Polar Capital Technology Trust plc

Half Year Report 2012

Polar Capital Technology Trust plc

Objective

The investment objective is to maximise long-term capital growth through investing in a diversified portfolio of technology companies around the world. The investment policy is set out in full in the Annual Report.

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 focuses on:

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

COVER IMAGE: Tokyo International Airport(Haneda), Michael Hitoshi
THIS SPREAD: Petrified Collection

ABOUT YOUR COMPANY

Financial highlights

Undiluted net assets per ordinary share

370.60p*

30 April 2012: 392.56p

-5.6%

Total net assets

£475,185,000

30 April 2012: £503,292,000

-5.6%

*As at 31 October 2012 there was no dilutive NAV per share as the subscription share conversion price (478p) was above the NAV and the share price of the ordinary shares

Benchmark index:
(Dow Jones World Technology Index, total return Sterling adjusted)

-5.4%

	Half year ended 31 October 2012	Year ended 30 April 2012	%
Share Price			
per ordinary share	**366.00p**	387.00p	-5.4%
per subscription share	**10.22p**	12.75p	-19.8%
Shares in issue			
Ordinary	**128,219,920**	128,208,023	
Subscription	**24,786,282**	24,798,179	

Index chages over the half year ended 31 October 2012 (Total return)	Local Currency %	Sterling Adjusted %
Benchmark:		
Dow Jones World Technology	(6.1)	(5.4)
Other Indices:		
FTSE World	–	2.7
FTSE All-Share	–	3.3
S&P 500 composite	2.2	3.0

INVESTMENT MANAGER'S REPORT
/ Ben Rogoff

Market Review

The half year to 31 October 2012 saw equity markets make further progress as mixed economic data and political uncertainty was ameliorated by decisive intervention by policymakers in both Europe and the US, the FTSE World index rising 2.7% in Sterling terms. Sterling based returns were modestly augmented by US Dollar strength (+0.7%) and gains by the Yen (+0.6%), offset somewhat by Euro weakness (-1.4%). The fiscal first half began with a sharp correction in equity markets as travails in both Spain and Greece reintroduced the real possibility of a Euro exit and/or break-up. Soaring risk aversion saw ten year Spanish sovereign yields rise to 7.4% and the Euro make a new two year low against the US Dollar while perceived 'safe havens' such as ten year US Treasuries and German Bunds entered unchartered territory as yields fell to new lows of 1.4% and 1.2% respectively.

Despite deteriorating economic newsflow over the period, equity markets remained relatively resilient reflecting positive political developments in Europe following the Eurozone decision to lend Spain EUR100bn to shore up its banks and a successful European summit with Germany apparently softening its stance by allowing the European Stability Mechanism (ESM), once ratified, to directly recapitalise banks. That policymakers were alive to the challenge was made apparent in July when ECB President Mario Draghi reiterated that the ECB was "ready to do whatever it takes to preserve the Euro" which by September had taken the form of an open-ended commitment to buy unlimited quantities of short-dated bonds of those countries requesting aid, on the condition they adhere to centrally controlled austerity budgets. This basic pattern of weak economics and decisive intervention in developed markets continued through the balance of the year allowing stocks to continue to climb the so-called 'wall of worry', aided by a strong second quarter earnings season, an additional round of QE in the US and ongoing M&A activity that helped underpin valuations.

While equity markets remained robust into the conclusion of the first fiscal half, there were a number of negative developments that were more fully felt beyond the reporting period. These included heightened political uncertainty (ahead of upcoming elections in the US, Japan, and leadership change in China) with US Presidential elections bringing the so-called 'fiscal cliff' into greater focus. Likewise pockets of civil unrest following the passing of additional austerity measures in France, Greece and Spain led to renewed concern about Eurozone growth while Spanish regional elections raised the possibility of a Catalan referendum on independence. The third quarter reporting season also provided stocks with a significant amount of buffeting as weakening Chinese demand, fiscal uncertainty and unfavourable foreign exchange comparisons took their toll on corporate earnings and/or guidance.

Technology Review

Technology shares significantly underperformed the broader market during the half year, the Dow Jones World Technology Index falling 5.4% in Sterling terms. Most of this underperformance came during the final months of the period as Apple unwound some of its earlier gains, negative trends in the PC market accelerated and the third quarter earnings season proved the most challenging technology reporting period post the 2008/9 crisis. The fiscal year began inauspiciously as the much-awaited Facebook IPO in May proved to be a 'sell the news' event. The sector ceded some relative ground during the Summer as macroeconomic uncertainty and US Dollar strength combined to create a difficult second quarter earnings season. PC related companies bore the brunt of slower growth in emerging markets (particularly China) as unit growth turned decisively negative. While early (and relatively modest) earnings resets from the PC supply chain were explained away by slower global growth, deeper and more widespread downward revisions that followed pointed at more than just a pause ahead of a new Microsoft Windows 8 operating system. Indeed, the announcement of Microsoft's own tablet ('Surface') together with a massive downward revision from HP made it clear that the PC market was in genuinely new (and worrisome) territory.

In contrast, the smartphone and tablet markets continued to make progress with dominant vendors Apple and Samsung and their supply chains continuing to wrest share from former leaders, Nokia and Research in Motion. Despite a lackluster second quarter earnings report, Apple continued its remarkable ascent as investors focused on upcoming product updates. However, the September launch of the iPhone 5 proved another 'sell the news' moment as relatively modest design changes to the phone left investors wanting more. Unfortunately supply constraints resulted in solid, if unspectacular, first weekend sales and sharply lower gross margin guidance when the company reported third quarter earnings, which presaged a late October sell-off that extended into November leaving the stock more than 20% from its all-time highs. A disappointing third quarter report was far from unique to Apple as a more challenging economic environment and uncertainty ahead of leadership change in the US, China and Japan combined to produce a tricky third quarter earnings season. Not only did this combination leave its mark on incumbents whose fortunes are tied to the health of IT budgets, but it also resulted in a number of next-generation companies posting disappointing results and/or guidance.

Portfolio Performance

Our relative performance fell slightly short of the benchmark, with the net asset value per share falling 5.6% during the half year. The performance of small-caps was not the primary cause of this modest shortfall as they fell broadly inline with large-caps over the period, as measured by the Russell 1000 and 2000 technology indices respectively. Instead, the portfolio was negatively impacted by its underweight position in Apple (which outperformed during the period), poor returns from communication stocks due to continued weakness in service provider capital spending while semiconductor stocks bore the brunt of weaker economic trends and a contracting PC market. In terms of positives, relative performance was generated by underweight PC exposure, the decision to retain some liquidity ahead of third quarter earnings season and a number of strong individual stock performances including Ariba, Kenexa, Springsoft and OPNET all of which were acquired during the period for premiums that ranged between 19-42%.

Market Outlook

Markets have been robust this year largely because policymakers have been alive to the need for decisive intervention. However, as evidenced by third quarter earnings season, this intervention remains necessary because the economic recovery remains fragile. With US economic data mixed (ex-housing), European growth remaining elusive and with China showing only limited signs that the worst of its slowdown is behind it, our 'muddling through' thesis is currently being stress tested. However, we have opined previously that we expected a series of 'echoes' as is the norm following financial crises and that given the backdrop of fiscal tightening and de-leveraging these were likely to take the form of growth scares. While we acknowledge that there may be some additional downside risk to 2013 estimates, we believe this is likely to be modest and strongly disagree with the view that the current earnings cycle may have played out. In our experience, the third quarter has always been an awkward seasonal period (especially for technology earnings) even without the added distraction of the Olympics and leadership change in three of the world's most important economies. Following the Chinese leadership transition and conclusion of elections in the US and Japan, investors have refocused on the next significant policy challenge: tackling the so-called 'fiscal cliff'. While US lawmakers have used confrontational rhetoric in early post-election exchanges, we are hopeful that a credible plan will be agreed upon in order to avoid the automatic spending cuts and tax increases that are scheduled to begin in January 2013.

This view, together with our belief that China will avoid a 'hard landing' (there being plenty of policy ammunition available to the new leadership given the absence of inflation) may appear complacent but these positions are entirely compatible with our long held belief that our interests as equity investors have rarely been as closely aligned with those of policymakers as they are today. As such we remain confident that worst case outcomes will continue to be avoided, allowing the global economy to continue to 'muddle through'. If we are correct, equity valuations look well supported even if earnings are subject to some modest further downward revision. This is particularly true relative to other asset classes, especially versus 'safe havens' and their promise of negative real returns. Having looked a little overbought and with sentiment full, if not ebullient at recent highs, markets are more attractive now that investors have become decidedly more bearish (evidenced by our favoured bull-bear indicator and German two year bond yields which hit zero during November). As such (and having retained some liquidity ahead of what we feared could prove a trickier earnings season) we have moved the portfolio to a more fully invested position in order to take advantage of modest valuations, strong balance sheets, favourable seasonality and de-risked fourth quarter earnings expectations.

Risk Factors

As well as the risks outlined above, there are a number of additional risks that investors should consider. These include the risk of sovereign default and/or the break-up of the Eurozone (albeit unlikely in the short term given

INVESTMENT MANAGER'S REPORT continued

the Draghi plan), a 'hard landing' in China and insufficient political will in the developed world to deliver austerity resulting in a loss of market confidence. As in previous years, geopolitical risk remains the most significant exogenous factor to consider, particularly in the Middle East (given the risk to energy prices) with the region in flux as a result of the so-called Arab Spring and Islamist governments assuming power in Egypt and Turkey. With Israel warning that Iran's capability to enrich uranium must be stopped before mid 2013, there is a heightened risk of military action by Israel and/or the US in order to prevent Iran from attaining nuclear capability.

Technology Outlook

Having performed strongly during (and into the close of) our last fiscal year, the technology sector has fared relatively poorly over the half year as a challenging third quarter earnings season reminded investors of the sector's cyclical sensitivity, while slower emerging market growth has revealed the extent of the secular headwinds faced by the PC industry. Although we are not expecting a sharp snapback in corporate spending in the fourth quarter, we are hopeful that many of the projects that were delayed due to political/fiscal uncertainty will recommence once corporates have better visibility into how the US intends to tackle its federal budget deficit. At the consumer level, we suspect that a slew of recent product launches (iPhone 5, Google Nexus 7, iPad Mini, Windows Surface, Amazon Kindle Fire HD) may have elongated purchase decisions too. While a few of our core holdings delivered disappointing third quarter results, it was not all doom and gloom evidenced by strong reports from a number of our companies including ARM Holdings, eBay, Facebook, Ixia and Radware.

We continue to believe that technology valuations remain compelling, particularly after the recent correction and even more so once adjusted for the sector's disproportionately strong balance sheet. As such we remain hopeful that the sector should remain a solid 'each way' bet for generalists – attractive for both its operating leverage and (in the event of a difficult market) its unrivalled net cash position. However, the combination of slower economic growth and the deflationary impact of a new technology cycle is likely to continue to dampen overall IT spending. Unfortunately for IT managers, muted budget growth is entirely at odds with computing needs that are increasing inexorably. As such we expect corporate fortunes to continue to bifurcate as IT buyers are forced to reallocate their budgets in favour of cheaper, disruptive alternatives – a dynamic entirely consistent with previous periods of economic uncertainty. Given our view that the technology sector has entered a more pernicious phase we anticipate significantly more uneven value creation and elevated (not to mention expensive) M&A activity as incumbents attempt to reinvent themselves with even greater urgency.

However, as a result of 'top down' concerns, investors have spent much of the half year seeking refuge in expensive, mega-cap 'stores of wealth', continuing a trend that commenced in April 2011. While this dynamic has aided the performance of several of our largest holdings, it has also contributed significantly to the 'crowding out' of small-caps resulting in them giving up all of their post 2008 outperformance versus large-caps. Having telegraphed our intent in our last annual report to move more materially away from legacy incumbents (and therefore our market cap weighted index) we are excited about the value on offer in small and mid-caps many of which have been left for dead by investors myopically focused on the preservation of capital and/or yield generation. With the new cycle becoming ever more problematic for incumbents we anticipate further increasing our small and mid-cap weightings in order to increase our exposure to favoured themes while taking advantage of the 'crowding out' that has been driven by a 'top-down' trade that looks inappropriate when applied to our sector given our new cycle thesis.

In terms of thematic positioning, we are likely to continue to increase our current underweight PC position now that the market has been 'found out' due to the malevolent combination of cyclical and secular headwinds, exacerbated by a hiatus ahead of the release of Windows 8 based devices. We also expect to further reduce our smartphone exposure given rising penetration rates. For now we continue to favour dominant vendors Apple and Samsung and their supply chains, especially those companies like Qualcomm and ARM that are difficult to displace. However, the deteriorating relationship between Apple and Samsung suggests that growth at the expense of weaker players has largely played out. Fortunately, as a result of the recent changes made to our investment policy we have greater flexibility to adjust our holdings to reflect this dynamic. In contrast, we anticipate retaining (and likely increasing) our overweight Internet exposure as we believe the likes of Amazon, eBay, Facebook and Linkedin are natural beneficiaries of cheap and increasingly ubiquitous (due to the proliferation of smartphones and tablets) Internet usage. Advertising, eCommerce, Software as a Service (SaaS) and social networking remain key Internet application categories, in our opinion. More controversially we expect to persist with an overweight communications position that has proved deleterious over the half year as carriers have remained reticent to increase investment in their networks. We remain hopeful that the introduction of 4G devices such as the iPhone 5 will act as an overdue catalyst for accelerated 4G network deployments as appears to be the case in the UK. Recent positive sector newsflow following Softbank's decision to invest in US wireless carrier Sprint, together with more encouraging 2013 spending guidance from AT&T suggests that the worst may already be behind us.

We continue to believe that the sector remains in the early stages of a new, if increasingly disruptive, cycle. This should continue to provide us with exciting investment opportunities at a time when overall technology valuations remain attractive and well supported by the sector's strong balance sheet. We remain most excited about Cloud computing and are continually looking for ways to gain exposure to its next phase which is likely to be characterised by enterprises more fully embracing public and hybrid cloud architectures.

Ben Rogoff
7 December 2012

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Risks and Uncertainties

The Directors consider that the principal risks and uncertainties faced by the Group for the remaining six months of the financial year, which could have a material impact on performance, are consistent with those outlined in the annual report for the year ended 30 April 2012.

These principal risks can be summarised as market volatility, stock pricing and liquidity risk, currency and interest rate risk, counterparty risk, differing economic cycles between different markets and risk inherent in technology, such as obsolescence and consumer acceptance of changes.

The investment manager's report comments on the outlook for market related risks, including the increased volatility in share prices and economic cycles.

The Company has a risk management framework that is a structured process for identifying, assessing and managing the risks associated with the Company's business. The investment portfolio is diversified by geography which mitigates risk but is focused on the technology sector and has a high proportion of investments listed on US markets or exposed to the US Dollar.

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 and give a true and fair view of the financial position of the Company and the Group as at 31 October 2012 and the results for the six months ended 31 October 2012 as required by the Disclosure and Transparency Rules 4.2.4R;
- The Interim Management Report (constituting the Investment Manager's Report) includes a fair review of the information required by the Disclosure and Transparency Rules 4.2.7R.

The half year financial report for the six month period to 31 October 2012 has not been audited or reviewed by the Auditors.

The half year financial report for the six month period to 31 October 2012 was approved by the Board on 7 December 2012 and the responsibility statement was signed on its behalf by Michael Moule, Chairman of the Board.

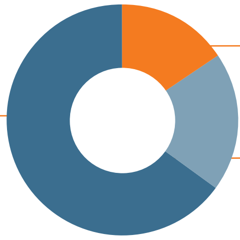
Related Party Transactions

In accordance with DTR 4.2.8R there have been no new related party transactions during the six month period to 31 October 2012 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.

PORTFOLIO REVIEW

Fund Distribution by Market Capitalisation at 31 October 2012

Over US$10bn 64.8%
(30 April 2012: 70.1%)



less than US$2bn 15.7%
(30 April 2012:14.5%)

US$2bn-US$10bn 19.5%
(30 April 2012:15.4%)

% of invested assets
Previous figures (@ 30/4/12)

Classification of group investments at 31 October 2012

	North America %	Europe %	Asia %	Total 31 October 2012 %	Total 30 April 2012 %
Computing	17.7	0.7	0.6	19.0	22.8
Components	0.4	–	0.5	0.9	1.0
Software	20.3	2.1	–	22.4	21.0
Semiconductors	12.0	2.3	9.0	23.3	21.8
Healthcare	0.3	–	–	0.3	–
Telecoms / media	0.5	0.3	–	0.8	0.4
Services	1.0	–	0.3	1.3	1.8
Communications equipment	10.1	1.2	1.2	12.5	14.9
Internet / consumer	10.6	–	3.4	14.0	11.9
Clean energy	0.9	0.7	–	1.6	0.6
Defence/ Security	–	–	–	–	0.2
Other sectors	0.3	–	0.5	0.8	0.5
Unquoted Investments	–	0.2	–	0.2	0.2
Total Investments	74.1	7.5	15.5	97.1	97.1
Other net assets (excluding loans)	4.9	1.0	3.3	9.2	8.8
Loans	(4.5)	–	(1.8)	(6.3)	(5.9)
TOTAL (net assets of £475,185,000)	74.5	8.5	17.0	100.0	–
At 30 April 2012 (net assets of £503,292000)	74.1	8.6	17.3	–	100.0

Source: Polar Capital

Exchange Rates	As at 31 October 2012	As at 30 April 2012
US$ to £	1.61	1.62
Japanese Yen to £	128.77	129.66
Euro to £	1.24	1.23

PORTFOLIO REVIEW continued

Equity Investments at 31 October 2012

/ North America

	Value of holding		% of net assets	
	31 October 2012 £'000	30 April 2012 £'000	**31 October 2012**	30 April 2012
Apple	**53,561**	61,142	**11.3**	12.1
Apple is a leading supplier of personal computers and digital media products that feature the company's proprietary operating system. The company has become somewhat synonymous with the explosion in digital media as evidenced by market share gains in its core business and the spectacular success of its iPod, iTunes and iPhone offerings. Having previously redefined the smartphone category with the iPhone, Apple's iPad has essentially created the tablet market.				
Google	**26,591**	22,921	**5.6**	4.6
Google is the dominant provider of Internet search and online advertising, provider of web applications and tools, as well as a developer of software and mobile applications. The company operates a leading index of web sites and media content and offers an auction based advertising platform. By helping content owners to efficiently find customers online, Google remains a critical element in the growth of Internet advertising and e-commerce.				
Microsoft	**22,304**	23,264	**4.7**	4.6
Microsoft is the largest software company in the world. Founded in 1975, the company has built a dominant franchise in desktop software through its ubiquitous Windows operating system and Office productivity software. Whilst the company is unlikely to be a net beneficiary from the transition towards cloud computing, an ageing PC installed base and a new operating system should create favourable near term tailwinds.				
IBM	**17,506**	15,293	**3.7**	3.0
International Business Machines (IBM) is one of the world's leading providers of enterprise solutions, offering a broad portfolio of hardware, IT services and software solutions. Whilst the company's revenue growth rate has moderated over recent years, it has been able to deliver fairly consistent earnings per share growth as a result of acquisitions, cost-saving initiatives and share repurchases.				
Qualcomm	**12,494**	13,365	**2.6**	2.7
Qualcomm is the world leader in wireless code division multiple access (CDMA) technologies for mobile communications. The company has more than 3,000 patents for CDMA and licenses its IP to the world's leading handset and infrastructure providers. The company also sells chipsets via its QCT division. Recent settlements with Broadcom (2009) and Nokia (2008) resulted in the removal of Qualcomm's legal overhang.				
Oracle	**10,999**	11,415	**2.3**	2.3
Oracle is the leading vendor of relational database management systems (RDBMS) and is the world's second largest software company, with offerings that span database systems, middleware and broad range of applications. Post its acquisition of Sun Microsystems, the company has begun to introduce vertically integrated systems such as its Exaseries products that combine Oracle software and Sun hardware.				
Intel	**10,871**	13,841	**2.3**	2.7
Intel is the world's largest supplier of semiconductor chips. The company designs and manufactures microprocessors, boards and semiconductor components that are used in computers, servers, and networking and communication products. As the world's largest supplier of microprocessors, Intel enjoys a worldwide market share of more than 75%.				
Cisco	**8,214**	10,892	**1.7**	2.2
Cisco Systems is a pre eminent provider of Internet protocol (IP)-based equipment that is used to carry data, voice and video traffic. In addition to its core router and switch offerings, the company also produces IP telephony products, set-top boxes and videoconferencing systems. Although the company should benefit from data traffic growth, this dynamic is being offset by intensifying competition in its core (switching) market.				

	Value of holding		% of net assets	
	31 October 2012 £'000	30 April 2012 £'000	**31 October 2012**	30 April 2012
Facebook	**6,302**	–	**1.3**	–
With over 1bn active monthly users, Facebook is the world's dominant social networking company. A poorly handled IPO and a lacklustre initial quarter as a public company saw Facebook stock halve from its debut price. However, actual results have been respectable given issues at (once important) customer Zynga and the difficulty associated with traffic shifting from desktop to mobile devices.				
VMware	**6,179**	2,753	**1.3**	0.5
VMware is today synonymous with cloud computing as the dominant provider of software used by enterprises to virtualise computing and/or create private clouds. Having largely penetrated its core market, VMware has continued to broaden its product portfolio via internal R&D and a number of high profile acquisitions including the recent $1bn acquisition of next-generation networking vendor Nicira.				
Texas Instruments	**5,534**	5,898	**1.2**	1.2
An early pioneer in the field of semiconductors, TI is today a leading provider of both digital signal processors and analogue / mixed signal chips. The company has adopted a 'fab-light' manufacturing model which allows it to better manage utilisation rates during downturns allowing it to continue to generate strong free cash flows. Last year's acquisition of long-term rival National Semi should allow TI to extend its analog market share while better utilising its industry leading 300m fabs.				
Salesforce.com	**5,319**	6,521	**1.1**	1.3
A leading provider of customer relationship management (CRM) software, Salesforce.com is a standard bearer for a new software delivery model commonly known as 'software as a service' (SAAS). By eliminating many of the upfront and ancillary costs associated with the prevailing licence model, the ability to deliver software 'on demand' is helping Salesforce.com not only expand the applicability of its core product but is also helping the company become a much broader application infrastructure provider.				
Citrix	**5,014**	5,148	**1.1**	1.0
Citrix Systems offer a suite of products that help its customers compute over the wide area network (WAN). Its core product is well established, having been used to deliver Windows desktops and applications from remote servers. Newer offerings allow full desktop images (VDI) to be delivered over the Internet, SaaS collaboration via its GoTo product range, and a delivery controller that helps improve application performance.				
Amazon.com	**4,852**	4,120	**1.0**	0.8
Amazon.com is a dominant eCommerce provider having expanded significantly since its early days as an online book, music and video vendor. Today the company has added a significant number of product categories and sells its own hardware (Kindle-branded e-readers and tablets). In addition, Amazon owns the world's pre-eminent public cloud (Amazon Web Services) and Lovefilm, an online video service.				
eBay	**4,644**	4,549	**1.0**	0.9
While eBay continues to dominate online auctions, it has also expanded significantly into the broader eCommerce market such that fixed-price sales comprise the majority of its transactions. In addition to its eCommerce offering ('marketplace'), eBay also owns PayPal, one of the leading online payment platforms. Both the core and payment business should continue to benefit from growth in eCommerce and mobile payments.				
Red Hat	**4,563**	5,027	**1.0**	1.0
Red Hat dominates the market for Linux, an open-source operating system (OS), that competes against Microsoft Windows and a number of Unix variants. With eight of the top ten public Cloud vendors already running Red Hat Enterprise Licence, Linux appears to be the operating system of choice for large scale Cloud deployments. Recent efforts to integrate virtualisation and middleware should provide the company with additional sources of growth.				

PORTFOLIO REVIEW continued

Equity Investments at 31 October 2012

/ North America

		Value of holding		% of net assets	
		31 October 2012 £'000	30 April 2012 £'000	**31 October 2012**	30 April 2012
EMC	Storage	**4,344**	7,512	**0.9**	1.5
OPNET	Networking	**4,058**	2,651	**0.9**	0.5
F5 Networks	Networking	**3,846**	4,560	**0.8**	0.9
Juniper Networks	Networking	**3,666**	4,850	**0.8**	1.0
Akamai	Internet	**3,636**	–	**0.8**	–
SanDisk	Semiconductors	**3,423**	3,214	**0.7**	0.6
LSI	Semiconductors	**3,368**	3,136	**0.7**	0.6
KLA-Tencor	Semiconductor equipment	**3,291**	–	**0.7**	–
Integrated Device Technology	Semiconductors	**3,224**	3,913	**0.7**	0.8
TIBCO Software	Enterprise software	**3,111**	3,038	**0.7**	0.6
Concur	Software-as-a-Service	**3,047**	3,014	**0.7**	0.6
Seagate	Components	**3,015**	–	**0.6**	–
Linkedin	Internet	**2,930**	1,834	**0.6**	0.4
Teradata	Data warehousing	**2,900**	2,235	**0.6**	0.4
Mellanox	Components	**2,752**	–	**0.6**	–
Aruba Networks	Networking	**2,669**	3,324	**0.6**	0.7
Lam Research	Semiconductors	**2,637**	3,940	**0.6**	0.8
JDS Uniphase	Telecom equipment	**2,631**	–	**0.6**	–
Ixia	Telecom equipment	**2,598**	2,037	**0.5**	0.4
Altera	Semiconductors	**2,592**	1,971	**0.5**	0.4
Intuit	Enterprise software	**2,581**	2,427	**0.5**	0.5
QLIK Technologies	Enterprise software	**2,543**	2,617	**0.5**	0.5
Cavium	Semiconductors	**2,530**	1,986	**0.5**	0.4
Synopsys	Design software	**2,530**	–	**0.5**	–
Check Point Software	Security software	**2,514**	4,242	**0.5**	0.8
Cirrus Logic	Semiconductors	**2,509**	–	**0.5**	–
Teradyne	Semiconductor equipment	**2,459**	3,284	**0.5**	0.7
Mastercard	Payment services	**2,454**	1,115	**0.5**	0.2
Fortinet	Security software	**2,415**	1,447	**0.5**	0.3
Broadcom	Semiconductors	**2,339**	3,155	**0.5**	0.6
Neustar 'A'	Telecom services	**2,270**	–	**0.5**	–
MicroStrategy	Enterprise software	**2,198**	2,448	**0.5**	0.5
Polycom	Videoconferencing	**2,156**	2,676	**0.5**	0.5
Adobe Systems	Enterprise software	**2,110**	3,279	**0.4**	0.6
Silicom	Components	**2,095**	1,659	**0.4**	0.3

		Value of holding		% of net assets	
		31 October 2012 £'000	30 April 2012 £'000	**31 October 2012**	30 April 2012
Xilinx	Semiconductors	**2,032**	1,769	**0.4**	0.4
BroadSoft	Telecom equipment	**2,017**	–	**0.4**	–
NetScout Systems	Networking	**1,964**	2,688	**0.4**	0.5
Network Appliance	Storage	**1,923**	5,124	**0.4**	1.0
Fusion-io	Storage	**1,851**	2,691	**0.4**	0.5
Semtech	Semiconductors	**1,847**	2,470	**0.4**	0.5
National Instruments	Instrumentation	**1,828**	2,345	**0.4**	0.5
Sourcefire	Security software	**1,706**	1,887	**0.4**	0.4
Nvida	Semiconductors	**1,680**	–	**0.4**	–
Micron	Semiconductors	**1,666**	–	**0.4**	–
Nuance Communications	Enterprise software	**1,658**	2,841	**0.3**	0.6
Infoblox	Application software	**1,639**	125	**0.3**	–
Keynote Systems	Enterprise software	**1,629**	–	**0.3**	–
Imperva	Security software	**1,627**	–	**0.3**	–
Itron	Smart metering	**1,589**	1,658	**0.3**	0.3
WaterFurnace	Environmental	**1,581**	1,282	**0.3**	0.3
EnerNOC	Environmental / Clean energy	**1,529**	–	**0.3**	–
Riverbed	Networking	**1,483**	2,570	**0.3**	0.5
Exa	Design software	**1,439**	–	**0.3**	–
Splunk	Enterprise software	**1,261**	–	**0.3**	–
Cognizant	IT Services	**1,241**	2,844	**0.3**	0.6
Pronto Labs	Other	**1,227**	–	**0.3**	–
Athenahealth	Software-as-a-Service	**1,196**	–	**0.3**	–
PROS	Application software	**1,168**	708	**0.2**	0.1
Pervasive Software	Application software	**1,037**	571	**0.2**	0.1
Symmetricom	Telecom equipment	**1,033**	–	**0.2**	–
ServiceNow	Software-as-a-Service	**971**	–	**0.2**	–
Gartner 'A'	Services	**864**	–	**0.2**	–
Kulicke & Soffe Industries	Semiconductor equipment	**856**	–	**0.2**	–
Cerner	Healthcare software	**851**	–	**0.2**	–
E2open	Software-as-a-Service	**843**	–	**0.2**	–
Proofpoint	Security software	**820**	–	**0.2**	–
CommVault Services	Storage software	**775**	769	**0.2**	0.2
Lattice Semiconductor	Semiconductors	**711**	2,316	**0.1**	0.5
Total North American investments		**351,930**		**74.1**	

PORTFOLIO REVIEW continued

Equity Investments at 31 October 2012

/ Europe

		Value of holding		% of net assets	
		31 October 2012 £'000s	30 April 2012 £'000s	**31 October 2012**	**30 April 2012**
SAP		**9,224**	6,558	**1.9**	1.3
SAP is a leading provider of Enterprise Resource Planning (ERP) software that is entrenched in most large companies today, from manufacturing to financial services. The company has been leveraging its strengths in its core business and investing in emerging technologies both via acquisitions and internal R&D efforts. New products that target mobile, Software-as-a-Service (SaaS) and large datasets (known as 'Big Data') are expected to become more important drivers of growth going forward.					
ARM		**4,837**	3,353	**1.0**	0.7
ARM is the global leader in semiconductor IP focused on delivering performance with very low power consumption. The company's technology can be found in >90% of mobile phone application processors and basebands and as such has been a key beneficiary of the proliferation of mobile devices (including new form factors such as the tablet). In recent years, ARM has been driving growth outside of core markets from technology extension (entering the graphics space via Mali) and new verticals (microcontrollers in white goods and networking), and has the ambition to replicate its success in the high value server and PC markets.					
Ericsson	Telecom equipment	**4,021**	4,502	**0.9**	0.9
Impax Environmental Markets	Environmental / Clean Energy	**3,169**	–	**0.7**	–
ASML	Semiconductor equipment	**2,983**	2,738	**0.6**	0.5
Gemalto	Components	**2,009**	639	**0.4**	0.1
Spirent Communications	Telecom equipment	**1,556**	1,966	**0.3**	0.4
Adva Optical Networking	Optical equipment	**1,494**	1,914	**0.3**	0.4
Ingenico	Point of sales equipment	**1,477**	1,901	**0.3**	0.4
ASM International	Semiconductor equipment	**1,435**	1,266	**0.3**	0.3
AMS	Semiconductors	**1,072**	–	**0.2**	–
Dialog Semiconductor	Semiconductors	**1,046**	1,501	**0.2**	0.3
Microgen	Application software	**887**	874	**0.2**	0.2
Herald Ventures Limited Partnership	Unquoted investment	**378**	317	**0.1**	0.1
Herald Ventures Limited Partnership II	Unquoted investment	**270**	261	**0.1**	0.1
Low Carbon Accelerator	Environmental / Clean Energy	**64**	109	**–**	–
Total European investments		**35,922**		**7.5**	

Equity Investments at 31 October 2012

/ Asia

		Value of holding		% of net assets	
		31 October 2012 £'000s	30 April 2012 £'000s	31 October 2012	30 April 2012
Samsung Electronics		**18,732**	19,679	**3.9**	3.9
Samsung manufactures a very wide array of products ranging from components to finished products for both consumer electronics and industrial end markets. The company is particularly renowned for its high global market share in the fields of memory semiconductors, LCD displays, and mobile handsets.					
Taiwan Semiconductor		**10,736**	11,193	**2.3**	2.2
TSMC is the world's largest semiconductor foundry, providing a full range of services from design to product delivery. The company is becoming increasingly dominant at the leading-edge of the technology road-map, where smaller rivals are struggling to adequately resource their product offerings.					
Tencent		**6,960**	6,764	**1.5**	1.3
Tencent Holdings is China's largest internet company by revenue, and offers a suite of online services – primarily entertainment and communication related – to users. The company originally started out as an 'instant messaging' service provider back in 1999, and has gone on to dominate this market in China with over 400 million active accounts. The company are now successfully monetising this enormous 'community' via add-on services such as online gaming.					
Radware	Networking equipment	**4,417**	3,920	**0.9**	0.8
Baidu	Internet	**3,726**	4,601	**0.8**	0.9
MediaTek	Semiconductors	**3,280**	1,179	**0.7**	0.2
Digital Garage	Internet	**2,994**	1,334	**0.6**	0.3
Chipbond	Semiconductors	**2,321**	–	**0.5**	–
Sina	Internet	**2,295**	1,624	**0.5**	0.3
Keyence	Factory automation	**2,237**	2,427	**0.5**	0.5
Fanuc	Factory automation	**2,171**	2,096	**0.5**	0.4
Hoya	Optical components	**2,083**	2,356	**0.4**	0.5
TXC	Components	**1,600**	–	**0.4**	–
Hon Hai Precision Industry	Electronic manufacturing	**1,592**	2,957	**0.3**	0.6
NHN	Internet	**1,480**	–	**0.3**	–
Quanta Computer	Computer hardware	**1,193**	3,498	**0.3**	0.7
ASM Pacific	Semiconductor equipment	**1,146**	1,832	**0.2**	0.4
Canon	Office automation	**1,001**	4,549	**0.2**	0.9
Shinko Electric	Components	**999**	–	**0.2**	–
Fujitsu	IT Services	**930**	2,346	**0.2**	0.5
Lenovo Group	Computer hardware	**650**	2,778	**0.1**	0.6
O-Net Communications	Optical equipment	**575**	782	**0.1**	0.2
Array	Networking equipment	**415**	719	**0.1**	0.1
Total Asian investments		**73,533**		**15.5**	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the half year ended 31 October 2012

		(Unaudited)						(Audited)		
		Half year ended 31 October 2012			Half year ended 31 October 2011			Year ended 30 April 2012		
	Notes	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	2	3,001	–	3,001	2,178	–	2,178	3,539	–	3,539
Other operating income	2	13	–	13	14	–	14	29	–	29
(Losses) / gains on investments held at fair value		–	(27,156)	(27,156)	–	(20,689)	(20,689)	–	34,317	34,317
Loss on derivatives		–	–	–	–	(357)	(357)	–	(307)	(307)
Other currency losses		–	(240)	(240)	–	(698)	(698)	–	(108)	(108)
Total income		3,014	(27,396)	(24,382)	2,192	(21,744)	(19,552)	3,568	33,902	37,470
Expenses										
Investment management fee		(2,616)	–	(2,616)	(2,436)	–	(2,436)	(4,885)	–	(4,885)
Other administrative expenses		(370)	–	(370)	(406)	–	(406)	(718)	–	(718)
Total expenses		(2,986)	–	(2,986)	(2,842)	–	(2,842)	(5,603)	–	(5,603)
(Loss) / profit before finance costs and tax		28	(27,396)	(27,368)	(650)	(21,744)	(22,394)	(2,035)	33,902	31,867
Finance costs		(374)	–	(374)	(454)	–	(454)	(835)	–	(835)
(Loss) / profit before tax		(346)	(27,396)	(27,742)	(1,104)	(21,744)	(22,848)	(2,870)	33,902	31,032
Tax		(422)	–	(422)	(324)	–	(324)	(497)	–	(497)
Net (Loss) / profit for the period and total comprehensive income		(768)	(27,396)	(28,164)	(1,428)	(21,744)	(23,172)	(3,367)	33,902	30,535
Earnings per ordinary share (pence)	3	(0.60)	(21.37)	(21.97)	(1.12)	(17.05)	(18.17)	(2.64)	26.56	23.92

The total column of this statement represents the Group's Statement of Comprehensive Income, prepared in accordance with IFRS as adopted by the European Union.

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.

The net loss for the period of the Company was £28,164,000 (31 October 2011: loss of £23,172,000 and 30 April 2012: profit of £30,535,000).

The Group does not have any other comprehensive income and hence the net profit/(loss), as disclosed above is the same as the Group's total comprehensive income.

CONSOLIDATED BALANCE SHEET
at 31 October 2012

	Notes	(Unaudited) 31 October 2012 Group £'000	(Unaudited) 31 October 2011 Group £'000	(Audited) 30 April 2012 Group £'000
Non current assets				
Investments held at fair value		461,385	426,771	488,587
Current assets				
Derivative financial instruments		–	116	–
Overseas tax recoverable		40	19	14
Other receivables		1,930	9,370	1,334
Cash and cash equivalents		44,649	46,106	49,211
		46,619	55,611	50,559
Total assets		508,004	482,382	539,146
Current liabilities				
Other payables		(2,635)	(4,400)	(5,909)
Bank loans		(10,050)	(30,313)	(9,974)
Total assets less current liabilities		495,319	447,669	523,263
Non current liabilities				
Bank loans		(20,101)	–	(19,949)
Derivative financial instruments		(33)	–	(22)
		(20,134)	–	(19,971)
Net assets		475,185	447,669	503,292
Equity attributable to equity shareholders				
Called-up share capital	4	32,303	32,185	32,300
Capital redemption reserve		12,588	12,588	12,588
Share premium		123,325	121,470	123,271
Special non-distributable reserve		7,536	7,536	7,536
Capital reserves		368,254	340,004	395,650
Revenue reserve		(68,821)	(66,114)	(68,053)
Total equity		475,185	447,669	503,292
Net asset value per ordinary share (pence)	5	370.60	350.48	392.56

CONSOLIDATED CASH FLOW STATEMENT

for the half year ended 31 October 2012

	(Unaudited) Half year ended 31 October 2012 Group £'000	(Unaudited) Half year ended 31 October 2011 Group £'000	(Audited) Year ended 30 April 2012 Group £'000
Cash flows from operating activities			
(Loss)/profit before finance costs and tax	(27,368)	(22,394)	31,867
Adjustment for non-cash items:			
Foreign exchange losses	240	698	108
Adjusted (loss)/profit before finance costs and tax	(27,128)	(21,696)	31,975
Adjustments for :			
Decrease/(increase) in investments	27,202	31,514	(30,186)
(Increase)/decrease in receivables	(596)	260	8,296
Decrease in payables	(3,278)	(11,443)	(9,931)
	23,328	20,331	(31,821)
Net cash (used in)/generated from operating activities before tax	(3,800)	(1,365)	154
Overseas tax deducted at source	(448)	(325)	(493)
Net cash used in from operating activities	(4,248)	(1,690)	(339)
Cash flows from financing activities			
Proceeds from issues of share capital	57	2,127	4,043
Subscription share issue costs paid	–	(2)	(2)
Loans matured	–	(30,461)	(30,461)
Loans taken out	–	30,250	30,250
Finance costs	(359)	(468)	(830)
Net cash (used in)/generated from financing activities	(302)	1,446	3,000
Net (decrease)/increase in cash and cash equivalents	(4,550)	(244)	2,661
Cash and cash equivalents at the beginning of the period	49,211	45,505	45,505
Effect of foreign exchange rate changes	(12)	845	1,045
Cash and cash equivalents at the end of the period	44,649	46,106	49,211

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the half year ended 31 October 2012

	(Unaudited) Half year ended 31 October 2012						
Group	Called-up share capital £'000	Capital redemption reserve £'000	Share premium £'000	Special non-distributable reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
Total equity at 30 April 2012	32,300	12,588	123,271	7,536	395,650	(68,053)	503,292
Total comprehensive income:							
Loss for the period to 31 October 2012	–	–	–	–	(27,396)	(768)	(28,164)
Transactions with owners, recorded directly to equity:							
Issue of ordinary shares on conversion of subscription shares	3	–	54	–	–	–	57
Total equity at 31 October 2012	32,303	12,588	123,325	7,536	368,254	(68,821)	475,185

	(Unaudited) Half year ended 31 October 2011						
Group	Called-up share capital £'000	Capital redemption reserve £'000	Share premium £'000	Special non-distributable reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
Total equity at 30 April 2011	32,031	12,588	119,499	7,536	361,748	(64,686)	468,716
Total comprehensive income:							
Loss for the period to 31 October 2011	–	–	–	–	(21,744)	(1,428)	(23,172)
Transactions with owners, recorded directly to equity:							
Subscription share issue costs	–	–	(2)	–	–	–	(2)
Issue of ordinary share capital	150	–	1,901	–	–	–	2,051
Issue of ordinary shares on conversion of subscription shares	4	–	72	–	–	–	76
Total equity at 31 October 2011	32,185	12,588	121,470	7,536	340,004	(66,114)	447,669

	(Audited) Year ended 30 April 2012						
Group	Called-up share capital £'000	Capital redemption reserve £'000	Share premium £'000	Special non-distributable reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
Total equity at 30 April 2011	32,031	12,588	119,499	7,536	361,748	(64,686)	468,716
Total comprehensive income:							
Profit/(loss) for the year to 30 April 2012	–	–	–	–	33,902	(3,367)	30,535
Transactions with owners, recorded directly to equity:							
Subscription share issue costs	–	–	(2)	–	–	–	(2)
Issue of ordinary share capital	150	–	1,901	–	–	–	2,051
Issue of ordinary shares on conversion of subscription shares	119	–	1,873	–	–	–	1,992
Total equity at 30 April 2012	32,300	12,588	123,271	7,536	395,650	(68,053)	503,292

NOTES TO THE FINANCIAL STATEMENTS
for the six month period ended 31 October 2012

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 month period to 31 October 2012.

The unaudited accounts to 31 October 2012 have been prepared using the accounting policies used in the Group's annual accounts to 30 April 2012. These accounting policies are based on International Financial Reporting Standards ("IFRS"), which comprise standards and interpretations approved by the International Accounting Standards Board ("IASB") and the International Accounting Standards Committee ("IASC"), as adopted by the European Union.

The financial information in this Half Year Report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The financial information for the six month periods ended 31 October 2012 and 31 October 2011 have not been audited. The figures and financial information for the year ended 30 April 2012 are an extract from the latest published accounts and do not constitute statutory accounts for that year. Full statutory accounts for the year ended 30 April 2012, prepared under IFRS, including the report of the auditors which was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498 of the Companies Act 2006, have been delivered to the Registrar of Companies.

The Group's accounting policies have not varied from those described in the Annual Report for the year ended 30 April 2012.

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

2. Income

	(Unaudited) For the half year ended 31 October 2012 £'000	(Unaudited) For the half year ended 31 October 2011 £'000	(Audited) For the year ended 30 April 2012 £'000
Income from investments held at fair value through profit or loss			
Franked dividends	55	65	133
Unfranked dividends	2,946	2,113	3,406
	3,001	2,178	3,539
Other operating income			
Bank interest	13	14	29
Total income	3,014	2,192	3,568

3. Earnings per ordinary share

	(Unaudited) For the half year ended 31 October 2012 £'000	(Unaudited) For the half year ended 31 October 2011 £'000	(Audited) For the year ended 30 April 2012 £'000
Net (loss) / profit for the period:			
Revenue	(768)	(1,428)	(3,367)
Capital	(27,396)	(21,744)	33,902
Total	(28,164)	(23,172)	30,535
Weighted average number of shares in issue during the period	128,210,050	127,498,353	127,651,825
Revenue	(0.60)p	(1.12)p	(2.64)p
Capital	(21.37)p	(17.05)p	26.56p
Total	(21.97)p	(18.17)p	23.92p

The Company has in issue 24,786,282 subscription shares which are convertible into ordinary shares. Further details of the conversion price are given in note 4. There was no dilution of the return per ordinary share in respect of the conversion rights attaching to the subscription shares.

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS continued
for the six month period ended 31 October 2012

4. Called-up share capital

	(Unaudited) 31 October 2012 £'000	(Unaudited) 31 October 2011 £'000	(Audited) 30 April 2012 £'000
Allotted, Called up and Fully paid:			
Ordinary shares of 25p each			
Opening balance of 128,208,023 (31 October 2011 and 30 April 2012: 127,111,211)	32,052	31,778	31,778
Issue of nil (31 October 2011 and 30 April 2012: 600,000) ordinary shares	–	150	150
Conversion of 11,897 (31 October 2011: 19,037; 30 April 2012: 496,812) subscription shares to ordinary shares	3	4	124
Closing balance of 128,219,920 (31 October 2011: 127,730,248; 30 April 2012: 128,208,023) ordinary shares	32,055	31,932	32,052
Subscription shares of 1p each:			
Opening balance of 24,798,179 (31 October 2011 and 30 April 2012: 25,294,991)	248	253	253
Conversion of 11,897 (31 October 2011: 19,037; 30 April 2012: 496,812) subscription shares to ordinary shares	–	–	(5)
Closing balance of 24,786,282 (31 October 2011: 25,275,954; 30 April 2012: 24,798,179) subscription shares	248	253	248
Total share capital	32,303	32,185	32,300

The subscription shares were issued as a bonus issue to the ordinary shareholders on 11 February 2011, on the basis of one subscription share for every five ordinary shares. Each subscription share confers the right (but not the obligation) to subscribe for one ordinary share on the last business day of each month between and including 31 March 2011 and 31 March 2014, when the rights under the subscription shares will lapse.

The conversion price is 478 pence.

5. Net asset value per ordinary share

	(Unaudited) 31 October 2012	(Unaudited) 31 October 2011	(Audited) 30 April 2012
Undiluted:			
Net assets attributable to ordinary shareholders (£'000)	475,185	477,669	503,292
Ordinary shares in issue at end of period	128,219,920	127,730,248	128,208,023
Net asset value per ordinary share	370.60p	350.48p	392.56p

There is no dilutive effect on the net asset value per ordinary share in respect of the conversion rights attaching to the subscription shares as the conversion price is higher than the ordinary share price of the Company at each period end.

6. Dividend

In accordance with stated policy, no interim dividend has been declared for the period (31 October 2011 and 30 April 2012 – nil).

SHAREHOLDER INFORMATION

Share Price and Net Asset Value

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 price 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 The London Stock Exchange Website www.londonstockexchange.co.uk (PCT), Bloomberg (PCT.LN), Datastream (PCT), Lipper (71000395) and Reuters (PCT.L).

The SEDOL code for the ordinary shares is 0422002 and the ISIN is GB004220025.

The SEDOL code for the subscription shares is B615W32 and the ISIN is GB00B615W327.

Portfolio Details

Portfolio information is provided to the AIC for its monthly statistical information service (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 www.polarcapitaltechnologytrust.co.uk

SUBSCRIPTION SHARES

Polar Capital Technology Trust plc issued, as a bonus issue, free of cost, subscription shares on 11 February 2011 to its qualifying shareholders.

Subscription shares offer the right to subscribe for ordinary shares of the Company at pre-determined dates at pre-determined prices and can be bought and sold independently of the ordinary shares on the London Stock Exchange. The subscription price is 478p per Ordinary share.

After the last business day of March 2014, the right to convert subscription shares will lapse.

Subscription shares are qualifying investments for the stocks and shares component of an ISA, and are eligible for inclusion in a UK SIPP.

WARNINGS TO SHAREHOLDERS

Share Prices
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.

Boiler Room Scams
We have become aware that shareholders of the Polar Capital Technology Trust PLC have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based 'brokers' who target UK shareholders, offering to sell them what often turn out to be worthless or high risk shares in US or UK investments or offering to act on the shareholder's behalf on the payment of a retainer or similar in a spurious corporate event . These operations are commonly known as 'boiler rooms'.

It is not just the novice investor that has been duped in this way; many of the victims had been successfully investing for several years. Shareholders are advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports.

If you receive any unsolicited investment advice:

- Make sure you get the correct name of the person and organisation
- Check that they are properly authorised by the FSA before getting involved by visiting www.fsa.gov.uk/fsaregister
- Report the matter to the FSA either by calling 0845 606 1234 or www.fsa.gov.uk/consumerinformation/scamsandswindles
- If the calls persist, hang up

If you deal with an unauthorised firm, you will not be eligible to receive payment under the Financial Services Compensation Scheme.

Details of any share dealing facilities that the company endorses will be included in company mailings.

Forward Looking Statements
Certain statements included in this Half Year Report contain forward-looking information concerning the Company's strategy, operations, financial performance or condition, outlook, growth opportunities or circumstances in the countries, sectors or markets in which the Company operates. By their nature, forward-looking statements involve uncertainty because they depend on future circumstances, and relate to events, not all of which are within the Company's control or can be predicted by the Company. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Actual results could differ materially from those set out in the forward looking statements. For a detailed analysis of the factors that may affect our business, financial performance or results of operations, we urge you to look at the principal risks and uncertainties included in the Business Review in the latest Annual Report and Accounts. No part of these results constitutes, or shall be taken to constitute, an invitation or inducement to invest in Polar Capital Technology Trust plc or any other entity, and must not be relied upon in any way in connection with any investment decision. The Company undertakes no obligation to update any forward-looking statements.

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 2010, the shareholders voted to continue the life of the Company and they will have in 2015 and every five years thereafter the right to approve, or otherwise, the continued existence of the Company.

On 11 February 2011 Subscription Shares were issued free of cost to qualifying shareholders on the basis of one Subscription Share for every five ordinary shares.

At the Annual General Meeting held on 4 September 2012 shareholders approved a revised investment policy to update certain out of date restrictions and reflect changes in UK legislation and the UK Listing Authority rules. The full text of the revised investment policy is set out in the Notice of Annual General Meeting and will be included in next year's annual report. The Notice of Annual General Meeting is available on the Company's website.

Objective

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

Benchmark

The Company has a benchmark of the Dow Jones World Technology Index (total return, sterling adjusted) against which NAV performance is measured for the purpose of assessing performance fees.

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 and is supported by a team of technology specialists.

Fees

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

Information on the Company can be accessed at:
www.polarcapitaltechnologytrust.co.uk and further shareholder information is given in the latest Annual Report.

CONTACTS

Directors
MB Moule (Chairman)
BJD Ashford-Russell
PF Dicks
DJ Gamble
RAS Montagu
SC Bates
PJD Hames

Investment Manager
Polar Capital LLP
Authorised and regulated by the Financial Services Authority

Fund Manager
Ben Rogoff

Secretary
Polar Capital Secretarial Services Limited
represented by Neil Taylor FCIS

Registered Office
4 Matthew Parker Street
London SW1H 9NP
020 7227 2700

Statutory Auditors
PricewaterhouseCoopers LLP
Erskine House
68-73 Queen Street
Edinburgh EH2 4NH

Solicitors
Herbert Smith Freehills LLP
Exchange House
Primrose Street
London EC2A 2HS

Stockbrokers
Cenkos Securities plc
6.7.8. Tokenhouse Yard
London EC2R 7AS

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
The Company maintains a website which provides a wide range of information on the company, monthly fact sheets, and copies of announcements and other useful details and further links to information sources.

Information on the Company can be obtained from various different sources including www.theaic.co.uk, www.ft.com/markets and www.telegraph.co.uk/funds

Registrar
Shareholders who have their shares registered in their own name, not through a Share Savings Scheme or ISA, can contact the registrars with any queries on their holding. Post, telephone and Internet contact details are given below.

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: 0800 876 6889

www.shareview.co.uk

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