

HALF YEAR REPORT  
FOR THE HALF YEAR ENDED 31 OCTOBER 2007

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. The investment manager believes 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 LLP has been the appointed investment manager throughout the year. Mr Ben Rogoff, the appointed fund manager, has been responsible for the Company's portfolio since 1 May 2006. Mr Craig Mercer is deputy fund manager and along with Mr Ben Rogoff directs a team of technology specialists.

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

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 2007	(Audited) Year ended 30 April 2007	Movement %
Net assets per ordinary share	253.43p	239.66p	5.7%
Price per ordinary share	230.75p	228.00p	1.2%
Total net assets	£351,003,000	£335,498,000	4.6%
Shares in issue	138,498,914	139,990,821	-1.1%

## INDEX CHANGES OVER THE HALF YEAR ENDED 31 OCTOBER 2007 (TOTAL RETURN)

	Local Currency %	Sterling Adjusted %
<b>Benchmark:</b>		
Dow Jones World Technology	17.7	13.3
<b>Technology Indices:</b>		
NYSE Arca Technology 100	8.9	4.8
MS Eurotec (based in US dollars)	12.8	8.6
FTSE Techmark 100	–	7.3
Tecdax	21.4	23.8
Tokyo SE Electronics	-7.1	-7.3
MSCI AC Asia Pacific ex Japan Information Technology	18.4	14.0
<b>Market Indices:</b>		
FTSE World	–	5.6
S&P 500 Composite	5.5	1.6
FTSE All-Share	–	4.6
FTSE World Europe (ex UK)	–	4.2
Tokyo SE (Topix)	-4.2	-4.4
FTSE World Pacific Basin (ex Japan)	–	28.4

## EXCHANGE RATES

	31 October 2007	30 April 2007
US\$ to £	2.0774	1.9999
Japanese Yen to £	239.49	238.99
Euro to £	1.4359	1.4653

## CHAIRMAN'S REVIEW

The half year to 31 October 2007 produced an encouraging performance from the technology sector in a number of key markets. In the US, technology shares outperformed the general market with the largest capitalisation stocks showing remarkable strength as excess global liquidity was funnelled into an unusually narrow number of stocks. However, the dollar's weakness remained a negative influence on performance. European technology indices also outperformed although the breadth of their advance was similarly narrow. In contrast, Asian technology shares disappointed, with Japanese stocks falling and those elsewhere in the Pacific region trailing the extraordinary advances recorded by regional general market indices. Over the six months, the Dow Jones World Technology Index rose by 13.3% (in sterling terms) which reflected its significant exposure to large capitalisation US stocks. This return meaningfully outpaced other global technology indices; for example our former benchmark (which is much more diversified by geography and market capitalisation) rose just 6.0% (in sterling terms) over the period.

The Company's net assets rose by 5.7% over the half year. This increase lagged that of the Dow Jones World Technology Index due to our low representation in the largest capitalisation US technology stocks as well as the weak performance of the Japanese technology sector.

The extent of the divergence between your Company's performance and the Dow Jones World Technology Index is unprecedented. A number of reasons however, may help to explain the extraordinary performance of large and mega-cap technology shares. Firstly, evidence is increasing to support our long held view that the technology sector would (and did) reach a relative low point

during the third quarter of 2006. Given how bruised investors had been during the technology bear market, it is perhaps understandable that they should return first to the larger capitalisation stocks with which they are more familiar. Secondly, while many of these companies are unlikely to be the leaders of the new cycle unfolding, some such as Google, Apple and Research in Motion are undoubtedly well positioned, whilst others have offered an acceptable level of shorter term growth prospects relative to their valuation. Thirdly, the current credit market dislocation has undoubtedly served to reduce risk appetite and to encourage a preference for liquidity. Consequently the recovery that has taken place in global stock markets since mid August has been unusually narrow.

Given the experience of the last half year, our fund manager proposed a change of asset allocation. Consequently in the future we expect to operate with a higher base level of exposure to the USA and a lower one in Japan. To a large extent this reflects the far greater depth of the US technology market as compared to that of any other region and the tendency in previous technology bull markets for the USA to lead. It also reflects our disappointment at the slow pace of change in Japan. We have already implemented these changes and as a result have reduced the size of the Yen loan which has been financing our Japanese exposure.

The plight of Japanese technology shares reflects both the weakness of the Japanese equity market and the semiconductor sub-sector. Increased optimism regarding likely structural change in response to shareholder pressure has certainly proved premature.

Conditions in the world technology industry have certainly improved in 2007. Although consumer spending has been under some

pressure, the appetite for new technology has remained very positive. Moreover, demand from the developing economies has proved to be a major source of strength for most US technology suppliers, aided by the continuing weakness of the US Dollar. Capital spending has, however, remained subdued in spite of the very strong cash flow being generated by the corporate sector. Indeed the discipline being shown by companies in areas such as the semiconductor industry has been a major source of underperformance for our Asian portfolio where our enthusiasm for semiconductor capital equipment suppliers has proved both premature and costly. In a more general sense, this spending discipline may ultimately be deleterious to productivity growth and, as such, is likely to prove transitory. Certainly a renewed focus on productivity enhancement is critical to the global economy and should prove very beneficial to the technology industry.

In addition to a more favourable spending backdrop we believe that we are currently in the early stages of a new technology cycle that is being driven by a plethora of technologies that leverage the Internet. In terms of infrastructure, the Internet is beginning to render obsolete existing IT architectures by allowing technologies such as 'virtualisation' and 'grid-computing' to harness the availability of cheap bandwidth and commodity hardware in order to lower the cost of computing. Similarly, the ability to deliver information instantaneously across the Internet is allowing global corporations to reorganise how data is stored and processed. More important still are the new applications such as advertising, 'software-as-a-service' and social networking that are thriving as a result of leveraging the internet as a delivery mechanism. The pervasive nature of the Internet is also

beginning to impact the wireless world due to the proliferation of broadband-capable handsets and infrastructure which should result in an explosion in mobile data usage over the coming years. Whilst broadband remains the most significant technology driver today another important source of demand is emanating from the environmental technology domain. With a number of governments providing subsidies and mandated production targets, renewable energy adoption is accelerating globally. We continue to favour solar as the most scalable of the alternative energy technologies. Beyond energy production, the technology industry is playing a pivotal role in helping reduce the environmental impact of existing practices whilst improving energy efficiency in areas such as lighting and electricity transmission.

This sanguine view of the technology cycle and equity markets in general depends on the scenario that, despite a number of significant challenges, the US economy will avoid recession in 2008. That being said, we are far from complacent about the risks posed to this thesis, most notably the weakening US housing market, the crisis in the banking system and sharply higher energy prices. However, benign core inflation affords the Federal Reserve Board significant monetary flexibility that may well be sufficient to underpin the US economy. The quid pro quo may be further US Dollar weakness although there appears to be less risk versus Sterling than against a weighted basket of currencies.

We believe that in the absence of a US recession the technology leadership which began in the fourth-quarter of 2006 is set to continue due to the sector's superior earnings outlook next year and undemanding relative valuations. With a myriad of new

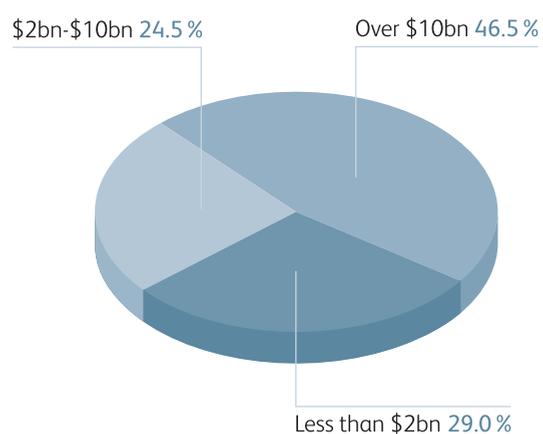
products offering compelling returns to would-be buyers, the outlook for technology spending is likely to remain robust against anything other than a recessionary backdrop.

Against a backdrop of widening discounts for investment trusts, we decided to repurchase and cancel 1.5m shares in the six month period to 31 October 2007 and to date a further 1.4m shares have been purchased and cancelled. All these purchases have been at prices well below net asset value and consequently have had the effect of enhancing net assets per share for continuing shareholders.

**Richard Wakeling**  
11 December 2007

## PORTFOLIO ANALYSIS

### FUND DISTRIBUTION BY MARKET CAPITALISATION AT 31 OCTOBER 2007



### CLASSIFICATION OF INVESTMENTS AT 31 OCTOBER 2007

	North America %	Europe %	Asia %	Total 31 October 2007 %	Total 30 April 2007 %
Computing	12.4	0.6	1.4	14.4	14.6
Components	10.2	2.9	5.5	18.6	31.1
Software	13.5	5.5	–	19.0	17.4
Services	0.6	1.9	0.4	2.9	5.8
Communications	7.0	2.0	0.6	9.6	6.9
Life Sciences	7.6	1.5	–	9.1	8.4
Consumer, Media & Internet	3.6	5.3	1.9	10.8	3.4
Other Technology	5.9	3.8	2.3	12.0	15.4
Unquoted Investments	0.5	0.3	–	0.8	0.9
Money Market Funds	–	–	–	–	1.0
<b>Equity investments</b>	<b>61.3</b>	<b>23.8</b>	<b>12.1</b>	<b>97.2</b>	<b>104.9</b>
Net Current Assets	2.0	7.5	1.0	10.5	6.3
Loans	–	–	(7.7)	(7.7)	(11.2)
<b>Other net assets/(liabilities)</b>	<b>2.0</b>	<b>7.5</b>	<b>(6.7)</b>	<b>2.8</b>	<b>(4.9)</b>
<b>Grand total (net assets of £351,003,000)</b>	<b>63.3</b>	<b>31.3</b>	<b>5.4</b>	<b>100.0</b>	<b>–</b>
At 30 April 2007 (net assets of £335,498,000)	61.3	24.8	13.9	–	100.0

## EQUITY INVESTMENTS OVER 0.75% OF NET ASSETS AT 31 OCTOBER 2007

## NORTH AMERICA

£'000s			% of net assets
12,074	Apple Computers	Computing	3.4%
9,675	Google	Internet	2.8%
7,842	Cisco Systems	Data networking	2.2%
7,113	Qualcomm	Wireless IP	2.0%
6,866	Applied Materials	Semiconductor capital equipment	2.0%
6,746	Adobe Systems	Software	1.9%
5,795	Nuance Communications	Software	1.7%
5,499	Texas Instruments	Semiconductors	1.6%
5,389	International Business Machines	IT services	1.5%
5,271	Hewlett-Packard	Hardware	1.5%
4,698	Ciena	Telecoms equipment	1.3%
4,501	Oracle	Software	1.3%
4,239	EMC	Computing	1.2%
3,964	Lam Research	Semiconductor capital equipment	1.1%
3,894	DST Systems	IT services	1.1%
3,787	Lockheed Martin	Aerospace/defence	1.1%
3,680	Broadcom	Semiconductors	1.0%
3,669	Electronic Arts	Software	1.0%
3,489	Citrix Systems	Software	1.0%
3,471	Genzyme Transgenics	Biotechnology	1.0%
3,455	Comtech Telecommunications	Telecom equipment	1.0%
3,416	Thermo Electron	Instruments	1.0%
3,391	Itron	Instruments	1.0%
3,235	Harris	Telecom equipment	0.9%
3,235	Research In Motion	Telecom equipment	0.9%
3,220	Cypress Semiconductor	Semiconductors	0.9%
3,063	Digital River	Internet	0.9%
3,012	BF Goodrich	Aerospace/defence	0.9%
2,922	Millipore	Life sciences	0.8%
2,893	Autodesk	Software	0.8%
2,810	KLA Tencor	Semiconductor capital equipment	0.8%
2,798	Raytheon	Aerospace/defence	0.8%
2,776	Altera	Semiconductors	0.8%
2,747	Genentech	Biotechnology	0.8%
2,633	Hologic	Medical equipment	0.8%
157,268	Total investments over 0.75 %		44.8%
58,040	Other investments		16.5%
215,308	Total North American investments		61.3%

## PORTFOLIO ANALYSIS (CONTINUED)

### EQUITY INVESTMENTS OVER 0.75% OF NET ASSETS AT 31 OCTOBER 2007

#### EUROPE

£'000s			% of net assets
5,013	Aveva	Software	1.4%
4,867	Philips Electronics	Medical/consumer	1.4%
4,196	Nokia	Wireless handsets	1.2%
4,097	Business Objects	Software	1.2%
3,774	ARM	Semiconductor IP	1.1%
3,708	Wirecard	Internet services	1.1%
3,482	United Internet	Internet services	1.0%
3,416	NDS	Encryption software	1.0%
3,400	Telecity	Data services	1.0%
3,256	Tele Atlas	Navigation	0.9%
3,254	Fidessa	Software	0.9%
3,182	Fresenius Medical Care	Renal care products & services	0.9%
3,033	Sword	IT Services	0.9%
2,681	Tandberg	Video conferencing equipment	0.8%
51,359	Total investments over 0.75 %		14.8%
31,640	Other investments		9.0%
82,999	Total European investments		23.8%

#### ASIA

£'000s			% of net assets
5,377	Renesola	Solar wafers	1.5%
4,493	Union Tool	Electronic components	1.3%
3,669	Tokyo Seimitsu	Semiconductors	1.0%
3,431	Nidec	Electronic components	1.0%
3,413	Ibiden	Electronic components	1.0%
2,829	Mitac International	Computing	0.8%
2,708	Sony	Consumer	0.8%
25,920	Total investments over 0.75 %		7.4%
16,325	Other investments		4.7%
42,245	Total Asian investments		12.1%

# CONSOLIDATED INCOME STATEMENT

FOR THE HALF YEAR ENDED 31 OCTOBER 2007

	(Unaudited) Half year ended 31 October 2007			(Unaudited) Half year ended 31 October 2006			(Audited) Year ended 30 April 2007		
	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	1,934	–	1,934	1,469	–	1,469	2,495	–	2,495
Other operating income	372	–	372	345	–	345	694	–	694
Gains/(losses) on investments held at fair value	–	20,741	20,741	–	(32,561)	(32,561)	–	(21,940)	(21,940)
Other (losses)/gains	–	(1,113)	(1,113)	–	723	723	–	1,294	1,294
<b>Total income</b>	<b>2,306</b>	<b>19,628</b>	<b>21,934</b>	<b>1,814</b>	<b>(31,838)</b>	<b>(30,024)</b>	<b>3,189</b>	<b>(20,646)</b>	<b>(17,457)</b>
<b>Expenses</b>									
Investment management fee	(2,025)	–	(2,025)	(1,829)	–	(1,829)	(3,793)	–	(3,793)
Other administrative expenses	(503)	–	(503)	(422)	–	(422)	(747)	–	(747)
<b>Profit/(loss) before finance costs and tax</b>	<b>(222)</b>	<b>19,628</b>	<b>19,406</b>	<b>(437)</b>	<b>(31,838)</b>	<b>(32,275)</b>	<b>(1,351)</b>	<b>(20,646)</b>	<b>(21,997)</b>
Finance costs	(256)	–	(256)	(244)	–	(244)	(485)	–	(485)
<b>Profit/(loss) before tax</b>	<b>(478)</b>	<b>19,628</b>	<b>19,150</b>	<b>(681)</b>	<b>(31,838)</b>	<b>(32,519)</b>	<b>(1,836)</b>	<b>(20,646)</b>	<b>(22,482)</b>
Tax	(244)	–	(244)	(110)	–	(110)	(222)	–	(222)
<b>Net profit/(loss) for the period</b>	<b>(722)</b>	<b>19,628</b>	<b>18,906</b>	<b>(791)</b>	<b>(31,838)</b>	<b>(32,629)</b>	<b>(2,058)</b>	<b>(20,646)</b>	<b>(22,704)</b>
<b>Earnings per ordinary share (pence)</b>			<b>13.59p</b>			<b>(23.31p)</b>			<b>(16.22p)</b>

The total columns of this statement represent 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 2007

(Unaudited) Half year ended 31 October 2007

	Ordinary share capital £'000	Capital redemption reserve £'000	Share premium £'000	Warrant exercise reserve £'000	Retained earnings £'000	Total £'000
Group and Company						
Total equity at 30 April 2007	34,998	9,214	117,902	7,536	165,848	335,498
Profit for the period	–	–	–	–	18,906	18,906
Shares bought back for cancellation	(373)	373	–	–	(3,401)	(3,401)
Total equity at 31 October 2007	34,625	9,587	117,902	7,536	181,353	351,003

(Unaudited) Half year ended 31 October 2006

	Ordinary share capital £'000	Capital redemption reserve £'000	Share premium £'000	Warrant exercise reserve £'000	Retained earnings £'000	Total £'000
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)
Total equity at 31 October 2006	34,998	9,214	117,902	7,536	155,923	325,573

(Audited) Year ended 30 April 2007

	Ordinary share capital £'000	Capital redemption reserve £'000	Share premium £'000	Warrant exercise reserve £'000	Retained earnings £'000	Total £'000
Total equity at 30 April 2006	34,998	9,214	117,902	7,536	188,552	358,202
Loss for the year	–	–	–	–	(22,704)	(22,704)
Total equity at 30 April 2007	34,998	9,214	117,902	7,536	165,848	335,498

# CONSOLIDATED AND COMPANY BALANCE SHEETS

AT 31 OCTOBER 2007

	(Unaudited)		(Unaudited)		(Audited)	
	Half year ended 31 October 2007	Half year ended 31 October 2006	Half year ended 31 October 2006	Half year ended 31 October 2006	Year ended 30 April 2007	Year ended 30 April 2007
	Group £'000	Company £'000	Group £'000	Company £'000	Group £'000	Company £'000
<b>Non current assets</b>						
Investments held at fair value	340,552	342,692	348,128	348,585	352,205	352,463
<b>Current assets</b>						
Other receivables	15,033	18,285	9,956	13,145	5,829	9,056
Cash and cash equivalents	36,119	30,727	19,537	15,891	22,059	18,574
	51,152	49,012	29,493	29,036	27,888	27,630
<b>Total assets</b>	<b>391,704</b>	<b>391,704</b>	<b>377,621</b>	<b>377,621</b>	<b>380,093</b>	<b>380,093</b>
<b>Current liabilities</b>						
Other payables	(13,518)	(13,518)	(11,725)	(11,725)	(6,895)	(6,895)
Bank loans	(10,439)	(10,439)	(17,946)	(17,946)	(37,700)	(37,700)
	(23,957)	(23,957)	(29,671)	(29,671)	(44,595)	(44,595)
<b>Total assets less current liabilities</b>	<b>367,747</b>	<b>367,747</b>	<b>347,950</b>	<b>347,950</b>	<b>335,498</b>	<b>335,498</b>
<b>Non current liabilities</b>						
Bank loans	(16,744)	(16,744)	(22,377)	(22,377)	–	–
<b>Net assets</b>	<b>351,003</b>	<b>351,003</b>	<b>325,573</b>	<b>325,573</b>	<b>335,498</b>	<b>335,498</b>
<b>Equity attributable to equity shareholders</b>						
Ordinary share capital	34,625	34,625	34,998	34,998	34,998	34,998
Capital redemption reserve	9,587	9,587	9,214	9,214	9,214	9,214
Share premium	117,902	117,902	117,902	117,902	117,902	117,902
Warrant exercise reserve	7,536	7,536	7,536	7,536	7,536	7,536
Retained earnings	181,353	181,353	155,923	155,923	165,848	165,848
<b>Total equity</b>	<b>351,003</b>	<b>351,003</b>	<b>325,573</b>	<b>325,573</b>	<b>335,498</b>	<b>335,498</b>
<b>Net asset value per ordinary share</b>	<b>253.43p</b>	<b>253.43p</b>	<b>232.57p</b>	<b>232.57p</b>	<b>239.66p</b>	<b>239.66p</b>

# CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS

FOR THE HALF YEAR ENDED 31 OCTOBER 2007

	(Unaudited) Half year ended 31 October 2007		(Unaudited) Half year ended 31 October 2006		(Audited) Year ended 30 April 2007	
	Group £'000	Company £'000	Group £'000	Company £'000	Group £'000	Company £'000
<b>Cash flows from operating activities</b>						
Profit/(loss) before finance costs and tax	19,406	19,406	(32,275)	(32,275)	(21,997)	(21,997)
Adjustments for:						
Decrease in investments	12,766	10,884	10,767	10,722	9,202	9,352
Increase in receivables	(9,198)	(9,223)	(5,609)	(5,648)	(1,489)	(1,566)
Increase/(decrease) in payables	6,612	6,612	4,214	4,214	(6,314)	(6,314)
	10,180	8,273	9,372	9,288	1,399	1,472
Net cash from operating activities before tax	29,586	27,679	(22,903)	(22,987)	(20,598)	(20,525)
Taxation paid	(250)	(250)	(107)	(107)	(212)	(212)
Net cash from operating activities	29,336	27,429	(23,010)	(23,094)	(20,810)	(20,737)
<b>Cash flows from financing activities</b>						
Cost of shares repurchased	(3,401)	(3,401)	–	–	–	–
Loans matured	(26,827)	(26,827)	(19,049)	(19,049)	(40,652)	(40,652)
Loans taken out	16,285	16,285	19,049	19,049	40,652	40,652
Finance costs	(220)	(220)	(226)	(226)	(475)	(475)
Net cash from financing activities	(14,163)	(14,163)	(226)	(226)	(475)	(475)
Net increase/(decrease) in cash and cash equivalents	15,173	13,266	(23,236)	(23,320)	(21,285)	(21,212)
Cash and cash equivalents at the beginning of the period	22,059	18,574	42,050	38,488	42,050	38,488
Effect of foreign exchange rate changes	(1,113)	(1,113)	723	723	1,294	1,298
Cash and cash equivalents at the end of the period	36,119	30,727	19,537	15,891	22,059	18,574

# NOTES TO THE ACCOUNTS

FOR THE HALF YEAR ENDED 31 OCTOBER 2006

## 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 2007.

The unaudited accounts to 31 October 2007 have been prepared using the accounting policies used in the Group's annual accounts to 30 April 2007. 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 financial information contained in this half year report does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. The results for the six months ended 31 October 2007 and 31 October 2006 have not been audited. Full statutory accounts for the year ended 30 April 2007, prepared under IFRS, 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.

The financial statements are presented in GBP and all values are rounded to the nearest thousand pounds (£'000) except where otherwise stated.

## 2. EARNINGS PER ORDINARY SHARE

Earnings per ordinary share is based on the net profit after taxation attributable to the ordinary shares of £18,906,000 (31 October 2006 – loss of £32,629,000; 30 April 2007 – loss of £22,704,000) and on 139,125,123 (31 October 2006 – 139,990,821; 30 April 2007 – 139,990,821) 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 £351,003,000 (31 October 2006 – £325,573,000; 30 April 2007 – £335,498,000) and on 138,498,914 (31 October 2006 – 139,990,821; 30 April 2007 – 139,990,821) ordinary shares, being the number of ordinary shares in issue at the end of the period.

## 4. SHARE CAPITAL

During the period, the Company made market purchases of 1,491,907 of its own ordinary shares for cancellation for a total consideration of £3,401,556 including stamp duty (nominal value of £372,977).

## 5. 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.

## 6. DIVIDEND

In accordance with stated policy, no interim dividend has been declared for the period (31 October 2006 and 30 April 2007 – nil).

## 7. VAT ON INVESTMENT MANAGEMENT FEES

Following the European Court of Justice ruling in June 2007 that investment trusts should be treated as special investment funds, HM Revenue & Customs have accepted that the provision of investment management services to investment trusts is exempt from VAT.

As a result, the Company will no longer pay VAT on its investment management fees and may be able to recover some VAT suffered on these fees in the past. The Company is currently working with its manager and advisors on a potential reclaim of previously paid VAT but at present is not in a position to quantify the amount of any recovery.

## RESPONSIBILITY STATEMENT

The Directors of Polar Capital Technology Trust plc, which are listed in the Shareholder Information Section, confirm to the best of their knowledge:

- The condensed set of financial statements have been prepared in accordance with IAS34 as adopted by the European Union.
- The Chairman's Review (constituting the interim management report) includes a fair review of the information required by the Disclosure and Transparency Rules 4.2.7R.
- In accordance with DTR 4.2.8R there have been no new related party transactions during the six months to 31 October 2007 and therefore nothing to report on any material effect by such transactions on the financial position or performance of the Company during that period. There have been no changes in any related party transaction described in the last annual report that could have a material effect on the financial position or performance of the company in the first six months of the current financial year.
- The half-yearly financial report has not been audited or reviewed by the Auditors.
- The half-yearly financial report was approved by the Board on 11 December 2007 and the responsibility statement was signed on its behalf by Richard Wakeling, Chairman of the Board.

## SHAREHOLDER AND INVESTOR INFORMATION

### DIRECTORS

RKA Wakeling (Chairman)  
BJD Ashford-Russell  
PF Dicks,  
DJ Gamble  
RAS Montagu  
MB Moule.

### 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

### INDEPENDENT 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.

Equiniti Limited  
Aspect House, Spencer Road, Lancing,  
West Sussex BN99 6DA

Shareholder helpline: 0870 6015366

[www.shareview.co.uk](http://www.shareview.co.uk)

### 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 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.

**aic**  
The Association of  
Investment Companies

## 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 Equiniti 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 shares of the Company may also be purchased through arrangements offered by BNP Paribas Fund Services and Alliance Trust Savings.

BNP Fund Services UK Limited (BNP Paribas) operates and administers both a share savings scheme and an ISA scheme (the Schemes) dedicated to the shares of the Company. BNP Paribas made these Schemes available at the request of the Company and they have operated since 2001. Both the share savings scheme and the ISA are subject to the key features document which should be read before entering into the investment. These Schemes are subject to commission, stamp duty and administration charges which are detailed in the key features document. Information and the key feature document are available from:

**BNP Paribas Fund Services UK Limited (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

Alternatively UK residents can invest through the Alliance Trust. They provide and administer a range of self-select investment plans, including tax-advantaged ISAs and SIPPs (self-invested personal pensions) and also Investment Plans and First Steps, an investment plan for children.

For more information, please contact Alliance Trust on 08000 326 323, or visit [www.alliancetrust.co.uk](http://www.alliancetrust.co.uk)

Please remember that any investment in the shares of Polar Capital Technology Trust either directly or through a savings scheme or ISA carries the risk that the value of your investment and any income from them may go down as well as up due to the fluctuations of the share price, the market and interest rates. This risk may result in an investor not getting back their original amount invested. Past performance is not a guide to future performance.

Polar Capital Technology Trust is allowed to borrow against its assets and this may increase losses triggered by a falling market, however the Company may increase or decrease its borrowing levels to suit market conditions. The Company's shares may reflect the greater volatility of technology shares which themselves are subject to the risks of developing technologies and other commercial risks. Many technology companies are smaller companies and are therefore also subject to the risks attendant on investing in smaller companies. It is therefore important that you read the key features documents and understand the risks associated with investing in the shares of the Company.

If you are in any doubt as to the suitability of a plan or any investment available within a plan, please take professional advice.



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