

# INTERIM REPORT

FOR THE HALF YEAR ENDED 31 OCTOBER 2006

# POLAR CAPITAL TECHNOLOGY TRUST PLC

# POLAR CAPITAL TECHNOLOGY TRUST PLC – PROFILE

Polar Capital Technology Trust PLC was launched on 16 December 1996 under the name Henderson Technology Trust PLC, with the issue of ordinary shares plus one warrant attached to every five shares. The original subscription price for each share was £1. On 30 September 2005 the warrants reached their final exercise date and were converted into ordinary shares of the Company.

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.

## 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 has been the appointed investment manager throughout the period. Mr Ben Rogoff is the appointed fund manager having succeeded Mr Brian Ashford-Russell on 1 May 2006. Mr Ashford-Russell has continued as a director of the Company and works with both Mr Rogoff and Mr Craig Mercer, the deputy fund manager in defining and developing the investment strategy.

The Company pays both a basic management fee as well as a performance fee if performance is above a predetermined level.

Information on the Company can be accessed at: [www.polarcapitaltechnologytrust.co.uk](http://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 2006	(Audited) Year ended 30 April 2006	Movement %
Net assets per ordinary share	232.57p	255.88p	(9.1)
Price per ordinary share	231.75p	245.00p	(5.4)
Total net assets	£325,573,000	£358,202,000	(9.1)
Shares in issue	139,990,821	139,990,821	–

## INDEX CHANGES OVER THE HALF YEAR ENDED 31 OCTOBER 2006 (TOTAL RETURN)

	Local Currency %	Sterling Adjusted %
<b>New Performance Fee Benchmark</b> (USED FROM 1 MAY 2006):		
Dow Jones World Technology	–	(4.1)
<b>Old Performance Fee Benchmark</b> (USED UP TO 30 APRIL 2006):		
Composite of Technology Indices	–	(6.8)
<b>Technology Indices:</b>		
NYSE Arca Technology 100	(1.8)	(6.4)
MS Eurotec (based in US dollars)	(2.6)	(7.2)
FTSE Techmark 100	–	1.6
Tecdax	(5.5)	(8.7)
Tokyo SE Electronics	(5.7)	(12.4)
DS Asia Ex Japan Electronics	(2.0)	(6.6)
<b>Market Indices:</b>		
FTSE World	–	(0.2)
S&P 500 Composite	6.1	1.1
FTSE All-Share	–	3.7
FTSE World Europe (ex UK)	–	2.8
Tokyo SE (Topix)	(5.3)	(12.0)
FTSE World Pacific Basin (ex Japan)	–	(2.1)

## EXCHANGE RATES

	31 October 2006	30 April 2006
US\$ to £	1.9072	1.8177
Japanese Yen to £	223.44	207.58
Euro to £	1.4943	1.4430

# CHAIRMAN'S REVIEW

Stock markets proved challenging over the half year with volatility at times quite pronounced and the FTSE World Index experiencing its largest correction for some years. However, notwithstanding the sharp falls seen in May and June, markets recovered their poise to the extent that, by the end of our half year, many had regained and exceeded the levels recorded at 30 April. Unfortunately for UK based investors, sterling's exceptional strength against the dollar and yen over this period had a significant negative impact on performance over the half year.

## SHARE PRICES SHOULD MOVE FURTHER AHEAD GIVEN CONTINUING STRONG LIQUIDITY, ROBUST EARNINGS GROWTH, STRONG MERGER AND ACQUISITION ACTIVITY AND REASONABLE VALUATIONS.

Technology shares have, with certain notable exceptions, been disappointing and in every major region have lagged their local markets. The notable exceptions to this lacklustre performance were the largest capitalisation US technology companies such as Microsoft, Cisco, Oracle and IBM. Although most of these companies are what we would describe as "last generation" technology companies, they have recently found favour with generalist investors and, as a consequence, saw sharp rises over the period. Those companies' dominance of the Dow Jones Global Technology Index accounted for that index ending the half year down just 4.1% in sterling terms while our previous benchmark, a composite of technology indices, fell by 6.8%.

Your own company's net asset value per share fell by 9.1% which was disappointing. However, both absolute and relative

performance have recovered well since the half year end. In large part, this underperformance simply reflects a reversal of the very strong relative outperformance achieved during the first four months of 2006. However, it also reflects some indifferent stock selection and a poorly timed increase in our Japanese smaller company exposure. The latter proved costly as small growth stocks in Japan significantly lagged the recovery in technology shares enjoyed elsewhere during the autumn.

Much of the volatility in both markets and in the technology sector has reflected investor uncertainty about the macro economic outlook. May's sell-off was sparked by an increase in inflation that led to a sharp rise in bond yields and speculation that the new Federal Reserve Governor would have to tighten monetary policy beyond previous expectations. In contrast, the recent market recovery has reflected greater optimism that slowing growth, combined with a steep decline in energy prices, should mean that the peak of inflationary pressures was behind us. However, views remain polarised with great attention focussed on the course of the US real estate market which is generally seen as key to whether the US economy achieves a hard or soft landing. The evidence so far is mixed but our base assumption is that a relatively soft landing will be achieved although inflationary fears may persist for some while and even re-intensify at some point in the spring or summer of 2007. If we are correct, then once the market has digested recent gains – a process that may take some weeks or even months – share prices should move further ahead given continuing strong liquidity, robust earnings growth, strong merger and acquisition activity and reasonable valuations.

This market view clearly influences our portfolio positioning. We have, over the last few months, moved to a fully invested position and expect, on any setback, to add some modest leverage to the fund. Not only are we relatively positive about the prospects for the broad equity market over the next half year but we are also increasingly optimistic about the outlook for technology companies. Over the last eighteen months, we have suggested that the technology sector would, provided that the global economy avoids recession, reach a turning point during the fourth quarter of 2006. We remain of this view. July's low point had most of the characteristics that would normally mark an intermediate low and, although share prices have subsequently recovered, our indicators are a long way away from levels that would suggest an imminent top.

NOT ONLY ARE WE RELATIVELY POSITIVE ABOUT THE PROSPECTS FOR THE BROAD EQUITY MARKET OVER THE NEXT HALF YEAR BUT WE ARE ALSO INCREASINGLY OPTIMISTIC ABOUT THE OUTLOOK FOR TECHNOLOGY COMPANIES.

Our medium term optimism is also based on our belief that there are now multiple new drivers for technology spending, many of which depend on the proliferation of broadband infrastructure. After many years in which technology spending has been unusually subdued, we believe demand for servers, storage, software and networking infrastructure is gaining ground and that a robust spending cycle will unfold over the next few years. This, together with a growing number of emerging technologies both

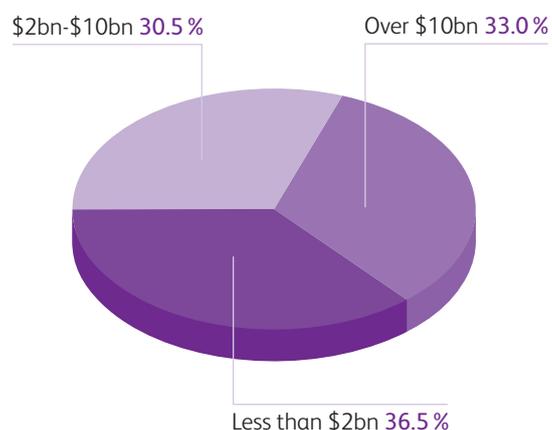
inside and outside the conventional IT industry, reinforces an optimism that is further supported by the sector's relatively undemanding valuation and the apparent indifference of most investors. Consequently, we expect to buy into any weakness and gradually increase our exposure to the USA which we see as the main source of much of this new technology and also one of its primary beneficiaries.

I am delighted to welcome Mr Michael Moule and Mr Rupert Montagu who will join the board with effect from 1 January 2007. Michael has an outstanding long term track record as an investment trust manager during his career at Henderson Global Investors. Rupert is the co-founder of Montagu Newhall a specialist investor in the technology and healthcare venture capital industries.

Richard Wakeling  
11 December 2006

# PORTFOLIO ANALYSIS

## FUND DISTRIBUTION BY MARKET CAPITALISATION AT 31 OCTOBER 2006



## CLASSIFICATION OF INVESTMENTS AT 31 OCTOBER 2006

	North America %	Europe %	Asia %	Total 31 October 2006 %	Total 30 April 2006 %
Computing	9.7	1.5	1.2	12.4	13.5
Components	13.5	4.4	11.1	29.0	19.1
Software	11.4	5.1	2.3	18.8	15.8
Services	2.7	2.9	0.6	6.2	8.7
Communications	3.6	1.1	–	4.7	7.3
Life Sciences	8.5	2.2	1.7	12.4	12.1
Consumer, Media & Internet	1.7	1.2	2.4	5.3	8.0
Other Technology	3.5	3.2	5.5	12.2	11.2
Unquoted Investments	0.6	0.3	–	0.9	1.0
<b>Equity investments</b>	<b>55.2</b>	<b>21.9</b>	<b>24.8</b>	<b>101.9</b>	<b>96.7</b>
Money Market Funds	–	4.5	–	4.5	4.0
Net Current Assets	0.5	4.1	1.5	6.1	11.4
Loans	–	–	(12.5)	(12.5)	(12.1)
<b>Other net assets/(liabilities)</b>	<b>0.5</b>	<b>8.6</b>	<b>(11.0)</b>	<b>(1.9)</b>	<b>3.3</b>
<b>Grand total (net assets of £325,573,000)</b>	<b>55.7</b>	<b>30.5</b>	<b>13.8</b>	<b>100.0</b>	<b>–</b>
At 30 April 2006 (net assets of £358,202,000)	49.9	32.7	17.4	–	100.0

EQUITY INVESTMENTS OVER 0.75% OF NET ASSETS AT 31 OCTOBER 2006

NORTH AMERICA

£'000s			% of net assets
4,633	Amgen	Biotechnology	1.4%
4,582	Broadcom	Semiconductors	1.4%
4,563	KLA Tencor	Semiconductor capital equipment	1.4%
4,303	National Semiconductor	Semiconductors	1.3%
4,219	Network Appliance	Storage hardware	1.3%
4,169	Lam Research	Semiconductor capital equipment	1.3%
4,014	Apple Computers	Computing	1.2%
3,859	iShares Nasdaq Biotechnology	Biotechnology	1.2%
3,623	Genentech	Biotechnology	1.1%
3,566	Adobe	Software	1.1%
3,512	Google	Internet	1.1%
3,367	Qualcomm	Wireless IP	1.0%
3,305	CMP Sciences	IT services	1.0%
3,249	ATMI	Semiconductors	1.0%
3,205	Citrix	Software	1.0%
3,100	Cisco	Telecom equipment	1.0%
3,096	Lockheed Martin	Aerospace/Defence	1.0%
3,037	Electronic Arts	Software	0.9%
2,977	Hewlett-Packard	Computing	0.9%
2,872	Xilinx	Semiconductor Manufacturer	0.9%
2,859	Jabil	Electronic Manufacturing Services	0.9%
2,808	BEA Systems	Software	0.9%
2,788	Applied Materials	Semiconductor capital equipment	0.9%
2,762	Thermo Electron	Instrumentation	0.8%
2,699	Automatic Data Processing	IT services	0.8%
2,678	Harris	Telecom equipment	0.8%
2,657	IBM	IT services	0.8%
2,591	DST Systems	IT services	0.8%
2,547	Genzyme Transgenics	Biotechnology	0.8%
2,526	Microsoft	Software	0.8%
2,516	NCR	Computing	0.8%
<b>102,682</b>	<b>Total investments over 0.75 %</b>		<b>31.6 %</b>
<b>76,892</b>	<b>Other investments</b>		<b>23.6 %</b>
<b>179,574</b>	<b>Total North American investments</b>		<b>55.2 %</b>

## PORTFOLIO ANALYSIS (CONTINUED)

### EQUITY INVESTMENTS OVER 0.75% OF NET ASSETS AT 31 OCTOBER 2006

#### EUROPE

£'000s			% of net assets
4,025	Aveva	Software	1.2%
3,132	SAP	Enterprise Software	1.0%
3,006	NDS	Encryption Software	0.9%
3,005	Phonak	Hearing aids	0.9%
2,911	Sword	IT Services	0.9%
2,839	EDB	IT Services	0.9%
2,824	Wincor Nixdorf	ATM/POS hardware	0.9%
2,820	ARM	Semiconductors	0.9%
2,582	SES Global	Satellite operator	0.8%
2,518	Fresenius Medical Care	Renal care	0.8%
<b>29,662</b>	<b>Total investments over 0.75 %</b>		<b>9.2%</b>
<b>41,506</b>	<b>Other investments</b>		<b>12.7%</b>
<b>71,168</b>	<b>Total European investments</b>		<b>21.9%</b>

#### ASIA

£'000s			% of net assets
9,353	Renesola	Alternative Energy	2.9%
5,458	Zeon	LCD materials	1.7%
4,486	Nidec	Components	1.4%
4,347	Keyence	Components	1.3%
4,020	Dena	Internet/Mobile commerce	1.2%
3,929	Yokogawa Electric	Components	1.2%
3,846	Taiwan Semiconductor	Semiconductors	1.2%
3,772	Neomax	Components	1.2%
3,495	Cdnetworks	Content delivery	1.1%
3,373	Nitto Denko	LCD materials	1.0%
3,301	Aruze	Gaming equipment	1.0%
3,276	JSR	LCD materials	1.0%
2,970	Aiphone	Entryphone systems	0.9%
2,816	ST Shine	Medical Technology	0.9%
2,753	Sysmex	Medical Technology	0.8%
2,707	Cheng Uei Precision	Components	0.8%
<b>63,902</b>	<b>Total investments over 0.75 %</b>		<b>19.6%</b>
<b>16,973</b>	<b>Other investments</b>		<b>5.2%</b>
<b>80,875</b>	<b>Total Asian investments</b>		<b>24.8%</b>

# CONSOLIDATED INCOME STATEMENT

FOR THE HALF YEAR ENDED 31 OCTOBER 2006

	(Unaudited) Half year ended 31 October 2006			(Unaudited) Half year ended 31 October 2005			(Audited) Year ended 30 April 2006		
	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000	Revenue return £'000	Capital return £'000	Total return £'000
Investment income	1,469	–	1,469	1,298	–	1,298	2,629	–	2,629
Other operating income	345	–	345	400	–	400	692	–	692
Exchange gain on foreign currency	–	723	723	–	160	160	–	626	626
(Loss)/gain on investments held at fair value	–	(32,561)	(32,561)	–	38,052	38,052	–	89,338	89,338
<b>Total income</b>	<b>1,814</b>	<b>(31,838)</b>	<b>(30,024)</b>	<b>1,698</b>	<b>38,212</b>	<b>39,910</b>	<b>3,321</b>	<b>89,964</b>	<b>93,285</b>
<b>Expenses</b>									
Investment management fee	(1,829)	–	(1,829)	(1,692)	–	(1,692)	(3,465)	–	(3,465)
Other administrative expenses	(422)	–	(422)	(433)	–	(433)	(671)	–	(671)
<b>(Loss)/profit before finance costs and tax</b>	<b>(437)</b>	<b>(31,838)</b>	<b>(32,275)</b>	<b>(427)</b>	<b>38,212</b>	<b>37,785</b>	<b>(815)</b>	<b>89,964</b>	<b>89,149</b>
Finance costs	(244)	–	(244)	(215)	–	(215)	(454)	–	(454)
<b>(Loss)/profit before tax</b>	<b>(681)</b>	<b>(31,838)</b>	<b>(32,519)</b>	<b>(642)</b>	<b>38,212</b>	<b>37,570</b>	<b>(1,269)</b>	<b>89,964</b>	<b>88,695</b>
Tax	(110)	–	(110)	(113)	–	(113)	(193)	–	(193)
<b>Net (loss)/profit for the period</b>	<b>(791)</b>	<b>(31,838)</b>	<b>(32,629)</b>	<b>(755)</b>	<b>38,212</b>	<b>37,457</b>	<b>(1,462)</b>	<b>89,964</b>	<b>88,502</b>
<b>Earnings per ordinary share (pence)</b>									
Basic			(23.31p)			31.83p			69.58p
Diluted			(23.31p)			31.83p			67.17p

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 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 2006

	(Unaudited) Half year ended 31 October 2006						
	Ordinary share capital £'000	Capital redemption reserve £'000	Share premium £'000	Warrant reserve £'000	Warrant exercise reserve £'000	Retained earnings £'000	Total £'000
<b>Group and Company</b>							
Total equity at 30 April 2006	34,998	9,214	117,902	–	7,536	188,552	358,202
Loss for the period	–	–	–	–	–	(32,629)	(32,629)
<b>Total equity at 31 October 2006</b>	<b>34,998</b>	<b>9,214</b>	<b>117,902</b>	<b>–</b>	<b>7,536</b>	<b>155,923</b>	<b>325,573</b>

	(Unaudited) 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
Total equity at 30 April 2005 as previously reported	28,830	9,145	90,134	6,179	1,483	101,466	237,237
Adjustment to revalue portfolio to bid at 30 April 2005	–	–	–	–	–	(798)	(798)
<b>Opening balance at 1 May 2005 to comply with IFRS</b>	<b>28,830</b>	<b>9,145</b>	<b>90,134</b>	<b>6,179</b>	<b>1,483</b>	<b>100,668</b>	<b>236,439</b>
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)
<b>Total equity at 31 October 2005</b>	<b>33,560</b>	<b>9,214</b>	<b>104,531</b>	<b>–</b>	<b>7,536</b>	<b>137,503</b>	<b>292,344</b>

	(Audited) Year ended 30 April 2006						
	Ordinary share capital £'000	Capital redemption reserve £'000	Share premium £'000	Warrant reserve £'000	Warrant exercise reserve £'000	Retained earnings £'000	Total £'000
Total equity at 30 April 2005 as previously reported	28,830	9,145	90,134	6,179	1,483	101,466	237,237
Adjustment to revalue portfolio to bid at 30 April 2005	–	–	–	–	–	(798)	(798)
<b>Opening balance at 1 May 2005 to comply with IFRS</b>	<b>28,830</b>	<b>9,145</b>	<b>90,134</b>	<b>6,179</b>	<b>1,483</b>	<b>100,668</b>	<b>236,439</b>
Profit for the year to 30 April 2006	–	–	–	–	–	88,502	88,502
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	–	–	–	(468)	(468)
Issue of ordinary share capital	1,438	–	13,371	–	–	–	14,809
<b>Total equity at 30 April 2006</b>	<b>34,998</b>	<b>9,214</b>	<b>117,902</b>	<b>–</b>	<b>7,536</b>	<b>188,552</b>	<b>358,202</b>

# CONSOLIDATED AND COMPANY BALANCE SHEETS

AT 31 OCTOBER 2006

	(Unaudited)		(Unaudited)		(Audited)	
	Group Interim 31 October 2006 £'000	Company Interim 31 October 2006 £'000	Group Interim 31 October 2005 £'000	Company Interim 31 October 2005 £'000	Group Year End 30 April 2006 £'000	Company Year End 30 April 2006 £'000
<b>Non current assets</b>						
Investments held at fair value	348,128	348,585	288,931	290,778	362,701	363,113
<b>Current assets</b>						
Other receivables	9,956	13,145	24,297	27,404	4,350	7,500
Cash and cash equivalents	19,537	15,891	51,558	46,604	42,050	38,488
	29,493	29,036	75,855	74,008	46,400	45,988
<b>Total assets</b>	<b>377,621</b>	<b>377,621</b>	<b>364,786</b>	<b>364,786</b>	<b>409,101</b>	<b>409,101</b>
<b>Current liabilities</b>						
Other payables	(11,725)	(11,725)	(28,718)	(28,718)	(7,493)	(7,493)
Bank loans	(17,946)	(17,946)	(19,460)	(19,460)	(19,318)	(19,318)
	(29,671)	(29,671)	(48,178)	(48,178)	(26,811)	(26,811)
<b>Total assets less current liabilities</b>	<b>347,950</b>	<b>347,950</b>	<b>316,608</b>	<b>316,608</b>	<b>382,290</b>	<b>382,290</b>
<b>Non current liabilities</b>						
Bank loans	(22,377)	(22,377)	(24,264)	(24,264)	(24,088)	(24,088)
<b>Net assets</b>	<b>325,573</b>	<b>325,573</b>	<b>292,344</b>	<b>292,344</b>	<b>358,202</b>	<b>358,202</b>
<b>Equity attributable to equity shareholders</b>						
Ordinary share capital	34,998	34,998	33,560	33,560	34,998	34,998
Capital redemption reserve	9,214	9,214	9,214	9,214	9,214	9,214
Share premium	117,902	117,902	104,531	104,531	117,902	117,902
Warrant exercise reserve	7,536	7,536	7,536	7,536	7,536	7,536
Retained earnings	155,923	155,923	137,503	137,503	188,552	188,552
<b>Total equity</b>	<b>325,573</b>	<b>325,573</b>	<b>292,344</b>	<b>292,344</b>	<b>358,202</b>	<b>358,202</b>
<b>Basic and diluted net asset value per ordinary share</b>						
	232.57p	232.57p	217.78p	217.78p	255.88p	255.88p

# CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS

FOR THE HALF YEAR ENDED 31 OCTOBER 2006

	(Unaudited)		(Unaudited)	
	Half year ended 31 October 2006	Half year ended 31 October 2005	Group	Company
	Group	Company	Group	Company
	£'000	£'000	£'000	£'000
<b>Cash flows from operating activities</b>				
(Loss)/profit before finance costs and tax	(32,275)	(32,275)	37,785	37,785
Adjustments for :				
Decrease/(increase) in investments	10,767	10,722	(70,793)	(70,853)
(Increase)/decrease in receivables	(5,609)	(5,648)	5,111	5,060
Increase in payables	4,214	4,214	3,444	3,444
	9,372	9,288	(62,238)	(62,349)
Net cash from operating activities before tax	(22,903)	(22,987)	(24,453)	(24,564)
Taxation paid	(107)	(107)	(117)	(117)
<b>Net cash from operating activities</b>	<b>(23,010)</b>	<b>(23,094)</b>	<b>(24,570)</b>	<b>(24,681)</b>
<b>Cash flows from/(used in) financing activities</b>				
Exercise of warrants	–	–	19,196	19,196
Repurchase of warrants	–	–	(405)	(405)
Cost of shares repurchased	–	–	(1,533)	(1,533)
Loans taken out	19,049	19,049	25,102	25,102
Loans matured	(19,049)	(19,049)	(24,399)	(24,399)
Finance costs	(226)	(226)	(215)	(215)
<b>Net cash from financing activities</b>	<b>(226)</b>	<b>(226)</b>	<b>17,746</b>	<b>17,746</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(23,236)</b>	<b>(23,320)</b>	<b>(6,824)</b>	<b>(6,935)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>42,050</b>	<b>38,488</b>	<b>58,222</b>	<b>53,379</b>
Effect of foreign exchange rate changes	723	723	160	160
<b>Cash and cash equivalents at the end of the period</b>	<b>19,537</b>	<b>15,891</b>	<b>51,558</b>	<b>46,604</b>

# NOTES TO THE ACCOUNTS

## 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 2006.

The unaudited accounts to 31 October 2006 have been prepared using the accounting policies used in the Group's annual accounts to 30 April 2006. These accounting policies are 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.

The results contained in this interim report for the six months ended 31 October 2006 do not constitute statutory accounts as defined in section 240 of the Companies Act 1985. The financial information for the half years ended 31 October 2005 and 2006 have not been audited. The financial information for the year ended 30 April 2006 has been extracted from the full statutory accounts for that year, prepared under IFRS. The report of the auditors on those accounts contained no qualification or statement under either section 237(2) or 237(3) of the Companies Act 1985 and they have been delivered to the Registrar of Companies.

## 2 EARNINGS PER ORDINARY SHARE

Earnings per ordinary share is based on the net loss after taxation attributable to the ordinary shares of £32,629,000 (31 October 2005 – profit of £37,457,000; 30 April 2006 – profit of £88,502,000) and on 139,990,821 (31 October 2005 – 117,669,333; 30 April 2006 – 127,193,972) ordinary shares, being the weighted average number of shares in issue during the period.

## 3 NET ASSET VALUE PER ORDINARY SHARE

Net asset value per ordinary share is based on net assets attributable to the ordinary shares of £325,573,000 (31 October 2005 – £292,344,000; 30 April 2006 – £358,202,000) and on 139,990,821 (31 October 2005 – 134,238,821; 30 April 2006 – 139,990,821) ordinary shares, being the number of ordinary shares in issue at the end of the period.

## 4 DAILY NAV

The NAV released to the London Stock Exchange is calculated in accordance with the AIC recommendations and is not on the same basis as the numbers reported in these accounts. The daily NAV does not reflect retained earnings or losses.

## 5 DIVIDEND

In accordance with stated policy, no interim dividend has been declared for the period (31 October 2005 and 30 April 2006 – nil).

# SHAREHOLDER AND INVESTOR INFORMATION

## DIRECTORS

RKA Wakeling  
PF Dicks  
DJ Gamble  
BJD Ashford-Russell

## INVESTMENT MANAGER

Polar Capital LLP  
Authorised and regulated by the Financial Services Authority

## FUND MANAGER

B Rogoff

## DEPUTY FUND MANAGER

C Mercer

## SECRETARY

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

## REGISTERED OFFICE

4 Matthew Parker Street, London SW1H 9NP  
020 7227 2700

## AUDITORS

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

## BANKERS AND CUSTODIAN

JPMorgan Chase Bank NA, 125 London Wall, London EC2Y 5AJ

## REGISTERED NUMBER

Registered in England and Wales No. 3224867

## COMPANY WEBSITE

[www.polarcapitaltechnologytrust.co.uk](http://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  
The Causeway, Worthing, West Sussex BN99 6DA

Shareholder helpline: 0870 6015366

[www.shareview.co.uk](http://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  
or 00 44 1733 285784 if phoning from overseas  
Fax: 01733 285822

## SHARE PRICE AND PERFORMANCE DETAILS

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

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

Share price information is also available from the London Stock Exchange Website [www.londonstockexchange.co.uk](http://www.londonstockexchange.co.uk) (PCT), Bloomberg (PCT.LN), Reuters (PCT.L), and SEDOL – 0422002.

## PORTFOLIO DETAILS

Portfolio information is provided to the AIC for its monthly statistical information service ([www.theaic.co.uk](http://www.theaic.co.uk)) and monthly fact sheets, as well as previous copies of annual report and accounts, are available on the Company's website.



# INVESTING

## MARKET PURCHASES

The 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 sale service offered by Lloyds TSB Registrars to be made available. For telephone sales call 08708 500852 between 8.30am and 4.30pm, Monday to Friday and for internet sales log on to [www.shareview.co.uk/dealing](http://www.shareview.co.uk/dealing)

## SAVINGS SCHEME & ISA

The Company has also 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 in to 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 feature 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 358 1109  
or 00 44 1733 285784 if phoning from overseas  
Fax: 01733 285822**

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