

RCM Technology Trust PLC

Annual Financial Report for the year ended 30 November 2007



www.rcmtechnologytrust.co.uk

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Company Summary

Investment Policy

The Company invests principally in the equity securities of quoted technology companies on a worldwide basis with the aim of achieving long-term capital growth.

Risk Diversification

The Company aims to diversify risk and no holding in the portfolio will comprise more than 15% of the Company's assets at the time of acquisition. The Company aims to diversify the portfolio across a range of technology sub-sectors.

Asset allocation

The fund managers do not target specific country or regional weightings and aim to invest in the most attractive technology shares on a global basis. The fund managers aim to identify the leading companies in emerging technology growth sub-sectors. The majority of the portfolio will comprise mid and large cap technology shares.

Gearing

In normal market conditions gearing will not exceed 10% of net assets but may increase to up to 20%. The Company's Articles of Association limit borrowing to one quarter of its called up share capital and reserves.

Liquidity

In normal market conditions the liquidity of the portfolio, that is the proportion of the Company's net assets held in cash or liquid investments, will not exceed 15% of net assets but may be increased to a maximum of 30%.

Derivatives

The Company may use derivatives within guidelines set down by the Board with the objective of enhancing returns for shareholders. The current authority given by shareholders limits the use of derivatives to 'efficient portfolio management'. Approval is being sought at the forthcoming Annual General Meeting to extend this to the use of derivatives for investment purposes as now permitted by the UK Listing Authority's rules for investment companies. However, pending the outcome of current discussions with the Manager, the Board has no immediate intention of using derivatives and there is no such exposure in the portfolio.

Benchmark

Dow Jones World Technology Index (£ Total Return).

Dividends

The investments in the Company's portfolio typically provide little, if any, income. No dividend has been declared in respect of the year ended 30 November 2007 (2006: nil) and it is unlikely that any dividend will be paid in the foreseeable future.

Corporate Details

Capital Structure	The Company had 23,590,312 Ordinary Shares of 25p and 4,770,568 Subscription Shares of 1p in issue, as at 10 March 2008.
Continuation Vote	Shareholders will have the opportunity to vote at the Annual General Meeting in 2011 whether to continue the Company and thereafter at five yearly intervals.

Management Details

Manager and Company Secretary	At the beginning of the year the Manager and Company Secretary was Close Finsbury Asset Management ('CFAM') and following a reorganisation within the Close Brothers Group the management contract was novated to Close Investments Limited ('CIL') in February 2007. With effect from 1 May 2007, the Company terminated its contract with CIL and appointed RCM (UK) Limited ('RCM') to provide management and secretarial services.
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Details of the principal terms of the Investment Management Agreement can be found in the Report of the Directors on page 17. Details of the fees paid to the Manager in the year under review can be found in the Notes to the Financial Statements on page 38.

The Board

David Quysner CBE, MA (Cantab), (Chairman)*

David Quysner, aged 61, joined the Board on 7 March 2003 and became Chairman on 28 April 2004. He is Chairman of Abingworth Management Limited, a venture capital fund management company, and a former Chairman of the British Venture Capital Association. He is a Director of several companies including ANGLE plc, Foresight 2 VCT plc, Prelude Trust plc and Private Equity Investor plc.

John Cornish+, B.Sc(Econ), FCA

John Cornish, aged 64, joined the Board on 1 May 2005; he was appointed as Senior Independent Director on 6 April 2006. John has over 30 years' audit experience and retired as a senior partner of Deloitte & Touche in 2004. From the late 1980s John led the firm's Investment Trust Industry Team, achieving a high profile in the industry with the AIC and various fund management groups. He is currently Chairman of Framlington Innovative Growth Trust PLC and a Director of Strategic Equity Capital Plc, Henderson EuroTrust plc and RIT Capital Partners plc.

Paul Gaunt, B.Sc(Econ)

Paul Gaunt, aged 58, joined the Board on 7 November 1995. Paul has over 30 years' experience in the investment industry. He was formerly Senior Investment Manager and an Assistant General Manager of the Equitable Life Assurance Society. He is currently a Director of Finsbury Emerging Biotechnology Trust PLC and Finsbury Worldwide Pharmaceutical Trust PLC.

Richard Holway

Richard Holway, aged 61, joined the Board on 29 January 2007. Richard is considered by many to be one of the UK's leading IT analysts. He was Group Marketing Director for Hoskyns (now Capgemini) before, in 1986, setting up his own analysis company, Richard Holway Limited which was acquired by Ovum in 2002. He played a significant role in Ovum's successful AIM IPO in early 2006. Ovum was acquired, at a considerable premium, by Datamonitor in late 2006. Currently, Richard sits on the advisory boards of BT Global Services and Elderstreet Capital Partners. He is also a non-executive director of the holding company of technology M&A specialists, Regent. He was a founder of the Prince's Trust Technology Leadership Group in 2002 and became its Chairman in 2007.

Dr Chris Martin, D.Phil, FICHEM

Dr Chris Martin, aged 49, joined the Board on 7 March 2003. Chris is currently the Chairman of Sciona Inc., a genomic personalised health company and has experience in venture capital funding for technology companies. He is also Chief Executive Officer of Spirogen Limited, and a Director of Cascade Fund Management Limited.

Anthony Townsend, MA (Cantab)

Anthony Townsend, aged 60, joined the Board on 7 November 1995. Anthony has spent over 35 years working in the City and was Chairman of The Association of Investment Trust Companies (now known as The Association of Investment Companies) from 2001 to 2003. He is Chairman of British & American Investment Trust PLC, F&C Global Smaller Companies PLC, Finsbury Growth & Income Trust PLC and iimia Investment Trust PLC and a Director of Brit Insurance Holdings PLC and Finsbury Worldwide Pharmaceutical Trust PLC.

All Directors are non-executive

* Chairman of the Management Engagement Committee

+ Chairman of the Audit Committee

The Managers

Account Director

Simon White, MA (Oxon), FSI

Simon White is Head of Investment Trusts at RCM (UK) Limited. He was formerly Managing Director of Kleinwort Benson Unit Trusts Limited. He is a Fellow of the Securities Institute, with a background in UK equity fund management.

Fund Managers

Walter Price CFA

Walter Price is a Managing Director, Senior Analyst, and Portfolio Manager on the RCM technology team. He joined RCM in 1974 as a senior securities analyst in technology and became a principal in 1978. Since 1985, he has had increasing portfolio responsibility for technology stocks and has managed many technology portfolios.

Huachen Chen CFA

Huachen Chen is a Senior Portfolio Manager, and joined RCM in 1984. He has covered many sectors within technology, as well as the electrical equipment and multi-industry areas. Since 1990, he has had extensive portfolio responsibilities for technology and capital goods stocks and has managed U.S. and Global portfolios with Walter Price. In 1994 Huachen became a principal of RCM. Prior to RCM, he worked for Intel Corporation from 1980 to 1983, where he had responsibilities for semiconductor process engineering.

Financial Summary

Key data as at:	30 November 2007	30 November 2006	% change
Net Asset Value per Ordinary Share	262.1p	227.4p	+15.3
Package Share Price [†]	1,252.5p	1,062.5p	+17.9
Dow Jones World Technology Index (Sterling adjusted Total Return)	248.8	231.8	+7.3
Ordinary Share Price	239.0p	212.5p	+12.5
Discount of Ordinary Share Price to Net Asset Value per share	8.8%	6.6%	
Total Net Assets	£62,540,819	£55,223,743	+13.2
Total expense ratio*	1.6%	1.9%	

*The total expense ratio is calculated by dividing operating expenses by total assets less current liabilities. Operating expenses do not include performance fees or non-recurring expenses.

[†]A package of one Subscription Share and five Ordinary Shares.

	For the year ended 30 November 2007	For the year ended 30 November 2006	% change
Revenue	£327,434	£218,080	+50.1
Available for Ordinary Dividend	(£1,228,107)	(£863,081)	-42.3
Earnings per Ordinary Share	(5.12p)	(3.45p)	-48.4

Five Year Performance Summary

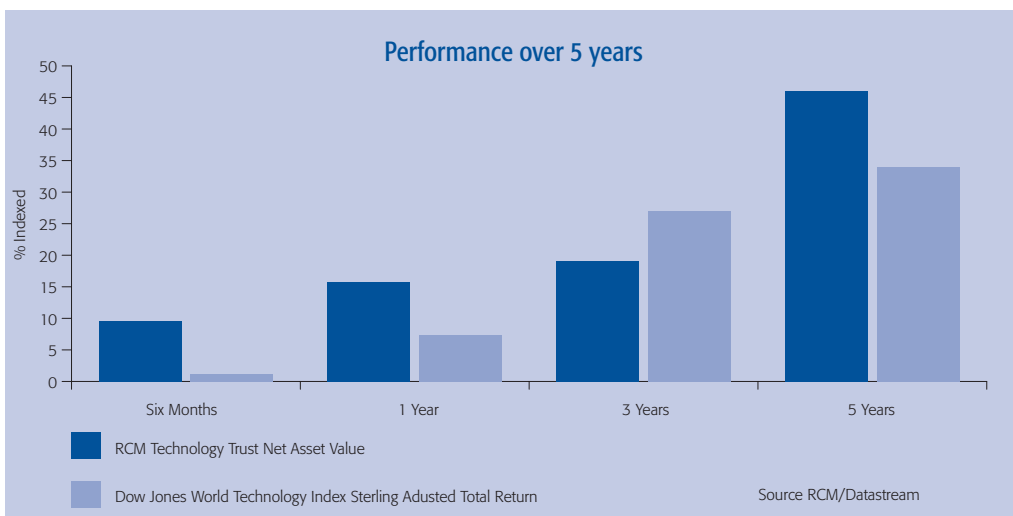
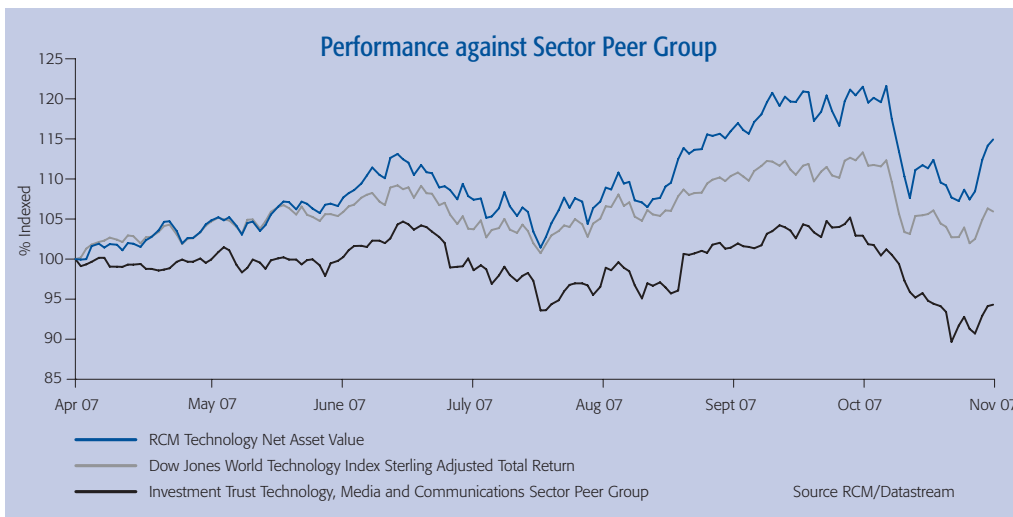
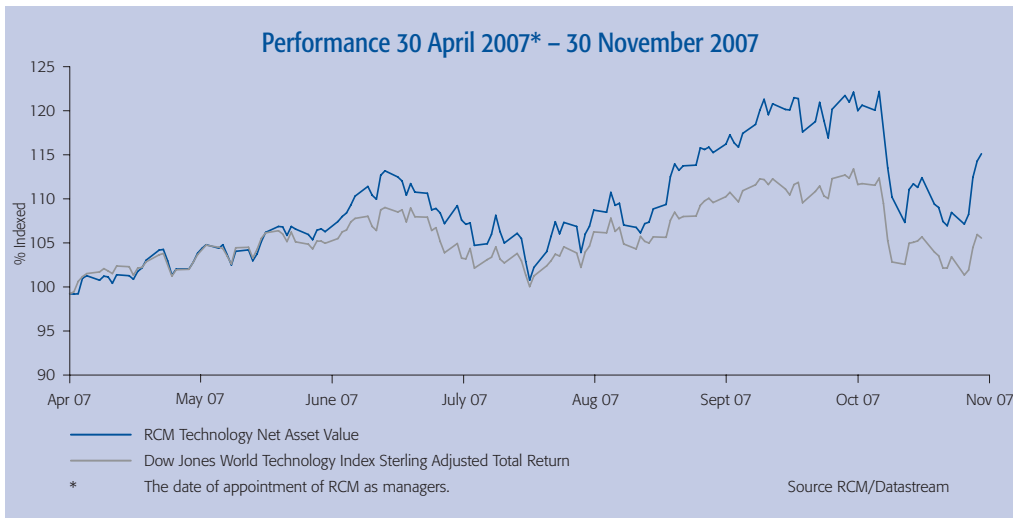
	30 November 2003	30 November 2004	30 November 2005	30 November 2006*	30 November 2007**
Shareholders' Funds	£68.2m	£61.1m	£62.0m	£55.2m	£62.5m
Net Asset Value per Ordinary Share	246.8p	221.1p	237.2p	227.4p	262.1p
Ordinary Share Price	210.0p	200.5p	220.3p	212.5p	239.0p
Discount of Ordinary Share Price to Net Asset Value per share	14.9%	9.3%	7.1%	6.6%	8.8%
Discount of Package Price to Package Net Asset Value (diluted, if appropriate) [†]	–	–	–	–	4.9%
Dow Jones World Technology Index (sterling adjusted, calculated on a total return basis)	214.6	195.8	235.4	231.8	248.8

*During the year ended 30 November 2006, a total of 1,875,000 shares were repurchased and cancelled at a total cost of £4,088,000.

**During the year ended 30 November 2007, a total of 420,000 shares were repurchased and cancelled at a total cost of £936,624.

[†]A Package of One Subscription Share and Five Ordinary Shares.

Performance Graphs



The Dow Jones World Technology Index (sterling adjusted, calculated on a total return basis) was adopted as the Company's benchmark on 1 December 2005.

Source: RCM (UK) Ltd.

Chairman's Statement

Results and Performance

I am pleased to report on a successful and eventful year for your Trust, during which the net asset value per ordinary share increased by 15.3% from 227.4p to 262.1p.

It was an active year on a number of fronts. As you will be aware, following the Board's search for a new investment manager, RCM was appointed as Manager with effect from 1 May 2007. In August, a one for five bonus issue of subscription shares was made to all shareholders on the register on 17 August 2007, giving holders of these shares the right to subscribe for ordinary shares in each of the years up to 2012 at a price of 267p. At the same time, shareholder approval was obtained for the Trust to extend its investment policy to allow the use of derivatives, which may be used selectively with a view to enhancing returns. The Board is actively considering the scope of any future derivatives activity and will proceed cautiously in this area. At the time of writing no derivatives have been employed in managing the fund.

I am pleased to report that RCM have made a very encouraging start. From the date of their appointment to the Trust's financial year end, the net asset value increased by 14.4% compared to 5.9% on the Dow Jones World Technology Index. For the financial year as a whole, the net asset value of the Trust increased by 15.3%, against 7.3% on the Dow Jones World Technology Index.

Compared with many other investment trusts, the rating on your Trust's shares remained strong, particularly if the value of the subscription shares is taken into account. The share price of a package of one Subscription Share and five Ordinary Shares at 30 November 2007 was 1,252.5p. This represents a 17.9% increase in value for holders of Ordinary Shares at 1 December 2006, a considerable outperformance over other investment trusts in our peer group.

Share buy backs

We have pursued our policy of repurchasing shares in the market at discounts in excess of 7%, if there is demand in the market for us to do so. During the year, the company repurchased and cancelled 420,000 Ordinary Shares and a further 270,000 Ordinary Shares have been repurchased for cancellation since the year end.

This year we are seeking shareholder authority to repurchase shares for holding in treasury, and for subsequent re-sale from

treasury in order to help provide additional market liquidity. We will not re-issue shares at a higher discount than that applying when the shares were purchased, thus ensuring that the assets of existing shareholders are not diluted by the transactions when viewed on a combined basis.

Alliance Trust

During the year, Close Investment Management announced that it would no longer offer wrapper products for closed-ended funds. Accordingly, the Board has arranged for shareholders who hold their shares through savings schemes or PEPs and ISAs managed by Close to transfer their holdings to Alliance Trust Savings. As a Board, we are committed to ensuring that all shareholders receive regular information about the Trust's progress and we have therefore signed up to Alliance Trust Savings' shareholder enfranchisement service, which will ensure that the Company's statutory reports are sent to all shareholders who hold their shares in the Alliance Trust Savings wrapper products and enabling those shareholders to give voting instructions on their holdings.

VAT

In the course of 2007, JP Morgan Claverhouse and the Association of Investment Companies succeeded in their case against HM Revenue and Customs ('HMRC') and, in the future, VAT will no longer be charged on management fees. An amount of VAT paid in respect of prior years may be recoverable but we are not yet able to quantify exact sums with any certainty.

Investment Policy

New Listing Rules for closed-ended investment companies have been issued by the UK Listing Authority which require the publication of an investment policy for all investment companies listed under Chapter 15 of the Listing Rules. We have therefore set out our investment policy on page 2. The new Listing Rules have also relaxed some of the investment restrictions on derivatives and we are proposing a change to our policy to allow the use of derivatives for investment purposes; this element of the investment policy is subject to shareholder approval. Therefore, your Board recommends the adoption of Resolution 6 at the forthcoming AGM which is set out on page 50.

Dividend

The investments in the Company's portfolio typically provide a very low yield. No dividend has been declared in respect of the year ended 30 November 2007 (2006: nil) and it is unlikely that a dividend will be paid for the foreseeable future.

Chairman's Statement

Board of Directors

Anthony Townsend, who has been a director of the Company since its launch, will be retiring from the board at the conclusion of this year's AGM. He has brought considerable experience of the City, and in particular the investment trust industry, to the board over his twelve years as a director and we thank him for his significant contribution.

Outlook

Recent economic data suggests that we are witnessing a downturn in economic activity in many parts of the world. The full impact of last year's liquidity crisis may not yet have been felt and further writedowns and disappointing results announcements seem probable. Against this background, business spending is likely to remain under pressure and company information technology budgets for 2008 will be under close scrutiny and, in many cases, cut.

Additionally, in the current reporting season the market's reaction to anything other than exceptional results has generally been negative, as investors focus on the implications of cautious outlook statements. In this environment the Trust is prepared to hold higher than usual levels of cash in the portfolio so as to be able to take advantage of the opportunities presented by price falls. At the time of writing the liquidity level is approximately 29% and has temporarily been even higher than this level. However this liquidity, which is held in the form of treasury bills and bank deposits, is in response to exceptional market conditions, and will not remain at these levels in the medium term.

There are a number of segments of the technology sector where prospects look brighter, including some aspects of consumer-related technology, solar power, and the continuing strong growth of the internet in China. Recent falls have created opportunities to buy selected stocks in these areas at low valuations relative to their prospective growth rates. In more difficult times, investors have historically favoured companies capable of maintaining sales growth through product innovation. RCM will, therefore, maintain its policy of identifying market leaders in emerging growth areas of the technology sector

Subscription Shares

Details have been posted to all registered shareholders of how they may exercise subscription rights in the period leading up to this year's Annual General Meeting.

Annual General Meeting

The Annual General Meeting will be held at The City of London Club, 19 Old Broad Street, London EC2N 1DS, on Wednesday 9 April 2008 at 12.00 noon. I look forward to meeting those shareholders who are able to attend.

David Quysner
Chairman
10 March 2008

Investment Manager's Review

RCM were appointed fund managers to the company early in the financial year, and formally took on management responsibility for the portfolio on 1 May 2007. As set out in the interim report, the company's assets were reorganised by the previous manager to reflect RCM's views in April and the portfolio emphasis consequently moved from a focus on smaller UK and European technology investments to mid and large cap global technology companies.

RCM's Investment Approach

Our aim is to use fundamental research to identify winners. First we look for emerging sectors which are able to bring about new or dramatically lower cost ways of doing things. Then we look for the winning companies within these sectors: of the many companies initially formed, only a small number will prosper and grow. Our principal focus is therefore on identifying these winning companies early and staying invested in them as the sector grows. We diversify across a range of different technology sectors and seek to build a portfolio of companies which have the potential to build market leading positions in their fields and to disrupt and challenge existing business models.

Although the majority of holdings will be in high growth technology shares, we also seek to identify larger and established technology companies where catalysts exist which will boost their underlying growth rates. These catalysts might include a new management team, the opening up of new distribution channels for an existing product, or an improving sales outlook for a cyclical sector, such as semiconductors.

We seek to identify future market-leading companies on a global basis. Although many of the leading technology companies are currently listed in the US, albeit with a global sales mix, we expect the US-listed component of the portfolio to reduce as new opportunities emerge elsewhere, particularly in Asia.

Our fundamental research resources include technology-dedicated analysts around the globe and they are complemented by our proprietary Grassroots® research network which uses techniques of market research to measure demand in the market place for products and services whilst, at the same time, spotting new industry and market trends.

Portfolio Themes

A number of themes shaped the portfolio's composition in 2007. We have been enthusiastic about consumer-related technology. We continue to see rapid growth in internet-related activity, whether it be digital music, improved search engines, e-commerce or the newer social networking sites (such as Facebook and Bebo), with the latter transforming social activity, especially for the younger generation. Personal computer demand has held up surprisingly well as internet usage has expanded and households now have several PCs to cope with family demand for all sorts of activities from e-mail and gaming to social networking and children's homework. The portfolio benefited from the holding in **Google** during this period. Although consumer technology will not be immune from a slowdown in the world economy overall, we believe that spending in many areas will hold up relatively well. Consumers feel they are getting good value for money as major improvements in this area in functionality are introduced for the same or lower prices. **Apple Inc** was a significant contributor to performance last year.

We also believe there is a very attractive long-term case for some of the Chinese technology companies. The combined market cap of the Chinese internet and portal companies – at \$60 billion – is a fraction of the combined market capitalisation of their US counterparts, dominated by Google and Yahoo. As the service sector grows in China, advertising – and particularly advertising on the internet – will represent a much larger proportion of their economy. The local companies, **Tencent** and **Baidu**, which we held during the period, have a better understanding of the local environment and how to work with local regulations and, unlike Europe, the global players do not dominate the market.

We also like the solar sector. It has many of the characteristics which we seek in an emerging technology sub sector – rapidly reducing costs and increasing efficiency – so that the payback on installations, even without government subsidies, are now looking very attractive. We see a rapid increase in demand for solar, both in the US and specific European markets, such as Spain. **First Solar** and **Suntech Power** have been the key holdings in this sector.

Investment Manager's Review

We believe that there will be a reduction in business spending in 2008, particularly in the financial sector. However, we can still identify individual growth stories within the hardware space, where a trend to server virtualisation. (combining four to ten servers and workloads on to one large machine), will see rapid adoption, partly because the payback on investment is less than a year. This trend has benefited one of our holdings, **EMC**, and its subsidiary, VM Ware. However, overall this trend will slow investment growth in hardware and storage.

The best performer in 2007 was **Nintendo**, which is also a good example of where we employed our proprietary Grassroots® research network to support our more conventional financial research. Grassroots® uses an in-house market research process which provides information in a structured way to help fund managers assemble portfolios. In Nintendo's case, our feedback suggested that two of their products, the Wii and the DS, were expanding the market for gaming well beyond the traditional 15-25 year-old males, as the motion-sensitive tennis, bowling and baseball games on the Wii had much wider appeal and the intellectual puzzles produced for the DS similarly brought in a new category of player. Consequently, our profits' estimates for Nintendo were much higher than those of the Japanese analysts who tended to be guided by the relatively conservative management team, and we maintained a good sized holding as a consequence. It is also a good example of where having a global remit for the fund adds value. We look at each technology company on its merits, irrespective of where its principal market listing is. The Japanese market and economy have been very dull this year but a global company like Nintendo generated spectacular returns, and contributed almost three percent to our performance during the period under review.

Outlook

The outlook for the world economy has deteriorated in recent months, as the financial sector has suffered a severe credit squeeze. We are cautious about business spending in the near term as a consequence but we do see scope for a pick-up in corporate activity, recently illustrated by Oracle's purchase of BEA. We expect many more deals this year as the larger companies use the decline in stock prices to fill out their product portfolios. In the consumer sector, companies at the forefront of innovation will continue to prosper, but those following the herd may well see their margins come under pressure.

Investment Portfolio

As at 30 November 2007

Ten Largest Investments

Investment	Sector	Country	Fair Value £'000	% of Portfolio
US Treasury Bill 0% 31/01/08	Bond	United States	5,250	8.3
Microsoft	Software	United States	3,608	5.7
Intel	Hardware	United States	3,243	5.1
Apple	Hardware	United States	2,778	4.4
Google	Software	United States	2,724	4.3
Nvidia	Hardware	United States	2,286	3.6
Nokia	Hardware	United States	2,010	3.2
Nintendo	Leisure Goods	Japan	1,884	3.0
Tencent	Software	Hong Kong	1,849	2.9
Salesforce.com	Software	United States	1,847	2.9
Total			27,479	43.4

Balance of Investment Portfolio

Investment	Sector	Country	Fair Value £'000	% of Portfolio
Focus Media	Media & Entertainment	United States	1,717	2.7
NII Holdings	Telecommunications	United States	1,546	2.4
Foundry Networks	Hardware	United States	1,446	2.3
ABB	Electronics	Switzerland	1,446	2.3
Cisco	Hardware	United States	1,330	2.1
Hewlett Packard	Hardware	United States	1,323	2.1
Activision	Leisure Goods	United States	1,290	2.0
First Solar	Hardware	United States	1,248	2.0
Riverbed Technologies	Hardware	United States	1,247	2.0
McAfee	Software	United States	1,243	2.0
Top 20 investments			41,315	65.3
EMC	Hardware	United States	1,158	1.8
Monsanto	Chemicals	United States	1,113	1.8
Sunpower	Electronics	United States	1,085	1.7
Research In Motion	Hardware	Canada	1,025	1.6
Qualcomm	Hardware	United States	961	1.5
Cerner	Software	United States	887	1.4
Suntech Power	Electronics	United States	831	1.3
Taiwan Semiconductor	Electronics	United States	825	1.3
Baidu.com	Software	United States	754	1.2
Dolby Laboratories	Media & Entertainment	United States	746	1.2
Top 30 investments			50,700	80.1

Investment Portfolio

As at 30 November 2007

Investment	Sector	Country	Fair Value £'000	% of Portfolio
Autodesk	Software	United States	735	1.2
On Semiconductor	Hardware	United States	708	1.1
Innolux Display	Energy	Taiwan	634	1.0
Renewable Energy	Electricity	Norway	551	0.9
Chartered Semiconductor	Hardware	Singapore	547	0.9
Wacker Chemie	Chemicals	Germany	531	0.8
LBI International	Software	Sweden	488	0.8
Perfect World	Software	China	459	0.7
Q-Cells	Electronics	Germany	448	0.7
Nidec	Electronics	Japan	433	0.7
Top 40 investments			<u>56,234</u>	<u>88.9</u>
Sandisk	Hardware	United States	425	0.7
Alibaba.com	Software	China	416	0.7
Lenovo	Hardware	Hong Kong	400	0.6
Gamestop	General Retailer	United States	382	0.6
MEMC Electronics	Hardware	United States	374	0.6
Tomtom	Hardware	Netherlands	372	0.6
Bharti Airtel ⁺	Telecommunications	India	367	0.6
Microdose*	Hardware	United States	366	0.6
Juniper Networks	Hardware	United States	361	0.6
Orkla Asa	Food Producer	Norway	353	0.6
Top 50 investments			<u>60,050</u>	<u>95.1</u>
Sina	Software	United States	350	0.6
Sohu.com	Software	United States	339	0.5
Ctrip.com	General Retailer	China	337	0.5
Itron	Electronics	United States	305	0.5
Ciena	Hardware	United States	238	0.4
Ericsson	Hardware	United States	234	0.4
Cognizant	Healthcare Equipment	United States	226	0.4
Media Tek ⁺	Hardware	Hong Kong	194	0.3
Network Appliance	Hardware	United States	180	0.3
Vodafone	Telecommunications	United Kingdom	146	0.2
Top 60 investments			<u>62,599</u>	<u>99.2</u>

Investment Portfolio

As at 30 November 2007

Investment	Sector	Country	Fair Value £'000	% of Portfolio
Aker Kvaerner	Oil & Gas	Norway	132	0.2
Philips Electronic	Leisure Goods	United States	125	0.2
Rich Tek Technologies ⁺	Hardware	United States	116	0.2
Bladelogic	Software	United States	94	0.1
Epistar Corporation ⁺	Electronics	Taiwan	86	0.1
Bede	Hardware	United Kingdom	34	–
Schlumberger	Oil & Gas	United States	26	–
Cameron	Oil & Gas	United States	26	–
Amazon	General Retailer	United States	25	–
Veeco Instruments	Electronics	United States	22	–
Top 70 investments			63,285	100.0
National Oilwell Varco	Oil & Gas	United States	19	–
Weatherford Intl B	Oil & Gas	Bermuda	17	–
Tenaris S.A.	Industrial Metals	United States	13	–
Vmware	Software	United States	8	–
Capita Group	Support Services	United Kingdom	7	–
Total Investments			63,349	100.0

* unquoted investment

+ Held in the form of Warrants

Sector and Geographic Analysis of Portfolio

As at 30 November 2007

Sector	Valuation £'000	% of Portfolio
Hardware	24,604	38.8
Software	15,801	24.9
Electronics	5,481	8.7
US Treasury Bill	5,250	8.3
Leisure Goods	3,299	5.2
Media & Entertainment	2,463	3.9
Telecommunications	2,059	3.3
Chemicals	1,644	2.6
General Retailers	744	1.2
Energy	634	1.0
Electricity	551	0.8
Food Producers	353	0.6
Healthcare Equipment	226	0.4
Oil & Gas	220	0.3
Industrial Metals	13	0.0
Support Services	7	0.0
	<u>63,349</u>	<u>100.0</u>
Country	Valuation £'000	% of Portfolio
United States	50,193	79.2
Hong Kong	2,443	3.9
Japan	2,317	3.7
Switzerland	1,446	2.3
China	1,212	1.9
Norway	1,036	1.6
Canada	1,025	1.6
Germany	979	1.5
Taiwan	720	1.1
Singapore	547	0.9
Sweden	488	0.8
Netherlands	372	0.6
India	367	0.6
United Kingdom	187	0.3
Bermuda	17	0.0
	<u>63,349</u>	<u>100.0</u>
Portfolio Analysis	Valuation £'000	% of Portfolio
Listed on a recognised stock exchange	56,970	89.9
Unquoted (including preference shares)	366	0.6
US Treasury Bill	5,250	8.3
Warrants	763	1.2
	<u>63,349</u>	<u>100.0</u>

Report of the Directors

incorporating the Business Review

The Directors present their Report which incorporates the Business Review and the audited Financial Statements for the year ended 30 November 2007.

The Business Review is addressed only to shareholders as a body, and no liability can be admitted by the Directors to any other parties in connection therewith. The purpose of the Business Review is limited to its statutory purpose, that is, to assist shareholders in assessing the Company's strategies and the potential for these strategies to succeed. Any forward-looking statements contained in the Business Review reflect the knowledge and information available to the Directors at the date the Business Review was prepared. The Business Review will not be updated during the next financial year, but any forward-looking statements contained in the Business Review will be considered in the preparation of the next Business Review.

Business Review

Business and Status of the Company

The Company carries on business as an investment trust and was approved by HM Revenue & Customs as an investment trust in accordance with Section 842 of the Income and Corporation Taxes Act 1988 for the year ended 30 November 2006. In the opinion of the Directors, the Company has subsequently conducted its affairs so that it should continue to qualify. The Company will continue to seek approval under Section 842 of the Income and Corporation Taxes Act 1988 each year. The Company is not a close company for taxation purposes.

Regulatory Environment

The Company is listed on the London Stock Exchange and is subject to UK company law, financial reporting standards, listing rules, tax law and its own Articles of Association. In addition to annual and half yearly financial reports and interim management statements, the Company announces net asset values per share on a daily basis and portfolio information on a monthly basis for the information of investors. It provides more detailed information on a monthly basis to the Association of Investment Companies, of which the Company is a member, in order for brokers and investors to compare its performance with its peer

group. The Board of Directors is charged with ensuring that the Company complies with its own objectives as well as these rules. The Board has appointed RCM (UK) Limited to carry out investment management, accounting, secretarial and administration services on behalf of the Company. The Company has no employees or premises of its own.

Investment Objective

The Company invests principally in the equity securities of quoted technology companies on a worldwide basis with the aim of achieving long-term capital growth.

Gearing

The Company has a £2,000,000 unsecured borrowing facility with Allied Irish Banks plc. At the year end the facility was not used.

Performance

The Board is aware that it is its share price performance that is most important to the Company's shareholders. Share price performance is of course closely linked to the performance of the Company's net asset value which is the responsibility of the Investment Manager. The Investment Manager's objective is to seek long term capital growth through investment principally in the equity securities of quoted technology companies on a worldwide basis.

The Portfolio comprises investments from a wide geographical and sectoral spectrum. Performance is measured against the Dow Jones World Technology Index (sterling adjusted, calculated on a total return basis) (the 'Benchmark').

Over the year to 30 November 2007, the net asset value per share rose by 15.3%, compared with a rise of 7.3% in the Benchmark.

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The Company's performance may be analysed as follows:

Regional Selection Performance	Fund Weight (%)	Index Weight (%)	Relative Weight (%)
North America	66.78	70.63	-3.85
Europe ex UK	12.47	11.15	+1.32
Asia	10.15	10.43	-0.28
Pacific ex Japan	4.16	0.70	+3.46
Japan	4.04	6.12	-2.08
Latin America	2.07	0.22	+1.85
United Kingdom	0.33	0.75	-0.42
	<u>100.0</u>	<u>100.0</u>	<u>0.0</u>

Top and bottom ten contributors to performance over the year to 30 November 2007 were as follows:

Top ten contributors	Fund Weight (%)	Index Weight (%)	Relative Weight (%)	Contribution (%)
Nintendo	4.52	0.00	4.52	2.86
Nvidia	3.99	0.50	3.49	1.29
Tencent	2.66	0.12	2.54	2.01
Focus Media	2.32	0.00	2.32	0.85
Research In Motion	2.14	0.00	2.14	1.74
Monsanto	1.72	0.00	1.72	0.83
SunPower	1.44	0.00	1.44	0.97
First Solar	1.32	0.05	1.27	1.87
Baidu.com	1.18	0.00	1.18	1.50
Ericsson	0.00	1.64	-1.64	0.89
				<u>+14.81</u>

Bottom ten contributors	Fund Weight (%)	Index Weight (%)	Relative Weight (%)	Contribution (%)
Nokia	0.00	3.85	-3.85	-1.76
NII Holdings	3.41	0.00	3.41	-1.25
Research In Motion	0.00	1.16	-1.16	-1.08
Riverbed Technologies	1.72	0.00	1.72	-1.00
Merrill-CW10 Hon Hai Precision	0.48	0.00	0.48	-0.71
Level 3 Communications	1.07	0.00	1.07	-0.70
Chartered Semiconductor	1.33	0.02	1.30	-0.60
Hewlett-Packard	0.75	3.89	-3.14	-0.45
Comverse Technology	0.78	0.00	0.78	-0.45
On Semiconductor	1.53	0.10	1.43	-0.42
				<u>-8.42</u>

The Directors also monitor the level of discount of share price to net asset value per share. Over the year to 30 November 2007, the mid-market price of the Company's shares rose by 12.5%, with a discount at the year end of 8.8%. As part of its discount management policy, the Company is prepared to buy back shares, for cancellation or to be held in treasury, at prices representing a discount greater than 7.0% to net asset value, where there is demand in the market for it to do so.

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Key Performance Indicators

The Board assesses its performance in meeting the Company's objective against the following Key Performance Indicators (KPI):

- Net asset value per share total return
- Share price total return
- Premium/discount of share price to net asset value
- Total expense ratio
- Benchmark and peer group performance

Principal Risks and Uncertainties

The Company's assets consist principally of quoted equities: its main area of risk therefore is market-related. The specific key risks faced by the Company, together with the Board's mitigation approach, are as follows:

Objective and Strategy – The Company and its Investment Objective become unattractive to investors

The Board reviews periodically the investment mandate and the long-term investment approach in relation to market and economic conditions, and the operation of the Company's peers, thereby monitoring whether the Company's strategy remains optimal.

Level of discount/premium – Share price performance lags NAV performance

The Board undertakes a regular review of the level of discount/premium and consideration is given to ways in which share price performance may be enhanced, including the effectiveness of marketing. The Board has implemented a discount control mechanism which endeavours to establish a maximum level of 7.0% discount of share price to net asset value per share. In the event of shares being re-purchased by the Company, such shares will be cancelled, or held in treasury.

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 investments in the face of price falls.

The Board meets on at least a quarterly basis during the year. At each meeting the Directors consider the asset allocation of the portfolio in order to monitor the risk associated with particular countries or sectors. The Manager has responsibility for selecting investments in accordance with the Company's investment objective and seeks to ensure that individual stocks meet an acceptable risk-reward profile.

The Company does not currently take short positions or otherwise hedge market price risk.

Liquidity Risk – The ability to meet funding requirements when they arise

The Investment Manager has constructed the investment portfolio so that funds can be raised at short notice if required.

Currency Risk – Movements in exchange rates could adversely affect the performance of the investment portfolio

A significant proportion of the Company's assets are, and will continue to be, invested in securities denominated in foreign currencies, in particular US dollars. As the Company's shares are denominated and trade in sterling, the return to shareholders will be affected by changes in the value of sterling relative to those foreign currencies. The Board has made clear the Company's policy with regard to currency fluctuations which is that it does not currently hedge against currency exposure.

Credit Risk

The Company's principal financial assets are bank balances, debtors and investments, which represent the Company's maximum exposure to credit risk in relation to financial assets. The credit risk on bank balances is minimal because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. The Company has no significant concentration of credit risk, with exposure spread over a large number of investments and counterparties.

Interest Rate Risk

The Company currently finances its operations through its ordinary share capital and reserves, and there are no significant interest bearing liabilities. At the year-end, the Company held £5,250,000 of US Treasury Bills. This type of investment is directly exposed to movements in its fair value arising from changes in interest rates. These risks are managed alongside market price risk as described above.

Numerical analysis of the financial risks is included in Note 20 on page 45.

Portfolio Performance – Investment performance may not be meeting the investment objective or shareholder requirements

The Board reviews regularly investment performance against the benchmark and against the peer group. The Board also receives ad hoc reports that show an analysis of performance compared with other relevant indices. The Manager provides an explanation

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of stock selection decisions and an overall rationale for the make-up of the portfolio. The Manager discusses current and potential investment holdings with the Board on a regular basis in addition to new initiatives, which may enhance shareholder return.

Operational and Regulatory – Compliance with s842, Income and Corporation Taxes Act 1988

A breach of s842 could lead to the Company being subject to corporation tax on the profits on the sale of its investments, whilst serious breach of other regulatory rules may lead to suspension from the Stock Exchange or to a qualified Audit Report. Other control failures, either by the Manager, the Investment Manager or any other of the Company's service providers, may result in operational and/or reputational problems, erroneous disclosures or loss of assets through fraud, as well as breaches of regulations.

The Manager reviews the level of compliance with s842 and other financial regulatory requirements on a daily basis. All transactions, income and expenditure forecasts are reported to the Board. The Board regularly considers all risks, the measures in place to control them and the possibility of any other risks that could arise. The Board ensures that satisfactory assurances are received from service providers. The Manager's Compliance Officer produces regular reports for review at the Company's Audit Committee and is available to attend meetings in person if required.

Future Development

The future development of the Company is dependent on the success of the Company's investment strategy against the background of the economic environment and market developments. The Chairman gives his view on the outlook in his statement on pages 6 and 7 and the investment managers discuss their view of the outlook for the Company's portfolio on pages 8 and 9.

Results and Dividends

The results attributable to shareholders for the year and the transfer from reserves are shown on page 32. No dividend is proposed in respect of the year ended 30 November 2007 (2006: Nil).

Fixed Asset Investments

The market value of the Company's investments, at 30 November 2007 was £63.3m (2006: £55.1m) showing an unrealised gain of £7.9m (2006: unrealised loss of £10.8m) over book cost. Taking these investments at this valuation, the net assets attributable to each Ordinary share amounted to 262.1p at 30 November 2007 (2006: 227.4p).

Investment Management Agreement

The management contract which is terminable at one year's notice, provides for a management fee of 1.00% per annum of the value of the Company's assets calculated monthly after deduction of current liabilities, short term loans under one year and any funds within the portfolio managed by RCM. In addition there is a fee of £50,000 per annum to cover RCM's administration costs. Under the contract RCM provides the Company with investment management, accounting, secretarial and administration services. In addition, the Manager is entitled to a performance fee based on the level of outperformance of the Company's net asset value per share over its benchmark, the Dow Jones World Technology Index (Sterling adjusted Total Return), during the relevant Performance Period. Further details are in Note 2 on page 38.

Continuing Appointment of the Manager

During the year, in accordance with the Listing Rules published by the Financial Services Authority, the Board reviewed the performance of the Manager. The review considered the Company's investment performance over both the short and longer terms, together with the quality and adequacy of other services provided. The Board also reviewed the appropriateness of the terms of the Management Agreement, in particular the length of notice period and the management fee structure.

The Board was satisfied with its review and believes that the continuing appointment of the Manager is in the best interests of shareholders as a whole.

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Directors

The Directors of the Company, all of whom are non-executive, all served throughout the year, except where stated, and are as follows:

David Quysner (Chairman)
 John Cornish
 Paul Gaunt
 Richard Holway (appointed 29 January 2007)
 Dr Chris Martin
 Anthony Townsend

Information in relation to each Director can be found on page 3. Paul Gaunt and Anthony Townsend retire by rotation at the Annual General Meeting. Paul Gaunt, being eligible, offers himself for re-election. Anthony Townsend is retiring from the Board at the conclusion of the AGM and does not offer himself for re-election.

Independence

The Combined Code on Corporate Governance 2006 ('Code') discusses the circumstances under which a director may not be considered to be independent, including if the director holds cross-directorships or has significant links with other directors through involvement in other companies or bodies or has served on the Board for more than nine years from the date of first election. The Code provides however for the Board to state its reasons if it determines that a director is independent notwithstanding the existence of circumstances that may appear to determine otherwise. The revised and updated Code of Corporate Governance and Guide, however, issued by the Association of Investment Companies ('AIC Code') in May 2007, allows the Board more flexibility in respect of the length of service of a director.

Paul Gaunt had not previously been considered to be independent because of his directorship of companies managed by the Company's former manager, in addition to having served as a Director of the Company for more than nine years. The Board subscribes to the AIC principle that long-serving directors should not be prevented from forming part of an independent majority and does not believe that a director's length of tenure reduces his ability to act independently. Following the change of Manager of the Company, Mr Gaunt is now considered to be independent.

David Quysner, John Cornish, Richard Holway and Dr Chris Martin are considered by the Code and the Board to be independent.

In accordance with best practice, notwithstanding the determination by the Board of independence, all Directors not considered by the Code to be independent will stand for re-election at the Annual General Meeting each year.

Board Evaluation

In the past year, the effectiveness and performance of the Board were assessed through questionnaires completed by the Directors and interviews conducted by the Chairman. The Chairman's own performance was evaluated by the other Directors through questionnaires and interviews conducted by the Senior Independent Director. The results of the effectiveness assessment and performance evaluations have been presented to the Board as a whole. As a result, the Board considers that all of the Directors contribute effectively and that all have skills and experience that are relevant to the leadership and direction of the Company.

Having given careful consideration to the above, the Board unanimously supports the re-election of Paul Gaunt.

Directors' Interests

The beneficial interests of the Directors and their families in the Company were as set out below:

	Ordinary shares of 25p each	
	30 November 2007	30 November 2006
David Quysner	5,592	5,592
John Cornish	3,500	3,500
Richard Holway	10,000	—
Paul Gaunt	—	—
Dr Chris Martin	3,113	3,113
Anthony Townsend	206,465	206,465

Directors' Fees

A report on Directors' Remuneration is set out on pages 28 and 29.

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Substantial Shareholdings

As at 7 March 2008 the following had declared a notifiable interest in the Company's issued share capital:

	Number of shares	Percentage of voting rights
Lazard Asset Management LLP	4,006,920	16.8
JP Morgan Chase & Co	2,625,000	11.0
East Riding of Yorkshire Council	2,525,000	10.6
Investec Asset Management	1,225,000	5.1

Repurchase of Shares

At the Annual General Meeting held on 10 April 2007, authority was granted for the repurchase of up to 3,587,678 Ordinary shares of 25p each, representing 14.99% of the issued share capital at the time. Subsequent to the Board's decision to implement a discretionary discount protection mechanism at a minimum level of 7% discount to net asset value, in the year under review the Company bought back for cancellation 420,000 shares at a cost of £936,624. Since the year end and to the date of this report, the Company has bought back a further 270,000 shares for cancellation at an aggregate cost since the end of the year of £650,845. From the beginning of the financial year to the date of this report the shares bought back equate to a total of 1.7% of the issued share capital at the beginning of the year.

Creditors' Payment Policy

Terms of payment are negotiated with suppliers when agreeing settlement details for transactions. While the Company does not follow a formal code, it is the Company's continuing policy to pay amounts due to creditors as and when they become due.

Charitable and Political Donations

The Company has not in the past and does not intend in future to make any charitable or political donations.

Independent Auditors

The audit operations of RSM Robson Rhodes LLP ('Robson Rhodes') merged with those of Grant Thornton in July 2007 and the Company's audit team became part of Grant Thornton UK LLP ('Grant Thornton'). Therefore, Robson Rhodes resigned as auditors and Grant Thornton were appointed to fill the casual auditor vacancy.

Grant Thornton UK LLP have expressed their willingness to continue to act as Auditors to the Company and a resolution for their re-appointment will be proposed at the forthcoming Annual General Meeting.

Audit Information

Pursuant to Section 234ZA (2) of the Companies Act 1985, each of the Directors confirms (a) that so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware; and (b) that they have taken all steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of such information.

Directors' Responsibilities

Company law in the United Kingdom requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company and of the return of the Company for that year. In preparing these financial statements, the Directors have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable United Kingdom accounting standards; and
- prepared the financial statements on the going concern basis.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of

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the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring that the Report of the Directors and other information included in the Annual Report is prepared in accordance with company law in the United Kingdom. They are also responsible for ensuring that the Annual Report includes information required by the Listing Rules of the Financial Services Authority.

The financial statements are published on the www.rcmtechnologytrust.co.uk website, which is a website maintained by the Company's Manager, RCM (UK) Limited ('RCM'). The maintenance and integrity of the website maintained by RCM is, so far as it relates to the Company, the responsibility of RCM. The work carried out by the auditors does not involve consideration of the maintenance and integrity of this website and accordingly, the auditors accept no responsibility for any changes that have occurred to the financial statements since they were initially presented on the website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in their jurisdiction.

Going Concern

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

Corporate Governance

A formal statement on Corporate Governance and the Company's compliance with the various codes of practice is set out on pages 24 to 27.

Annual General Meeting

The formal Notice of Annual General Meeting is set out on pages 50 to 52.

Resolutions relating to the following items of special business will be proposed at the forthcoming Annual General Meeting:

(a) Change to Investment Policy

Further to the approval given at the EGM in 2007 to permit the use of derivatives for efficient portfolio management, the

Directors are seeking authority, as now permitted under the Listing Rules for closed-ended investment companies, to amend the investment policy to allow the wider use of derivatives for investment purposes.

(b) Revised Articles of Association

Summary of Revised Articles of Association to take effect from the date of the Annual General Meeting, conditional on the passing of Resolution 7

1 *Articles which duplicate statutory provisions*

Provisions in the current Articles which replicate requirements of the Companies Acts have been amended in the new Articles to bring them in line with the relevant provisions of the Companies Act 2006 ('CA 2006'). The main changes made to reflect this approach are detailed below.

2 *Disclosure of interests*

The provisions relating to the disclosure of interests in shares contained in the Companies Act 1985, including section 212 on a company's investigative powers, have been repealed and superseded by section 793 and related sections in Part 22 of the CA 2006. The proposed new Articles reflect the new provisions.

3 *Convening general meetings and annual general meetings*

The provisions in the current Articles dealing with the convening of general meetings and the length of notice required to convene general meetings are being amended to conform to new provisions in the Companies Act 2006. In particular a general meeting to consider a special resolution can be convened on 14 days' notice whereas previously 21 days' notice was required.

4 *Quorum*

The Articles have been amended to allow for a reduced threshold (2 rather than 3 members) to constitute a quorum, in line with the minimum statutory requirement.

5 *Votes of members*

Under the CA 2006 proxies are entitled to vote on a show of hands as well as a poll and members may appoint a proxy to exercise all or any of their rights to attend, speak and vote at meetings. Multiple proxies may be appointed provided that each proxy is appointed to exercise the rights attached to a different share or shares held by the shareholder and multiple corporate

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representatives may be appointed. The new Articles reflect these new provisions.

6 Receipt of appointments of proxy and termination of proxy authority

The amended Articles reflect the fact that, pursuant to the CA 2006, in determining the time for delivery of proxies, no account shall be taken of non-working days.

7 Notices and other communications

The CA 2006 enables companies to communicate with their members by electronic communication to a greater extent than previously permitted. The new Articles provide the Company with a general power to send or supply any notice, document or information to any member by a variety of methods – in person, by post or in electronic form (such as by email), or by making it available on the Company's website. In addition to any notice, document or information which is specifically required to be sent or supplied under the CA 2006, the Company will also be able to send any other document or information to members using this variety of methods.

The new Articles allow proxies to be sent or supplied in electronic form and, where the Company gives an electronic address in a form of proxy, shareholders may send the appointment of proxy to that electronic address, subject to any conditions or limitations specified in the relevant notice of meeting.

The Company may ask each member for his or her consent to receive communications from the Company via its website. If the member does not respond to the request for consent within 28 days, the Company may take that as consent by the member to receive communications in this way. If the Company sends or supplies any notice, document or information to members by making it available on the Company's website, it must notify each member who has consented (or is deemed to have consented) to receive documents via the website, either by post or by email (if the member has specifically agreed to receive communications in electronic form), that the notice, document or information has been placed on the website.

A member who has consented or is deemed to have consented to receive communications via the website can request a hard copy of any document at any time. Members can also revoke their consent to receive electronic communications at any time.

In relation to joint holders of shares, the amended Articles provide that the agreement of the first-named holder on the register of members to accept notices, documents or information electronically or via a website shall be binding on the other joint holders.

The new Articles would also permit the Company not to send or supply any notice, document or information to a member whose registered address is not in the United Kingdom unless that member gives a non-electronic address in the United Kingdom. There are new provisions that cater for situations where the provision of corporate information in electronic form or via a website may amount to a breach of securities laws of another jurisdiction. The Company may send hard copies if it needs to restrict the circulation of information in certain circumstances, such as for US securities law reasons. The new Articles also deal with notices, documents or information sent by the Company to a member which have been returned undelivered on two consecutive occasions. The Directors may resolve to treat such members as having no registered address for service and that member will only be entitled to be sent further communications upon provision of a new postal or electronic address to the Company.

Further proposed provisions are included to deal with the validation of documents in electronic form by members where required by the Articles. In the case of notices of meetings or proxies, any validation requirements must be specified in the notice.

8 Directors' Indemnities

The proposed new Articles contain provisions which take advantage of changes to the law relating to the Company's ability to give indemnities to the Directors and others. The changes allow the Company to provide its Directors with funds to cover the costs of defending legal proceedings brought against any director/directors or the directors collectively on an "as incurred" basis. Previously, a company could only fund a director's defence costs once final judgement in his/her favour had been reached. It is therefore proposed that the Company's Articles be amended so that the Company may fund the defence costs of current or former directors or other officers if an action were to be brought against them.

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9 *Conflict of Interest Duties*

The CA 2006 codifies directors' general duties. The provisions largely replicate the existing law, but there are some significant changes.

Under the CA 2006, with effect from 1 October 2008, a director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the Company's interests. The requirement is very broad and could apply, in some cases, if a director becomes a director of another company or a trustee of another organisation. The CA 2006 allows directors of public companies to authorise conflicts and potential conflicts where the Articles contain a provision to this effect.

The CA 2006 also permits the Articles to contain other provisions for dealing with directors' conflicts of interest to avoid a breach of duty. The Articles have been amended in line with the CA 2006.

The new Articles give the directors authority to approve conflict situations including other directorships held by the company's directors and include other provisions to allow conflicts of interest to be dealt with in a similar way to the current position.

There are safeguards which will apply when directors decide whether to authorise a conflict or potential conflict. First, only directors who have no interest in the matter being considered will be able to take the relevant decision, and secondly, in taking the decision the directors must act in a way they consider, in good faith, will be most likely to promote the Company's success. The directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate.

10 *Permitted interests and voting*

The CA 2006 contains a much wider definition of a director's "connected persons". However, the relevant director and the Company must still take a view each time a matter is being considered as to whether the interests of the director's connected persons mean that the director should be treated as interested in the matter being transacted.

11 *Removal of age limit for directors*

The provision requiring a director's age to be disclosed in a notice of meeting at which that director is to be appointed or reappointed, if that director has attained the age of 70 years or

more, has been removed from the new Articles to reflect the repeal of this requirement.

12 *The seal*

With effect from 6 April 2008 the CA 2006 enables a company to sign documents by one director executing the documents in the presence of a witness. The new Articles provide for this form of execution of documents.

(c) *Authority to allot shares*

A resolution authorising the Directors to allot new share capital for cash was passed at the Annual General Meeting of the Company on 10 April 2007. The current authority will expire on 10 April 2008.

Approval is therefore sought in Resolution 8 for the renewal of the Directors authority to allot new shares, otherwise than by a pro rata issue to existing shareholders, up to an aggregate nominal amount of £589,758 representing 2,359,031 Ordinary Shares of 25p each, such amount being equivalent to 10% of the present issued share capital. As such issues would only be made at prices greater than the fully diluted net asset value per share ("NAV") they increase the assets underlying each share and spread administrative expenses, other than those charged as a percentage of assets, over a greater number of shares. If passed, this authority will remain in place until the conclusion of the next Annual General Meeting.

(d) *Disapplication of pre-emption rights*

A resolution authorising the Directors to disapply pre-emption rights was passed at the Annual General Meeting of the Company on 10 April 2007. The current authority will expire on 10 April 2008.

Approval is therefore sought in Resolution 9 for the renewal of the authority to disapply pre-emption rights in respect of a) the allotment of shares or the sale by the Company of shares held by it as Treasury Shares, following the introduction of The Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003, pursuant to a rights issue or a sale equivalent to a rights issue, b) the allotment (other than as part of a rights issue) of shares or the sale of Treasury Shares for cash up to an aggregate nominal value of £589,758. No such allotment will be made at less than the NAV per share (as determined in the absolute discretion of the Directors). However, Treasury Shares may be resold by the Company at a discount to such NAV provided that such shares are resold by the Company at a lower

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discount to the NAV than the discount at which they were repurchased by the Company.

(e) Continuation of share buy back programme

As referred to in the Chairman's Statement, the Board is proposing the renewal of the Company's authority to make market purchases of Ordinary Shares and/or Subscription Shares, either for cancellation or for holding in treasury. The Board believes that such purchases in the market at appropriate times and prices may be a suitable method of enhancing shareholder value. The Company would make either a single purchase or a series of purchases, when market conditions are suitable, with the aim of maximising the benefits to shareholders and within guidelines set from time to time by the Board.

Where purchases are made at prices below the prevailing net asset value, this enhances the net asset value for the remaining shareholders. It is therefore intended that purchases will only be made at prices below net asset value, with the purchases to be funded from the realised capital profits of the Company (which are currently in excess of £35 million). 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 or Subscription 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 or 1p per Subscription Share (being the respective nominal values). Additionally, the Board believes that the Company's ability to purchase its own shares should create additional demand in the market and that this increase in liquidity should assist shareholders wishing to sell. Overall these share buy back proposals should help to reduce the discount to net asset value at which the Company's shares currently trade.

The Company's Articles of Association permit the Company to redeem or purchase its own shares out of capital profits. Under the Financial Services Authority Listing Rules, a company is permitted to purchase up to 14.99% of its equity share capital through market purchases pursuant to a general authority granted by shareholders in general meeting.

The current authorities which permit the Company to purchase up to 14.99% of the Ordinary or Subscription issued share capital, expire at the conclusion of the forthcoming Annual General Meeting. Accordingly, resolutions 10 and 11 will be proposed as Special Resolutions at the AGM. The authority to make market purchases of up to 14.99% of the Company's

issued Ordinary and Subscription Share capital is equivalent to 3,536,187 Ordinary Shares and 715,108 Subscription Shares provided there is no change in the respective issued share capital between the date of this Report and the Annual General Meeting to be held on 9 April 2008.

The authorities being sought under resolutions 8, 9, 10 and 11 will last until the conclusion of the next Annual General Meeting or, if less, a period of 15 months.

The Directors consider that the resolutions relating to the above items of special business are in the best interests of shareholders as a whole. Accordingly, the Directors unanimously recommend to the shareholders that they vote in favour of the above resolutions to be proposed at the forthcoming Annual General Meeting, as they intend to do in respect of their respective holdings of Ordinary Shares.

By Order of the Board
K.J. Salt
Secretary
10 March 2008

Corporate Governance

The Board has considered the principles and recommendations of the AIC Code of Corporate Governance ('AIC Code') by reference to the AIC Corporate Governance Guide for Investment Companies ('AIC Guide'). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in Section 1 of the Combined Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company. The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide, will provide better information to shareholders. The Company has complied with the recommendations of the AIC Code and the relevant provisions of Section 1 of the Combined Code, except in relation to the Combined Code provisions relating to:

- the role of the chief executive
- executive directors' remuneration
- the need for an internal audit function

For the reasons set out in the AIC Guide, and in the preamble to the Combined Code, the Board considers these provisions are not relevant to the Company as it is an externally managed investment company. The Company has therefore not reported further in respect of these provisions.

The Board

The Board currently consists of six members, all of whom are non-executive. The Directors' biographical details, set out on page 3, demonstrate a breadth of investment, commercial and professional experience.

The Board is responsible for efficient and effective leadership of the Company and has reviewed the schedule of matters reserved for its decision. The Board meets at least on a quarterly basis and at other times as necessary. The Board is responsible for the important aspects of the Company's affairs, including the setting of parameters for and the monitoring of investment strategy, the review of investment performance (including peer group performance) and investment policy. It also has responsibility for all corporate strategic issues, dividend policy, share buy-back policy, gearing, share price and discount/premium monitoring and corporate governance matters.

In order to enable them to discharge their responsibilities, prior to each meeting Directors are provided, in a timely manner, with a comprehensive set of papers giving detailed information on the Company's transactions, financial position and performance. Representatives of the Manager attend each Board meeting,

enabling the Directors to seek clarification on specific issues or to probe further on matters of concern; a full report is received from the Manager at each quarterly meeting. In the light of these reports, the Board gives direction to the Manager with regard to investment objectives and guidelines. Within these established guidelines, the Manager takes decisions as to the purchase and sale of individual investments.

The following table sets out the number of scheduled Directors' meetings (including committee meetings) held and attended during the year under review.

Type and number of meetings held in 2006/7:	Board (4)	Audit Committee (2)	Management Engagement Committee (1)
David Quysner [#]	4	2	1
John Cornish	4	2	1
Paul Gaunt	4	2	1
Richard Holway ⁺	4	2	1
Chris Martin	4	2	1
Anthony Townsend	3	2	1

[#] David Quysner as Chairman of the Company is not a member of the Audit Committee but may attend meetings by invitation.
⁺ Appointed on 29 January 2007.

All of the Directors, with the exception of Anthony Townsend, attended the Annual General Meeting held on 10 April 2007.

The Directors believe that, at present, the composition of the Board demonstrates a breadth of investment, commercial and professional experience.

The Board is of the view that length of service does not itself impair a director's ability to benefit the Company as their long term perspective can add significant value to a well-balanced investment company board. No limit in the overall length of service of any of the Company's Directors, including the Chairman, has therefore been imposed.

The Board regularly reviews the independence of its members, and, as explained in the Directors' report on page 18, the Board considers all the Directors to be independent. The Board subscribes to the AIC Code principle that long-serving Directors should not be prevented from forming part of an independent majority and does not believe that a Director's length of tenure reduces his/her ability to act independently. Nevertheless, the AIC Code requires that Directors who have served for more than

Corporate Governance

nine years should be re-appointed by shareholders annually. Accordingly, Paul Gaunt and Anthony Townsend will retire as Directors at the forthcoming Annual General Meeting. Anthony Townsend will retire from the Board at the conclusion of the AGM and will not be standing for re-election. Paul Gaunt is offering himself for re-election at the forthcoming AGM. In the opinion of the Board, Paul Gaunt remains independent in character and judgement and there are no relationships or circumstances relating to the Company that are likely to affect his judgement.

Chairman and Senior Independent Director

David Quysner was appointed Chairman of the Company on 28 April 2004.

The Senior Independent Director is John Cornish, who provides a channel for referral of any shareholder concerns.

Tenure Policy

None of the Directors has a service contract with the Company. New directors are appointed with the expectation that they will serve for a period of three years. Directors' appointments are reviewed formally every three years by the Board. Any Director may resign by notice in writing to the Board at any time. There are no set notice periods. No compensation is payable on leaving office.

The Articles of Association provide that one-third of the directors must retire by rotation and may offer themselves for re-election at each Annual General Meeting. The terms of the Directors' appointment also provide that a Director shall retire and be subject to election at the first Annual General Meeting after appointment and at least every three years thereafter.

Director Training

When a Director is appointed he or she is offered an induction briefing, which is organised by the Manager. Directors are also provided, on a regular basis, with key information on the Company's policies, regulatory and statutory requirements and internal controls. Changes affecting Directors' responsibilities are advised to the Board as they arise.

Board Appraisal

The Board carried out an evaluation during the year, as set out in the Directors' Report on page 18. As a result of the evaluation the Board considers that all the current Directors contribute

effectively and that all have skills and experience that are relevant to the leadership and direction of the Company.

Directors' and Officers' Liability Insurance

Directors' and Officers' Liability Insurance cover is provided at the expense of the Company.

Board Committees

In line with the AIC Code, the Board has disbanded the Nomination and Remuneration Committees in favour of the full Board adopting the responsibilities of such committees. The Audit and Management Engagement Committees continue in operation and copies of the full Terms of Reference, which clearly define the responsibilities of each Committee, can be obtained from the Company Secretary, will be available at the AGM and can be found on the website www.rcmtechnologytrust.co.uk. The Audit Committee is chaired by John Cornish while the Management Engagement Committee is chaired by the Chairman of the Company, David Quysner, with the exception of matters concerning the role of the Chairman which are presided over by another Director.

Audit Committee

The Company's Audit Committee meets at least twice per year, is chaired by John Cornish, and comprises all independent Directors (namely John Cornish, Paul Gaunt, Richard Holway, Dr Chris Martin and Anthony Townsend) and, by invitation, the Chairman of the Company and any non-independent Directors. The Audit Committee is responsible for the review of the annual financial report and the half yearly financial report, the nature and scope of the external audit and the findings therefrom and the terms of appointment of the auditors, including their remuneration and the provision of any non-audit services by them. The Audit Committee meets representatives of the Manager and its Compliance Officer who report as to the proper conduct of business in accordance with the regulatory environment in which both the Company and the Manager operate. The Company's external Auditors also attend this Committee at its request and report on their work procedures, the quality and effectiveness of the Company's accounting records and their findings in relation to the Company's statutory audit. The Audit Committee reviews the need for non-audit services and authorises such on a case-by-case basis, having regard to the cost effectiveness of the services and the independence and objectivity of the auditors.

Corporate Governance

As the Company has no employees it does not have a formal policy concerning the raising, in confidence, of any concerns about possible improprieties, whether in matters of financial reporting or otherwise, for appropriate independent investigation. The Audit Committee has, however, reviewed and noted the Manager's policy on this matter.

Management Engagement Committee

The Management Engagement Committee meets at least once per year under the Chairmanship of David Quysner, and is composed of the independent Directors (namely David Quysner, John Cornish, Paul Gaunt, Richard Holway, Dr Chris Martin and Anthony Townsend). The Management Engagement Committee is responsible for the regular review of the terms of the contracts with the Manager and for making recommendations to the Board in respect of such contracts.

Internal Control

The Directors are responsible for overseeing the effectiveness of the internal control systems for the Company, which are designed to ensure that proper accounting records are maintained, that the financial information on which business decisions are made and which is issued for publication is reliable, and that the assets of the Company are safeguarded. Such a system of internal control 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.

The Directors, through the procedures outlined above, have kept the effectiveness of the Company's internal controls under review throughout the year covered by these financial statements and up to the date of approval of the Annual Financial Report. The Board has identified risk management controls in the key areas of business objectives, accounting, compliance, operations and secretarial as areas for the extended review.

The Board recognises its ultimate responsibilities for the Company's system of internal controls and for monitoring its effectiveness. The Manager has established an internal control framework to provide reasonable assurance on the effectiveness of the internal controls operated on behalf of its clients. The Manager's compliance and risk department on an ongoing basis assess the effectiveness of the internal controls. The Manager provides the Board with regular reports on all aspects of internal control (including financial, operational and compliance control,

risk management and relationships with external service providers). Business risks have been analysed and recorded in a Risk Map, which is reviewed by the Audit Committee and at other times as necessary. It is believed that an appropriate framework is in place to meet the requirements of the AIC Code.

The Manager, at least on a quarterly basis, reports to the Board on the market and investment performance of the Company's portfolio. Further information is contained in the Chairman's Statement, the Report of the Directors and the Investment Manager's Review.

Matters Reserved for the Board

There is a formal schedule of matters reserved for the decision of the Board 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 specific areas reserved for the Board include final approval of statutory Companies Act requirements including the payment of any dividend and allotment of shares; matters of a Stock Exchange or Internal Control nature such as approval of shareholder statutory documentation, performance reviews and Director independence; and in particular matters of a strategic or management nature, such as the Company's long term objectives and commercial strategy, the appointment or removal of the Manager, Investment Policy, changes to the Company structure, unquoted investment valuations and final approval of borrowing requirements and limits.

Relations with Shareholders

The Company has regular contact with its institutional shareholders particularly through the Manager. The Chairman also meets institutional shareholders from time to time. The Board supports the principle that the Annual General Meeting be used to communicate with private investors. The full Board attends the Annual General Meeting and the Chairman of the Board chairs the Annual General Meeting. Details of the proxy votes received in respect of each resolution are made available to shareholders at the meeting. The Investment Manager attends to give a presentation to the meeting.

Accountability and Audit

The Directors' statement of responsibilities in respect of the accounts is set out on pages 19 and 20. The report of the auditors is set out on pages 30 and 31. The Board has

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delegated contractually to external agencies, including the Manager, the management of the investment portfolio, the custodial services (which include the safeguarding of the assets), the day to day accounting, company secretarial and administration requirements and the registration services.

Each of these contracts was entered into after full and proper consideration by the Board of the quality and cost of the services offered, including the control systems in operation in so far as they relate to the affairs of the Company. The Board receives and considers regular reports from the Manager and ad hoc reports and information are supplied to the Board as required.

Exercise of Voting Powers

The Company's investments are held in a nominee name. The Board has delegated discretion to discharge its responsibilities in respect of investments, including the exercise of voting powers on its behalf, to the Manager.

The Board has noted the Manager's statement of its corporate governance aims and objectives, summarised as:

"Our primary corporate aim is to maximise shareholder value through the securing of corporate performance whilst protecting this value through operating within established rules of conformance.

Our primary investment management aim is to meet or exceed our clients' expectations through generating first class returns within the constraint of their risk tolerance.

RCM votes in all markets wherever possible, and strives actively to encourage both improved levels of disclosure among companies and proper voting infrastructure among custodians and agents globally."

In the UK, RCM is a member of the National Association of Pension Funds ('NAPF'), the International Corporate Governance Network ('ICGN'), and abides by these organisations' founding principles. These guidelines also take into account international codes of corporate governance from a number of sources, including ERISA legislation and Department of Labor recommendations in the U.S. where appropriate.

Corporate Social Responsibility

The Board has noted the Manager's views on Corporate Social Responsibility that it adheres to in engaging with the underlying

investee companies and in exercising its delegated responsibilities in voting. These are that:

"We believe that good corporate governance includes the management of the company's impact on society and the environment, as these are increasingly becoming a factor in contributing towards maximising long term shareholder value."

Environmental and Ethical Policy

The Company's primary objective is to invest principally in the equity securities of quoted technology companies on a worldwide basis with the aim of achieving long-term capital growth. The Directors believe that the Company would be in breach of its fiduciary duties to shareholders if investment decisions were based solely on ethical or environmental considerations. The Investment Manager takes account, in general terms, of ethical and environmental considerations as a part of its investment evaluations.

Annual General Meeting

The Board welcomes all shareholders to the Annual General Meeting at which the investment manager presents his review of the year and prospects for the future. All directors are present at the AGM to meet and talk with shareholders. Additionally, shareholders wishing to communicate directly with the Board may make contact via the Manager or Company Secretary, details of whom can be found on page 47.

Directors' Remuneration Report

The Board has prepared this report in accordance with the Companies Act 1985, Schedule 7A for the year ended 30 November 2007. An ordinary resolution for the approval of this report will be put to the members at the forthcoming Annual General Meeting.

The law requires your Company's Auditors to audit certain of the disclosures provided. Where disclosures have been audited, they are noted as such. The Auditors' opinion is included in their report on page 31.

Remuneration Committee

The Company currently has six non-executive Directors, all of whom are considered by the Board to be independent. The whole Board fulfils the function of a Remuneration Committee. The Board has appointed the Company Secretary to provide advice when the Directors consider the level of Directors' fees.

Policy on Directors' Fees

The Board's policy is that the remuneration of non-executive Directors should reflect the responsibilities and experience of the Board as a whole, be fair and comparable to that of other investment trusts that are similar in size, have a similar capital structure (Ordinary Shares), and have a similar investment objective (technology companies). It is intended that this policy will continue for the year ending 30 November 2008 and subsequent years.

The Company's policy is for the Directors to be remunerated in the form of fees payable monthly or quarterly in arrears, to the Director personally or to a specified third party.

The fees for the non-executive Directors are determined within the limits set out in the Company's Articles of Association, the maximum aggregate amount currently being £150,000. Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits. The total aggregate amounts paid to Directors during the year ended 30 November 2007 was £105,333.

The Board has not received independent advice or services in respect of its consideration of the Directors' remuneration. The Board carried out a review of the level of Directors' fees during 2006 in relation to fees paid to the Boards of other investment trust companies within its peer group, and fees were set as follows: Chairman £25,000 pa, Senior Independent Director/Chairman of Audit Committee £19,000 pa, Directors £16,000 pa.

Directors' and Officers' Liability Insurance cover is held by the Company. As permitted by the Company's Articles of Association, the Board is proposing to grant individual indemnities to the Directors.

Directors' Service Contracts

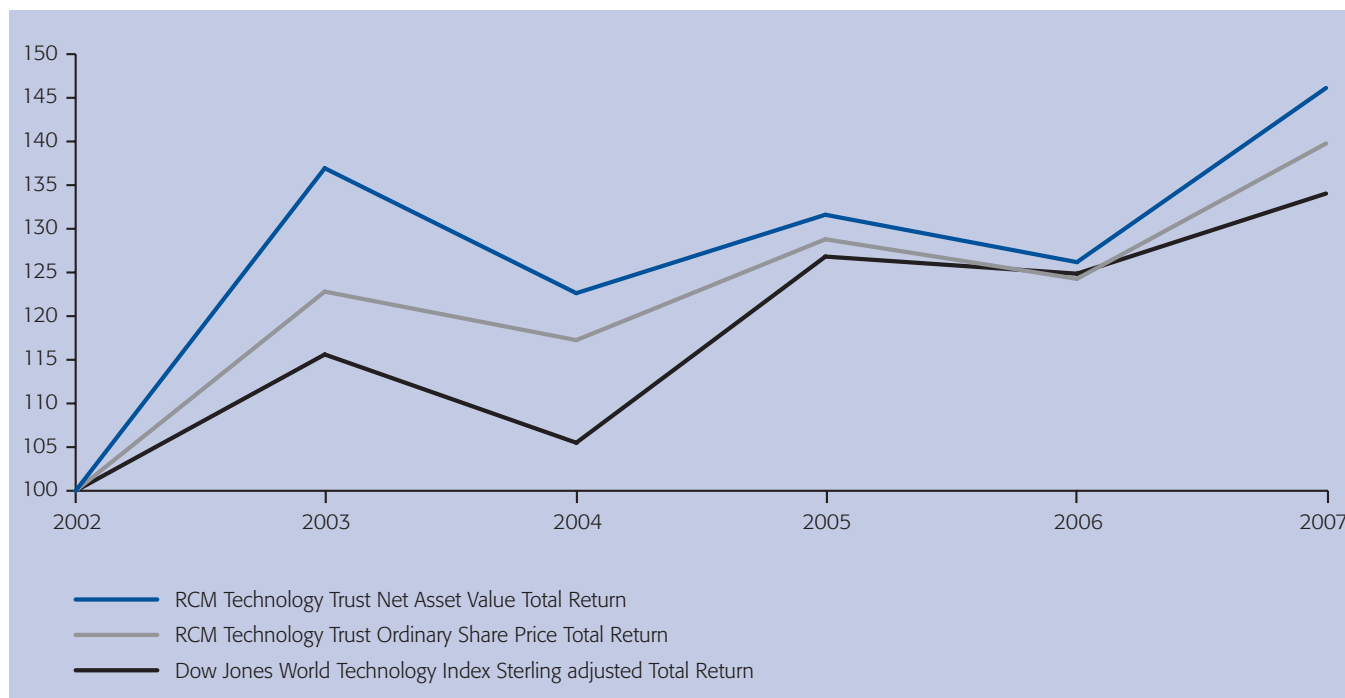
It is the Board's policy that none of the Directors has a service contract. The terms of their appointment provide that Directors shall retire and be subject to re-election at the first annual general meeting after their appointment, and at least every three years thereafter. The terms also provide that a Director may resign by notice in writing to the Board at any time and may be removed without notice and that compensation will not be due on leaving office.

Your Company's Performance

The Regulations require a line graph be included in the Directors' Remuneration Report showing total shareholder return for each of the financial years in the relevant period (maximum of 5 years). The graph set out on page 29 compares, on a cumulative basis, the total return (assuming all dividends are reinvested) to Ordinary shareholders compared to the total shareholder return on a notional investment made up of shares of the same kind and number as those by reference to which the Company's Benchmark is calculated.

Directors' Remuneration Report

Total Shareholder Return for the five years to 30 November 2007



Figures have been rebased to 100 as at 30 November 2002

Source: RCM/Datastream in GBP

Directors' Emoluments for the Year (audited)

The Directors who served in the year received the following emoluments in the form of fees:

	Fees 2007 £	Fees 2006 £
David Quysner	25,000	21,500
John Cornish	19,000	15,500
Paul Gaunt	16,000	14,000
Richard Holway ⁺	13,333	–
Chris Martin	16,000	14,000
Anthony Townsend	16,000	14,000
David Potter [*]	–	4,000
	<u>105,333</u>	<u>83,000</u>

⁺Appointed to the Board on 29 January 2007.

^{*} Retired from the Board on 6 April 2006.

No payments of Directors' fees were made to third parties.

Approval

The Directors' Remuneration Report on pages 28 and 29 was approved by the Board of Directors on 10 March 2008 and signed on its behalf by David Quysner (Chairman).

Independent Auditors' Report

to the Shareholders of RCM Technology Trust PLC

We have audited the financial statements of RCM Technology Trust PLC for the year ended 30 November 2007 which comprise the Income Statement, the Balance Sheet, the Cash Flow statement, the Reconciliation of Movements in Shareholders' Funds and Notes 1 to 20. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the Company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Financial Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of Directors' Responsibilities, in the Report of the Directors.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition we 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 review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of the 2006 FRC 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 form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Financial Report, and consider whether it is consistent with the audited financial statements. The other information comprises only the Company Summary, the Financial Summary, Five Year Performance Summary and Performance Graph, the Board, the Chairman's Statement, the Investment Manager's Review, the Sector and Geographic Analysis of Portfolio, the Investments, the Portfolio Analysis, the Investment Manager Profile, the Report of the Directors, the Corporate Governance statement, the unaudited part of the Directors' Remuneration Report and the Shareholder Analysis. 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 and the part of the Directors' Remuneration Report to be audited. 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 part of the Directors' Remuneration Report to be audited 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 and the part of the Directors' Remuneration Report to be audited.

Independent Auditors' Report

to the Shareholders of RCM Technology Trust PLC

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the Company as at 30 November 2007 and of its return for the year then ended;
- the financial statements and the part of the Directors' Remuneration Report to be audited 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.

Grant Thornton UK LLP
Chartered Accountants and Registered Auditors
London, England
10 March 2008

Income Statement

for the year ended 30 November 2007

	Notes	2007 Revenue £	2007 Capital £	2007 Total Return £	2006 Revenue £	2006 Capital £	2006 Total Return £
Net gains (losses) on investments							
at fair value	8	–	10,644,559	10,644,559	–	(1,596,837)	(1,596,837)
Exchange losses on currency balances		–	(6,008)	(6,008)	–	(66,853)	(66,853)
Income	1	327,434	–	327,434	218,080	–	218,080
Investment management fee	2	(659,190)	–	(659,190)	(594,750)	–	(594,750)
Performance fee	2	–	(1,156,744)	(1,156,744)	–	–	–
Administration expenses	3	(849,722)	–	(849,722)	(464,274)	–	(464,274)
Net return before finance costs and taxation		(1,181,478)	9,481,807	8,300,329	(840,944)	(1,663,690)	(2,504,634)
Finance costs: interest payable and similar charges	4	(16,348)	–	(16,348)	(17,173)	–	(17,173)
Net return on ordinary activities before taxation		(1,197,826)	9,481,807	8,283,981	(858,117)	(1,663,690)	(2,521,807)
Taxation	5	(30,281)	–	(30,281)	(4,964)	–	(4,964)
Net return attributable to Ordinary Shareholders		(1,228,107)	9,481,807	8,253,700	(863,081)	(1,663,690)	(2,526,771)
Return per Ordinary Share (basic and diluted)	7	(5.12p)	39.55p	34.43p	(3.45p)	(6.65p)	(10.10p)

The total return column of this statement is the profit and loss account of the Company.

All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued in the year.

A Statement of Total Recognised Gains and Losses is not required as all gains and losses of the Company have been reflected in the above statement.

Notes on pages 36 to 46 form an integral part of these Financial Statements.

Reconciliation of Movements in Shareholders' Funds

for the year ended 30 November 2007

	Called up Share Capital £	Share Premium Account £	Capital Redemption Reserve £	Capital Reserve Realised £	Capital Reserve Unrealised £	Revenue Reserve £	Total £
Net Assets at							
30 November 2005	6,538,828	23,487,570	365,000	45,409,367	(5,158,382)	(8,803,919)	61,838,464
Revenue Return	–	–	–	–	–	(863,081)	(863,081)
Shares repurchased during the year	(468,750)	–	468,750	(4,087,950)	–	–	(4,087,950)
Capital Return	–	–	–	4,013,645	(5,677,335)	–	(1,663,690)
Net Assets at							
30 November 2006	6,070,078	23,487,570	833,750	45,335,062	(10,835,717)	(9,667,000)	55,223,743
Net Assets at							
30 November 2006	6,070,078	23,487,570	833,750	45,335,062	(10,835,717)	(9,667,000)	55,223,743
Revenue Return	–	–	–	–	–	(1,228,107)	(1,228,107)
Shares repurchased during the year	(105,000)	–	105,000	(936,624)	–	–	(936,624)
Issue of Subscription Shares	47,706	(47,706)	–	–	–	–	–
Capital Return	–	–	–	(9,233,104)	18,714,911	–	9,481,807
Net Assets at							
30 November 2007	6,012,784	23,439,864	938,750	35,165,334	7,879,194	(10,895,107)	62,540,819

Notes on pages 36 to 46 form an integral part of these Financial Statements.

Balance Sheet

as at 30 November 2007

	Notes	2007 £	2007 £	2006 £
Fixed Assets				
Investments held at fair value through profit or loss	8		63,349,493	55,073,174
Current Assets				
Debtors	9	1,091,324		220,855
Cash at bank	9	865,719		554,900
			<u>1,957,043</u>	<u>775,755</u>
Creditors				
Amounts falling due within one year	9	<u>(2,765,717)</u>		(625,186)
Net Current (Liabilities) Assets			<u>(808,674)</u>	<u>150,569</u>
Total Net Assets			<u>62,540,819</u>	<u>55,223,743</u>
Capital and Reserves				
Called up Share Capital	10		6,012,784	6,070,078
Share Premium Account	11		23,439,864	23,487,570
Capital Redemption Reserve	12		938,750	833,750
Capital Reserves: Realised	13	35,165,334		45,335,062
Unrealised	13	<u>7,879,194</u>		<u>(10,835,717)</u>
			43,044,528	34,499,345
Revenue Reserve	14		<u>(10,895,107)</u>	<u>(9,667,000)</u>
Shareholders' Funds			<u>62,540,819</u>	<u>55,223,743</u>
Net Asset Value per Ordinary share			262.1p	227.4p

The financial statements on pages 32 to 46 were approved by the Board of Directors on 10 March 2008 and were signed on its behalf by:

David Quysner
Chairman

Cash Flow Statement

for the year ended 30 November 2007

	Notes	2007 £	2007 £	2006 £
Net cash outflow from operating activities	18		(1,056,948)	(1,406,270)
Servicing of finance				
Interest paid			(16,348)	(17,173)
Investing activities				
Purchase of fixed asset investments		(154,139,950)		(28,533,833)
Sale of fixed asset investments		<u>156,337,694</u>		<u>32,250,093</u>
Net cash inflow from investing activities			<u>2,197,744</u>	<u>3,716,260</u>
Net cash inflow before financing			<u>1,124,448</u>	<u>2,292,817</u>
Financing				
Purchase of Ordinary shares			<u>(936,624)</u>	<u>(4,087,950)</u>
Increase (Decrease) in cash	19		<u>187,824</u>	<u>(1,795,133)</u>

Statement of Accounting Policies

for the year ended 30 November 2007

1. The financial statements have been prepared under the historical cost convention, except for the measurement at fair value of investments, and in accordance with United Kingdom law and United Kingdom Generally Accepted Accounting Principles ('UK GAAP') and the Statement of Recommended Practice – Financial Statements of Investment Trust Companies' ('SORP') issued December 2005 by the Association of Investment Companies.

2. Revenue – Dividends on equity shares are accounted for on an ex-dividend basis. UK dividends are shown net of tax credits and foreign dividends are grossed up at the appropriate rate of withholding tax. Income on debt securities is recognised on an effective yield basis which takes account of any discounts or premiums arising on the purchase price, compared to final maturity over the remaining life of the security.

Special dividends are recognised on an ex-dividend basis and treated as a capital or revenue item depending on the facts and circumstances of each dividend.

Where the Company has elected to receive its dividends in the form of additional shares rather than in cash, the equivalent of the cash dividend is recognised as income. Any excess in the value of the shares received over the amount of the cash dividend is recognised in gains on investments in the capital column of the income statement and taken to the Capital Reserves.

Deposit interest receivable is accounted for on an accruals basis. Underwriting commission is recognised when the issue underwritten closes.

3. Investment management fee and administration expenses – The investment management fee is calculated on the basis set out in Note 2 to the accounts and is charged in full to revenue as permitted by the SORP. Performance fees are charged in full to capital, in accordance with the Board's expectation of where the Company's long term growth will arise. Other administrative expenses are charged in full to revenue, except handling charges which are charged to capital. All expenses are recognised on an accruals basis.

4. Valuation – As the Company's business is investing in financial assets with a view to profiting from their total return in the form of increases in fair value, investments are designated as fair value through profit or loss on initial recognition in accordance with FRS 26 'Financial Instruments: Recognition and Measurement'. The Company manages and evaluates the performance of these investments on a fair value basis in accordance with its investment strategy, and information about the investments is provided on this basis to the Board of Directors.

Investments held at fair value through profit or loss are initially recognised at fair value. After initial recognition, these continue to be measured at fair value, which for quoted investments is either the bid price or the last traded price depending on the convention of the exchange on which the investment is listed. Gains or losses on investments are recognised in the capital column of the Income Statement.

Unlisted investments are valued by the Directors based upon latest dealing prices, stockbrokers' valuations, net asset values, earnings and other known accounting information in accordance with the principles set out by the International Private Equity and Venture Capital Valuation Guidelines issued in March 2005.

An unrealised Capital Reserve has been established to reflect differences between fair value and book cost. Net gains or losses arising on realisation of investments are taken directly to the Realised Capital Reserve.

5. Finance costs – The finance costs of borrowings are charged to revenue and accounted for on an accruals basis.

Statement of Accounting Policies

for the year ended 30 November 2007

6. Taxation – Where expenses are allocated between capital and revenue, any tax relief obtained in respect of those expenses is allocated between capital and revenue on the marginal basis and on the Company's effective rate of tax for the accounting period.

A deferred tax asset is recognised when it is more likely than not that the asset will be recoverable. Deferred tax is measured on a non-discounted basis at the rate of Corporation tax that is expected to apply when the timing differences are expected to reverse.

7. Shares repurchased and subsequently cancelled – Share Capital is reduced by the nominal value of the shares repurchased, and the Capital Redemption Reserve is correspondingly increased in accordance with Section 170 Companies Act 1985. The full cost of the repurchase is charged to the Realised Capital Reserve in accordance with the Company's Articles of Association.
8. Foreign Currency – In accordance with FRS 23 'The effect of Changes in Foreign Currency Exchange Rates', the Company is required to nominate a functional currency, being the currency in which the Company predominately operates. The reporting currency is pounds sterling. Transactions in foreign currencies are translated into sterling at the rates of exchange ruling on the date of the transaction. Foreign currency assets and liabilities are translated into sterling at the rates of exchange ruling at the balance sheet date. Profit and losses on foreign currencies held, whether realised or unrealised, are taken directly to Capital Reserves, via the capital column of the Income Statement.

Notes to the Financial Statements

for the year ended 30 November 2007

1. Income

	2007 £	2006 £
Income from Investments		
Equity Income from UK investments	16,865	45,776
Equity Income from overseas investments	215,443	56,803
Income from fixed interest investments	63,212	105,893
	<u>295,520</u>	<u>208,472</u>
Other Income		
Deposit interest	31,914	9,608
Total Income	<u>327,434</u>	<u>218,080</u>

2. Investment Management Fee

	2007 Revenue £	2007 Capital £	2007 Total £	2006 Revenue £	2006 Capital £	2006 Total £
Investment management fee	659,190	–	659,190	594,750	–	594,750
Performance fee	–	1,156,744	1,156,744	–	–	–
	<u>659,190</u>	<u>1,156,744</u>	<u>1,815,934</u>	<u>594,750</u>	<u>–</u>	<u>594,750</u>

The Company's investment manager is RCM (UK) Limited ('RCM'). The management contract, terminable at one year's notice, provides for a management fee of 1.00% per annum payable quarterly in arrears and calculated on the average value of the market capitalisation of the Company on the last business day of each month in the relevant quarter. In addition there is a fee of £50,000 per annum to cover RCM's administration costs. Under the contract RCM provides the Company with investment management, accounting, secretarial and administration services.

In addition, the Manager is entitled to a performance fee based on the level of outperformance of the Company's net asset value per share over its benchmark, the Dow Jones World Technology Index (Sterling adjusted Total Return), during the relevant Performance Period.

The Performance Period corresponds with the financial year of the Company. The first Performance Period was from 1 May 2007, being the date that RCM took over as manager, through to the financial year end, 30 November 2007.

The Performance Fee is calculated as 20 per cent of the outperformance of the net asset value per share (adjusted for any dividends paid by the Company to shareholders) over the Performance Period compared to the amount by which the indexed net asset value at the end of the Performance Period exceeds the net asset value per share at the start of the Performance Period. This outperformance is multiplied by the weighted average number of Ordinary shares in issue during the Performance Period.

However, in the future, regardless of whether the Manager outperforms the benchmark, a Performance Fee will only be charged where the net asset value per share at the end of the relevant Performance Period is greater than the highest previously recorded net asset value per share on which a Performance Fee was charged.

The Performance Fee earned by the Manager for this Performance Period was £1,156,744 (2006: Nil).

The amounts stated include irrecoverable VAT of £24,227 (2006 – £48,370). Due to the ECJ ruling in the VAT case bought by JP Morgan Fleming Claverhouse Trust plc in conjunction with the AIC on 28 June 2007, VAT has not been charged on management fees since RCM took over the management of the Company.

Notes to the Financial Statements

for the year ended 30 November 2007

3. Administration Expenses

	2007	2006
	£	£
Directors' fees	105,333	83,195
Fees payable to the Company's auditors for the audit of the annual financial statements	18,000	18,000
Fees payable to the Company's auditors for all other services	10,000	2,600
Banks safe custody and other charges	31,080	21,595
Marketing costs of savings scheme	43,347	63,317
Other administrative expenses	641,962	275,567
	<u>849,722</u>	<u>464,274</u>

- (a) Other administrative expenses includes value added tax on expenses where applicable.
- (b) Directors' fees are paid at an annual rate. Further details are provided in the Directors' Remuneration Report on page 29.
- (c) Within other administrative expenses is VAT on auditor's remuneration of £4,207 (2006 – £3,068).
- (d) Other administrative expenses in 2007 include exceptional amounts totalling £390,245 relating to advisers' fees in connection with the change of manager, and £117,366 in connection with the bonus issue of subscription shares in 2007.

4. Finance costs: Interest payable and similar charges

	2007	2007	2007	2006	2006	2006
	Revenue	Capital	Total	Revenue	Capital	Total
	£	£	£	£	£	£
On sterling overdraft	15,516	–	15,516	12,857	–	12,857
On overseas overdraft	832	–	832	1,258	–	1,258
On sterling loan	–	–	–	3,058	–	3,058
	<u>16,348</u>	<u>–</u>	<u>16,348</u>	<u>17,173</u>	<u>–</u>	<u>17,173</u>

Notes to the Financial Statements

for the year ended 30 November 2007

5. Taxation

	2007 Revenue £	2007 Capital £	2007 Total £	2006 Revenue £	2006 Capital £	2006 Total £
(a) Analysis of tax charge for the year:						
Overseas taxation	30,281	–	30,281	4,964	–	4,964
Current tax charge	30,281	–	30,281	4,964	–	4,964
(b) Factors affecting the current tax charge for the year:						
Return on ordinary activities before taxation	(1,197,826)	9,481,807	8,283,981	(858,117)	(1,663,690)	(2,521,807)
Tax on the return on ordinary activities at the standard rate of Corporation tax in the UK of 30% (2006 – 30%)	(359,348)	2,844,542	2,485,194	(257,435)	(499,107)	(756,542)
Effects of:						
Non taxable income	(5,060)	–	(5,060)	(13,733)	–	(13,733)
Non taxable capital gains	–	(3,191,565)	(3,191,565)	–	499,107	499,107
Disallowable expenses	45,588	–	45,588	12,751	–	12,751
Overseas tax suffered	30,281	–	30,281	4,964	–	4,964
Accrued income taxable on receipt	(9,665)	–	(9,665)	–	–	–
Excess of allowable expenses over taxable income	328,485	347,023	675,508	258,417	–	258,417
Current tax charge	30,281	–	30,281	4,964	–	4,964

The Company's taxable income is exceeded by its tax allowable expenses, which include both the revenue and capital elements of the management fee and finance costs of borrowing. The Company has surplus expenses carried forward of £30.3m (2006 – £28.0m) and eligible unrealised foreign tax of £80,148 (2006 – £62,715). Given the Company's current investment strategy, it is unlikely to generate sufficient UK taxable profits to relieve these expenses.

As at 30 November 2007 there is an unrecognised deferred tax asset of £8.6m (2006 – £8.5m). This deferred tax asset relates to unused foreign tax credits and current and prior year unutilised expenses. It is considered uncertain that there will be a tax liability in the future against which the deferred tax asset can be offset. Therefore the asset has not been recognised.

Due to the Company's status as an investment trust and the intention to continue meeting the conditions required to obtain approval in the foreseeable future, the Company has not provided deferred tax on any capital gains or losses arising on the disposal or revaluation of investments.

6. Dividends on Ordinary Shares

There were no dividends paid or declared during the financial year ended 30 November 2007 (30 November 2006 – Nil).

Notes to the Financial Statements

for the year ended 30 November 2007

7. Return per Ordinary Shares

	2007 Revenue £	2007 Capital £	2007 Total Return £	2006 Revenue £	2006 Capital £	2006 Total Return £
Return after taxation attributable to Ordinary Shareholders	(1,228,107)	9,481,807	8,253,700	(863,081)	(1,663,690)	(2,526,771)
Return per Ordinary Share	(5.12p)	39.55p	34.43p	(3.45p)	(6.65p)	(10.10p)

The return per Ordinary Share is based on a weighted average of 23,975,242 Ordinary Shares in issue. (2006 – 25,005,709).

8. Fixed Asset Investments

	2007 Listed UK/Overseas £	2007 AIM £	2007 Other Unlisted £	2007 Total £	2006 Listed UK/Overseas £	2006 AIM £	2006 Other Unlisted £	2006 Total £
Fair value of investments brought forward	50,175,731	4,089,897	807,546	55,073,174	55,223,049	5,912,173	413,153	61,548,375
Unrealised losses brought forward	4,776,754	3,473,294	2,585,669	10,835,717	952,529	1,657,469	2,548,365	5,158,363
Cost of investments held brought forward	54,952,485	7,563,191	3,393,215	65,908,891	56,175,578	7,569,642	2,961,518	66,706,738
Additions at cost	154,882,192	–	–	154,882,192	22,478,645	2,026,934	–	24,505,579
Disposals at cost	(155,158,153)	(7,563,191)	(2,594,458)	(165,315,802)	(22,928,018)	(2,257,677)	(117,731)	(25,303,426)
Reclassification of investments	–	–	–	–	(773,720)	224,292	549,428	–
Cost of investments held at 30 November	54,676,524	–	798,757	55,475,281	54,952,485	7,563,191	3,393,215	65,908,891
Unrealised gains (losses) at 30 November	8,307,380	–	(433,168)	7,874,212	(4,776,754)	(3,473,294)	(2,585,669)	(10,835,717)
Fair value of investments held at 30 November	62,983,904	–	365,589	63,349,493	50,175,731	4,089,897	807,546	55,073,174

	2007 £	2006 £
Net gains (losses) on investments		
Net realised (losses) gains based on historical costs	(8,080,369)	4,080,508
Adjustment for net unrealised losses recognised in previous years	10,452,838	2,415,368
Net realised gains based on carrying value at previous balance sheet date	2,372,469	6,495,876
Net unrealised gains (losses) arising during the year	8,268,081	(8,092,713)
Special dividends	4,009	–
Net gains (losses) on investments	10,644,559	(1,596,837)

Transaction costs on purchases amounted to £254,491 (2006 – £58,000) and transaction costs on sales amounted to £281,071 (2006 – £54,000).

Notes to the Financial Statements

for the year ended 30 November 2007

9. Current Assets and Creditors

	2007	2006
	£	£
Debtors:		
Sales for future settlement	1,046,234	143,512
Accrued income	29,823	31,823
Other debtors	15,267	45,520
	<u>1,091,324</u>	<u>220,855</u>
Cash at bank:	865,719	554,900
Creditors: Amounts falling due within one year:		
Purchases for future settlement	1,176,412	444,430
Bank overdraft	122,995	–
Other creditors	1,466,310	179,611
Stamp Duty payable	–	1,145
	<u>2,765,717</u>	<u>625,186</u>

The Company has a £2,000,000 unsecured borrowing facility with Allied Irish Banks plc.

10. Share Capital

	2007	2006
	£	£
Authorised		
60,000,000 Ordinary Shares of 25p	<u>15,000,000</u>	<u>15,000,000</u>
Allotted and fully paid		
23,860,312 Ordinary Shares of 25p (2006 – 24,280,312)	5,965,078	6,070,078
4,770,568 Subscription Shares of 1p (2006 – Nil)	47,706	–
	<u>6,012,784</u>	<u>6,070,078</u>

During the year the Company repurchased and cancelled 420,000 Ordinary Shares at a cost of £936,624. The nominal value of the Ordinary Shares repurchased was £105,000 and they represented 1.7% of the Company's share capital at the beginning of the financial year. As at the date of this report, a further 270,000 Ordinary Shares have been repurchased and cancelled since the year end at a cost of £650,845.

During the year, subsequent to the approval by shareholders of all resolutions at the extraordinary general meeting of the company, held on 16 August 2007, there was a bonus issue of 4,770,568 Subscription Shares, on the basis of one Subscription Share for every five existing Ordinary Shares, to all shareholders on the Register of Members at the close of business on 17 August 2007.

Subscription Shareholders are not entitled to receive notice of, attend or vote at meetings of Ordinary Shareholders and Subscription Shares carry no right to any dividend or other distribution by the Company. In accordance with the prospectus dated 18 July 2007, holders of Subscription Shares can subscribe for Ordinary Shares at a conversion price of 267p, in each of years 2008 to 2012.

Notes to the Financial Statements

for the year ended 30 November 2007

11. Share Premium Account

	2007 £
Balance at 1 December 2006	23,487,570
Movement in year	<u>(47,706)</u>
Balance at 30 November 2007	<u>23,439,864</u>

The balance on this account was reduced by the nominal value of the 4,770,568 subscription shares issued on 17 August 2007.

12. Capital Redemption Reserve

	2007 £
Balance at 1 December 2006	833,750
Movement in year	<u>105,000</u>
Balance at 30 November 2007	<u>938,750</u>

The balance on this account was increased by the transfer of £105,000 in respect of the nominal value of 420,000 Ordinary Shares repurchased by the Company and cancelled.

13. Capital Reserves

	Realised £	Unrealised £	Total £
Balance at 1 December 2006	45,335,062	(10,835,717)	34,499,345
Net gains on realisation of investments	2,372,469	–	2,372,469
Special dividends	4,009	–	4,009
Transfer on disposal of investments	(10,452,838)	10,452,838	–
Net unrealised gains arising in year	–	8,268,081	8,268,081
Exchange losses on foreign currency	–	(6,008)	(6,008)
Repurchase of Ordinary Shares for cancellation	(936,624)	–	(936,624)
Investment management performance fee	<u>(1,156,744)</u>	–	<u>(1,156,744)</u>
Balance at 30 November 2007	<u>35,165,334</u>	<u>7,879,194</u>	<u>43,044,528</u>

14. Revenue Reserve

	2007 £
Balance at 1 December 2006	(9,667,000)
Revenue deficit for the year	<u>(1,228,107)</u>
Balance at 30 November 2007	<u>(10,895,107)</u>

Notes to the Financial Statements

for the year ended 30 November 2007

15. Net Asset Value per share

The Net Asset Value per share (which equates the net asset value attributable to each Ordinary Share at the year end calculated in accordance with the Articles of Association) was as follows:

	Net Asset Value per Share attributable	
	2007	2006
Ordinary Shares of 25p	262.1p	227.4p
	Net Asset Value attributable	
	2007	2006
Ordinary Shares of 25p	£62,540,819	£55,223,743

The Net Asset Value per share is based on 23,860,312 Ordinary Shares in issue at the year end (2006 – 24,280,312).

16. Contingent Assets

The Company has a contingent asset at the balance sheet date relating to VAT recoverable. The contingent asset has arisen as a result of the European Court of Justice ruling on 28 June 2007 in the VAT case, brought by JPMorgan Fleming Claverhouse Trust plc in conjunction with the AIC, concerning VAT exemption on management expenses for investment trusts. It is not possible at this time to calculate an accurate monetary estimate of the amount recoverable.

17. Contingent Liabilities and Commitments

At 30 November 2007 there were no outstanding contingent liabilities (2006 – nil) in respect of underwriting commitments and calls on partly paid investments.

18. Reconciliation of Return on Ordinary Activities before Taxation to Net Cash Outflow from operating activities

	2007	2006
	£	£
Total return before taxation	8,283,981	(2,521,807)
Add: Finance costs: interest payable and similar charges	16,348	17,173
Add: Special dividends credited to capital	4,009	–
Less: Effective yield amortisation	(10,260)	–
Less: Net (gains) losses on investments at fair value	(10,644,559)	1,596,837
Less: Overseas tax suffered	(30,281)	(12,406)
Add: Overseas tax recovered	–	4,534
Add: Net losses on foreign currency	6,008	66,853
	(2,374,754)	(848,816)
Decrease (Increase) in debtors	32,252	(4,614)
Increase (decrease) in creditors	1,285,554	(552,840)
Net cash outflow from operating activities	(1,056,948)	(1,406,270)

Notes to the Financial Statements

for the year ended 30 November 2007

19. Reconciliation of Net Cash Flow to Movement in Net Funds

(i) Analysis of Changes in Net Funds

	Cash £	Bank Overdraft £	Net funds £
Balance at 1 December 2006	554,900	–	554,900
Movement in the year	310,819	(122,995)	187,824
Balance at 30 November 2007	865,719	(122,995)	742,724

(ii) Reconciliation of Net Cash Flow to Movement in Net Funds

	2007 £	2006 £
Net cash inflow (outflow)	187,824	(1,795,133)
Exchange movement	–	(66,863)
Movement in net funds (debt)	187,824	(1,861,996)
Net funds brought forward	554,900	2,416,896
Net funds carried forward	742,724	554,900

20. Financial Risk Management

The note below should read in conjunction with the financial risk management statements of the company on pages 16 and 17.

(a) Interest Rate Risk Profile

The tables below summarise in Sterling terms the assets and liabilities whose values are affected by changes in interest rates, together with the weighted average interest rates.

Currency	2007 Floating rate interest £000s	2007 Nil interest £000s	2007 Total £000s	2006 Floating rate interest £000s	2006 Nil interest £000s	2006 Total £000s	
Financial Assets							
Values directly affected by changes in interest rates:							
Treasury Bills	US Dollars	5,250	–	5,250	510	–	510
Values not directly affected by changes in interest rates:							
Equities	Various	–	58,099	58,099	–	54,563	54,563
Cash	Various	866	–	866	555	–	555
Other debtors	Various	–	1,091	1,091	–	221	221
		866	59,190	60,056	555	54,784	55,339
Total Financial Assets		6,116	59,190	65,306	1,065	54,784	55,849
Financial Liabilities							
Values directly affected by changes in interest rates:							
Overdraft	Sterling	(123)	–	(123)	–	–	–
Values not directly affected by changes in interest rates:							
Other creditors	Various	–	(2,642)	(2,642)	–	(625)	(625)
Total Financial Liabilities		(123)	(2,642)	(2,765)	–	(625)	(625)
Net Financial Assets		5,993	56,548	62,541	1,065	54,159	55,224

The Treasury Bill attracts interest at 0% per annum and was redeemable on 31 January 2008. The floating rate cash balances are immediately accessible and receive interest at the Bank of New York daily treasury rate.

Notes to the Financial Statements

for the year ended 30 November 2007

20. Financial Risk Management (continued)

(b) Currency Risk Profile

A portion of the assets and liabilities of the Company are denominated in currencies other than sterling, with the effect that the total net assets and total return can be affected by currency movements.

	2007	2007	2007	2007	2006	2006	2006	2006
	Investments	Current	Creditors	Net	Investments	Current	Creditors	Net
	£000s	Assets	£000s	Currency	£000s	Assets	£000s	Currency
		£000s		Exposure		£000s		Exposure
				£000s				£000s
Sterling	187	48	(1,588)	(1,353)	13,820	634	(625)	13,829
Euro	1,351	9	–	1,360	2,465	–	–	2,465
US Dollar	50,210	1,706	(1,176)	50,740	30,908	–	–	30,908
Swedish Krona	488	16	–	504	2,499	–	–	2,499
Norwegian Krone	1,036	–	–	1,036	4,060	–	–	4,060
Canadian Dollar	1,025	–	–	1,025	–	–	–	–
Australian Dollar	–	–	–	–	403	–	–	403
Japanese Yen	2,317	2	(1)	2,318	–	–	–	–
South Korean Won	–	–	–	–	–	142	–	142
Singapore Dollar	547	–	–	547	918	–	–	918
Swiss Franc	1,446	2	–	1,448	–	–	–	–
Taiwan Dollar	720	172	–	892	–	–	–	–
Hong Kong Dollar	2,443	2	–	2,445	–	–	–	–
Chinese Yuan	1,212	–	–	1,212	–	–	–	–
Indian Rupee	367	–	–	367	–	–	–	–
	<u>63,349</u>	<u>1,957</u>	<u>(2,765)</u>	<u>62,541</u>	<u>55,073</u>	<u>776</u>	<u>(625)</u>	<u>55,224</u>

(c) Fair Value Disclosures

All assets and liabilities of the Company are held at fair value.

(d) Liquidity Profile

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

As at 30 November 2007 the undrawn borrowing facilities to the Company were £2 million (2006 – £5 million). See Note 9 on page 42 for further details.

(e) Hedging Instruments

At the year end the Company had no hedging arrangement in place (2006 – nil).

Directors, Manager, Advisers & Contact Details

Directors

David Quysner, Chairman
John Cornish
Paul Gaunt
Richard Holway
Dr Chris Martin
Anthony Townsend

Company Registration Number

3117355 (Registered in England)

Registered Office

155 Bishopsgate
London EC2M 3AD
Telephone: 020 7859 9000

The Manager

Allianz Global Investors is the marketing name of RCM (UK) Limited, which is authorised and regulated by the Financial Services Authority.

Allianz Global Investors is one of the largest fund managers in Europe and as at 30 September 2007 had combined assets of £541 billion under management. Through its predecessors, Allianz Global Investors has a heritage of investment trust management expertise in the UK reaching back to the nineteenth century and it had £1.3 billion assets under management in a range of investment trusts as at 31 December 2007.

www.allianzglobalinvestors.co.uk

Investment Manager

RCM (UK) Limited,
155 Bishopsgate
London EC2M 3AD

Secretary and Registered Office

Kirsten Salt BA(Hons) ACIS
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Stockbrokers

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Registrars

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Telephone: 0870 162 3100
Facsimile: 020 8639 2342
E-Mail: ssd@capitaregistrars.com
Website: www.capitaregistrars.com

Shareholder Enquiries

Capita Registrars are the Company's Registrars and maintain the share register. In the event of queries regarding their holdings of shares, lost certificates, dividend cheques, registered details, etc., shareholders should contact Capita Registrars on 0870 162 3100 or 0044 20 8639 2157 if calling from overseas. Changes of name and address must be notified to the Registrars in writing. Any general enquiries about the Company should be directed to the Company Secretary, RCM Technology Trust PLC, 155 Bishopsgate, London EC2M 3AD. Telephone 020 7065 1513.

CREST Proxy Voting

Shares held in uncertificated form (i.e., in CREST) may be voted through the CREST Proxy Voting Service in accordance with the procedures set out in the CREST manual.

Investor Information

Market and Portfolio Information

The Company's Ordinary Shares are listed on the London Stock Exchange. The market price range, gross yield and net asset value are shown daily in the Financial Times and The Daily Telegraph under the headings 'Investment Trusts' and 'Investment Companies', respectively. The net asset value of the Ordinary Shares is calculated daily and published on the London Stock Exchange Regulatory News Service. The geographical spread of investments and ten largest holdings are published monthly on the London Stock Exchange Regulatory News Service. They are also available to any enquirer of Allianz Global Investors, either on 0800 317 573 or via the Manager's website: www.allianzglobalinvestors.co.uk.

Share Prices

The share prices quoted in the London Stock Exchange Daily Official List for 30 November 2007 were 238.75p – 239.25p.

Subscription Shares – Capital Gains Tax

Disposal of Ordinary Shares or Subscription Shares

Shareholders resident or ordinarily resident in the United Kingdom for taxation purposes may, depending upon their personal circumstances, be liable to Capital Gains Tax arising from the sale or other disposal (which includes disposal upon a winding-up) of their Ordinary Shares or their Subscription Shares for the purposes of the Taxation of Chargeable Gains Act 1992.

On a disposal of all or part of the Shareholder's holding of Ordinary Shares or (as the case may be) Subscription Shares, a Shareholder's aggregate Capital Gains Tax base cost in such Shareholder's existing holding of Ordinary Shares will have to be apportioned between the Ordinary Shares and the Subscription Shares, so as to ascertain that part of the base cost which is attributable to the Ordinary Shares and that part of the base cost which is attributable to the Subscription Shares.

That apportionment is made by reference to the respective market values of each of the Ordinary Shares and the Subscription Shares on the first day of dealing of the Subscription Shares.

The first day of dealing of the Subscription Shares was Monday 20 August 2007 and the share prices were as follows:

Ordinary Shares – 222.5p per Share.

Subscription Shares – 37.5p per Share

The following calculation is then applied:

$$(222.5 \times 5 + 37.5) = 1150$$

$$37.5/1150 = 3.26\%$$

Therefore, the base cost for Subscription Shares is 3.26% of the original consideration paid for a holding of Ordinary Shares and the revised base cost of an existing holding of Ordinary Shares is the balance, namely 96.74%, of the original consideration paid.

Capital Gains Tax – conversion of Subscription Shares

On exercise of the conversion rights attached to Subscription Shares, the Shareholder is not treated as making a disposal of the Subscription Shares. Rather, the Ordinary Shares issued on exercise of the conversion rights should be treated as the same asset as such Subscription Shares, and should be treated as being acquired for an amount equal to the aggregate Conversion Price paid in respect of such Ordinary Shares together with the amount of the consideration deemed to be given by the Shareholder on the receipt of such Subscription Shares.

Alliance Trust Savings Plan

Following a strategic review of services provided for Investment Trust investors, Close Investments will no longer act as Share Plan manager or PEP/ISA manager from 14 March 2008. A share plan and ISA will, however, be available from Alliance Trust Savings ('ATS') after that date. ATS offer a comprehensive range of products and services – including Share Plans, ISAs and PEPs as well as pension products. They also maintain services including online and telephone-based dealing facilities and online valuations. More information is available from Alliance Trust Savings Customer Services Department on 01382 326323 or e-mail: contact@alliancetrust.co.uk. The Company has arranged that members of the Alliance Trust Savings Schemes will receive literature about the Company and other literature will also be sent by ATS. Shareholders who prefer not to receive additional literature should contact ATS direct at the contact number or e-mail above.

Website

Further information about RCM Technology Trust PLC, including monthly factsheets, daily share price and performance, is available on the Manager's website: www.allianzglobalinvestors.co.uk, which can also be reached via www.rcmtechnologytrust.co.uk.

Investor Information

Association of Investment Companies (AIC)

The Company is a member of the AIC, the trade body of the investment trust industry, which provides a range of literature including fact sheets and a monthly statistical service. Copies of these publications can be obtained from the AIC, 9th Floor, 24 Chiswell Street, London EC1Y 4YY, or at www.theaic.co.uk.

Category: Technology, Media and Telecommunications.

Financial Calendar

Results

Half-year announced July.

Full-year announced February.

Annual Financial Report posted to shareholders March.

Annual General Meeting held April.

Capita Registrars – Share Dealing Services

Capita Registrars, the Company's Registrars, operate an on-line and telephone dealing facility for UK resident shareholders with share certificates. Stamp duty may also be payable on purchases.

Capita Registrars have provided the following details of the current charges for these services:

On-line	Telephone
1% of the value of the deal (Minimum £20, maximum £50)	1.5% of the value of the deal (Minimum £25, maximum £100)

There is no need to pre-register and there are no forms to fill in. The on-line and telephone dealing services allow shareholders to trade "real time" at a known price which will be given to you at the time you give your instruction.

To deal on-line or by telephone you need to supply your surname, shareholder reference number, share certificate, full

postcode and your date of birth. Your shareholder reference number can be found on your share certificate where it is shown as an "investor code". Please have the appropriate documents to hand when you log on or call, as this information will be needed before you can buy or sell shares.

For further information on these services please contact: www.capitadeal.com (on-line dealing) or 0871 664 0454 (telephone dealing) (Calls cost 10p per minute plus network extras).

Shareholder Portal

The Company's Registrars, Capita Registrars, are now able to offer shareholders a free on-line service called The Share Portal, enabling shareholders to access a comprehensive range of shareholder related information.

Through The Share Portal, shareholders can:

- View their current and historical shareholding details.
- Obtain an indicative share price and valuation.
- Amend address details.
- View details of dividend payments
- Apply for dividends to be paid directly to a bank or to change existing bank details.

Shareholders can access these services at www.capitaregistrars.com and selecting Share Portal (Shareholders) from the drop down menu, or alternatively via the Portals: Quick Links, and selecting Share Portal.

Shareholders will need to register for a Share Portal Account by completing an on-screen registration form. An e-mail address is required.

Shareholder Analysis

as at 30 November 2007

	2007 number of shares	2007 % of issued share capital	2006 number of shares	2006 % of issued share capital
Nominee Companies*	21,450,519	90.0	17,964,649	74.0
Other Institutions, Investment Trusts and Companies	598,068	2.5	3,023,963	12.4
Banks and Bank Nominees	275,581	1.1	1,519,395	6.3
Private Individuals	1,536,144	6.4	1,772,305	7.3
Total shares in issue†	23,860,312	100.0	24,280,312	100.0

*includes Close Investments Savings Scheme, PEP and ISA Clients.

†As at 10 March 2008 the issued share capital of the Company had decreased to 23,590,312 Ordinary Shares.

Notice of the Annual General Meeting

Notice is hereby given that the Annual General Meeting of RCM Technology Trust PLC will be held at **The City of London Club, 19 Old Broad Street, London EC2N 1DS** on Wednesday, 9 April 2008 at 12.00 noon, to transact the following business:

Ordinary Business

- 1 To receive and consider the audited accounts and the Report of the Directors for the year ended 30 November 2007.
- 2 To re-elect Paul Gaunt as a Director of the Company.
- 3 To consider and, if thought fit, pass the following resolution, special notice having been received of the intention to propose the following as an ordinary resolution: That Grant Thornton UK LLP be and they are hereby re-appointed as the Auditors of the Company.
- 4 To authorise the Directors to determine the remuneration of the Auditors.
- 5 To approve the Directors' Remuneration Report.

Special Business

To consider, and if thought fit, pass the following Resolutions, of which Resolutions 6 and 8 will be proposed as Ordinary Resolutions and Resolutions 7, 9, 10 and 11 will be proposed as Special Resolutions:

- 6 THAT the investment policy of the Company be amended to permit the use of derivatives for investment purposes.
- 7 THAT the regulations contained in the printed document produced to the Meeting and marked "A" (and for the purposes of identification initialled by the Chairman of the Meeting) be hereby approved and adopted as the Articles of Association of the Company in substitution for and to the exclusion of all existing Articles of Association.
- 8 THAT in substitution for all existing authorities the Directors be and are hereby generally and unconditionally authorised pursuant to Section 80 of the Companies Act 1985 (the 'Act') to exercise all powers of the Company to allot relevant securities (within the meaning of Section 80(2) of the Act) up to a maximum aggregate nominal amount of £589,758 (representing 2,359,031 Ordinary Shares of 25p each, such amount being equivalent to 10 per cent. of the present issued share capital) provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, on the expiry of 15 months from the passing of this resolution unless previously revoked, varied

or renewed, by the Company in general meeting and provided that the Company shall be entitled to make, prior to the expiry of such authority, an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Board may allot relevant securities pursuant to such offer or agreement as if the authority conferred hereby had not expired.

- 9 THAT in substitution of all existing powers the Directors be and are hereby generally empowered pursuant to Section 95 of the Companies Act 1985 (the 'Act') to allot equity securities (within the meaning of Section 94 of the Act) for cash pursuant to the authority conferred by resolution 8 above as if sub-section (1) of Section 89 of the Act did not apply to any such allotment and to sell relevant shares (within the meaning of Section 94 of the Act) if, immediately before the sale, such shares are held by the Company as treasury shares (as defined in Section 162a of the Act ('treasury shares')), for cash as if Section 89(1) of the Act did not apply to any such sale provided that this power shall be limited to the allotment of equity securities and the issue of treasury shares:
 - (a) where the offer of equity securities open for acceptance for a period fixed by the Directors where the equity securities respectively attributable to the interests of the Ordinary shares of 25p each in the Company ('Ordinary Shares') are proportionate (as nearly as may be) to the respective numbers of Ordinary Shares held by them but subject to such exclusions or other arrangements in connection with the issue as the Directors may consider necessary, appropriate, or expedient to deal with equity securities representing fractional entitlements or to deal with legal or practical problems arising in any overseas territory, the requirements of any regulatory body or stock exchange, or any other matter whatsoever; and
 - (b) (otherwise than pursuant to sub-paragraph (a) above) up to an aggregate nominal value of £598,345 or, if less, the number representing 10 per cent. of the issued Ordinary share capital of the Company at the date of the meeting at which this resolution is passed and shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution, or 15 months from the date of passing of this resolution, whichever is the earlier, unless previously revoked, varied or renewed by the Company in general meeting and

Notice of the Annual General Meeting

provided that the Company shall be entitled to make, prior to the expiry of such authority, an offer or agreement which would or might require equity securities to be allotted or treasury shares to be sold after such expiry and the Board may allot equity securities or sell treasury shares pursuant to such offer or agreement as if the power conferred hereby had not expired.

10 THAT the Company be generally and unconditionally authorised in accordance with Section 166 of the Companies Act 1985 (the 'Act') to make one or more market purchases (within the meaning of section 163(3) of the Act) of Ordinary Shares of 25p each in the capital of the Company ('Ordinary Shares') provided that:

- (a) the maximum aggregate number of Ordinary Shares authorised to be purchased is 3,536,187 or, if less, the number representing 14.99 per cent. of the issued Ordinary Share capital of the Company at the date of the meeting at which this resolution is proposed;
- (b) the minimum price (exclusive of expenses) which may be paid for an Ordinary Share is 25p;
- (c) the maximum price (exclusive of expenses) which may be paid for an Ordinary Share is an amount equal to the higher of (a) 105 per cent. of the average of the middle market quotations for an Ordinary Share as derived from the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which that Ordinary Share is purchased; and (b) the higher of the price of the last independent trade in shares and the highest then current independent bid for Ordinary Shares on the London Stock Exchange;
- (d) the authority hereby conferred shall expire at the earlier of, the conclusion of the Annual General Meeting of the Company to be held in 2009 or, the expiry of 15 months from the date of the passing of this resolution unless such authority is renewed prior to such time; and
- (e) the Company may make a contract to purchase Ordinary Shares under this authority before 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 in pursuance of any such contract.

11 THAT the Company be generally and unconditionally authorised in accordance with Section 166 of the Companies Act 1985 (the 'Act') to make one or more market purchases (within the meaning of section 163(3) of the Act) of Subscription Shares of 1p each in the capital of the Company ('Subscription Shares') provided that:

- (a) the maximum aggregate number of Subscription Shares authorised to be purchased is 715,108 or, if less, the number representing 14.99 per cent. of the issued Subscription Share capital of the Company at the date of the meeting at which this resolution is proposed;
- (b) the minimum price (exclusive of expenses) which may be paid for a Subscription Share is 1p;
- (c) the maximum price (exclusive of expenses) which may be paid for a Subscription Share is an amount equal to the higher of (a) 105 per cent. of the average of the middle market quotations for a Subscription Share as derived from the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which that Subscription Share is purchased; and (b) the higher of the price of the last independent trade in Subscription Shares and the highest then current independent bid for Subscription Shares on the London Stock Exchange;
- (d) the authority hereby conferred shall expire at the earlier of, the conclusion of the Annual General Meeting of the Company to be held in 2009 or, the expiry of 15 months from the date of the passing of this resolution unless such authority is renewed prior to such time; and
- (e) the Company may make a contract to purchase Subscription Shares under this authority before 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 Subscription Shares in pursuance of any such contract.

155 Bishopsgate
London EC2M 3AD
10 March 2008

By order of the Board
K. J. Salt
Secretary

Please see Notes overleaf.

Notice of the Annual General Meeting

Notes: Members entitled to attend and vote at this Meeting may appoint one or more proxies to attend and, on a poll, vote in their stead. The proxy need not be a Member of the Company. Duly completed proxy forms must reach the office of the Registrars at least 48 hours before the Meeting. A form of proxy is provided with the Annual Financial Report. Completion of the enclosed form of proxy will not preclude a Member from attending the Meeting and voting in person.

In accordance with Section 325 of the Act, the right to appoint proxies does not apply to persons nominated to receive information rights under Section 146 of the Act.

Persons nominated to receive information rights under Section 146 of the Act who have been sent a copy of this notice of meeting are hereby informed, in accordance with Section 149(2) of the Act, that they may have a right under an agreement with the registered member by whom they were nominated to be appointed, or to have someone else appointed, as a proxy for this meeting. If they have no such right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the member as to the exercise of voting rights.

Nominated persons should contact the registered member by whom they were nominated in respect of these arrangements.

Shares held in uncertificated form (i.e., in CREST) may be voted through the CREST Proxy Voting Service in accordance with the procedures set out in the CREST manual.

To be entitled to attend and vote at the Meeting (and for the purpose of the determination by the Company of the number of votes they may cast). Members must be entered on the Company's register of Members at 6.00 p.m. on 7 April 2008 ('the specified time'). If the Meeting is adjourned to a time not more than 48 hours after the specified time applicable to the original Meeting, that time will also apply for the purpose of determining the entitlement of Members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned Meeting. If, however, the Meeting is adjourned for a longer period then, to be so entitled, Members must be entered on the Company's Register of Members at the time which is 48 hours before the time fixed for the adjourned Meeting or, if the Company gives notice of the adjourned Meeting, at the time specified in that notice.

Contracts of service are not entered into with the Directors, who hold office in accordance with the Articles of Association.

Annual General Meeting Venue



Allianz Global Investors
Phone 0800 317 573
Fax 020 7638 3508
www.allianzglobalinvestors.co.uk