Polar Capital Global Healthcare Growth and Income Trust plc

Interim Report for the period from 12 May 2010 to 31 March 2011

About Us

Profile
The Company was incorporated on 12 May 2010. On 15 June 2010 it issued ordinary shares plus one subscription share for every five ordinary shares which were admitted to trading on the Main Market of the London Stock Exchange. The original subscription price for each ordinary share was £1 and the Net Asset Value ("NAV") per share on 15 June 2010 was 98p (after launch costs).

Investors may purchase shares through their stockbroker, bank or other financial intermediary.

Investment Objective
The Company's investment objective is to generate capital growth and income by investing in a global portfolio of healthcare stocks.

Investment Policy
The Company seeks to achieve this objective by investing in a diversified global portfolio consisting primarily of listed equities issued by healthcare companies involved in pharmaceuticals, medical services, medical devices and biotechnology. The portfolio is diversified by geographic location and size of investee companies.

The full details of the investment policy are set out in the prospectus of 26 May 2010.

Benchmark
The Benchmark is the MSCI ACWI/Healthcare Index total return in sterling with dividends reinvested.

Capital Structure
On 15 June 2010 the Company issued 89,000,000 ordinary shares of 25p each and 17,800,000 subscription shares of 1p each.

On 27 September 2010 the Company obtained a block listing for 8,899,999 ordinary shares of 25p each for general corporate purposes. Up to 31 March 2011, 2,000,000 ordinary shares have been issued under this arrangement.

The Company has not bought back any ordinary or subscription shares for cancellation in the period up to 31 March 2011.

At 31 March 2011 the Company had in issue 91,000,000 ordinary shares of 25p each and 17,800,000 subscription shares of 1p each.

The subscription shares give the holders the right but not the obligation to subscribe for one ordinary share at 100p per ordinary share on 31 January 2014 after which the subscription rights will lapse.

Life
The Articles of Association require the Directors to put forward at the seventh Annual General Meeting a resolution to place the Company into liquidation. The voting on that resolution will be enhanced such that, provided any single vote is cast in favour, the resolution will be passed. The seventh AGM is expected to be held in January 2018.

Gearing
It is not intended that the Company incur borrowings to provide long-term structural debt. No borrowings have been made and no arrangements made for any banking loans. However the Company may borrow up to 15% of its NAV at the time of drawdown for tactical deployment when the Board believes that gearing will enhance returns to shareholders.

Management
The investment manager is Polar Capital LLP and Dr Daniel Mahony and Mr Gareth Powell have managed the portfolio since launch. The investment manager is entitled to a fee at the rate of 0.85% per annum of the lower of the Company's market capitalisation and the Company's net asset value. 80% of the management fee is charged to the capital account.

The investment manager is also entitled to a performance fee paid in cash. The fee is equal to 10% of the excess return over the performance fee hurdle. The hurdle is 100p increased or decreased by reference to the return on the Benchmark plus 15p. The performance is adjusted for these purposes to take into account the dividends paid by the Company. The fee is calculated and payable at the liquidation of the Company expected at the seventh AGM in January 2018.

Financial Highlights

Net asset value per ordinary share (undiluted) (note 1)	
31 March 2011	**103.5p**
15 June 2010*	98.0p
	+5.6%

Net asset value per ordinary share (diluted) (note 1)	
31 March 2011	**102.9p**
15 June 2010*	98.0p
	+5.0%

Price per ordinary share (note 2)	
31 March 2011	**99.0p**
15 June 2010*	100.0p
	-1.0%

Price per subscription share (note 3)	
31 March 2011	**11.75p**
15 June 2010*	–

Benchmark Index

+6.1%

MSCI ACWI/Healthcare Index (total return in Sterling with dividends reinvested)

Net asset value per ordinary share (total return) (note 4)

+6.4%

Ordinary shares in issue	
31 March 2011	**91,000,000**
15 June 2010*	89,000,000
	+2.2%

Subscription shares in issue	
31 March 2011	**17,800,000**
15 June 2010*	17,800,000
	–%

Total Expenses Ratio (see note 9 to financial statements)

1.37%

Dividends

The Company has paid the following dividends in the period:

Pay date	Amount	Record date	Ex-date	Declared date
30 November 2010	0.4p	5 November 2010	3 November 2010	26 October 2010
28 February 2011	0.4p	11 February 2011	9 February 2011	20 January 2011

The Company has declared the following dividend:

31 May 2011	0.4p	13 May 2011	11 May 2011	3 May 2011

Note 1 The Net Asset Value ('NAV') as at 15 June 2010 was 98.0p per ordinary share based on the subscription price of 100.0p per ordinary share and launch costs of 2.0p per ordinary share.

Note 2 The share price of the ordinary shares at the close of the market on 15 June 2010 was 101.25p per share. The share price return has been calculated on the 100p per ordinary share paid by investors.

Note 3 Subscription shares were issued free to investors on the 15 June 2010 on the basis of one subscription share for every five ordinary shares

Note 4 The total return NAV is calculated by reinvesting the dividend in the assets of the Company from the relevant pay dates, from a starting NAV per ordinary share of 98.0p

*Date of listing and commencement of operations

Chairman's Statement

James Robinson
Chairman

Introduction

I am delighted to present to you our first report since the launch of the Company on the London Stock Exchange on 15 June 2010. The Board would like to take this opportunity to thank all of the shareholders who have supported the Company at and since the Initial Public Offering ("IPO").

The Company raised £89 million on the IPO and since then we have raised approximately £2 million through the issuance of 2 million ordinary shares at a premium to net asset value.

Performance

Our fund managers describe in their report how the initial funds raised have been invested and the development of the portfolio over the initial period. While shareholder returns in sterling terms have been adversely affected by the headwind of a weakening US Dollar, we have nevertheless seen growth in the Net Asset Value per share both in absolute terms and relative to our benchmark.

Performance in share price terms has been slightly less good as our shares were selling at a small discount to Net Asset Value at period end. However those shareholders who invested at launch and continue to hold both ordinary and subscription shares will have seen a positive return overall.

Dividends

Our aim is to pay interim dividends totalling not less than 3p per ordinary share in the period from 15 June 2010 to 30 September 2011 and to increase the dividend on an annual basis progressively. We are on track to meet our initial target with a third interim dividend having been declared of 0.4p for payment on 31 May 2011. The fourth dividend which is scheduled to be paid on 31 August 2011 will likely be considerably larger.

Outlook

Our fund managers continue to believe in a recovery in the healthcare sector despite some of the short term issues that have held back healthcare and pharmaceutical shares over the period. Since the end of March we have seen a useful increase in our Net Asset Value and your Board believes that our fund managers remain well placed to take advantage of further opportunities as they arise.

James Robinson
Chairman

12 May 2011

Investment Manager's Report

Dr Daniel Mahony
Fund Manager

Mr Gareth Powell
Fund Manager

Since launch the Company has delivered an NAV total return of 6.4%, against our benchmark which over the same period rose by 6.1%.

The portfolio has been structured in line with the intention stated in the prospectus. Close to 80% of the assets are invested in what we refer to as the income portfolio with the remaining 20% invested in the growth portfolio. While there is a heavy bias towards the pharmaceutical sector, the portfolio is well diversified across different sub-sectors of healthcare.

When we began gauging investor interest for the Company about 12 months ago, our core investment thesis was that healthcare was unloved, undervalued and under-owned. In particular, we felt that the pharmaceutical sector was significantly undervalued and priced as though it was set for a long-term decline. We saw this as a compelling, counter-consensus investment opportunity – although the caveat was that the timing of the inflection point was difficult to predict. In many ways, this is still the situation today – we remain confident in a sector recovery but the near-term issues have held back any major shift in investor sentiment. As a result, the returns from pharmaceutical stocks since the Company's Initial Public Offering ("IPO") in June have not been particularly inspiring.

Our income portfolio

The largest weighting in the income portfolio is in pharmaceuticals, where we have built significant positions in most of the major global pharmaceutical companies. These large pharmaceutical companies continue to offer some of the best dividend yields in the healthcare sector. In terms of other income generating stocks, we have diversified the portfolio with investments in a number of medical device and healthcare services names that also generate a good dividend yield. We have also made a series of investments in healthcare Real Estate Investment Trusts ("REITs") based in the US.

Pfizer is the largest position in the portfolio and has been one of the best performing large pharmaceutical stocks since the Company's IPO – the stock was up over 30% from 15 June to 31 March 2011. The growing investor confidence in Pfizer gives us cause to believe that sentiment for the entire sector can change. Pfizer's cholesterol lowering drug, Lipitor (the best-selling drug globally), loses patent protection in November. Despite the expected hit to the top-line, there is growing confidence in the company's ability to generate earnings growth in 2012. If Pfizer can show growth after such a major patent cliff then this may be the significant inflection point for the sector.

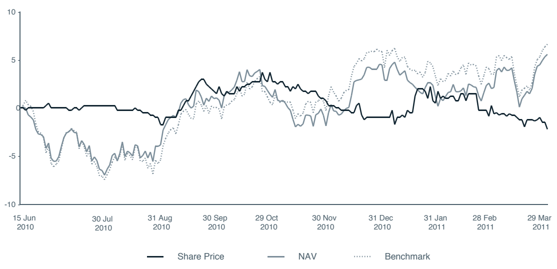
Pfizer's new Chief Executive Officer ("CEO") also seems to be taking a fresh look at the business and rumours have circulated suggesting that the company may look to break itself up – supporting our view that pharmaceutical company CEOs are taking a much closer look at the allocation of capital. The market reaction to this speculation has been very positive – investors are clearly optimistic that certain large pharmaceutical companies can unlock value by breaking themselves up.

Other notable drivers of performance in the income book include the healthcare REITs and a small UK company, Consort Medical. The Company's small portfolio of healthcare REIT stocks are in general US-based and own properties such as hospitals, nursing homes, medical office buildings and assisted living facilities. With US healthcare reform set to extend insurance coverage to at least another 30-40 million Americans in 2014 and an aging baby-boomer population beginning to retire, we believe there are many growth opportunities for the healthcare REIT sector. While we hold these stocks principally for the yield, we have also made some good capital returns.

The best performer in the income portfolio has been Consort Medical. Consort Medical has two business divisions – its Bespak division manufactures inhaler devices used for respiratory drugs (such as GSK's asthma drug Advair) and the King Systems division commercialises products used in anaesthesiology. We identified this company as a turnaround story last year believing that it could return to double digit growth by 2012/2013 with a dividend yield in the region of 5% underpinned by solid cash flow. While we were concerned at the time that we were too early and that the stock could be range-bound in the near-term, these fears have proven unfounded as the shares moved from our entry price of 375p to 565p by the end of March 2011.

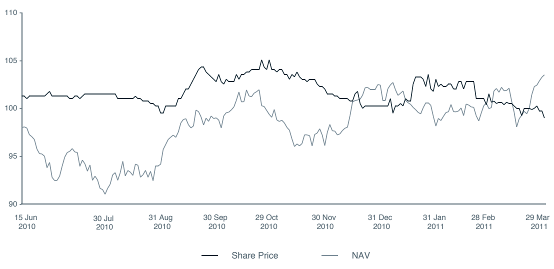
Investment Managers' Report
continued

Ordinary Share Performance Since Launch



Source: Polar Capital Factsheet

Ordinary Share Price & NAV per Share Since Launch



Source: Polar Capital Factsheet

Our growth portfolio

Our broader view on healthcare is based on what we refer to as the three "I"s of healthcare – addressing inefficiency through innovation and infrastructure. The fundamental driver for healthcare is demographics – an aging population that needs (and demands) more healthcare makes this a long-term secular growth sector, in our view. However, in an age of government austerity, the key question is how will society pay for this. The answer, in our opinion, is to improve the efficiency of healthcare systems. We believe that companies that offer products and services that can deliver better (or even the same) healthcare for less money are set to generate strong growth and excellent returns for investors.

For the growth component of the portfolio, which represents nearly 20% of our investments, we currently have 33 holdings in a range of biotechnology, device, service and pharmaceutical stocks. The turnover in this part of the portfolio has been, and is likely to be, much higher than in the income portfolio. There is a significant bias towards larger market capitalisation names – nearly 70% of the growth book is invested in companies with a market capitalisation greater than $5 billion. We have made some investments in small unprofitable companies but have limited the size of such positions. Our weighting in biotechnology names is also very low.

Notable out-performers have been Valeant Pharmaceuticals, Alexion Pharmaceuticals and Optos. Valeant is a speciality pharmaceutical company that has embarked on an aggressive acquisition strategy over the last 12 months and the stock has nearly tripled in value since June 2010. The company's focus is to strip out costs, especially R&D, and focus on creating leverage by acquiring additional drugs to market through its sales channel. Alexion is a classic US biotechnology company in that it has developed and commercialised a drug, Soliris, to treat a previously unmet medical need. Alexion is already a profitable company but we think Soliris will be the next biotechnology blockbuster. We bought the stock last summer and it has appreciated by 75% to the end of March. Optos is a small UK-based company that sells an innovative technology for diagnosing eye diseases. We have known the management for a long time and followed their efforts to initiate a turn-around of the business, which are beginning to bear fruit. Since acquiring the stock in early September it has more than doubled.

Outlook

In terms of outlook for healthcare, we think 2011 is shaping up to be a much better year than both 2010 and 2009 and the opportunity to invest in growth stocks in the space seems to have improved. We think the service sector in the US looks particularly buoyant. The major headwinds for healthcare over the last 2 years have been healthcare reform (especially in the US), a decline in utilisation and concerns regarding government austerity measures and potential spending cuts to healthcare. Healthcare utilisation is linked to employment in the United States – if the economy continues to stabilise and the jobs market improves we see the potential for a return to top-line growth and operating leverage for a number of companies in the sector. We also think that government austerity measures have expedited moves to address healthcare inefficiency – there is a willingness to pay a premium for new technologies that improve clinical outcomes and/or reduce the costs of healthcare.

The changes happening at Pfizer are potentially the most significant in the pharmaceutical sector that we have seen in a number of years and this is forcing investors to look at the sector again, particularly in light of the attractive valuations currently on offer. In summary, we are probably the most optimistic on the outlook for the entire healthcare sector than we have been for at least the last five years.

Dr Daniel Mahony and Mr Gareth Powell
Polar Capital LLP

12 May 2011

Portfolio
as at 31 March 2011

	Stock	Country	Market Value	% of total investments
1	Pfizer	United States	9,186	9.8%
2	GlaxoSmithKline	United Kingdom	8,323	8.8%
3	Sanofi Aventis	France	7,446	7.9%
4	Bristol Myers Squibb	United States	6,760	7.2%
5	Roche Holding	Switzerland	6,263	6.7%
6	Eli Lilly	United States	6,164	6.5%
7	Merck & Co	United States	5,251	5.6%
8	AstraZeneca	United Kingdom	4,295	4.6%
9	Novartis	Switzerland	3,883	4.1%
10	Abbott Labs	United States	2,142	2.3%
Top 10 investments			59,713	63.5%
11	Consort Medical	United Kingdom	1,978	2.1%
12	Sonic Healthcare	Australia	1,735	1.8%
13	Wellpoint	United States	1,088	1.2%
14	Fresenius Medical Care	Germany	1,053	1.1%
15	Unitedhealth	United States	987	1.1%
16	Health Care REIT	United States	981	1.0%
17	Celgene	United States	969	1.0%
18	St Jude Medical	United States	959	1.0%
19	Covidien	Ireland	923	1.0%
20	Senior Housing Property	United States	861	0.9%
Top 20 investments			71,247	75.7%
21	Coltene Holding	Switzerland	852	0.9%
22	Valeant Pharmaceuticals	Canada	829	0.9%
23	National Health Investors	United States	747	0.8%
24	HCP	United States	710	0.8%
25	Watson Pharmaceutical	United States	699	0.7%
26	Omega Healthcare	United States	696	0.7%
27	Cerner	United States	694	0.7%
28	Allergan	United States	664	0.7%
29	Amerisourcebergen	United States	641	0.7%
30	Alexion Pharmaceuticals	United States	615	0.7%
Top 30 investments			78,394	83.3%
31	Optos	United Kingdom	603	0.7%
32	Meridian Biosciences	United States	597	0.6%
33	Mckesson HBOC	United States	592	0.6%
34	Cremer	Brazil	574	0.6%
35	LTC Properties REIT	United States	570	0.6%
36	Extendicare Real Estate	Canada	569	0.6%
37	Johnson & Johnson	United States	555	0.6%
38	Abiomed	United States	544	0.6%
39	Waters	United States	542	0.6%
40	Amgen	United States	500	0.5%
Top 40 investments			84,040	89.3%

Portfolio

as at 31 March 2011 continued

	Stock	Country	Market Value	% of total investments
41	NIB Holdings	Australia	459	0.5%
42	Sabra Healthcare REIT	United States	457	0.5%
43	Community Health System	United States	449	0.5%
44	Healthcare Realty Trust	United States	425	0.5%
45	Healthcare Services Growth	United States	420	0.5%
46	Nichiiko Pharmaceutical	Japan	414	0.4%
47	Amsurg	United States	388	0.4%
48	Sun Healthcare Group	United States	365	0.4%
49	Asahi Intecc	Japan	363	0.4%
50	Stentys	France	331	0.4%
Top 50 investments			88,111	93.8%
51	Vertex Pharmaceuticals	United States	329	0.3%
52	CMIC	Japan	323	0.3%
53	Emeritus	United States	317	0.3%
54	Medivir 'B'	Sweden	314	0.3%
55	Futura Medical	United Kingdom	288	0.3%
56	Zoll Medical	United States	279	0.3%
57	Davita	United States	267	0.3%
58	Healthcare Locums	United Kingdom	262	0.3%
59	Align Technology	United States	255	0.3%
60	Cyberonics	United States	198	0.2%
Top 60 investments			90,943	96.7%
61	Sul America	Brazil	195	0.2%
62	HCA Holdings	United States	106	0.1%
63	Oxford Biomedica	United Kingdom	103	0.1%
Total equities			91,347	97.1%
Options – (Put & Call)			(52)	(0.1%)
Total Investments			91,295	97.0%
Other Net Assets			2,862	3.0%
NET ASSETS			94,157	100.0%

Geographical Exposure as at 31 March 2011	
United States	52.1%
United Kingdom	16.8%
Switzerland	11.7%
France	8.3%
Australia	2.3%
Canada	1.5%
Japan	1.1%
Germany	1.1%
Ireland	1.0%
Brazil	0.8%
Sweden	0.3%
Cash	3.0%
Total	100.0%

Sector Exposure as at 31 March 2011	
Pharmaceuticals	65.1%
Health Care Equipment	8.8%
Specialized REITs	6.4%
Health Care Services	4.4%
Biotechnology	3.0%
Health Care Supplies	2.4%
Managed Health Care	2.2%
Health Care Facilities	1.3%
Health Care Distributors	1.3%
Health Care Technology	0.7%
Life Sciences Tools & Services	0.6%
Life & Health Insurance	0.5%
Multi-line Insurance	0.3%
Cash	3.0%
Total	100.0%

Market Cap as at 31 March 2011	%
Large (greater than 5$bn)	81.5
Medium (1$bn – 5$bn)	7.8
Small (less than 1$bn)	10.7
Total	100.0%

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 prospectus issued by the Company dated 26 May 2010. Information on the principal risks will be given in the Business Review within the Company's first Annual Report and Accounts for the period ended 30 September 2011. Information on the risk factors facing the Company is given on pages 7 to 14 of the prospectus.

The Investment Manager's report comments on the outlook for market related risks.

DIrectors' Responsibility Statement

The Directors of Polar Capital Global Healthcare Growth and Income Trust plc, who are listed in the Company Information Section, confirm to the best of their knowledge that:

- The condensed set of financial statements have been prepared in accordance with International Accounting Standard 34 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 March 2011 and the results for the period from 12 May 2010 to 31 March 2011 as required by the FSA's 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;

- In accordance with DTR 4.2.8R there have been no changes in any related party transaction described in the prospectus dated 26 May 2010 that could have a material effect on the financial position or performance of the Company in the period from 12 May 2010 to 30 September 2011 of the current financial year and there have been no new related party transactions.

The financial report for the period from 12 May 2010 to 31 March 2011 was approved by the Board on 12 May 2011 and the responsibility statement was signed on its behalf by J P Robinson, Chairman of the Board.

James Robinson
Chairman

12 May 2011

Consolidated Statement of Comprehensive Income

for the period from 12 May 2010 to 31 March 2011 (Unaudited)

		Period to 31 March 2011		
	Notes	Revenue return £'000	Capital return £'000	Total return £'000
Investment income	3	2,714	265	2,979
Other operating income	4	382	–	382
Gains on investments held at fair value	5	–	3,964	3,964
Other movements on written options	6	–	(5)	(5)
Other currency losses	7	–	(515)	(515)
Total income		3,096	3,709	6,805
Expenses				
Investment management fee	8	(119)	(474)	(593)
Other administrative expenses	9	(344)	–	(344)
Total expenses		(463)	(474)	(937)
Profit before finance costs and tax		2,633	3,235	5,868
Finance costs		–	–	–
Profit before tax		2,633	3,235	5,868
Tax	10	(304)	(5)	(309)
Net profit for the period and total comprehensive income		2,329	3,230	5,559
Earnings per ordinary share (basic) (pence)	11	2.61	3.62	6.23
Earnings per ordinary share (diluted) (pence)	11	2.60	3.60	6.20

The total column of this statement represents the Consolidated 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.

The Company was incorporated on 12 May 2010 and started trading on 15 June 2010.

All income is attributable to the equity holders of Polar Capital Global Healthcare Growth & Income Trust plc.

The Company does not have any Other Comprehensive Income.

The notes on pages 13 to 21 form part of these financial statements.

Consolidated Statement of Changes in Equity

for the period from 12 May 2010 to 31 March 2011 (Unaudited)

	Called up share capital £'000	Share premium reserve £'000	Special distributable reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
Group						
Total equity at 12 May 2010	–	–	–	–	–	–
Total comprehensive income:						
Profit for the period to 31 March 2011	–	–	–	3,230	2,329	5,559
Transactions with owners, recorded directly to equity:						
Issue of 91,000,000 ordinary shares	22,750	66,560	–	–	–	89,310
Issue of 17,800,00 subscription shares	178	(178)	–	–	–	–
Transfer of Share Premium to Special Distributable Reserve		(64,792)	64,792	–	–	–
Equity dividends paid	–	–	–	–	(712)	(712)
Total equity at 31 March 2011	22,928	1,590	64,792	3,230	1,617	94,157

The notes on pages 13 to 21 form part of these financial statements.

Consolidated Balance Sheet

as at 31 March 2011 (Unaudited)

	Notes	31 March 2011 £'000
Non current assets		
Investments held at fair value	12	91,347
Current assets		
Other receivables	13	762
Cash and cash equivalents		2,903
		3,665
Total assets		95,012
Current liabilities		
Other payables	14	(803)
Fair value of open derivative contracts	12	(52)
		(855)
Net assets		94,157
Equity attributable to equity shareholders		
Called up share capital	15	22,928
Share premium reserve	16	1,590
Special distributable reserve	17	64,792
Capital reserves	18	3,230
Revenue reserve	19	1,617
Total equity		94,157
Net asset value per ordinary share (pence)	20	103.47
Net asset value per ordinary share (diluted) (pence)	20	102.90

The notes on pages 13 to 21 form part of these financial statements.

Consolidated Cash Flow Statement

for the period 12 May 2010 to 31 March 2011 (Unaudited)

	Period to 31 March 2011 £'000
Cash flows from operating activities	
Profit before finance costs and tax	5,868
Adjustment for non-cash items:	
Foreign exchange losses	515
Adjusted profit before finance costs and tax	6,383
Adjustments for:	
Increase in investments	(91,347)
Increase in receivables	(636)
Increase in payables	855
	(91,128)
Net cash used in operating activities before tax	(84,745)
Overseas tax deducted at source	(435)
Net cash used in operating activities	(85,180)
Cash flows from financing activities	
Issue of share capital	89,310
Equity dividends paid	(712)
Net cash from financing activities	88,598
Net increase in cash and cash equivalents	3,418
Cash and cash equivalents at the beginning of the period	–
Effect of foreign exchange rate changes	(515)
Cash and cash equivalents at the end of the period	2,903

The notes on pages 13 to 21 form part of these financial statements

Notes to the financial statements

for the period from 12 May 2010 to 31 March 2011 (Unaudited)

1. General Information

The Company was incorporated on 12 May 2010 and started trading on 15 June 2010 and has a fixed life expected to expire in January 2018.

The consolidated financial statements on pages 9 to 12 comprise the unaudited results of the Company and its subsidiary, Polar Capital Global Healthcare Finance Limited. The financial information for the period comprises non-statutory accounts within the meaning of sections 434 to 436 of the Companies Act 2006. The financial statements for the period 12 May 2010 to 31 March 2011 have not been reviewed or audited by the Company's auditors.

The financial statements, as defined above, have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The Company's presentational currency is pounds sterling. Pounds sterling is also the functional currency because it is the currency which is most relevant to the majority of the Company's shareholders and creditors and the currency in which the majority of the Company's operating expenses are paid.

The principal accounting policies followed are set out below:

2. Accounting Policies

(a) Basis of Preparation

The financial statements have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of investments and derivative financial instruments at fair value.

Where presentational guidance set out in the Statement of Recommended Practice (SORP) for investment trusts issued by the Association of Investment Companies (AIC) in January 2009 is consistent with the requirements of IFRS, in so far as those requirements are applicable to interim financial statements, the Directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

The financial position of the Company at 31 March 2011 is shown in the balance sheet on page 11. The assets of the Company consist of securities that are readily realisable. The Directors consider that the Company has adequate financial resources to enable it to continue in operational existence for the foreseeable future. Accordingly, the Directors believe that it is appropriate to adopt the going concern basis in preparing the financial statements.

(b) Presentation of the Statement of Comprehensive Income

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

In accordance with the Company's status as a UK investment company under section 833 of the Companies Act 2006, net capital returns may not be distributed by way of dividend. Additionally, the net revenue is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in section 1158 Corporation Tax Act 2010.

(c) Income

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

Special dividends are recognised on an ex-dividend basis and may be considered to be either revenue or capital items.

The facts and circumstances are considered on a case by case basis before a conclusion on appropriate allocation is reached.

Where the Company has received dividends in the form of additional shares rather than in cash, the amount of the cash dividend foregone is recognised in the revenue return column of the Statement of Comprehensive Income. Any excess in value of shares received over the amount of the cash dividend foregone is recognised in the capital return column of the Statement of Comprehensive Income.

The fixed returns on debt securities and non-equity shares are recognised under the effective interest rate method.

Notes to the financial statements

for the period from 12 May 2010 to 31 March 2011 (Unaudited) continued

2. Accounting Policies continued

Bank interest and other income receivable are accounted for on an accruals basis.

Stock lending fees, net of agent's fees and commissions, are accounted for on an accruals basis and recognised in the revenue return column of the Statement of Comprehensive Income.

Underwriting commission is recognised when the issue takes place and is credited to the revenue return column of the Statement of Comprehensive Income in so far as it relates to the shares the Company is not required to take up.

Where the Company is required to take up the proportion of the shares underwritten, an equal proportion of the commission is credited to the capital return column of the Statement of Comprehensive Income.

(d) Written Options

The Company may write exchange-traded options with a view to generating income. This involves writing short-dated covered-call options and put options. The use of financial derivatives is governed by the Company's policies, as approved by the Board.

These options are recorded initially at fair value, based on the premium income received, and are then measured at subsequent reporting dates at fair value. Changes in the fair value of the options are recognised in the capital return for the period.

The option premiums are recognised evenly over the life of the option and shown in the revenue return, with an appropriate amount shown in the capital return to ensure the total return reflects the overall change in the fair value of the options.

Where an option is exercised, any balance of the premium is recognised immediately in the revenue return with a corresponding adjustment in the capital return based on the amount of the loss arising on exercise of the option.

(e) Expenses and Finance Costs

All expenses, including the management fee, are accounted for on an accruals basis.

All expenses have been presented as revenue items except as follows:

Expenses are charged to the capital column of the Statement of Comprehensive Income where a connection with the maintenance or enhancement of the value of investments can be demonstrated. In this respect the investment management fees have been charged to the Statement of Comprehensive Income in line with the Board's expected long-term split of returns, in the form of capital gains and income from the Company's portfolio. As a result 20% of the investment management fees are charged to the revenue account and 80% charged to the capital account of the Statement of Comprehensive Income.

Finance costs are calculated using the effective interest rate method and are accounted for on an accruals basis and, in line with the management fee expense, are charged 20% to the revenue account and 80% to the capital account of the Statement of Comprehensive Income.

The performance fee (when payable) is charged entirely to capital as the fee is based on the outperformance of the Benchmark and is expected to be attributable largely, if not wholly, to capital performance.

(f) Taxation

The tax expense represents the sum of the overseas withholding tax deducted from investment income, tax currently payable and deferred tax.

The tax currently payable is based on the taxable profits for the period since incorporation to 31 March 2011. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

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

Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the accounts and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Investment trusts which have approval as such under section 1158 of the Corporation Taxes Act 2010 are not liable for taxation on capital gains.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is charged or credited in the Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

(g) Investments Held at Fair Value Through Profit or Loss

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

On initial recognition the Company has designated all of its investments as held at fair value through profit or loss as defined by IFRS.

All investments are measured at subsequent reporting dates at fair value, which is either the bid price or the last traded price, depending on the convention of the exchange on which the investment is quoted.

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

All investments, classified as fair value through profit or loss, are further categorised into the following fair value hierarchy:

Level 1: Unadjusted prices quoted in active markets for identical assets and liabilities.

Level 2: Having inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices).

Level 3: Having inputs for the asset or liability that are not based on observable market data.

Changes in fair value of all investments held at fair value and realised gains and losses on disposal are recognised in the capital return column of the Statement of Comprehensive Income.

(h) Other Receivables

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

(i) Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash.

(j) Dividends Payable

Dividends payable to shareholders are recognised in the accounts when they are paid or, in the case of final dividends, when they are approved by the shareholders.

(k) Other Payables

Other payables are not interest-bearing and are stated at their nominal value.

Notes to the financial statements

for the period from 12 May 2010 to 31 March 2011 (Unaudited) continued

2. Accounting Policies continued

(l) Foreign Currency Translation

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling on the date of each transaction. Monetary assets, monetary liabilities and equity investments in foreign currencies at the balance sheet date are translated into sterling at the rates of exchange ruling on that date. Realised profits or losses on exchange, together with differences arising on the translation of foreign currency assets or liabilities, are taken to the capital return column of the Statement of Comprehensive Income.

Foreign exchange gains and losses arising on investments held at fair value are included within changes in fair value.

(m) Capital Reserves

Capital reserve arising on investments sold includes:

- gains/losses on disposal of investments
- exchange differences on currency balances
- other capital charges and credits charged to this account in accordance with the accounting policies above

Capital reserve arising on investments held includes:

- increases and decreases in the valuation of investments held at the balance sheet date.

All of the above are accounted for in the Statement of Comprehensive Income.

3 Investment income

	Period to 31 March 2011 £'000
Revenue:	
Franked: Listed investments	
Dividend income	595
Unfranked: Listed investments	
Dividend income	2,119
Total investment income	2,714
Capital:	
Special dividends allocated to capital	209
Dividends from REITs allocated to capital	56
Total dividends allocated to capital	265

4 Other operating income

	Period to 31 March 2011 £'000
Option premium income	380
Bank interest	2
Total other operating income	382

Option premium income for the period arises from writing short-dated covered-call options and put options in the expectation that the options will not be exercised or, in overall terms, any losses that may arise following exercise will be outweighed by the premiums received. A loss of £5,000 has been recognised in the capital return for the period in respect of these options.

5 Gains on investments held at fair value

	Period to 31 March 2011 £'000
Net losses on disposal of investments at historic cost	(184)
Valuation gains on investments held during the period	4,148
	3,964

6 Other movements on written options

	Period to 31 March 2011 £'000
Other movements on written options	(5)

This movement arises from differences between the change in fair value of written options and the amount of premium income recognised in the revenue return, in accordance with the policy explained in note 2(d).

7 Other currency losses

	Period to 31 March 2011 £'000
Exchange losses on currency balances	(515)

8 Investment management fee

	Period to 31 March 2011 £'000
Management fee	
– charged to revenue	119
– charged to capital	474
Investment management fee payable to Polar Capital LLP.	593

No performance fee is payable and no fee has been accrued in respect of the current accounting period. Management fees are allocated 20% to revenue and 80% to capital. The performance fee (when payable) is allocated 100% to capital.

Notes to the financial statements

for the period from 12 May 2010 to 31 March 2011 (Unaudited) continued

9 Other administrative expenses (including VAT where appropriate)

		Period to 31 March 2011 £'000
Directors' fees		83
Auditors' remuneration:	For audit services	37
	For other services	7
Other expenses		217
		344

In addition, the London office of Pricewaterhousecoopers LLP received fees of £23,500 in acting as reporting accountants for the prospectus issued by the Company during the period. These fees are included within issue costs charged to the share premium reserve.

The total expense ratio is 1.37% if the management fee shown in Note 8 is added to the other administrative expenses, and based on the average equity shareholders' funds over the period from 15 June 2010 to 31 March 2011.

10 Taxation

	Period ended 31 March 2011 £'000
a) Analysis of tax charge for the period:	
Overseas tax	309
Total tax for the period (see note 10b)	309
b) Factors affecting tax charge for the period:	
The charge for the period can be reconciled to the profit per the Company Statement of Comprehensive Income as follows:	
Profit before tax	5,868
Tax at the UK corporation tax rate of 28%	1,643
Tax effect of non-taxable dividends	(804)
Gains on investments that are not taxable	(964)
Unrelieved current period expenses and deficits	124
Expenses and finance costs not deductible for tax purposes	5
Overseas tax suffered	309
Tax relief on overseas tax suffered	(4)
Total tax for the period (see note 10a)	309
c) Factors that may affect future tax charges:	
There is an unrecognised deferred tax asset comprising:	
Unrelieved management expenses	116
	116

It is unlikely that the Company will generate sufficient taxable profits in the future to utilise these expenses and deficits and therefore no deferred tax asset has been recognized. Due to the Company's tax status as an investment trust and the intention to continue meeting the conditions required to obtain approval of such status in the foreseeable future, the Company has not provided tax on any capital gains arising on the revaluation or disposal of investments held by the Company.

11 Earnings per ordinary share

	Period ended 31 March 2011		
	Revenue return	**Capital return**	**Total return**
The calculation of basic earnings per share is based on the following data:			
Net profit for the period (£'000)	2,329	3,230	5,559
Weighted average ordinary shares in issue during the period from 15 June 2010 to 31 March 2011	89,311,419	89,311,419	89,311,419
From continuing operations			
Basic – ordinary shares (pence)	2.61	3.62	6.23
The calculation of diluted earnings per share is based on the following data:			
Net profit for the period (£'000)	2,329	3,230	5,559
Diluted number of shares in issue during the period	89,612,402	89,612,402	89,612,402
From continuing operations			
Diluted – ordinary shares (pence)	2.60	3.60	6.20

The calculation of the diluted total, revenue and capital returns are carried out in accordance with IAS 33 "Earnings per Share". For the purposes of calculating diluted returns per ordinary share, the number of ordinary shares is the weighted average used in the basic calculation plus the number of ordinary shares deemed to be issued for no consideration on exercise of all subscription shares by reference to the average share price of the ordinary shares during the year.

Notes to the financial statements

for the period from 12 May 2010 to 31 March 2011 (Unaudited) continued

12 Investments and derivatives

(a) Investments

	31 March 2011 £'000
Additions at cost	119,057
Proceeds on disposal	(31,674)
Losses on disposal	(184)
Cost at 31 March 2011	87,199
Add: Valuation gains	4,148
Valuation at 31 March 2011	91,347

(b) Fair value of open derivative contracts

	31 March 2011 £'000
Sanofi-Aventis Call Option 52 closing 15 April 2011	(5)
Bayer AG Put Option 54 closing 15 April 2011	(17)
Roche Holdings Call Option 140 closing 15 April 2011	(1)
Johnson & Johnson Put Option 57.5 closing 21 May 2011	(9)
Roche Holdings Put Option 125 closing 20 May 2011	(7)
Novartis Put Option 49 closing 20 May 2011	(13)
Fair value at 31 March 2011	(52)

(c) Fair value hierarchy

	31 March 2011 £'000
Level 1 assets	91,295
Valuation at 31 March 2011	91,295

All Level 1 assets are traded on a recognised Stock Exchange.

(d) Subsidiary companies

As at 31 March 2011, the Company has one non-trading subsidiary, which is registered in England and Wales: Polar Capital Global Healthcare Finance Limited

13 Other receivables

	31 March 2011 £'000
Sales for future settlement	219
Spot foreign exchange contracts awaiting settlement	124
Overseas tax recoverable	126
Prepayments and accrued income	293
	762

The carrying values of other receivables approximate their fair value.

14 Other payables

	31 March 2011 £'000
Purchases for future settlement	443
Spot foreign exchange contracts awaiting settlement	124
Accruals	236
	803

15 Called up share capital

	31 March 2011 £'000
91,000,000 ordinary shares of 25p each	22,750
17,800,000 subscription shares of 1p each	178
At 31 March 2011	22,928

The subscription shares were issued as a bonus issue to ordinary shareholders at a rate of one bonus subscription share for every 5 ordinary shares held on 15 June 2010. A subscription share carries the right to subscribe in cash for one ordinary share at a price of 100p on 31 January 2014. On 14 February 2011 2,000,000 ordinary shares of 25p each were issued at a price of 102.25p

16 Share premium reserve

	31 March 2011 £'000
Issue of 89,000,000 ordinary shares at 100p each	66,750
Bonus issue of 17,800,000 subscription shares at 1p each	(178)
Issue costs	(1,731)
Transfer to special distributable reserve	(64,792)
Issue of 2,000,000 ordinary shares at 102.25p each	1,545
Issue costs	(4)
At 31 March 2011	1,590

On 18 August 2010 the Company received the approval of the Court to cancel the share premium account and create a special distributable reserve. The share premium reserve therefore represents share premium received after this date.

17 Special distributable reserve

	31 March 2011 £'000
Transfer from share premium reserve	64,792
At 31 March 2011	64,792

Surpluses to the credit of the special distributable reserve can be used to purchase the Company's own shares. In addition the Company may use this reserve for the payment of dividends, provided that it has first revoked its investment company status by notice to the Registrar of Companies.

Notes to the financial statements

for the period from 12 May 2010 to 31 March 2011 (Unaudited) continued

18 Capital reserves

	31 March 2011 £'000
Net losses on disposal of investments	(184)
Valuation gains on investments held during the period	4,148
Other movements on derivatives held during the period	(5)
Exchange losses on currency balances	(515)
Capital dividends	265
Irrecoverable tax on special capital dividends	(5)
Investment management fee	(474)
Closing balance	3,230

19 Revenue reserve

	31 March 2011 £'000
Revenue profit for the period from 12 May 2010 to 31 March 2011	2,329
Interim dividends paid	(712)
Closing balance	1,617

20 Net asset value per ordinary share

	31 March 2011
Undiluted:	
Net assets attributable to ordinary shareholders (£'000)	94,157
Ordinary shares in issue at end of period	91,000,000
Net asset value per ordinary share (pence)	103.47
Diluted:	
Net assets attributable to ordinary shareholders (£'000)	111,957
Ordinary shares in issue at end of period if subscription shares converted	108,800,000
Net asset value per ordinary share (pence)	102.90

The diluted net asset value per ordinary share has been calculated on the assumption that 17,800,000 subscription shares in issue were converted at 100p per share resulting in a total number of ordinary shares in issue of 108,800,000.

Company Information

Company Registration Number
7251471 (Registered in England)

The Company is an investment company as defined under Section 833 of the Companies Act 2006.

Directors
J P Robinson
Chairman (appointed 12 May 2010)

J C Aston, OBE
(appointed 12 May 2010)

A B Milford
(appointed 13 May 2010)

A D Brampton
(appointed 25 May 2010)

Investment Manager
Polar Capital LLP
4 Matthew Parker Street, London SW1H 9NP
Authorised and regulated by the Financial Services Authority.

Telephone: 020 7227 2700
Website: www.polarcapital.co.uk

Fund Managers
Dr Daniel Mahony and Mr Gareth Powell

Secretary
Polar Capital Secretarial Services Limited represented by N P Taylor.

Registered Office
4 Matthew Parker Street
London SW1H 9NP

Website: www.polarcapitalhealthcaretrust.co.uk

Registrar
Shareholders who have their shares registered in their own names, not through a savings scheme, ISA or nominee account can contact the registrars with any questions on their holdings. Post, telephone and internet contact details are given below.

In correspondence you should refer to Polar Capital Global Healthcare Growth and Income Trust plc, stating clearly the registered name and address, and if possible the full account number.

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

Shareholder helpline:

0800 313 4922
(+44 121 415 7047)
www.shareview.co.uk

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 0800 313 4922 (+44 121 415 7047) between 8.30am and 4.30pm for dealing and up to 6.00pm for enquiries, Monday to Friday.

For Internet sales log on to www.shareview.co.uk/dealing.

Company Website
www.polarcapitalhealthcaretrust.co.uk

The Company maintains a website which provides a wide range of information on the Company, monthly factsheets issued by the investment manager and copies of announcements, including the annual and half year reports when issued.

Information on the Company can be obtained from various different sources including:

www.theaic.co.uk
www.ft.com/markets
www.londonstockexchange.co.uk

Share Prices and Net Asset Value
The Company's Net Asset Value ('NAV') is normally 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

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

Company Information
continued

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

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

Custodian and Banker
HSBC Bank plc
8 Canada Square
London E14 5HQ

Stockbroker
Matrix Corporate Capital LLP
One Vine Street
London W1J 0AH

Identification Codes
Ordinary Shares:
SEDOL: B6832P1
ISIN: GB00B6832P16
Ticker: PCGH

Subscription Shares:
SEDOL: B68VXC9
ISIN: GB00B68VXC96
Ticker: PCGS

WARNINGS TO SHAREHOLDERS
Past performance is no guarantee of future performance.

The value of your investment and any income from it may go down as well as up and you may not get back the amount invested. This is because the share price is determined by the changing conditions in the relevant stock markets in which the Company invests and by the supply and demand for the Company's shares.

As the shares in an investment trust are traded on a stock market, the share price will fluctuate in accordance with supply and demand and may not reflect the underlying net asset value of the shares; where the share price is less than the underlying value of the assets, the difference is known as the 'discount'. For these reasons, investors may not get back the original amount invested.

Although the Company's financial statements are denominated in sterling, it may invest in stocks and shares that are denominated in currencies other than sterling and to the extent they do so, they may be affected by movements in exchange rates. As a result, the value of your investment may rise or fall with movements in exchange rates.

Investors should note that tax rates and reliefs may change at any time in the future.

The value of ISA tax advantages will depend on personal circumstances. The favourable tax treatment of ISAs may not be maintained.

Boiler Room Scams
Many companies have become aware that their shareholders 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. These operations are commonly known as 'boiler rooms'. These 'brokers' can be very persistent and extremely persuasive, and a 2006 survey by the Financial Services Authority (FSA) has reported that the average amount lost by investors is around £20,000. 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/register
- Report the matter to the FSA either by calling 0845 606 1234 or visiting www.moneymadeclear.fsa.gov.uk
- 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. The FSA can be contacted by completing an online form at www.fsa.gov.uk/pages/doing/regulated/law/alerts/overseas.shtml. Details of any share dealing facilities that the company endorses will be included in company mailings.

More detailed information on this or similar activity can be found on the FSA website

www.moneymadeclear.fsa.gov.uk

Forward Looking Statements

Certain statements included in this 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 prospectus published by the Company on 26 May 2010. No part of these results constitutes, or shall be taken to constitute, an invitation or inducement to invest in Polar Capital Global Healthcare Growth and Income 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.

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