

Polar Capital Funds plc

Annual Report and Audited Financial Statements

For the period from 28 September 2001, date of incorporation, to 31 January 2002

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Polar Capital Funds plc

Management and Administration

Directors:	James Cayzer-Colvin (GB) Neil Taylor (GB) David Hammond Jonathan Quigley Ronan Daly (GB)
Registered Office:	IFSC House International Financial Services Centre Dublin 1
Investment Manager:	Polar Capital Partners Limited 30 Buckingham Gate London SW1E 6NN
Custodian:	Barings (Ireland) Limited IFSC House International Financial Services Centre Dublin 1
Administrator, Registrar and Transfer Agent and Secretary	International Fund Managers (Ireland) Limited IFSC House International Financial Services Centre Dublin 1
Independent Auditors:	KPMG Chartered Accountants 5 George's Dock International Financial Services Centre Dublin 1
Legal Advisers:	<i>as to English law</i> Slaughter and May One Bunhill Row London EC1Y 8YY United Kingdom <i>as to Irish law</i> William Fry Solicitors Fitzwilton House Wilton Place Dublin 2
Sponsoring Broker:	J & E Davy Davy House 49 Dawson Street Dublin 2

Polar Capital Funds plc

Japan Fund Investment Manager's Report

*For the period from 22 October 2001, the date of commencement of operations,
to 31 January 2002*

Performance

During the period under review, the net asset value per share of the Fund fell by 14.8% in US dollar terms. This compares to a fall of 18.1% in the Topix index during the same period.

Whilst the overall index performance was poor, we outperformed the benchmark by 3.3%. In terms of sectors, transport equipment performed very well rising by +12.4%. Most of this move came from Toyota and Honda which rose on good earnings revisions based on winning market share in the USA, and benefiting from a collapse in the Yen versus the US dollar. Electrical machinery benefited from the sharp turnaround in Nasdaq and an unwinding of inventories within that sector. Paper and pulp also did well. Most companies in this sector are radically restructuring and cutting back capacity which should leave the business models very operationally geared into any uptake in revenue growth.

The worst performing sector was the real estate sector which fell by 28.3%. Concerns over rising vacancy rates hit share prices. Banks predictably performed poorly, falling by 23.5%. Worries over bad debt and potential dilution from government injections depressed prices.

Outlook

We believe that the United States of America economy has begun to recover sharply. This should benefit the Japanese economy, which we believe is close to a cyclical bottom. Despite industrial production falling by 1.0% month on month in January, the figures did contain some positive surprises. Inventories fell by 1.1% making a cumulative 7.9% drop from the May 2001 peak. This has taken the level of inventories to the lowest level since 1990. Progress has been especially rapid in the inventory unwind of electrical machinery (-26% since May 2001). Also, as an encouraging sign, the Ministry for Economic Trade and Industry raised its forecast for February industrial production to +4.7% month on month (a level not seen since 1957).

Exports appear to be bottoming out and export values rose by 8.5% month on month in January (driven by autos and a stabilisation of electrical machinery).

The major question at the moment is how strong will the cyclical recovery be and will it be enough to offset the structural issues plaguing the economy. We believe that the bad debt situation needs to be sorted out immediately and we expect an injection of up to ¥20 trillion into the sector after April 2002. This is likely to come from the Deposit Insurance Corporation. We believe that the Bank of Japan is injecting serious liquidity into the system and is now buying 50% of government bond issuance.

It would be very interesting if the Bank of Japan decided to buy up corporate and household debt, as it has hinted at doing. We also believe that the scene is being set for tax reform later in the year, which is crucial in order to boost end demand.

Since the end of January, the market has bounced dramatically as the government has implemented tightening restrictions on short sales. It is tempting to believe that the market will fall after the end of March. We are not so certain and believe that the demand/supply balance has improved dramatically. This could lead to a much sharper bounce than some people think and we thus look forward to a good first half.

**Polar Capital Partners Limited
March 2002**

Polar Capital Funds plc

Global Technology Fund Investment Manager's Report

*For the period from 22 October 2001, the date of commencement of operations,
to 31 January 2002*

Performance

Over the period under review, the Fund's net asset value per share increased 19.8% which compares favourably to a gain of 15.7% for the major US technology index, the NASDAQ Composite.

After the initial shock from the horrific events of September 11, global equities started to recover in early October and technology stocks in particular posted a solid recovery through to the middle of January. In part, this reflected a more rational judgement after the initial panic sell-off but also reflected signs that the worst in the eighteen month technology recession may finally be over. Towards the middle of January, the rally in technology stocks began to peter out as investors digested the wider implications of Enron's collapse and began to question how robust the recovery in the US economy would actually prove to be.

Geographically, we have maintained a heavy exposure to the US market where we continue to find many interesting ideas at reasonable valuations. We have been most cautious on the Far East although we are now reviewing this in light of developments in the Japanese market and an improving outlook for the global economy.

Sector wise, our emphasis has been on semiconductors and semiconductor capital equipment as we believed this would be one of the first sectors to recover. Even before September 11, there were some tentative signs that the inventory overhang that had plagued the sector was coming to an end. This has proved correct and the sector has been a good performer over the period under review.

We have been less keen on the telecommunications equipment sector given the financing problems with many of the carriers and the hangover from the spending binge of the late nineties. Late in the period, we did start to increase our exposure to this sector on the basis that we felt the worst was now discounted in very depressed share prices and the outlook would gradually improve as the global economy recovered towards the second half of the year. This has proved to be a bit optimistic as the sector has continued to slide on an ongoing stream of poor news from the carriers.

Outlook

As to the outlook, we believe the worst in the IT spending recession is behind us, although the pace of recovery will be highly dependent on the robustness of the recovery in the US and ultimately the world economy. Recent economic data out of the US has been encouraging and would lead one to conclude that the US economy is actually recovering quite strongly. This should augur well for a return to growth in capital spending, although it may take several months of improving business before companies gain sufficient confidence to start increasing IT budgets again.

Worries over US accounting standards as a result of Enron's collapse have acted as a dampener on equities in general, and technology in particular, as the sector is undoubtedly at the riskier end of the equity spectrum. Ultimately, tighter and more rigorous audits will be beneficial to investors but it may take several quarters to assess the implications of the tighter accounting standards that will inevitably ensue from the Enron debacle.

We think the sector will be confined to a trading range over the next few months until we have greater clarity on the pace of economic recovery and the implications of Enron. We anticipate increasing our Far East weighting on an improving outlook, largely at the expense of the heavy US exposure. No major changes are contemplated in sector allocation at this time.

**Polar Capital Partners Limited
March 2002**

Polar Capital Funds plc

Report of the Directors

For the period from 28 September 2001, the date of incorporation, to 31 January 2002

The Directors present herewith their Annual Report and Audited Financial Statements for the period from 28 September 2001, the date of incorporation, to 31 January 2002.

Statement of Directors' Responsibilities

Irish company law requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- * select suitable accounting policies and then apply them consistently;
- * make judgements and estimates that are reasonable and prudent;
- * prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act, 1963 to 2001 and all Regulations to be construed as one with those Acts. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Basis of presentation

The format and certain wording of the financial statements have been adapted from those contained in the Companies (Amendment) Act, 1986, so that, in the opinion of the Directors, they more appropriately reflect the nature of the Company's business as an investment fund.

Directors' statement on proper books of account

The Directors believe that they have complied with the requirements of section 202 of the Companies Act, 1990 with regard to books of account by employing personnel with appropriate expertise and by providing adequate resources to the finance function. The books of account of the Company are maintained at International Fund Managers (Ireland) Limited, IFSC House, IFSC, Dublin 1.

Activities and Business Review

Polar Capital Funds plc is an open-ended investment company with variable capital organised under the laws of Ireland. The Company was incorporated on 28 September 2001. A detailed review of the Company's activities for the period ended 31 January 2002 is included in the Investment Manager's Report on pages 3 and 4.

Directors

On 10 October 2001, the following Directors were appointed to the Board of the Company: Mr James Cayzer-Colvin, Mr Neil Taylor, Mr David Hammond, Mr Jonathan Quigley and Mr Ronan Daly.

Directors' Interests in Shares of the Company

Neither Directors nor the Secretary have an interest in the share capital of the Company.

Transactions involving Directors

Other than as disclosed in Note 10 to the financial statements, there were no contracts or agreements of any significance in relation to the business of the Company in which the Directors had any interest, as defined in the Companies Act, 1990, at any time during the period.

Polar Capital Funds plc

Report of the Directors

For the period from 28 September 2001, date of incorporation, to 31 January 2002

Revenue

The results of operations for the period are set out in the Profit and Loss Account on page 15.

Auditors

KPMG , Chartered Accountants, were appointed as the Company's auditors during the period and ,in accordance with Section 160 (2) of the Companies Act, 1963 have indicated their willingness to continue in office.

James Cayzer-Colvin }

Directors

David Hammond }

17 May 2002

Polar Capital Funds plc

Statement of Custodian's Responsibilities

The Custodian is responsible for controlling the assets of the Company and must take reasonable care to ensure and report that the Company complies with the provisions of the Prospectus and the Companies Acts, 1963 to 2001. In particular, the Custodian must:

- take into its custody or under its control, all the assets of the Company and hold them in trust for the shareholders in accordance with Companies Acts, 1963 to 2001.
- satisfy itself that the valuation of the shares of the Company and that the sale, issue, repurchase, redemption and cancellation of shares of the Company are being carried out in accordance with the Companies Acts, 1963 to 2001.

Custodian's Report to the Shareholders

*For the period from 22 October 2001, the date of commencement of operations, to
31 January 2002*

In our opinion, the affairs of the Company have been conducted in all material respects for the period from 22 October 2001, the date of commencement of operations, to 31 January 2002 in accordance with the provisions of the Companies Acts, 1963 to 2001 and in accordance with the limitations imposed on the investment and borrowing powers of the scheme by the Memorandum and Articles of Association, and by the Central Bank of Ireland (the "Bank") under the powers granted to the Bank by the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 1989 (as amended).

Barings (Ireland) Limited
Dublin

17 May 2002

Polar Capital Funds plc

Independent Auditors' Report to the Shareholders of Polar Capital Funds plc

We have audited the financial statements set out on pages 9 to 22.

Respective Responsibilities of Directors and Independent Auditors

The Directors are responsible for preparing the annual report. As described on page 5, this includes responsibility for preparing the financial statements in accordance with applicable Irish law and accounting standards. Our responsibilities, as independent auditors, are established in Ireland by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Acts and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 1989 (as amended). As also required by the Acts, we state whether we have obtained all the information and explanations we require for our audit, whether the financial statements agree with the books of account and report to you our opinion as to whether the company has kept proper books of account and whether the Directors' report is consistent with the financial statements.

We also report to you if, in our opinion, information specified by law regarding Directors' remuneration and transactions with the Company is not disclosed.

We read the information accompanying the financial statements and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the financial statements we have audited give a true and fair view of the state of affairs of the Company at 31 January 2002, and of the result of operations for the period then ended and have been properly prepared in accordance with the Companies Acts, 1963 to 2001, and all Regulations to be construed as one with those Acts and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 1989 (as amended).

We have obtained all the information and explanations we considered necessary for the purpose of our audit. In our opinion, proper books of account have been kept by the Company. The financial statements are in agreement with the books of account.

In our opinion, the information contained in the Directors' Report on pages 5 to 6 is consistent with the financial statements.

KPMG
Chartered Accountants
Registered Auditors
Dublin

17 May 2002

Polar Capital Funds plc
Portfolio Statement Japan Fund
As at 31 January 2002

	Currency	Nominal Holding	Market Value US\$	% of NAV
Fixed Interest				
Finance				
Bank of Yokohama 0% Bonds 2004	JPY	10,000,000	79,053	0.37
Orix Corporation 0% Bonds 2007	JPY	6,000,000	47,040	0.22
			126,093	0.59
Equities				
Basic Industrial				
Aisin Seiki	JPY	26,000	281,826	1.33
Arisawa Manufacturing	JPY	13,000	192,614	0.91
ARRK Corporation	JPY	5,000	201,839	0.95
Chuetsu Pulp and Paper	JPY	160,000	223,667	1.05
Daikin Industries	JPY	28,000	424,908	2.00
Fuji Electric	JPY	165,000	320,699	1.51
Fuji Heavy Industries	JPY	68,000	325,334	1.53
Fuji Photo Film	JPY	15,000	477,685	2.25
Fujitec	JPY	21,000	61,224	0.29
Heiwa Real Estate	JPY	145,000	244,972	1.15
Hokuetsu Paper Mill	JPY	62,000	287,451	1.35
Inabata and Company	JPY	24,000	94,191	0.45
Kurita Water Industries	JPY	26,000	288,824	1.36
Mirai Industry	JPY	500	2,897	0.02
Mitsui & Company	JPY	56,000	277,969	1.31
Nippon Thompson Company	JPY	61,000	288,196	1.36
Nitto Kohki Company	JPY	11,400	133,711	0.63
Okumura	JPY	160,000	401,883	1.90
Omron	JPY	4,000	48,591	0.23
Proto	JPY	17,000	218,584	1.03
Sanyo Chemical	JPY	41,000	225,274	1.06
Shin-etsu Chemical	JPY	23,000	759,960	3.58
Towa	JPY	30,700	218,023	1.03
Toyo Suisan Kaisha	JPY	27,000	210,518	0.99
Toyota Motor Corporation	JPY	24,700	637,025	3.00
USS Company	JPY	10,000	307,243	1.45
Wakita and Company	JPY	33,000	67,100	0.32
			7,222,208	34.04
Consumers				
ARC Land Sakamoto	JPY	5,000	55,319	0.26
Bandai Company	JPY	7,500	194,550	0.92
C Two Network Company	JPY	17,000	359,646	1.70
C&S Company	JPY	20,000	372,280	1.75
Daibiru Corporation	JPY	52,000	233,624	1.10
Don Quijote	JPY	4,900	304,761	1.44

The notes on pages 17 to 22 form part of these financial statements

Polar Capital Funds plc

Portfolio Statement Japan Fund

As at 31 January 2002

(continued)

	Currency	Nominal Holding	Market Value US\$	% of NAV
Consumers (continued)				
Kao Corporation	JPY	31,000	570,082	2.69
Marui	JPY	30,000	325,633	1.53
NTT DoCoMo	JPY	83	868,654	4.09
Onward Kashiyama	JPY	33,000	290,603	1.37
Parco Company	JPY	44,000	154,264	0.73
Plenus Company	JPY	3,000	130,298	0.61
Shimachu	JPY	24,000	296,389	1.40
Toho Company	JPY	4,800	489,077	2.31
Toppa Printing Company	JPY	71,000	554,645	2.61
			5,199,825	24.51
Finance				
Credit Saison	JPY	23,000	404,051	1.91
Kokusai Securities	JPY	24,000	103,341	0.49
Mitsui Sumitomo	JPY	50,000	227,629	1.07
Nomura Holdings	JPY	20,000	219,331	1.04
Promise Company	JPY	14,200	636,913	3.00
Tokio Marine & Fire Insurance Company	JPY	5,600	399,790	1.88
			1,991,055	9.39
Healthcare				
Kawasumi Labs	JPY	20,000	177,169	0.83
Kissei Pharmaceuticals	JPY	10,000	134,185	0.63
Mani	JPY	4,000	62,794	0.30
Nipro Corporation	JPY	17,000	214,517	1.01
Nissin Healthcare	JPY	12,000	444,942	2.10
Tanabe Seiyaku	JPY	43,000	375,771	1.77
			1,409,378	6.64
Technology				
Anritsu Corporation	JPY	35,000	261,119	1.23
Canon	JPY	25,000	820,437	3.87
Dai-Dan Company	JPY	9,000	28,594	0.13
Focus Systems	JPY	25,300	200,478	0.94
Koa Corporation	JPY	33,000	207,221	0.98
Konami Corporation	JPY	18,000	448,082	2.11
Kyocera Corporation	JPY	4,400	256,559	1.21
Matsushita Electric Works Information	JPY	20	109,890	0.52
Nippon Ceramic	JPY	20,000	194,363	0.92
Noritz Corporation	JPY	32,000	223,667	1.05
Riso Kagaku	JPY	15,000	364,431	1.72
Shoisha Company	JPY	20	55,319	0.26
Trans Cosmos	JPY	12,000	272,706	1.29
			3,442,866	16.23

The notes on pages 17 to 22 form part of these financial statements

Polar Capital Funds plc

Portfolio Statement Japan Fund

As at 31 January 2002

(continued)

	Currency	Nominal Holding	Market Value US\$	% of NAV	
Transport					
East Japan Railway	JPY	140	607,011	2.86	
Kamigumi Company	JPY	52,000	188,532	0.89	
Mabuchi Motor Company	JPY	6,000	479,479	2.26	
Mitsui O.S.K. Lines	JPY	105,000	215,070	1.01	
Mitsui-Soko Company	JPY	34,000	58,458	0.28	
Nippon Konpo Unyu	JPY	40,000	229,946	1.08	
			<u>1,778,496</u>	<u>8.38</u>	
Utilities					
Fuji Soft ABC	JPY	10,000	325,932	1.54	
			<u>325,932</u>	<u>1.54</u>	
Open Forward Foreign Currency Transactions					
Currency Sold	Currency Bought	Currency Rate	Maturity Date	Unrealised Gain	% of NAV
JPY448,181,000	USD	121.13	19/02/2002	346,603	1.63
JPY98,887,500	USD	131.89	09/04/2002	8,297	0.04
				<u>354,900</u>	<u>1.67</u>
Total Investments at Market Value			21,850,753	102.99	
Other Net Liabilities			(634,739)	(2.99)	
Total Net Assets			<u>21,216,014</u>	<u>100.00</u>	

All investments are transferable securities admitted to an official Stock Exchange listing.

The notes on pages 17 to 22 form part of these financial statements

Polar Capital Funds plc

Portfolio Statement Global Technology Fund

As at 31 January 2002

Equities	Currency	Nominal Holding	Market Value US\$	% of NAV
Canada				
Cellex Power Products*	CAD	600,000	984,795	1.52
Denmark				
Simcorp	DKK	11,600	383,170	0.59
France				
Exact Holdings	EUR	16,500	452,439	0.70
Infovista	EUR	225,000	889,124	1.38
Plaut	EUR	245,000	696,060	1.08
Riber	EUR	210,805	807,621	1.25
Soitec	EUR	36,000	743,842	1.15
Teleste Corporation	EUR	64,850	535,979	0.83
			4,125,065	6.39
Japan				
Fuji Photo Film	JPY	16,500	525,453	0.81
NGK Spark Plug	JPY	300	2,276	0.00
Omron	JPY	32,200	391,156	0.61
Rohm	JPY	6,600	862,927	1.34
Takeda	JPY	10,400	412,827	0.64
			2,194,639	3.40
Netherlands				
BE Semiconductor	EUR	79,000	582,874	0.90
Ordina	EUR	60,000	666,358	1.03
			1,249,232	1.93
Norway				
Tandberg	NOK	252,675	680,016	1.05
Sweden				
Proact IT Group	SEK	100,000	426,706	0.66
Taiwan				
Sunplus Technology GDR	USD	12,290	81,729	0.13
United Kingdom				
Ferraris Group	GBP	100,790	304,835	0.47
United States				
ADC Telecom	USD	620,000	3,025,600	4.68
Allegiance Telecom	USD	183,000	1,090,680	1.69
Anaren Microwave	USD	90,000	1,440,000	2.23

The notes on pages 17 to 22 form part of these financial statements

Polar Capital Funds plc

Portfolio Statement Global Technology Fund

As at 31 January 2002

(continued)

	Currency	Nominal Holding	Market Value US\$	% of NAV
United States (continued)				
Aspen Technology	USD	110,000	2,189,000	3.39
Ballard Power	USD	65,000	2,021,500	3.13
Brocade Communications	USD	40,000	1,456,000	2.25
Brooks Automation	USD	45,000	2,201,850	3.41
Chippac	USD	180,000	1,215,000	1.88
Cognex Corporation	USD	63,500	1,530,350	2.37
Costar Corporation	USD	40,000	930,000	1.44
Diamond Cluster	USD	100,000	1,162,000	1.80
Finisar	USD	220,000	2,589,400	4.01
Genesis Microchip	USD	14,000	846,580	1.31
Icos Vision	USD	74,000	582,750	0.90
Interwoven	USD	170,000	1,217,200	1.88
Intrado	USD	80,000	1,854,400	2.87
Kana Software	USD	60,000	1,095,000	1.69
Lantronix	USD	250,000	1,574,750	2.44
LTX Corporation	USD	60,000	1,185,600	1.84
Macromedia	USD	50,000	890,500	1.38
Mercury Interactive	USD	50,000	1,905,000	2.95
Microsemi	USD	110,000	2,117,500	3.28
NDS Group	USD	53,000	1,208,930	1.87
Netiq Corporation	USD	37,000	1,110,000	1.72
Omnivision Technology	USD	220,000	2,255,000	3.49
Packeteer	USD	360,900	2,511,864	3.89
Peregrine Systems	USD	70,000	559,300	0.86
Precise Software	USD	75,000	1,871,250	2.90
Rational Software	USD	50,000	1,174,000	1.82
Tegal Corporation	USD	1,075,000	1,612,500	2.49
Tegal Corporation Warrant	USD	362,500	0	0.00
Tekelec	USD	50,000	709,000	1.10
Veeco Instruments	USD	64,300	2,233,782	3.46
Xantrex Technology*	USD	1,273,000	3,500,750	5.42
Zygo Corporation	USD	70,000	1,015,000	1.57
			<u>53,882,036</u>	<u>83.41</u>
Total Investments at Market Value			64,312,223	99.55
Other Net Assets			291,515	0.45
Total Net Assets			<u>64,603,738</u>	<u>100.00</u>

* Unquoted and illiquid securities

All other investments are transferable securities admitted to an official Stock Exchange listing.

The notes on pages 17 to 22 form part of these financial statements

Polar Capital Funds plc

Balance Sheet

As at 31 January 2002

	Notes	Japan Fund 2002 USD	Global Technology Fund 2002 USD	Total 2002 USD
Assets				
Investments at market value	2,4	21,850,753	64,312,223	86,162,976
Debtors: Amounts falling due within one year	5	2,085,930	4,441,420	6,527,350
		<u>23,936,683</u>	<u>68,753,643</u>	<u>92,690,326</u>
Liabilities				
Creditors: Amounts falling due within one year	6	(2,720,669)	(4,149,905)	(6,870,574)
Net Assets		<u>21,216,014</u>	<u>64,603,738</u>	<u>85,819,752</u>
Shareholders' funds - non equity		<u>21,216,014</u>	<u>64,603,738</u>	<u>85,819,752</u>
Number of shares outstanding		<u>2,504,692</u>	<u>5,402,829</u>	
Net Asset Value per share		<u>8.47</u>	<u>11.96</u>	

The financial statements on pages 9 to 22 were approved by the Board of Directors of Polar Capital Funds plc on 17 May 2002 and signed on its behalf by:

James Cayzer-Colvin }

Directors

David Hammond }

The notes on pages 17 to 22 form part of these financial statements

Polar Capital Funds plc

Profit and Loss Account

For the period from 28 September 2001, the date of incorporation, to 31 January 2002

	Notes	Japan Fund 2002 US\$	Global Technology Fund 2002 US\$	Total 2002 US\$
Income	2			
Investment income		15,163	3,213	18,376
Withholding tax		(2,663)	(325)	(2,988)
Deposit interest		961	3,674	4,635
		<u>13,461</u>	<u>6,562</u>	<u>20,023</u>
Expenses	2			
Performance fee		0	1,363,525	1,363,525
Management fees	3	75,102	191,191	266,293
Preliminary expenses amortisation	13	120,000	120,000	240,000
General expenses		23,239	25,517	48,756
Administration fees	3	13,198	31,865	45,063
Custodian's fees	3	5,109	12,747	17,856
Audit fees		7,000	7,000	14,000
Bank interest		9,177	2,046	11,223
Directors' fees		2,514	2,530	5,044
		<u>255,339</u>	<u>1,756,421</u>	<u>2,011,760</u>
Net operating expense		(241,878)	(1,749,859)	(1,991,737)
Net realised (loss)/gain on marketable securities		(838,711)	2,545,866	1,707,155
Movement in net unrealised (loss)/gain on investments		(2,326,275)	5,176,226	2,849,951
Net gain/(loss) on currencies		294,867	(26,137)	268,730
Net (loss)/gain on investment activity		<u>(2,870,119)</u>	<u>7,695,955</u>	<u>4,825,836</u>
Deficit/(surplus) from operations for the period		<u>(3,111,997)</u>	<u>5,946,096</u>	<u>2,834,099</u>

The financial statements on pages 9 to 22 were approved by the Board of Directors of Polar Capital Funds plc on 17 May 2002 and signed on its behalf by:

James Cayzer-Colvin }

Directors

David Hammond }

The notes on pages 17 to 22 form part of these financial statements

Polar Capital Funds plc

Statement of Changes in Net Assets

For the period from 28 September 2001, the date of incorporation, to 31 January 2002

	Japan Fund 2002 US\$	Global Technology Fund 2002 US\$	Total 2002 US\$
Shareholders' equity at beginning of period	0	0	0
Net operating expense	(241,878)	(1,749,859)	(1,991,737)
Net (loss)/gain on investment activity	(2,870,119)	7,695,955	4,825,836
Movement in Net Assets resulting from Operations	(3,111,997)	5,946,096	2,834,099
Subscriptions during the period	25,168,185	61,648,849	86,817,034
Redemptions during the period	(840,174)	(2,991,207)	(3,831,381)
Movement in Net Assets resulting from financing	24,328,011	58,657,642	82,985,653
Shareholders' equity at 31 January 2002	21,216,014	64,603,738	85,819,752

The notes on pages 17 to 22 form part of these financial statements

Polar Capital Funds plc

Notes to the Financial Statements

for the period ended 31 January 2002

1. Organisation and nature of business

Polar Capital Funds plc (the “Company”) is an open-ended investment company with variable capital organised under the laws of Ireland. The Company has been authorised by the Central Bank as a UCITS within the meaning of the Regulations. The Company is listed on the Irish Stock Exchange.

The Company is structured as an umbrella fund in that different Funds thereof may be established with the prior approval of the Central Bank. Initially, the sub-funds of the Company are the Japan Fund and the Global Technology Fund. The base currency of both sub-funds is the US Dollar.

The Japan Fund currently has three classes, the US Dollar Share Class, the Sterling Share Class and the Japanese Yen Share Class and the Global Technology Fund currently has two classes, the US Dollar Share Class and the Sterling Share Class.

Principal Accounting Policies

Accounting Convention

These financial statements have been prepared under the historical cost convention, adjusted to take account of the revaluation of investments, and in accordance with accounting standards generally accepted in Ireland and Irish statutes comprising the Companies Acts, 1963 to 2001. Accounting standards generally accepted in Ireland in preparing these financial statements are those published by the Institute of Chartered Accountants in Ireland and issued by the Accounting Standards Board. The reporting currency of the Company is the US Dollar.

Income

Investment income is reported gross of non-reclaimable withholding tax. Income arising from investments is accounted for on an ex-dividend basis. Deposit interest is accounted for on an accrual basis.

Valuation of Investments

Investments in securities which are quoted on a recognised exchange are valued at the last trade date price or, if no last trade price is available, at the middle price between the last bid and offer price, or if no bid or offer price is available, at the last available closing bid or offer price. The value of an investment which is not quoted on a recognised exchange shall be the probable realisable value estimated with care and in good faith by a competent person, firm or association making a market in such investment.

Foreign Currencies

Assets and liabilities in foreign currencies are translated into the reporting currency at the rates prevailing at the period end date. Transactions, which occurred during the period, are translated into the reporting currency at the rate prevailing on the transaction date.

Forward Foreign Currency Transactions

Forward foreign currency transactions are valued based on the closing forward contract rates on the relevant foreign exchange contract on a daily basis. Realised and unrealised gains and losses are reported in the Profit & Loss Account.

Distribution Policy

The Funds will aim to seek capital growth rather than a significant income return. However, the Company intends to declare, when necessary for the Company to obtain certification as a “distributing fund” for the purposes of sections 757-764 of the UK Income and Corporation Taxes Act 1988, a dividend in respect of the funds and any other relevant funds. Dividends, if declared, will only be paid out of the Fund’s net investment income return (i.e. income from dividends, interest or otherwise, less the Fund’s accrued expenses to be certified for the accounting period), realised and unrealised profits on the disposal/revaluation of investments and other assets less realised and unrealised losses of the Funds and will normally be paid in May of each year.

Polar Capital Funds plc

Notes to the Financial Statements

31 January 2002

(continued)

2. Principal Accounting Policies (continued)

Operating Expenses

The Company is responsible for all normal operating expenses including audit fees, stamp and other duties and charges incurred on the acquisition and realisation of investments. The Manager meets all other operating expenses incurred by it in connection with its services.

Reporting Financial Performance

The information to be included in a Statement of Total Recognised Gains and Losses and a Reconciliation of Movements in Shareholders' Funds is, in the opinion of the Directors, contained in the Statement of Changes in Net Assets on page 16. In arriving at the surplus for the period, all amounts in the Profit and Loss on page 15 relate to continuing activities.

Taxation

The Company is not liable to tax in respect of its income and gains, other than on the occurrence of a chargeable event. A chargeable event includes any distribution to shareholders or any redemption or transfer of shares. A chargeable event will not occur in respect of shareholders who are neither resident nor ordinarily resident in Ireland and who have provided the Company with a relevant declaration to that effect. In the absence of an appropriate declaration, the Company will be liable to Irish tax on the occurrence of a chargeable event but will be entitled to recover the tax due from the relevant shareholder. Capital gains, dividends and interest received may be subject to withholding taxes imposed by the country of origin and such taxes may not be recoverable by the Company or its shareholders.

3. Management, Administration and Custodian fees

The Investment Manager is entitled to receive a management fee and a performance fee together with any extraordinary out of pocket expenses. The management fee will be accrued daily and will be payable monthly in arrears, and is equivalent to 1.5% per annum of the Net Asset Value of each Fund (before deduction for any accrued performance fees) as at the Valuation Day. An initial payment of the management fee based on the most recently published Net Asset Value, will be made on the last day of each month, with an adjustment being made where necessary, on the last day of the next month.

The Investment Manager, in addition to the management fee, is entitled to receive out of the assets of each Fund a performance fee equal to 20 per cent of the amount by which the increase in the Net Asset Value (prior to the provision for a performance fee) during the relevant performance period exceeds the increase in the Indexed Net Asset Value over the same period.

The Administrator is entitled to receive a fee of 0.25% per annum of the first US\$70 million of each Fund (adjusted so as to not include any deduction for performance fees deemed to have accrued) and 0.20% of all amounts in excess of US\$70 million of the Net Asset Value of each Fund subject to a monthly minimum fee of US\$3,500 per fund. The Administrator shall also be entitled to be repaid out of the assets of the Fund all its reasonable out-of-pocket expenses.

The Custodian is entitled to an annual fee of 0.10% of the Net Asset Value of the Company payable monthly in arrears, subject to a minimum monthly fee of GBP£850. In addition, the Custodian shall be entitled to a transaction fee of GBP£30 for each transaction conducted.

Polar Capital Funds plc

Notes to the Financial Statements

31 January 2002

(continued)

4. Investments at Market Value

	Japan Fund	Global Technology Fund	Total
	2002	2002	2002
	US\$	US\$	US\$
At Cost	23,822,128	59,135,997	82,958,125
Net surplus/(deficit) on revaluation	(2,326,275)	5,176,226	2,849,951
Market Value of Investments	21,495,853	64,312,223	85,808,076
Net unrealised profit on open forward foreign currency transactions	354,900	0	354,900
	<u>21,850,753</u>	<u>64,312,223</u>	<u>86,162,976</u>

5. Debtors: falling due within one year

	Japan Fund	Global Technology Fund	Total
	2002	2002	2002
	US\$	US\$	US\$
Due from broker	1,535,830	3,564,927	5,100,757
Subscriptions receivable	539,695	876,493	1,416,188
Dividends receivable	10,405	0	10,405
	<u>2,085,930</u>	<u>4,441,420</u>	<u>6,527,350</u>

6. Creditors: falling due within one year

	Japan Fund	Global Technology Fund	Total
	2002	2002	2002
	US\$	US\$	US\$
Bank overdraft*	1,173,804	1,101,599	2,275,403
Due to broker	1,404,793	1,403,152	2,807,945
Performance fee payable	0	1,363,525	1,363,525
Sundry creditors	142,072	281,629	423,701
	<u>2,720,669</u>	<u>4,149,905</u>	<u>6,870,574</u>

* Held with Barings (Guernsey) Limited, secured over the assets of the fund.

7. Soft Commission

There were no soft commission transactions during the period.

8. Exchange Rates

The exchange rates used at 31 January 2002 were as follows:

	Exchange Rate to US\$
Canadian dollars	1.5902
Danish krone	8.6280
European Union euro	1.1615
Japanese yen	133.7703
Norwegian krone	9.1035
Sterling	0.7076
Swedish krona	10.6396

Polar Capital Funds plc

Notes to the Financial Statements

31 January 2002

(continued)

9. Shareholders' Funds

On incorporation, the authorised share capital of the Company was US\$40,000 divided into 40,000 Subscriber Shares of a par value of US\$1 each and 500,000,000,000 participating shares of no par value. There are 7 Subscriber Shares currently in issue which are held by the Investment Manager and nominees of the Investments Manager. These subscriber shares are not included as part of the net asset value of the company as the Directors consider this treatment is most appropriate, given the nature of the company as an investment fund.

The outstanding participating shares are as follows:

	Outstanding Shares	NAV per Share As at 31 January 2002
Japan Fund		
USD Class	555,024	\$8.52
GBP Class	461,261	£6.03
JPY Class	1,488,407	Yen 1,139.72
Global Technology Fund		
USD Class	5,375,528	\$11.98
GBP Class	27,301	£8.48

10. Related party disclosure

The Company operates under an investment management agreement with Polar Capital Partners Limited. All fees in relation to the Investment Manager are disclosed separately in the Profit and Loss Account on page 15. US\$150,368 was due to the Investment Manager at 31 January 2002. Certain directors hold shares in the ultimate holding company of the Investment Manager or exert significant influence over the holders of such shares.

11. Financial Instruments and Derivatives

In accordance with its investment objectives and policies, the Company holds financial instruments, which at any one time may comprise the following:

- securities held in accordance with the investment objectives and policies
- cash and short-term debtors and creditors arising directly from operations
- borrowing used to finance investment activity
- derivative trading including financial futures contracts

A more detailed review of the portfolio activity for the year is available in the Investment Manager's Report on pages 3 & 4. A more detailed analysis of the investments is shown in the Portfolio Statement on pages 9 to 13. Investments listed on the Portfolio Statement are stated at fair value as described in Note 2 on page 17. Disclosures exclude short-term debtors and creditors.

The Japan Fund's exposure to foreign exchange contracts at 31 January 2002 was as follows:

Forward Currency Contracts		2002 USD
JPY		4,450,000
Fixed Interest	US\$	Weighted Average Interest Rate
JPY	126,093	0.00%

A detailed analysis of the risks associated with the Company is described below:

Polar Capital Funds plc

Notes to the Financial Statements

31 January 2002

(continued)

RISKS

The following summary is not intended to be a comprehensive summary of all the risks inherent in investing in the Company and investors should refer to the prospectus for a more detailed discussion of these risks.

Investment objective and policies

The investment objective of the Japan Fund is to achieve long term capital growth by investing primarily in securities of issuers that have their principal activities in Japan or are organised under the laws of Japan or derive a significant portion of their earnings from Japan. The Fund intends to invest up to 100% of its assets in securities listed on the Tokyo and regional Japanese exchanges. The Fund will seek to outperform the Topix Index while striving to limit the volatility of the Funds returns.

The investment objective of the Global Technology Fund is long term capital appreciation by way of investing in a globally diversified portfolio of technology companies. Although the Fund may receive income in the form of dividends, interest and from other sources, income is not a primary consideration. The Fund will seek to invest at least two thirds of its Net Asset Value in technology-related companies and aims to take advantage of market trends as they move from one region of the globe to another by looking for companies poised to benefit from sound management, defined market niches and clear earnings growth potential.

Market price risk

Market price risk arises mainly from uncertainty about future prices of the financial instruments held. It represents the potential loss the fund might suffer through holding market positions in the face of price movements. It is intended to control market risk via the use of derivatives.

Liquidity risk

The fund's assets mainly comprise readily realisable securities. The investment manager will normally keep an allocation of cash to meet pending liabilities that may arise from time to time.

Foreign exchange risk

The Net Asset Value per share in the fund is computed in US\$, whereas the investments of the fund may be acquired in a wide range of currencies which may be subject to exchange rate fluctuations.

12. Efficient portfolio management

Currency hedging strategies for the purpose of efficient portfolio management may be employed in the management of the Company. Forwards and/or other hedging instruments are also used for efficient portfolio management purposes to manage the interest rate risk on the portfolio of securities held by the Company and to enhance the overall return thereon. Any such instruments are used under the conditions and within the limits laid down by the Central Bank of Ireland.

Polar Capital Funds plc

Notes to the Financial Statements

31 January 2002

(continued)

13. Net Asset Value

The Net Asset Value per share for the Company at the year end date is determined by dividing the value of the net assets of the Company by the total number of Shares in issue at the year end.

The Net Asset Value per share at which shareholders may subscribe to or redeem from the fund differs slightly from that presented in these financial statements. This difference is due to the difference in valuation principles appropriate for the purpose of preliminary expenses.

In accordance with the Company's principal documentation, the net asset value reported daily, reflects these preliminary expenses being written off over the first five financial years of the Company. In the financial statements, preliminary expenses have been written off in full.

	Japan Fund	Global Technology Fund
Net asset value per share for shareholder dealing per valuation	8.52	11.98
Unamortised preliminary expenses	(0.05)	(0.02)
Net asset value per share for shareholder dealing per financial statements	<u>8.47</u>	<u>11.96</u>

14. Cross Liability

Although the activities attributable to each Sub-Fund will be accounted for separately, in the event of the insolvency of any one Sub-Fund resulting in the assets attributable to that Sub-Fund being insufficient to meet the liabilities attributable to that Sub-Fund, all of the assets of the Company regardless of the Sub-Fund to which they are attributable may be applied against such excess liabilities.

Polar Capital Funds plc

Statement of Significant Portfolio Movements

Japan Fund

Purchases	Cost US\$'000	Sales	Proceeds US\$'000
Canon	1,140	Capcom Company	717
NTT DoCoMo	1,095	Kyocera Corporation	625
Toyota Motor Corporation	1,033	Takeda Chemicals	557
Kyocera Corporation	958	Toppan Forms	473
Shin-Etsu Chemical	830	Asatsu	471
Promise Company	742	Mitsubishi Corporation	450
Capcom Company	716	Tonen Gen Seiki	436
Anritsu Corporation	700	Capcom Company Ltd 0%	433
East Japan Railway	633	Toyota Motor Corporation	414
Toppan Printing Company	631	Yamada Denki	376
Takeda Chemicals	611	Anritsu Corporation	373
Fuji Soft ABC	577	Canon	365
KAO Corporation	559	TDK Corporation	345
Toppan Forms	553	Rohm Company	331
Fuji Photo Film	551	Acom Company	316
Toho Company	535	Matsushita	302
C&S Company	530	Aiful Corporation	297
Credit Saison	530	Kokuyo Company	295
Mabuchi Motor Company	517	Macnica	286
Don Quijote	495	Tokyo Broadcasting	284

Global Technology Fund

Purchases	Cost US\$'000	Sales	Proceeds US\$'000
ADC Telecom	2,578	Micron Technology	2,014
Micron Technology	1,577	Network Appliance	1,325
Intrado	1,546	Microtune	1,205
Macromedia	1,397	Proxim	1,200
Brocade Communications	1,395	Marvell Technology Group	1,169
Brooks Automation	1,355	Interwoven	1,148
Aspen Technology	1,158	Semtech Corporation	1,017
Rational Software	1,092	Elantec Semi Conductors	1,005
Omnivision Technology	1,065	Netiq Corporation	941
Microsemicom	1,031	Genesis Microchip	677
Tegal Corporation	1,015	Signal Technology	657
Cellex Power Products	1,003	NTT DoCoMo	653
Costar Corporation	959	Mercury Interactive	576
Tekelec	928	Exult	569
Ballard Power	911	Cognex Corporation	497
Proxim	826	Juniper Networks	457
NDS Group	762	NGK Spark Plug	445
Peregrine Systems	738	Openwave	437
Zygo Corporation	730	Liberate	414
Marvell Technology	682	Xansa	400

NOTICE OF ANNUAL GENERAL MEETING

To the Shareholders of Polar Capital Funds plc.

NOTICE is hereby given that the Annual General Meeting of the Shareholders of Polar Capital Funds plc will be held at IFSC House, International Financial Services Centre, Dublin 1 on Friday 19, July 2002 at 2.00 p.m.

AGENDA

1. Report and Accounts

To receive the Report and Audited Financial Statements of the Company for the period from 28 September 2001, the date of incorporation, to 31 January 2002.

2. Re-election of Director

To consider the re-election of Mr James Cayzer-Colvin as a Director of the Company.

3. Re-election of Director

To consider the re-election of Mr Ronan Daly as a Director of the Company.

4. Re-election of Director

To consider the re-election of Mr David Hammond as a Director of the Company.

5. Re-election of Director

To consider the re-election of Mr Jonathan Quigley as a Director of the Company.

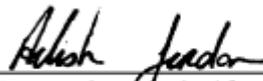
6. Re-election of Director

To consider the re-election of Mr Neil Taylor as a Director of the Company.

7. Re-election of Auditors

To approve the re-election of the Company's Auditors and to authorise the Directors to fix the Auditors' remuneration.

By Order of the Board



For and on behalf of International
Fund Managers (Ireland) Limited
as Secretary

Dated the 17 day of May 2002

NOTE

Every member entitled to attend, speak and vote at the above meeting is entitled to appoint a proxy to attend, speak and vote in his stead. A body corporate may appoint an authorised person to attend, speak and vote on its behalf. A proxy or an authorised representative need not be a member of the company.

FORM OF PROXY

I/We, _____

of _____

being Members of the above Company hereby appoint

_____ or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the reconvened Annual General Meeting of the Company to be held on Friday, 19 July 2002, and at any adjournment thereof.

Please indicate with an X in the spaces below how you wish your vote(s) to be cast. Unless otherwise instructed, the proxy will vote as he/she thinks fit.

RESOLUTION

	For	Against
<p>1. Report and Accounts To receive the Report and Audited Financial Statements of the Company for the period from 28 September 2001, the date of incorporation, to 31 January 2002.</p>		
<p>2. Re-election of Director To consider the re-election of Mr James Cayzer-Colvin as a Director of the Company.</p>		
<p>3. Re-election of Director To consider the re-election of Mr Ronan Daly as a Director of the Company.</p>		
<p>4. Re-election of Director To consider the re-election of Mr David Hammond as a Director of the Company.</p>		
<p>5. Re-election of Director To consider the re-election of Mr Jonathan Quigley as a Director of the Company.</p>		
<p>6. Re-election of Director To consider the re-election of Mr Neil Taylor as a Director of the Company.</p>		
<p>7. Re-election of Auditors To approve the re-election of the Company's Auditors and to authorise the Directors to fix the Auditors' remuneration.</p>		

Signed: _____

Date: _____

Please return to:

c/o International Fund Managers (Ireland) Limited
IFSC House
International Financial Services Centre
Dublin 1
Ireland
Attention: Ailish Jordan

NOTES:

1. This instrument of proxy, to be valid, must be sent by post so as to arrive, or be lodged, at the address printed below before the time appointed for holding the meeting.
2. In the case of a corporate shareholder, this instrument may be either under its Common Seal or under the hand of an officer or attorney authorised in that behalf.
3. If you wish to appoint a proxy other than the Chairman of the meeting, please insert his/her name and address and delete "the Chairman of the meeting".
4. If this instrument is signed and returned without any indication of how the person appointed proxy shall vote, he will exercise his discretion as to how he votes and whether or not he abstains from voting.
5. In the case of joint holders, the vote of the senior who tenders a vote whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority should be determined by the order in which the names stand in the register of members in respect of the joint holding.
6. The address to which the proxy forms should be returned is:-
c/o International Fund Managers (Ireland) Limited
IFSC House
International Financial Services Centre
Dublin 1
Ireland.
Attention: Ailish Jordan
7. Proxy forms may be returned in the first instance by fax to (353) 1 670 2735 but the original should be forwarded by mail to the address shown at 6 above.