POLAR CAPITAL TECHNOLOGY TRUST PLC

Interim report for the half year ended 31 October 2005

POLAR CAPITAL TECHNOLOGY TRUST PLC – PROFILE

HISTORY

Polar Capital Technology Trust PLC was launched on 16 December 1996 under the name Henderson Technology Trust PLC, with one warrant attached to every five shares. The original subscription price for each share was £1. In 2005, the shareholders voted to continue the life of the Company and they will have in 2010 and every five years thereafter the right to approve, or otherwise, the continued existence of the Company. On 30 September 2005 the warrants reached their final exercise date and were converted into ordinary shares of the Company.

OBJECTIVE

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

RATIONALE

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

INVESTMENT APPROACH

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

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

MANAGEMENT

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

The Company pays both a basic management fee as well as a performance fee if performance is above a predetermined level. Details are published in the year end Annual Report and Accounts.

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

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

HIGHLIGHTS

FINANCIAL

	(Unaudited) Half year ended 31 October 2005	(Restated) Year ended 30 April 2005	Movement %
Net assets per ordinary share (note 1)	217.78p	189.77p	14.8
Price per ordinary share	202.50p	165.50p	22.4
Total net assets (note 2)	£292,344,000	£236,439,000	23.6
Shares in issue	134,238,821	115,320,162	

Note 1:
On 30 September 2005, all remaining warrants were exercised resulting in the issue of 19,195,659 new shares. The net assets per ordinary share at 31 October 2005 includes all these new shares. The net assets per ordinary share shown for 30 April 2005 is the diluted NAV which includes an adjustment to reflect a theoretical exercise of warrants and a further adjustment for IFRS.

The undiluted net assets per share at 30 April 2005 adjusted for IFRS is 205.03p.

Note 2:
The total net assets figures have been calculated in accordance with IFRS and the 30 April 2005 figure restated.

INDEX CHANGES over the half year to 31 October 2005

(Total Return)

	Local Currency %	Sterling Adjusted %
Benchmark	–	18.0
Technology Indices:		
Dow Jones World Technology	9.5	18.1
Pacific SE (USA) Technology	13.9	22.9
MS Eurotec (based in US dollars)	8.0	16.6
FTSE Techmark 100	–	17.6
Tec Dax	13.8	13.9
Tokyo SE Electronics	13.1	10.0
DS Asia ex Japan Electronics	(3.7)	3.9
Market Indices:		
FTSE World	–	16.7
S&P 500 Composite	5.3	13.6
FTSE All-Share	–	12.9
FTSE World Europe (ex UK)	–	16.3
Tokyo SE (Topix)	28.5	25.0
FTSE World Pacific Basin (ex Japan)	–	16.8

Exchange Rates	31 October 2005	30 April 2005
US$ to £	1.7703	1.9099
Japanese Yen to £	206.07	200.38
Euro to £	1.4780	1.4794

CHAIRMAN'S STATEMENT

After a difficult start to 2005, most stock markets sprang to life as we entered our new financial year. Notwithstanding a sharp sell-off in October, the Dow Jones World Technology Index rose by 9.5% over the half year in dollar terms and by 18.1% in sterling. Your company's net asset value per share rose by 14.8% to 217.8p from a diluted NAV per share of 189.8p at the year end. The shortfall against the index was partly the result of the dilutive effect of the warrants being exercised and also the consequence of the relatively high levels of cash held as we entered the new financial year.

The half year saw very marked contrasts in performance across the different regions. Japanese equities (as measured by the Topix Index) rose 25% while those in the USA struggled to beat cash returns. The American cyclical bull market looked somewhat weary over the summer. Although corporate earnings have continued to surprise on the upside, higher energy prices and the Federal Reserve's steady monetary tightening led to an erosion in consumer confidence. In contrast, Japanese consumer confidence has been building, given evidence of improving economic conditions, an end to price deflation and more constructive corporate and political policies. We have been bullish on Japan for some time and remain very positive about the longer term outlook while inclined to believe that the market may be a little ahead of itself in the short term. Sadly however, the Japanese bull market has – as we feared – left technology shares largely on the sidelines. In spite of the market's dramatic advance, Japanese technology shares lagged both their European and American counterparts over the half year.

Conditions in the technology industry have been, if not buoyant, then certainly robust. Earnings have generally exceeded consensus forecasts with operating margins particularly strong. The roll-out of broadband communications has continued apace. Wireless handset growth has exceeded expectations and there have been signs of better demand in the IT services sector. However, both the PC and the consumer electronics sector have been subject to relentless price pressure with revenue growth lagging well behind volume growth. With the exception of the biotechnology sector, which performed outstandingly over the period, the key to performance has been stock rather than sector selection. There has also been evidence of a growing divergence in the fortunes of the new and old generations of technology companies and we expect the former to continue to outpace the latter.

During the half year our geographical asset allocation has varied only modestly. However, over the last few weeks, we have reduced our Japanese exposure and also our weightings in European smaller companies where we see some risk from valuations that fail to provide a sufficient discount for illiquidity. October's market sell-off has in one sense been welcome in that it has reduced investor complacency. Like the Fed, we will be watching very carefully to see if the recent increase in inflationary expectations feeds through to a rise in core inflation. We are quite optimistic that it will not but see the eventual consequence of the Fed's tightening as being a marked slowdown in real estate inflation in the USA and hence also in consumer spending. While we think it likely that a recession will be avoided, 2006 may see periods when recession fears rise and this could lead to increased volatility in equity markets. Technology shares are unlikely to be immune from any related turbulence. We expect 2006 to be a more challenging period for investors but remain optimistic thereafter we are more bullish about the prospects for a medium term recovery by the technology sector.

There are two further items which require comment. The introduction of International Financial Reporting Standards ("IFRS") has brought both changes in the presentation of the financial information as well as numerous accounting changes. We have moved to these standards in common with all UK listed companies that produce consolidated accounts and as these are the standards which will be applied at our year end in 2006 they have also been used in this set of interims. In terms of presentation the Group Statement of Total Return has been replaced by the Consolidated Income Statement. This statement does not differentiate between income and capital but in line with the guidance from the Association of Investment Trusts Companies ("AITC") we have shown a split as previously. There are also other key changes under IFRS which impact investment companies, the move to classifying investments at "fair value through profit and loss" and the separation of certain transaction costs from the purchase price of the investments. The holding of investments at fair value through profit and loss requires them to be shown at bid or "selling" price rather than at mid-market prices as in the past. They are also described in the balance sheet as Investments held at Fair Value under the heading non-current assets rather than fixed assets as previously.

Transaction costs are now shown as a capital item under "Other administrative expenses" in the Consolidated Income Statement. These purchase costs (stamp duty and brokerage commission), were previously included in the book cost of an investment but are now a separate line entry in the Consolidated Income Statement. The adverse impact of moving to fair value on the total value of the portfolio is £798,000 while the separation of the transaction cost does not affect the portfolio value. The notes to the financial statements give full details and reconciliations of all these changes.

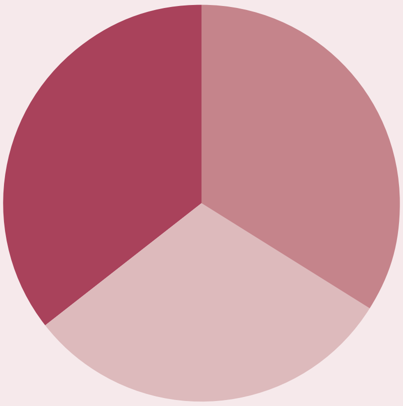
The second item is that Brian Ashford-Russell, our manager, will be taking a sabbatical leave of absence during the first quarter of 2006. Although he will be travelling, he will remain in regular contact. Ben Rogoff, our deputy manager, will be acting manager during this period, supported by Tim Woolley and the rest of the Polar Capital technology team. The Board is fully satisfied with these arrangements.

Richard Wakeling
9 December 2005

PORTFOLIO ANALYSIS

FUND DISTRIBUTION BY MARKET CAPITALISATION

at 31 October 2005



CLASSIFICATION OF INVESTMENTS

at 31 October 2005

	North America %	Europe %	Asia %	Total 31 October 2005 %	Total 30 April* 2005 %
Computing	9.1	1.9	1.1	12.1	10.8
Components	11.4	3.2	9.9	24.5	22.2
Software	8.4	6.6	1.8	16.8	18.3
Services	1.6	1.5	–	3.1	2.5
Communications	3.3	2.2	1.3	6.8	4.0
Life Sciences	11.2	3.2	0.5	14.9	12.6
Consumer, Media & Internet	2.8	1.7	2.0	6.5	6.6
Other Technology	3.3	1.5	1.9	6.7	5.8
Unquoted Investments	–	0.3	–	0.3	0.6
EQUITY INVESTMENTS	51.1	22.1	18.5	91.7	83.4
Money Market Funds	–	6.5	–	6.5	7.9
Corporate Bonds	–	–	–	–	0.7
Forward Currency Contracts	(5.8)	5.9	–	0.1	–
Net Current Assets	0.1	8.6	8.0	16.7	26.7
Loans	–	–	(15.0)	(15.0)	(18.7)
OTHER NET ASSETS	(5.7)	21.0	(7.0)	8.3	16.6
GRAND TOTAL (net assets of £292,344,000)	45.4	43.1	11.5	100.0	
At 30 April 2005 (net assets of £236,439,000*)	41.9	44.4	13.7		100.0

*The net assets at 30 April 2005 and the 30 April 2005 classifications have been adjusted to reflect the impact of IFRS.

EQUITY INVESTMENTS OVER 0.75%

of net assets at 31 October 2005

NORTH AMERICA

£'000s			% of net assets
4,779	Genentech	Biotechnology	1.6%
3,975	Medtronic	Medical technology	1.4%
3,646	Yahoo	Internet advertising	1.2%
3,484	Genzyme Transgenics	Biotechnology	1.2%
3,412	KLA Tencor	Semiconductor capital equipment	1.2%
3,334	Amgen	Biotechnology	1.1%
3,135	International Business Machines	IT services	1.1%
3,134	Network Appliance	Storage hardware	1.1%
3,074	Apple Computers	Computing	1.1%
2,954	Qualcomm	Wireless technology	1.0%
2,946	Agilent Technologies	Test and measurement	1.0%

£'000s			% of net assets
2,915	DST Systems	IT services	1.0%
2,904	St Jude Medical	Medical Technologies	1.0%
2,537	Lockheed Martin	Aerospace/Defence	0.9%
2,495	Autodesk	Design software	0.9%
2,489	Electronic Arts	Gaming software	0.8%
2,482	Automatic Data Processing	IT services	0.8%
2,460	Harris	Telecom equipment	0.8%
2,394	CMP Sciences	IT services	0.8%
2,226	Corning	Telecom equipment	0.8%
60,775	Total investments over 0.75%		20.8%
88,727	Other investments		30.3%
149,502	Total North American investments		51.1%

EUROPE

£'000s			% of net assets
3,187	Wincor Nixdorf	ATM/POS hardware	1.1%
2,998	Fresenius Medical Care	Renal care products & services	1.0%
2,871	Sage	Payroll software	1.0%
2,761	Aveva Group	Software	0.9%

£'000s			% of net assets
2,299	Inmarsat	Satellite operator	0.8%
2,251	Psion	Mobile computing	0.8%
2,240	Austriamicrosystems	Semiconductors	0.8%
18,607	Total investments over 0.75%		6.4%
46,035	Other investments		15.7%
64,642	Total European investments		22.1%

ASIA

£'000s			% of net assets
7,010	Motech	Solar cells	2.4%
3,982	JSR	LCD materials	1.4%
3,549	Kuroda Electric	Components	1.2%
3,524	Tokyo Electron	Semiconductor capital equipment	1.2%
3,265	Konica Minolta	Photographic supplies and equipment	1.1%
3,252	LG Philips	LCD panels	1.1%

£'000s			% of net assets
3,136	Trend Micro	Security software	1.1%
3,093	Aruze	Gaming equipment	1.1%
2,958	Kumho Electric	LCD components	1.0%
2,740	CKD	Factory automation	0.9%
36,509	Total investments over 0.75%		12.5%
17,615	Other investments		6.0%
54,124	Total Asian investments		18.5%

CONSOLIDATED INCOME STATEMENT

for the half year ended 31 October 2005

	(Unaudited) Half year ended 31 October 2005 Revenue £'000	Capital £'000	Total £'000	(Unaudited) Half year ended 31 October 2004 Revenue £'000	Capital £'000	Total £'000	(Audited) Year ended 30 April 2005 Revenue £'000	Capital £'000	Total £'000
Investment income	1,298	–	1,298	1,120	–	1,120	2,501	–	2,501
Other operating income	400	–	400	447	–	447	793	–	793
Gain/(loss) on investments held at fair value	–	38,630	38,630	–	(17,180)	(17,180)	–	(13,778)	(13,778)
Total income	1,698	38,630	40,328	1,567	(17,180)	(15,613)	3,294	(13,778)	(10,484)
Expenses									
Investment management fee	(1,692)	–	(1,692)	(1,559)	–	(1,559)	(3,224)	–	(3,224)
Other administrative expenses (note 7)	(433)	(418)	(851)	(377)	–	(377)	(609)	–	(609)
Profit/(loss) before finance costs and tax	(427)	38,212	37,785	(369)	(17,180)	(17,549)	(539)	(13,778)	(14,317)
Finance costs	(215)	–	(215)	(278)	–	(278)	(501)	–	(501)
Profit/(loss) before tax	(642)	38,212	37,570	(647)	(17,180)	(17,827)	(1,040)	(13,778)	(14,818)
Tax	(113)	–	(113)	(64)	–	(64)	(154)	–	(154)
Net profit/(loss) for the period	(755)	38,212	37,457	(711)	(17,180)	(17,891)	(1,194)	(13,778)	(14,972)
Basic and diluted earnings per ordinary share (pence)			31.83p			(13.01p)			(11.42p)

The total column of this statement represents the Group's Income Statement, prepared in accordance with IFRS. The revenue return and capital return columns are supplementary to this and are prepared under guidance published by the Association of Investment Trust Companies. All items in the above statement derive from continuing operations.

All income is attributable to the equity holders of Polar Capital Technology Trust Plc. There are no minority interests.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the half year ended 31 October 2005

	Ordinary share capital £'000	Capital redemption reserve £'000	Share premium £'000	Warrant reserve £'000	Warrant exercise reserve £'000	Retained earnings £'000	Total £'000
(Unaudited) Half year ended 31 October 2005							
Balance at 30 April 2005 as previously reported	28,830	9,145	90,134	6,179	1,483	101,466	237,237
Effect of transition to IFRS; revaluation of investments at 1 May 2005 to fair value	–	–	–	–	–	(798)	(798)
Opening balance at 1 May 2005 under IFRS	28,830	9,145	90,134	6,179	1,483	100,668	236,439
Profit for the period	–	–	–	–	–	37,457	37,457
Exercise of warrants for ordinary shares	4,799	–	14,397	(6,053)	6,053	–	19,196
Repurchase of warrants	–	–	–	(126)	–	(150)	(276)
Shares bought back for cancellation	(69)	69	–	–	–	(472)	(472)
Balance at 31 October 2005	33,560	9,214	104,531	–	7,536	137,503	292,344

	Ordinary share capital £'000	Capital redemption reserve £'000	Share premium £'000	Warrant reserve £'000	Warrant exercise reserve £'000	Retained earnings £'000	Total £'000
(Unaudited) Half year ended 31 October 2004							
Balance at 30 April 2004	36,832	713	88,842	7,147	940	172,162	306,636
Loss for the period	–	–	–	–	–	(17,891)	(17,891)
Exercise of warrants for ordinary shares	430	–	1,292	(543)	543	–	1,722
Repurchase of warrants	–	–	–	(173)	–	(115)	(288)
Shares bought back for cancellation	(4,673)	4,673	–	–	–	(28,967)	(28,967)
Balance at 31 October 2004	32,589	5,386	90,134	6,431	1,483	125,189	261,212

	Ordinary share capital £'000	Capital redemption reserve £'000	Share premium £'000	Warrant reserve £'000	Warrant exercise reserve £'000	Retained earnings £'000	Total £'000
(Audited) Year ended 30 April 2005							
Balance at 30 April 2004	36,832	713	88,842	7,147	940	172,162	306,636
Loss for the year	–	–	–	–	–	(14,972)	(14,972)
Exercise of warrants for ordinary shares	430	–	1,292	(543)	543	–	1,722
Repurchase of warrants	–	–	–	(425)	–	(438)	(863)
Shares bought back for cancellation	(8,432)	8,432	–	–	–	(55,286)	(55,286)
Balance at 30 April 2005	28,830	9,145	90,134	6,179	1,483	101,466	237,237

CONSOLIDATED BALANCE SHEET

at 31 October 2005

	(Unaudited) Group Interim 31 October 2005 £'000	(Unaudited) Company Interim 31 October 2005 £'000	(Unaudited) Group Interim 31 October 2004 £'000	(Unaudited) Company Interim 31 October 2004 £'000	(Audited) Group Year End 30 April 2005 £'000	(Audited) Company Year End 30 April 2005 £'000
Non current assets						
Investments held at fair value	287,283	290,778	273,367	276,635	218,738	222,128
Current assets						
Investments	1,648	–	1,596	–	1,603	–
Other receivables	24,297	27,404	42,868	45,876	29,408	32,464
Cash and cash equivalents	51,558	46,604	31,852	27,172	58,222	53,379
	77,503	74,008	76,316	73,048	89,233	85,843
Total assets	364,786	364,786	349,683	349,683	307,971	307,971
Current liabilities (amounts falling due within one year)	(48,178)	(48,178)	(67,862)	(67,862)	(40,242)	(40,242)
Total assets less current liabilities	316,608	316,608	281,821	281,821	267,729	267,729
Non current liabilities (amounts falling due after more than one year)	(24,264)	(24,264)	(20,609)	(20,609)	(30,492)	(30,492)
Net assets	292,344	292,344	261,212	261,212	237,237	237,237
Equity						
Ordinary share capital	33,560	33,560	32,589	32,589	28,830	28,830
Capital redemption reserve	9,214	9,214	5,386	5,386	9,145	9,145
Share premium	104,531	104,531	90,134	90,134	90,134	90,134
Warrant reserve	–	–	6,431	6,431	6,179	6,179
Warrant exercise reserve	7,536	7,536	1,483	1,483	1,483	1,483
Retained earnings (note 1)	137,503	137,503	125,189	125,189	101,466	101,466
Total equity attributable to equity shareholders	292,344	292,344	261,212	261,212	237,237	237,237
Basic and diluted net asset value per ordinary share	217.78p	217.78p	200.38p	200.38p	205.72p	205.72p

Note 1: Retained earnings comprise other capital reserves and the revenue reserve.

CONSOLIDATED CASH FLOW STATEMENT

for the half year ended 31 October 2005

	(Unaudited) Half year ended 31 October 2005 £'000	(Unaudited) Half year ended 31 October 2005 £'000	(Unaudited) Half year ended 31 October 2004 £'000	(Unaudited) Half year ended 31 October 2004 £'000
Cash flows from operating activities				
Profit/(loss) before tax		37,570		(17,827)
Adjustments for:				
Increase in investments	(69,387)		(716)	
Decrease/(increase) in receivables	5,018		(8,182)	
Increase in payables	2,345		11,681	
Finance costs	215		278	
		(61,809)		3,061
Net cash from operating activities before tax		(24,239)		(14,766)
Taxation paid		(117)		(89)
Net cash from operating activities		(24,356)		(14,855)
Cash flows from/(used in) financing activities				
Exercise of warrants		19,196		1,722
Repurchase of warrants		(276)		(288)
Cost of shares repurchased		(472)		(28,967)
Loans taken out		(25,101)		–
Loans matured		24,399		–
Finance costs		(214)		(276)
Net cash from financing activities		17,532		(27,809)
Net decrease in cash and cash equivalents		(6,824)		(42,664)
Cash and cash equivalents at the beginning of the period		58,222		74,254
Effect of foreign exchange rate changes		160		262
Cash and cash equivalents at the end of the period		51,558		31,852

NOTES

1. General information

The consolidated accounts comprise the unaudited results for Polar Capital Technology Trust Plc and its subsidiary PCT Finance Limited for the six months to 31 October 2005. Both Polar Capital Technology Trust Plc and PCT Finance Ltd are registered and domiciled in England. The board approved the accounts on 9 December 2005.

The unaudited accounts to 31 October 2005 have been prepared using the accounting policies expected to be used in the Group's annual accounts to 30 April 2006. These accounting policies will be based on International Financial Reporting Standards ("IFRS") and comprise standards and interpretations approved by the International Accounting Standards Board ("IASB") together with interpretations of the International Accounting Standards and Standing Interpretations Committee approved by the International Accounting Standards Committee ("IASC") that remain in effect, to the extent that IFRS has been adopted by the European Union. Due to the continuing work of the IASB and possible amendments to the interpretative guidance, the Group's accounting policies and consequently the information presented, may change prior to the publication of the Group's first annual accounts under IFRS.

The results for the six months ended 31 October 2005 are the Group's first unaudited results under IFRS and do not constitute statutory accounts as defined in section 240 of the Companies Act 1985. Full statutory accounts for the year ended 30 April 2005, prepared under UK GAAP, including the report of the auditors which was unqualified and did not contain a statement under either section 237(2) or 237(3) of the Companies Act 1985 have been delivered to the Registrar of Companies.

When preparing the accounts to 31 October 2005, certain accounting and valuation methods previously applied under UK GAAP have been amended to comply with IFRS as follows:

Investments are valued at fair value rather than mid-market value.
Book cost of investments excludes transaction costs on purchases.

These amendments represent a change in accounting policy.

2. Accounting Polices

(a) Basis of accounting

The accounts of the Group have been prepared in accordance with IFRS. The date of transition to IFRS is 1 May 2005.

As permitted by Paragraph 36A of IFRS1 – First-time Adoption of International Accounting Standards, the comparative information has not been restated to comply with IAS39 – Financial Instruments: Recognition and Measurement, however the effect of the adjustments that would be required for the comparatives to comply are set out in note 8.

The accounts have been prepared on the historical cost basis of accounting, modified to include the revaluation of investments at fair value and in accordance with the accounting policies set out below. All of the Group's operations are of a continuing nature.

Where presentational guidance set out in the Statement of Recommended Practice: Financial Statements of Investment Trust Companies ("the SORP") issued by the AITC in January 2003 is consistent with the requirements of IFRS, the directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

(b) Basis of consolidation

The Group accounts consolidate the accounts of the Company and entities controlled by the Company (its wholly owned subsidiary undertaking, PCT Finance Limited) made up to 30 April and 31 October each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity as to obtain benefits from its activities. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

(c) Presentation of Income Statement

In order to better reflect the activities of an investment trust company, and in accordance with the guidance issued by the AITC, supplementary information which analyses the Consolidated Income Statement between items of a revenue and capital nature has been presented alongside the Consolidated Income Statement.

In accordance with the Company's status as a UK investment company under section 266 of the Companies Act 1985, net capital returns may not be distributed by way of dividend. Additionally, the net revenue is the measure the directors believe appropriate in assessing the Group's compliance with certain requirements set out in section 842 of the Income and Corporation Taxes Act 1988.

(d) Income

Dividends receivable from equity shares are taken to the revenue column of the Consolidated Income Statement on an ex-dividend basis.

Special dividends are recognised on an ex-dividend basis and may be considered to be capital items. The facts and circumstances are considered on a case by case basis before a conclusion on appropriate allocation is reached.

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

The fixed returns on debt securities and non-equity shares are recognised under the effective interest rate method. Bank interest and other income receivable are accounted for on an accruals basis.

The dealing profits of the subsidiary undertaking, representing realised gains and losses on the sale of current asset investments, are dealt with in the Consolidated Income Statement as a revenue item.

(e) Expenses and interest payable

All expenses, including the management fee and interest payable are accounted for on an accruals basis and are charged wholly to the revenue column of the Consolidated Income Statement except for transactions costs which are charged as detailed below and any performance fees payable which are allocated to capital reflecting the fact that although they are calculated on a total return basis they are expected to be attributable largely, if not wholly, to capital performance.

All transaction costs on the purchases and sale of investments are dealt with in the Consolidated Income Statement.

When an investment is purchased the difference between the price paid for the investment and its bid price is shown within the "Gain/(loss) on investments held at fair value".

Other transaction costs on purchases, such as stamp duty, commissions etc, are included within "Other administrative expenses".

Costs incurred on the sales of investments are deducted from the disposal proceeds of the investment and included with "Gain/(loss) on investments held at fair value".

(f) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on the taxable profit for the period. Taxable profit differs from net profit before tax as reported in the Consolidated Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

In line with the recommendations of the SORP, the allocation method used to calculate tax relief on expenses presented against capital returns in the supplementary information in the Consolidated Income Statement is the "marginal basis". Under this basis, if taxable income is capable of being offset entirely by expenses presented in the revenue return column of the Consolidated Income Statement, then no tax relief is transferred to the capital return column.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Investment trusts which have approval as such under section 842 of the Income and Corporation Taxes Act 1988 are not liable for taxation on capital gains.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Consolidated Income Statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

(g) Investments

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

On initial recognition the Group has designated all of its investments as fair value through profit and loss as defined by IFRS. All investments are measured at subsequent reporting dates at fair value, which is either the bid price or the last traded price, depending on the convention of the exchange on which the investment is quoted.

Investments in unit trusts or OEICs are valued at the closing price, the bid price or the single price as appropriate, released by the relevant investment manager.

Fair value for unquoted investments, or for investments for which there is only an inactive market, are established by using various valuation techniques. These may include recent arm's length market transactions, the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. Where there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, that technique is utilised. Where no reliable fair value can be estimated for such instruments, they are carried at cost, subject to any provision for impairment.

Current asset investments are those investments held by the subsidiary company. On initial recognition these investments have been designated as fair value though profit and loss as defined by IFRS and measured at subsequent reporting dates at fair value.

(h) Movements in fair value

Changes in fair value of all investments held at fair value are recognised in the Consolidated Income Statement. On disposal, realised gains and losses are also recognised in the Consolidated Income Statement.

(i) Other receivables

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

(j) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

(k) Non current liabilities

All currency bank loans are initially recognised at cost, being the fair value of the consideration received, less issue costs where applicable. After initial recognition these loans are subsequently measured at cost. The amount of the loans due for repayment within one year of the balance sheet date is included under current liabilities.

(l) Foreign currency

The Group's functional currency and the currency used for presentation of these accounts is pounds sterling because that is the currency which is most relevant to the majority of the Company's shareholders and creditors.

Transactions denominated in currencies other than pounds sterling during the period are translated into sterling at the appropriate daily exchange rates.

Assets and liabilities denominated in currencies other than pounds sterling at the balance sheet date are translated into sterling at the exchange rates ruling at that date.

Gains and losses on retranslation are included in the profit or loss for the period.

(m) Derivative financial instruments

The use of financial derivatives is governed by the Group's policies as approved by the Board, which has set written principles for the use of financial derivatives.

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

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the Consolidated Income Statement as they arise. If capital in nature, the associated change in value is presented as a capital item in the Consolidated Income Statement.

3. Earnings per ordinary share

Earnings per ordinary share is based on the net profit after taxation attributable to the ordinary shares of £37,457,000 (31 October 2004 – losses of £17,891,000; 30 April 2005 – losses of £14,972,000) and on 117,669,333 (31 October 2004 – 137,496,022; 30 April 2005 – 131,110,198) ordinary shares, being the weighted average number of shares in issue during the period.

4. Net asset value per ordinary share

Net asset value per ordinary share is based on net assets attributable to the ordinary shares of £292,344,000 (31 October 2004 – £261,212,000; 30 April 2005 – £237,237,000) and on 134,238,821 (31 October 2004 – 130,355,162; 30 April 2005 – 115,320,162) ordinary shares, being the number of ordinary shares in issue at the end of the period.

5. Daily NAV

The NAV released to the London Stock Exchange is calculated in accordance with the AITC recommendations and is not on the same basis as the numbers reported in this financial statement. The daily NAV does not reflect retained earnings or losses and currently quoted equities are valued at mid-market prices, although it is anticipated that this will move to bid in accordance with IFRS from 1 January 2006.

6. Dividend

In accordance with stated policy, no interim dividend has been declared for the period (31 October 2004 and 30 April 2005 – nil).

7. Other administrative expenses

The other administrative expenses include the transaction costs (brokerage and stamp duty) on the purchasing of investments which in prior years were included in the book costs of the investment.

8. Reconciliation from UK GAAP to IFRS

(i) Total return for the half year ended 31 October 2004

As explained in the Accounting Policies, comparative information has not been restated to reflect the requirements of IAS39 retrospectively. No other IFRSs affect the total return previously reported. Had IAS39 been applied to the Statement of Total Return for the half year ended 31 October 2004, the valuation of investments at the period's opening and closing dates would have had to be adjusted to bid, reducing the return to equity shareholders by £131,000.

(ii) Equity at 30 April 2005, being the Group's last financial year

As explained in the Accounting Policies, comparative information has not been restated to reflect the requirements of IAS39 retrospectively and consequently 30 April 2005 represents both the balance sheet date of the last published annual report and the last date prior to transition to IFRS.

Reconciliation of equity at 1 May 2005 (date of transition to IFRS)

	Note	(Audited) Previously reported 30 April 2005 £'000	Effect of transition to IFRS £'000	Opening balances at 1 May 2005 £'000
Investments				
Listed at market value:	1			
United Kingdom		27,248	(312)	26,936
Overseas		190,560	(486)	190,074
		217,808	(798)	217,010
Unlisted at directors' valuation:				
Subsidiary undertaking		–	–	–
Other United Kingdom		930	–	930
		218,738	(798)	217,940
Current assets				
Investments held at fair value		1,603	–	1,603
Debtors		29,408	–	29,408
Cash and cash equivalents		58,222	–	58,222
		89,233	–	89,233
Creditors: amounts falling due within one year		(40,242)	–	(40,242)
Net current assets		48,991	–	48,991
Total assets less current liabilities		267,729	(798)	266,931
Creditors: amounts falling due after more than one year		(30,492)	–	(30,492)
		237,237	(798)	236,439
Capital and reserves				
Called up share capital		28,830	–	28,830
Capital redemption reserve		9,145	–	9,145
Share premium		90,134	–	90,134
Warrant reserve		6,179	–	6,179
Warrant exercise reserve		1,483	–	1,483
Retained earnings	2	–	100,668	100,668
Other capital reserves		157,002	(157,002)	–
Revenue reserve		(55,536)	55,536	–
		237,237	(798)	236,439

Notes:
(1) Effect of revaluing investments at fair value.
(2) Retained earnings comprise other capital reserves and revenue reserves.

SHAREHOLDER AND INVESTOR INFORMATION

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

FUND MANAGER
B J D Ashford-Russell

DEPUTY FUND MANAGER
B Rogoff

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

REGISTERED OFFICE
4 Matthew Parker Street
London SW1H 9NP

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

SOLICITORS
Herbert Smith
Exchange House
Primrose Street
London EC2A 2HS

STOCKBROKERS
UBS Investment Bank
1 Finsbury Avenue
London EC2M 2PP

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

REGISTERED NUMBER
Registered in England and Wales
No. 3224867

COMPANY WEBSITE
www.polarcapitaltechnologytrust.co.uk

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

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

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

SAVINGS SCHEME AND ISA
For shareholders who have their shares registered through the company sponsored savings scheme information can be obtained by contacting
BNP Paribas Fund Services UK Ltd, Block C,
Western House, Lynchwood Business Park, Peterborough
PE2 6BP.
Telephone 0845 358 1109
Fax 01733 285822

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

The mid-market prices of the ordinary shares is published daily in the Financial Times in the Companies and Markets section under the heading "Investment Companies".

Share price information is also available from www.Londonstockexchange.co.uk (PCT); Bloomberg (PCT.LN); Reuters (PCT.L); and SEDOL code: 0422002.

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

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A MEMBER OF THE ASSOCIATION
OF INVESTMENT TRUST COMPANIES

INVESTING

MARKET PURCHASES

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

SHARE DEALING SERVICES

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

SAVINGS SCHEME & ISA

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

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

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

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

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

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

Telephone 0845 3581109; Fax 01733 285822