

**PCT FINANCE LIMITED**

**REGISTERED NUMBER 3254819**

**REPORT AND ACCOUNTS**

**FOR THE YEAR TO 30 APRIL 2006**



REPORT AND ACCOUNTS FOR THE YEAR ENDED 30 APRIL 2006

**Directors**

R K A Wakeling  
B J D Ashford-Russell  
P F Dicks  
D J Gamble  
Professor J D Rhodes (resigned 24 February 2006)  
C J M Stutterheim (resigned 1 January 2006)

**Investment Manager**

Polar Capital Partners LLP  
Authorised and regulated by FSA

**Fund Manager**

B J D Ashford-Russell

**Secretary**

Polar Capital Partners LLP  
Represented by N P Taylor

**Registered Office**

4 Matthew Parker Street  
London SW11 9NP

**Registered Number**

Registered in England and Wales  
No. 3254819

**Auditors**

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

**Bankers and Custodian**

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

## **REPORT OF THE DIRECTORS**

The Directors present their Report and audited Accounts of the Company for the year ended 30 April 2006.

### **Principal activity and review of business**

The activity of the Company is that of an investment dealing company.

### **Results and dividends**

The financial position at the year-end was satisfactory. The net profit for the year, after taxation, amounted to £206,017 (2005 - £216,476).

An interim dividend of £1,500,000 (2005 - nil) was paid during the year to its parent company Polar Capital Technology Trust Plc. After taking into account this dividend, a deficit of £1,293,983 was transferred from reserves, (2005 - £216,476 transferred to reserves).

### **Going concern**

The Directors believe that it is appropriate to prepare the accounts on a going concern basis as the Company's assets are readily realisable and the Company has adequate financial resources to continue in operational existence for the foreseeable future.

### **Directors and their interests**

The Directors of the Company are set out on page 1. All the Directors served throughout the year, with the exception of CJM Stutterheim, who resigned on 1 January 2006 and Professor JD Rhodes, who resigned on 24 February 2006.

The interests of the Directors of the Company at 30 April 2006 in the ordinary shares of the parent undertaking, Polar Capital Technology Trust Plc, are disclosed in that Company's annual report and accounts.

Details of the Directors' emoluments are set out in note 3 to the accounts on page 11.

### **Financial instruments**

The principal risks facing the Company are liquidity risk and market price risk. The policies for managing these risks are set out in note 11 to the accounts.

### **Corporate governance**

The policy of the Company's parent, Polar Capital Technology Trust Plc, is to comply with the Principles of Good Corporate Governance and the Combined Code of Best Practice as required by the Listing Rules of the Financial Services Authority, to the extent appropriate to an investment trust company.

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

## REPORT OF THE DIRECTORS

### Investment management and other agreements

The Company's investments are managed by Polar Capital Partners LLP under an Investment Management Agreement with the Company's parent, Polar Capital Technology Trust Plc.

Company secretarial and administrative services are provided to the Company by Polar Capital Partners LLP pursuant to a Company Secretarial and Administration Agreement with the Company's parent, Polar Capital Technology Trust Plc.

JPMorgan Chase Bank NA provides custodian services to the Company.

### Registered auditors

A resolution to re-appoint PricewaterhouseCoopers LLP as auditors will be proposed at the Annual General Meeting.

By order of the Board

Polar Capital Partners LLP,

Secretary

13 June 2006



## **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 of the profit or loss of the company 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;
- 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 keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to 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 PCT FINANCE LIMITED

We have audited the financial statements of PCT Finance Limited for the year ended 30 April 2006, which comprise the Income Statement, the Statement of Changes in Equity, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### Respective responsibilities of directors and auditors

The Directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

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

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

We read the other information contained in the annual report and consider whether it is consistent with the audited financial statements. This other information comprises only the Report of the Directors. We consider the implications for our report, if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

### Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with International Financial Reporting Standards as adopted by the European Union, of the state of affairs of the Company as at 30 April 2006 and of its profit and cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Directors is consistent with the financial statements.



PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
London  
13 June 2006

**INCOME STATEMENT  
FOR THE YEAR TO 30 APRIL 2006**

		2006	2005
	<i>Notes</i>	£	£
<b>Turnover</b>	2	-	54,834
Cost of sales		-	(27,721)
Net gains from investments held at fair value		-	27,113
<b>Other income:</b>			
Income from investments		76,253	72,396
Bank interest receivable		218,972	210,558
Exchange losses		(887)	(732)
Total income		294,338	282,222
Administrative expenses	3	-	-
Net profit before finance costs and taxation		294,338	309,335
Finance costs		(27)	(83)
Net profit after finance costs before taxation		294,311	309,252
Taxation	4	(88,294)	(92,776)
<b>Net profit after taxation for the financial year</b>		<b>206,017</b>	<b>216,476</b>

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR TO 30 APRIL 2006**

	Called up Share capital	Retained earnings	Total shareholders' funds
	£	£	£
<b>Total equity at 1 May 2004</b>	2	3,173,983	3,173,985
Net profit after tax for the year	-	216,476	216,476
<b>Total equity at 30 April 2005</b>	2	3,390,459	3,390,461
Equity dividend paid	-	(1,500,000)	(1,500,000)
Net profit after tax for the year	-	206,017	206,017
<b>Total equity at 30 April 2006</b>	2	2,096,476	2,096,478




**BALANCE SHEET**  
**AT 30 APRIL 2006**

	<i>Notes</i>	2006	2005
		£	£
Non current assets			
Investments held at fair value	5	1,684,425	1,603,139
<b>Current assets</b>			
Other receivables	6	17,014	23,548
Cash and cash equivalents		3,562,302	4,842,743
<b>Total assets</b>		<b>5,263,741</b>	<b>6,469,430</b>
<b>Current liabilities</b>			
Other payables	7	2	2
Amount due to parent undertaking	10	3,167,261	3,078,967
		<b>3,167,263</b>	<b>3,078,969</b>
<b>Total assets less current liabilities</b>		<b>2,096,478</b>	<b>3,390,461</b>

**Equity attributable to equity Shareholders**
**Capital and reserves**

Called up share capital	8	2	2
Retained earnings:			
Revenue reserve		2,096,476	3,390,459
<b>Total equity</b>		<b>2,096,478</b>	<b>3,390,461</b>

Signed on behalf of the Board

  
 Director  
 13 June 2006

R WICKERMAN

**PCT FINANCE LIMITED**

**CASH FLOW STATEMENT  
FOR THE YEAR TO 30 APRIL 2006**

	2006	2005
	£	£
Cash flows from operating activities		
Profit before finance costs and taxation	294,338	309,335
Adjustments for:		
(Increase) in investments	(80,399)	(38,910)
Decrease/(increase) in other receivables	6,534	(8,139)
Increase in other payables	-	2
Net cash from operating activities	220,473	262,288
Cash flows from financing activities		
Finance costs	(27)	(83)
Equity dividend paid	(1,500,000)	-
Net cash from financing activities	(1,500,027)	(83)
Net (decrease)/increase in cash and cash equivalents	(1,279,554)	262,205
Cash and cash equivalents at the beginning of the year	4,842,743	4,581,270
Effect of foreign exchange rate changes	(887)	(732)
Cash and cash equivalents at the end of the year	3,562,302	4,842,743

**NOTES TO THE FINANCIAL STATEMENTS  
AT 30 APRIL 2006**

**1. Accounting policies**

The Company's financial statements have been prepared under the historical cost convention modified to include the revaluation of certain investments. In line with the Company's parent, the financial statements for the year ended 30 April 2006 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union. All of the Company's operations are of a continuing nature.

These are the Company's first audited annual results prepared in accordance with IFRS. Previous financial statements were prepared in accordance with UK Generally Accepted Accounting Principles (UK GAAP). The Company is required to determine its IFRS accounting policies and apply them retrospectively to establish its opening balance sheet under IFRS at 1 May 2004, the date of transition for the Company. In accordance with IAS 39 "Financial Instruments: Recognition and Measurement", the Company has designated its investments as held at fair value through profit or loss. The transition to IFRS has had no effect on the reported financial position, financial performance or cash flows of the Company.

**Income**

Investment income includes dividends receivable from investments quoted ex-dividend on or before the balance sheet date. Bank deposit interest is accounted for on an accruals basis.

**Finance costs**

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

**Taxation**

The tax expense represents tax currently payable. The tax currently payable is based on the taxable profit for the year and is calculated using tax rates substantively enacted at the balance sheet date.

**Investments held at fair value through profit or loss**

When a purchase or sale is made under contract, the terms of which require delivery within the timeframe of the relevant market, the investments concerned are recognised or de-recognised on the trade date.

All investments are classified as held at fair value through profit or loss. The fair value of the investments is based on their quoted bid market price at the close of business on the balance sheet date without any deduction for estimated future selling costs. Where no bid price is available, the investment is valued at last traded price.

**Other receivables**

Other receivables do not carry any interest and are short-term in nature and are accordingly stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

**Cash and cash equivalents**

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash.

**Other payables**

Other payables are not interest-bearing and are stated at their nominal value.

## NOTES TO THE FINANCIAL STATEMENTS

### AT 30 APRIL 2006

#### Rates of exchange

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling on the date of each transaction. Foreign currency assets or liabilities at the balance sheet date are translated into sterling at the rates of exchange ruling on that date. Realised profits and losses on exchange, together with differences arising on the translation of foreign currency assets or liabilities are recognised in the Income Statement.

#### 2. Turnover

Turnover represents proceeds from the sale of listed investments.

	2006	2005
	£	£
Sale of investments	-	54,834

#### 3. Administrative expenses

The Directors receive no remuneration from the Company. Auditors' fees are paid by the Company's parent, Polar Capital Technology Trust Plc and amounted to £500 (2005 - £500).

#### 4. Taxation

No taxation is payable by the Company due to group relief being available for tax purposes from the Company's parent, Polar Capital Technology Trust Plc.

(a) Analysis of charge in year	2006	2005
	£	£
UK Corporation Tax @ 30%		
Current tax	88,294	92,776
Total tax for the year	88,294	92,776

#### (b) Factors affecting current tax charge for the year

The tax assessed on the profit for the year is equal to the standard rate of corporation tax in the UK of 30%, as detailed below:

	2006	2005
	£	£
Profit for the year before taxation	294,311	309,252
Profit for the year multiplied by the Standard rate of corporation tax at 30%	88,294	92,776
Current tax charge for the year	88,294	92,776

**NOTES TO THE FINANCIAL STATEMENTS  
AT 30 APRIL 2006**

**5. Investments held at fair value**

	2006	2005
	£	£
Book Cost:		
At 1 May 2005	1,603,139	1,563,497
Purchases at cost	81,286	67,363
Disposals at cost	-	(27,721)
At 30 April 2006	1,684,425	1,603,139
	<hr/>	<hr/>
Fair value at 30 April 2006	1,684,425	1,603,139
	<hr/>	<hr/>

Investments consist of cash funds which are exchangeable at their nominal value

**6. Other receivables**

	2006	2005
	£	£
Accrued income	17,014	23,548
	<hr/>	<hr/>

**7. Other payables**

	2006	2005
	£	£
Accrued finance costs	2	2
	<hr/>	<hr/>

**8. Called up share capital**

	2006	2005
	£	£
Authorised:		
100 Ordinary shares of £1 each	100	100
	<hr/>	<hr/>
Allotted, called up and fully paid:		
2 Ordinary shares of £1 each	2	2
	<hr/>	<hr/>

**9. Parent undertaking and controlling party**

At 30 April 2006 the Company was a wholly owned subsidiary undertaking of Polar Capital Technology Trust Plc, a company registered in England and Wales, number 3224867. Copies of

**NOTES TO THE FINANCIAL STATEMENTS  
AT 30 APRIL 2006**

the ultimate parent undertaking's financial statements may be obtained from the Company Secretary, Polar Capital LLP, 4 Matthew Parker Street, London SW11 9NP.

**10. Related Party Transactions**

The Parent Company, Polar Capital Technology Trust Plc, surrenders excess expenses to its subsidiary, PCT Finance Limited, to satisfy the subsidiary company's corporation tax liability. At the year end, the balance owing to the parent company in respect of this group relief was £3,167,261 (2005 - £3,078,967).

**11. Financial Instruments**

The Company's financial instruments comprise:

- equity and non-equity shares which are held in accordance with the Company's investment objectives
- Cash, liquid resources and short-term receivables and payables that arise directly from the Company's operations.

The main risks arising from financial instruments are liquidity, foreign currency risk and market price risk.

The risks have remained unchanged since the beginning of the period to which these financial statements relate and are summarised below.

**Liquidity risk**

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

**Foreign currency risk**

The Company's total return and net assets can be affected by currency translation movements as some of the Company's assets and revenue are denominated in currencies other than sterling. Cumulative foreign currency exposure is reviewed by the fund manager in order to mitigate individual currency risks.

**Market price risk**

Market price risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the Company might suffer through holding a market position in the face of price movements. As investments consist of cash funds which are exchangeable at their nominal value market price risk is mitigated.

**NOTICE OF THE ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the Annual General Meeting of PCT Finance Limited will be held at 4 Matthew Parker Street, London SW11 9NP on Monday 13 June at 1pm for the following purposes:

1. To receive the report of the directors and the financial statements for the year to 30 April 2006, together with the report of the auditors;
2. To re-appoint PricewaterhouseCoopers LLP as auditors to the Company and to authorise the directors to determine their remuneration.

By order of the Board

Polar Capital Partners LLP

Secretary

  
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13 June 2006