheme and the Polar Capital Technology Trust ISA receive all shareholder communications. A letter of instruction is provided to facilitate voting.

FINANCIAL CALENDAR

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

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

ANNUAL GENERAL MEETING VENUE



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

SHAREHOLDERS SHOULD ARRIVE AT THE OFFICES OF UBS IN SUFFICIENT TIME TO CLEAR SECURITY BEFORE THE COMMENCEMENT OF THE AGM AT 12:30.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the seventh Annual General Meeting of Polar Capital Technology Trust PLC will be held at the offices of UBS, 1 Finsbury Avenue, London EC2M 2FP on Wednesday 23 July 2003 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 2003.
- 2 To approve the Directors' Remuneration Report for the year ended 30 April 2003.
- 3 To re-appoint Mr Peter Dicks as a Director of the Company.
- 4 To re-appoint Mr Cor Stutterheim as a Director of the Company.
- 5 To re-appoint PricewaterhouseCoopers LLP as Auditors to the Company. (See Resolutions 5 and 6: Auditors on page 43.)
- 6 To authorise the Directors to determine the remuneration of the auditors.

To consider and, if thought fit, pass resolution 7 as Special Resolution:

- 7 THAT the Company be and is hereby generally and unconditionally authorised in accordance with Section 166 of the Companies Act 1985 ("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 22,335,124;

- (ii) the minimum price which may be paid for an Ordinary Share is 25p;
- (iii) the maximum price which may be paid for an Ordinary Share is an amount equal to 105 per cent. of the average of the middle market quotations for an Ordinary Share taken from the London Stock Exchange Official List for the five business days immediately preceding the day on which the Ordinary Share is purchased or such other amount as may be specified by the UK Listing Authority from time to time;
- (iv) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company in 2004 or, if earlier, on the expiry of 12 months from the passing of this resolution, unless such authority is renewed prior to such time; and
- (v) the Company may make a contract to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Ordinary Shares pursuant to any such contract.

By order of the Board

Polar Capital Secretarial Services Limited,
Secretary

12 June 2003

Registered Office:

Cayzer House, 30 Buckingham Gate, London SW1E 6NN



NOTICE OF ANNUAL GENERAL MEETING – NOTES

- 1 Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001 the Company specifies that only those holders of shares registered in the Register of Members as at 6pm on Monday, 21 July 2003 shall be entitled to attend or vote at the Annual General Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the register after 6pm on Monday, 21 July 2003 shall be disregarded in determining the right 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 48 hours before the time fixed for the meeting.

- 3 The completion of the form of proxy will not preclude share holders from attending and voting in person at the meeting.
- 4 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 Companies Act 1985, will be open for inspection at the meeting.

EXPLANATION OF NOTICE OF MEETING

RESOLUTION 1: ACCOUNTS

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

RESOLUTION 2: DIRECTORS' REMUNERATION REPORT

This is a new resolution this year and deals with the approval of the newly introduced Director's Remuneration Report to be found on pages 17 and 18.

RESOLUTIONS 3 AND 4: RE-ELECTION OF DIRECTORS

These resolutions deal with the re-election of Mr Dicks and Mr Stutterheim, who under the Articles are required to retire at every third AGM after their last re-election.

RESOLUTIONS 5 AND 6: AUDITORS

PricewaterhouseCoopers converted to a limited liability partnership from 1 January 2003 and resigned as Auditors on 13 February 2003. Their resignation created a casual vacancy and the Directors appointed its successor, PricewaterhouseCoopers LLP, as Auditors on the same day. Following receipt of a special notice, ordinary resolution 5 proposes the reappointment of PricewaterhouseCoopers LLP as Auditors and resolution 6 authorises the Directors to determine their remuneration.

SPECIAL RESOLUTION 7: AUTHORITY TO MAKE MARKET PURCHASES OF THE COMPANY'S OWN SHARES

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

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

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

The rules of the UK Listing Authority limit the price which may be paid by the Company to 105% of the average middle-market quotation for an ordinary share on the 5 business days immediately preceding the date of the relevant purchase. The minimum price to be paid will be 25p per ordinary share (being the nominal value). Also these rules limit a listed company to purchases of shares representing up to 15% of its issued ordinary share capital through the market pursuant to a general authority such as this. For this reason, the Company is limiting its authority to make such purchases to 22,335,000 ordinary shares, representing approximately 14.99% of the issued ordinary share capital at the date of this Annual Report. The authority will last until the AGM of the Company to be held in 2004.

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 12 June 2003 (being the latest practicable date prior to publication of this document) was 24,840,659. If exercised in full, ordinary shares issued on the exercise of the Company's warrants would represent 14.3% 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 19.6% 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 5 and 10 business days immediately preceding the date of purchase.

INVESTING

AS WITH ANY COMPANY LISTED ON THE LONDON STOCK EXCHANGE, INVESTORS MAY PURCHASE ORDINARY SHARES AND WARRANTS THROUGH THEIR STOCKBROKER, BANK OR OTHER FINANCIAL INTERMEDIARY.

Alternatively, you can also purchase ordinary shares in Polar Capital Technology Trust PLC through a share savings scheme and an ISA which the Company has arranged.

The share savings schemes have been operated on behalf of the Company by Cogent Investment Operations Ltd. ("Cogent"). Following the sale of Cogent by AMP on 2 September 2002 to the BNP Paribas group, Cogent changed its name on 5 June 2003 to BNP Paribas Securities Services. This change does not affect the operation of the schemes.

POLAR CAPITAL TECHNOLOGY TRUST SHARE SAVINGS SCHEME

This scheme is operated by BNP Paribas Securities Services 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 BNP Paribas Securities Services 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.

FOR DETAILS ON THE ABOVE SCHEMES PLEASE CONTACT

BNP Paribas Securities Services (Polar Capital)
3 Finsbury Avenue, London EC2M 2NB
Telephone 020 7410 2607; Fax 020 7410 2662

BNP Paribas Securities Services 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.