



POLARCAPITAL

Polar Capital Financial Funds Plc

Interim Report and Financial Statements (Unaudited) for the period ended 30 June 2011

An investment company advised by Polar Capital LLP
Polar Capital LLP is authorised and regulated by the Financial Services Authority

POLAR CAPITAL FINANCIAL FUNDS PLC

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POLAR CAPITAL FINANCIAL FUNDS PLC

INVESTMENT OBJECTIVES

There are currently three sub-funds created in the Polar Capital Financial Funds plc (the “Company”): the Polar Capital Asian Financials Fund, the Polar Capital European Financials Fund and the Polar Capital Financials Income Fund (together the “sub-funds”).

Polar Capital Asian Financials Fund

The investment objective of the Polar Capital Asian Financials Fund is to achieve medium-term appreciation of shareholders’ capital by investing in the equities of banking, insurance and other financial services companies which derive a substantial proportion of their profits from Far Eastern/Asian markets outside Japan. In addition, the sub-fund may invest in the equities of companies whose principal business is to provide support services to such financial services companies.

Polar Capital European Financials Fund

The investment objective of the Polar Capital European Financials Fund is to achieve medium-term appreciation of shareholders’ capital by investing in the securities of banking, insurance and other companies in the financial sector in Europe, including companies which provide support services to financial sector companies in Europe.

Polar Capital Financials Income Fund

The investment objective of the Polar Capital Financials Income Fund is to provide an attractive level of income together with capital growth. In order to achieve its objective the sub-fund invests primarily in the equity, debt and other securities of listed financial companies worldwide.

CHAIRMAN'S REVIEW

Half Year to 30th June 2011**Background to first six months:**

It seems almost beside the point to comment on the returns of stock markets over the first six months of the year, given that the events of the past six weeks have undermined the progress they made in the first half. In terms of financial news there was nothing earth shattering that occurred but in terms of natural disasters there certainly was – the Fukushima earthquake and tsunami in Japan being the most horrific. It and – to a much lesser extent – other events have had an economic effect, the Japanese earthquake causing serious disruptions to global manufacturing supply chains. Aided by continuing and large doses of quantitative easing stock markets seemed to take the news in their strides, most particularly those in Europe which had made a useful recovery after their problems of 2010. The US Dollar however continued to be a weak currency.

However the equities of European financial companies did not tend to fare as well as other European shares generally – as evidenced by our European Fund's benchmark: the Datastream European Financials Index (in €s) fell 3.1% (c.f. Germany's Dax Index rose 6.7%, France's CAC Index rose 2.3%, both in €s). Financial equities in the UK (being the major European economy outside the Euro) also fell, led by continuing weakness of those of its banks (the FTSE Banks Index fell by circa 7% in £s); the UK's FT All-share Index however rose by 1.1% (in £s).

The Datastream Asia (ex Japan) Financials Index fell by 3.0% (in \$s) but it tended to reflect the general underlying drift in Asian markets with only South Korea of the major Asian markets scoring a gain (its KOSPI Index (in Won) rose 2.4%). And finally the US's S&P Composite Index rose by 5.0% in comparison to a fall of circa 7% in the KBW Bank Index, both being US Dollar numbers.

In summary it was a difficult time for financial stocks and shares, albeit only for a short time span.

Polar Capital European Financials Fund:

Performance: **NAV:** **- 5.1% to** **€26.95 per share**
Dividend: **€ 0.36 per share (paid 31st March 2011)**

The net asset value ("NAV") and the Fund's benchmark returns for six months to the end of June 2011 (and over longer periods) are summarised in the table below. It was, as referred to above, a difficult time for financial shares largely because of the continuing problems surrounding banks, most particularly those in the Euro currency countries. While the economies of the northern European countries are in a relatively sounder state than those of the south, the same cannot be said of their banks, most of whom seem to have made poor loans to Greece, Portugal, Italy, Spain etc. The bad loan problems are not confined to the banks in the Euro zone, the UK's banks being, for instance, big lenders to Irish banks.

	6 months to	1 year to	5 Years to
	30th June 2011		
NAV			
Beginning	€ 28.39	€ 25.54	€ 35.13
End	€ 26.95	€ 26.95	€ 26.95
Δ%	-5.1%	+5.5%	-23.3%
Benchmark	-3.1%	+4.5%	-42.9%

Benchmark: Datastream European Financials Index

The fall in the Fund's net asset value (it declined by 5.1%) was a little bit more than the benchmark; however that was not because the portfolio is exposed to the weaker of Europe's banks. Quite to the contrary - John Yakas, who is nothing if not a conservative investor, was not exposed to some of the weaker banks whose shares happened to perform a little better than their stronger brethren – just in this short time period.

John has also limited the exposure to banks – the amount invested being just 47% of the NAV at the end of June and, Spain apart (the one holding being in the shares of Banco Santander), there was no exposure to what are referred to as the PIGS. The five major country exposures were: UK 34.1%, Germany 8.5%, Switzerland 7.7%, France 7.7% and Norway 6.2% of the net asset value.

And finally, reflecting John's short-term caution, the Fund held circa 10% of its net assets in cash at the end of June.

POLAR CAPITAL FINANCIAL FUNDS PLC

CHAIRMAN'S REVIEW (continued)

Polar Capital European Financials Fund (continued):

Closure of the Polar Capital European Financials Fund:

Following the redemption of the holding of the largest shareholder of the Fund, the Board of Directors has concluded that it is too small to be run economically. It has therefore decided that it is in the interest of the remaining shareholders that the Fund should be closed and their interest in it returned to them. A circular has been sent to them covering the arrangements to close the fund.

Polar Capital Asian Financials Fund:

Performance: **NAV:** **+2.1% to** **\$256.59 per share**
Dividend: **\$ 1.77 per share (paid 31st March 2011)**

In contrast to the fortunes of the European Fund, the net asset value of the Asian Financials Fund, recorded a gain over the first six months of the year, it being 2.1%; it did so at the same time as its benchmark declined 3.0%. John Yakas, who also manages the Asian Financials Fund, kept a relatively low exposure to China (19.7% of the NAV), having short term difficulties with inflation but, of course tremendous long-term opportunities, and rather less exposed to banks (circa 66%) than he might normally have. The net asset value of the Fund, which is reported in US Dollars, also benefited from the strength of many of the region's currencies relative to the Dollar. Pleasingly the net asset value not only recorded a gain but also fared better than the benchmark, which lost 3%.

The region is currently confronting the issue of inflation (referred to below) with the necessary higher interest rates, which tend to restrain the progress of stock markets. Reflecting this, John has also got about 10% of the net assets held in cash, awaiting a good opportunity to invest it.

	6 months to	1 year to	5 Years to
	30th June 2011		
NAV			
Beginning	\$251.22	\$214.89	\$177.12
End	\$256.59	\$256.59	\$256.59
Δ%	+2.1%	+19.4%	+44.9%
Benchmark	-3.0%	+15.4%	+39.4%

Benchmark Datastream Asia ex Jap Financials Index

Being a half year report, we naturally concentrate on the six month returns but I would like to draw to your attention the returns made over the last year: 12 months ago global markets were suffering from the first eruption of the Euro crisis, since then there has been a considerable recovery; the net asset value has risen 19.4% over the past 12 months. But even that is a short time period in the greater scheme of things. Over the last five years the net asset value has risen by circa 45% at a time when the FTSE 100 Index (in \$) has fallen circa 12% and the S&P Composite Index has risen circa 4%.

Outlook

As I have commented many times before and as is widely recognised in the investment community, the long-term economic prospects for East Asia (including India) generally and China particularly remain very exciting. Investing in a well managed portfolio of the stocks and shares of soundly financed financial companies provides the investor with an excellent exposure to that growth. The long term record of the Fund (+ circa 160% since inception 15 years ago; benchmark + circa 35%) endorses this view. The success stems in part from the underlying economic progress of the region and, perhaps more importantly, from the sound management of the portfolio.

However progress is seldom smooth and the region is currently dealing with somewhat higher levels of inflation than is desirable. Inflation is always a risk in any high growth economy and needs to be kept under control; that is what is happening with somewhat tighter monetary policies, particularly in China. The fact that it is being dealt with is a very bullish factor: it provides opportunities for investment and sets the scene for further soundly financed economic growth. The current pause is therefore a long-term positive.

POLAR CAPITAL FINANCIAL FUNDS PLC

CHAIRMAN'S REVIEW (continued)

Polar Capital Financials Income Fund

Performance: NAV: **+3.5% (income shares); +3.5% (accumulation shares)**

The bare statistics for the four classes of shares of the Financials Income Fund are set out in the table below. They demonstrate further progress made by the Fund and – it should be remembered – after the payment of dividends, which are set out in the subsequent table.

	A1 (inc)			A2 (acc)		
	6 months to	1 year to 30-Jun-11	Inception to	6 months to	1 year to 30-Jun-11	Inception to
NAV						
Beginning	£0.989	£0.886	£1.000	£1.089	£0.974	£1.000
End	£1.021	£1.021	£1.021	£1.124	£1.124	£1.124
Δ%	+3.3%	+15.2%	+2.1%	+3.2%	+15.5%	+12.4%

	B1 (inc)			B2 (acc)		
	6 months to	1 year to 30-Jun-11	Inception to	6 months to	1 year to 30-Jun-11	Inception to
NAV						
Beginning	£0.996	£0.889	£1.000	£1.096	£0.978	£1.000
End	£1.031	£1.031	£1.031	£1.134	£1.134	£1.134
Δ%	+3.5%	+16.0%	+3.1%	+3.5%	+16.0%	+13.4%

Benchmark Dow Jones STOXX Financials Index (£)

+5.5%	+17.1%	-11.4%	+5.5%	+17.1%	-11.4%
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Dividends Paid:	A1 (inc)	A2 (acc)	B1 (Inc)	B2 (acc)
31-Jan-11	1.50p	1.60p	1.50p	1.60p
30-Apr-11	1.30p	1.40p	1.30p	1.40p

The Financials Income Fund's portfolio make up is rather different from the other two funds in that, being an income fund, it has quite a large commitment to fixed interest securities; at the end of June 2011 that amounted to circa 44%. The balance of the portfolio is invested in equities (52%) and cash (4%). The makeup of the portfolio obviously affects the returns it earns and in the six months to 30th June it resulted in a small gain being made for all of the four different classes of shares. Although the returns were not as good as the benchmark (+5.5%), let me repeat that two dividends were paid, as highlighted in the table above, adding circa 3% to the returns.

There were all sorts of influences on the returns earned – the weakness of sterling, the general weakness of bank shares around the world, the strength of some of the non-bank financial shares (including life assurance and non-life insurance; the STOXX Insurance Index rose circa 8%), the strength of corporate bonds (many of which this person thinks are a lot safer than many sovereign bonds!) and finally the individual performance of different holdings (the best of which was that in Sampo, the Finnish insurance company and the worst of which was in HSBC).

Outlook

The back drop for the Fund is much the same as that for the other two funds but with the exception that the Fund has circa 11% invested in the USA. The main commitment, however, is to the UK (circa 56% of which 22% is invested in equities and the balance of 34% in fixed income securities). The financial crisis (it is ongoing and we are probably deeply submerged in phase two of it) affects all markets but differently. The US, Japan and Europe are affected by bank balance sheet issues and the effect that has on their respective economies; other parts of the world, including notably the emerging market economies, are affected by what goes on in the developed world (with over 50% of the world's GNP) and by their own inflation. It all adds up for a need for short-term caution.

CHAIRMAN'S REVIEW (continued)

Polar Capital Financials Income Fund (continued)

Outlook (continued)

However the world's financial industry is huge with lots of well run companies in its different sub-sectors. Soundly financed financial companies tend to pay out reasonable dividends so that the sector is a good area for investors seeking a reasonable level of current income from their investments. What is more, there is a growing need for investment income coming from ageing populations, suggesting a growing demand for any of the equities of soundly financed companies whose dividends can grow – leading to the prospect of good capital returns from them. We are fortunate that, in Nick Brind, we have an experienced and skilful investor in precisely the Fund's area of investment so that, although the road ahead may be a bumpy one, your directors remain bullish of the long-term prospects for the Fund.

Alex Hammond-Chambers
Chairman
August 2011

POLAR CAPITAL FINANCIAL FUNDS PLC

SCHEDULE OF INVESTMENTS as at 30 June 2011

Polar Capital Asian Financials Fund

Country	Company	Holding	Fair value US\$	% of Net Assets	Nature of business
Equities					
China	China Construction Bank	3,380,296	2,801,979	4.33%	Bank
	Industrial & Commercial Bank of China - H	2,878,310	2,182,429	3.38%	Bank
	China Merchants Bank	725,000	1,753,509	2.71%	Bank
	Bank of China	3,036,700	1,479,080	2.29%	Bank
	China Citic Bank	1,680,000	1,044,973	1.62%	Bank
	China Citic Bank Rights 25/07/11	336,000	36,272	0.06%	Bank
			9,298,242	14.39%	
Korea	Dongbu Insurance	54,400	2,807,512	4.34%	Insurance
	Shinhan Financial	53,000	2,526,764	3.91%	Other financial
	DGB Financial	132,000	1,984,358	3.07%	Other financial
	Samsung Life Insurance	18,320	1,626,690	2.52%	Insurance
	Woori Financial	27,500	358,029	0.55%	Other financial
			9,303,353	14.39%	
Hong Kong	China Taiping Insurance	1,119,961	2,518,787	3.90%	Insurance
	AIA Group	370,000	1,281,477	1.98%	Other financial
	Hang Seng Bank	72,933	1,161,304	1.80%	Bank
	Ping An Insurance	105,000	1,081,542	1.67%	Insurance
	Dah Sing Financial	158,740	813,973	1.26%	Bank
	Public Financial	1,160,000	715,566	1.11%	Other financial
	Bank of East Asia	112,300	461,106	0.71%	Bank
	Aeon Credit Service	478,000	371,650	0.57%	Consumer financial
	BOC Hong Kong	127,082	368,283	0.57%	Bank
			8,773,688	13.57%	
India	Housing Development Finance	150,000	2,356,243	3.65%	Bank
	Axis Bank	45,550	1,308,495	2.02%	Bank
	Housing Development Finance ADR	7,200	1,267,632	1.96%	Bank
	Lic Housing Finance	180,000	975,247	1.51%	Other financial
	HDFC Bank	13,500	755,429	1.17%	Bank
	Indusind Bank	115,000	699,994	1.08%	Bank
	Jammu & Kashmir Bank	18,500	346,038	0.54%	Bank
			7,709,078	11.93%	
Indonesia	PT Bank Central Asia	2,893,500	2,581,223	3.99%	Bank
	PT Bank Rakyat Indonesia	2,090,000	1,584,164	2.45%	Bank
	PT Bank Danamon	975,000	682,176	1.06%	Bank
	PT Bank Pan Indonesia	2,630,000	279,086	0.43%	Bank
			5,126,649	7.93%	
Singapore	Oversea Chinese Banking	294,000	2,239,229	3.46%	Bank
	DBS	154,000	1,839,053	2.85%	Other financial
	Capitamalls Asia	420,000	502,928	0.78%	Other financial
			4,581,210	7.09%	
Thailand	Kasikornbank Foreign	376,052	1,505,432	2.33%	Bank
	Bangkok Life Assurance	900,000	1,347,437	2.08%	Life Assurance
	Siam Commercial Bank	329,537	1,190,516	1.84%	Bank
	Kiatnakin Bank Foreign	300,000	322,213	0.50%	Bank
			4,365,598	6.75%	
Philippines	Security Bank	1,135,000	2,616,511	4.05%	Bank
	Ayala Land	2,000,000	719,049	1.11%	Other financial
	SM Prime	1,200,000	322,880	0.50%	Other financial
			3,658,440	5.66%	

SCHEDULE OF INVESTMENTS as at 30 June 2011
Polar Capital Asian Financials Fund (continued)

Country	Company	Holding	Fair value US\$	% of Net Assets	Nature of business
Equities (continued)					
Taiwan	Sinopac Holdings	3,140,000	1,350,078	2.09%	Bank
	China Trust Financial	1,546,985	1,343,751	2.08%	Bank
			2,693,829	4.17%	
Malaysia	Public Bank - Foreign Market	469,574	2,062,100	3.19%	Bank
	RHB Capital	110,000	331,510	0.51%	Other financial
	Public Bank	29,555	129,984	0.20%	Bank
			2,523,594	3.90%	
UK	HSBC	172,200	1,705,125	2.64%	Bank
					1,705,125
Financial assets at fair value through profit or loss			59,738,806	92.42%	
Cash			5,578,302	8.63%	
Other net liabilities			(677,002)	(1.05)%	
Net assets attributable to redeemable participating shareholders			64,640,106	100.00%	

All investments are traded on a recognised exchange.

SCHEDULE OF INVESTMENTS as at 30 June 2011
Polar Capital European Financials Fund

Country	Company	Holding	Fair value €	% of Net Assets	Nature of business
Equities					
UK	HSBC	186,516	1,276,004	6.24%	Bank
	International Personal Finance	154,171	627,918	3.07%	Other financial
	Standard Chartered	31,969	579,871	2.83%	Bank
	Prudential	65,500	521,868	2.55%	Life assurance
	Lancashire Holdings	72,000	520,237	2.54%	Insurance
	Amlin	110,600	497,366	2.43%	Insurance
	Hargreaves Landsdown	67,244	452,364	2.21%	Other financial
	City of London Investment Group	91,925	436,950	2.14%	Other financial
	Schroders	22,800	390,583	1.91%	Other financial
	Admiral Group	19,170	352,598	1.72%	Insurance
	Barclays	99,300	281,994	1.38%	Bank
	Novae Group	70,768	278,198	1.36%	Other financial
	Lloyds Banking Group	495,000	268,562	1.31%	Bank
	Aviva	44,500	216,328	1.06%	Life assurance
	Jardine Lloyd Thompson	27,900	210,088	1.03%	Other financial
Schroders - non voting	6,900	100,247	0.49%	Other financial	
			7,011,176	34.27%	
Germany	Munich Re	9,190	969,545	4.74%	Insurance
	Deutsche Bank	12,000	488,700	2.39%	Bank
	Commerzbank	100,000	295,700	1.45%	Bank
			1,753,945	8.58%	
France	BNP Paribas	17,100	910,233	4.45%	Bank
	Societe Generale	16,500	675,180	3.30%	Bank
			1,585,413	7.75%	
Switzerland	Credit Suisse	30,400	814,037	3.98%	Bank
	UBS	61,500	772,276	3.77%	Bank
			1,586,313	7.75%	
Norway	DNB	131,988	1,273,374	6.22%	Bank
			1,273,374	6.22%	
Austria	Erste Bank der Oester Spark	17,650	631,870	3.09%	Bank
	Raiffeisen International Bank	8,900	315,238	1.54%	Bank
			947,108	4.63%	
Poland	Bank Pekao	10,300	419,732	2.05%	Bank
	Bank Polski	38,850	409,944	2.00%	Bank
			829,676	4.05%	
Finland	Sampo Oyj	30,060	669,436	3.27%	Insurance
			669,436	3.27%	
Spain	Banco Santander	82,980	660,521	3.23%	Bank
			660,521	3.23%	
Italy	Intesa SanPaolo	434,900	635,389	3.11%	Bank
			635,389	3.11%	
Sweden	Swedbank	49,500	575,150	2.81%	Bank
			575,150	2.81%	
Ireland	FBD	69,000	489,969	2.40%	Insurance
			489,969	2.40%	
Czech	Komerční Bank	2,130	356,452	1.74%	Bank
			356,452	1.74%	

SCHEDULE OF INVESTMENTS as at 30 June 2011
Polar Capital European Financials Fund (continued)

Country	Company	Holding	Fair Value €	% of Net Assets	Nature of business
Financial assets at fair value through profit or loss			18,373,922	89.81%	
Cash			2,113,220	10.33%	
Other net liabilities			(29,404)	(0.14)%	
Net assets attributable to redeemable participating shareholders			20,457,738	100.00%	

All investments are traded on a recognised exchange.

POLAR CAPITAL FINANCIAL FUNDS PLC

SCHEDULE OF INVESTMENTS as at 30 June 2011
Polar Capital Financials Income Fund

Country	Company	Holding	Fair value £	% of Net Assets	Nature of business
Equities					
UK	HSBC	160,000	986,806	2.25%	Bank
	International Personal Finance	215,000	790,770	1.80%	Other financial
	City of London Investment Group	182,683	784,167	1.79%	Other financial
	Jardine Lloyd Thompson	107,500	731,000	1.67%	Insurance
	Personal Group Holdings	225,000	625,500	1.42%	Insurance
	Tullett Prebon	165,000	583,935	1.33%	Other financial
	Intermediate Capital Group	180,000	579,600	1.32%	Other financial
	Lancashire Holdings	85,000	554,625	1.26%	Insurance
	Acencia Debt Strategies	600,000	546,000	1.24%	Other financial
	Novae Group	150,000	532,500	1.21%	Other financial
	Invesco Leveraged High Yield	850,000	499,375	1.14%	Investment company
	Hargreaves Lansdown	80,000	486,000	1.11%	Other financial
	Amlin	107,500	436,558	0.99%	Insurance
	Schroders	30,000	393,600	0.90%	Other financial
	Helical Bar	150,000	380,625	0.87%	Other financial
	Abbey Protection	300,000	243,000	0.55%	Other financial
	Resolution	65,000	191,035	0.44%	Life assurance
	MAN Funds	578,598	167,793	0.38%	Other financial
			9,512,889	21.67%	
US	Marsh & McLennan	37,500	728,042	1.66%	Other financial
	Arch Capital	36,000	715,514	1.63%	Insurance
	Partnerre	16,225	695,081	1.58%	Other financial
	WR Berkley	34,000	687,199	1.57%	Insurance
	Carador Income	762,204	432,017	0.98%	Other financial
			3,257,853	7.42%	
Hong Kong	Hang Seng Bank	80,000	793,415	1.81%	Bank
	Public Financial Holdings	1,470,000	564,804	1.29%	Bank
			1,358,219	3.10%	
Singapore	Oversea Chinese Banking	160,000	759,032	1.73%	Other financial
	Frasers Centrepoint Trust	675,000	520,566	1.19%	Other financial
			1,279,598	2.92%	
Switzerland	ACE	15,000	614,760	1.40%	Other financial
	Baloise	9,500	609,622	1.39%	Other financial
			1,224,382	2.79%	
Taiwan	Fubon Financial	809,724	773,453	1.76%	Insurance
	Yuanta Financial Holding	800,000	344,351	0.78%	Insurance
			1,117,804	2.54%	
Norway	DNB Nor	92,500	805,888	1.84%	Bank
	Sparebanken Rogaland	45,000	267,725	0.61%	Bank
			1,073,613	2.45%	
Finland	Sampo	50,000	1,005,547	2.29%	Insurance
			1,005,547	2.29%	
Germany	Princess Private Equity	85,000	510,449	1.16%	Other financial
	Munich Re	4,000	381,087	0.87%	Insurance
			891,536	2.03%	
Malaysia	Public Bank - Foreign Market	177,000	484,136	1.10%	Bank
	Public Bank	3,235	8,862	0.02%	Bank
			492,998	1.12%	
Thailand	Bangkok Bank Public - Foreign	150,000	478,926	1.09%	Bank
			478,926	1.09%	

POLAR CAPITAL FINANCIAL FUNDS PLC

SCHEDULE OF INVESTMENTS as at 30 June 2011
Polar Capital Financials Income Fund (continued)

Country	Company	Holding	Fair Value £	% of Net Assets	Nature of business
Equities (continued)					
France	BNP Paribas	6,000	288,416	0.66%	Bank
			288,416	0.66%	
Italy	Intesa SanPaolo	160,000	211,097	0.48%	Bank
			211,097	0.48%	
Ireland	IFG	100,000	163,452	0.37%	Other financial
			163,452	0.37%	
Total Equities			22,356,330	50.93%	
Bonds					
UK	Investec Bank 9.625% 17/02/22	1,000,000	993,240	2.26%	
	Provident Finance 8% 23/10/19	1,000,000	977,430	2.23%	
	HBOS Capital 29/11/49	1,000,000	804,870	1.83%	
	Co-operative Bank 9.25% 28/04/21	600,000	594,522	1.35%	
	Index Linked UK Treasury 2.5% 17/07/24	200,000	584,550	1.33%	
	Friends Provident 29/11/49	700,000	581,315	1.32%	
	Prudential FRN 29/12/49	800,000	578,380	1.32%	
	National Westminster Bank 11.5% 29/12/49	500,000	549,890	1.25%	
	Beazley 17/10/26	650,000	523,595	1.19%	
	Brit Insurance FRN 09/12/30	780,000	514,582	1.17%	
	Old Mutual 8% 03/06/21	500,000	504,540	1.15%	
	Barclays FRN 29/06/49	600,000	490,398	1.12%	
	Standard Chartered FRN 29/06/49	650,000	455,549	1.04%	
	UK Treasury 1.25% 22/11/17	400,000	442,160	1.01%	
	Clerical Medical Finance FRN 29/11/49	500,000	420,000	0.96%	
	RL Finance 29/12/49	500,000	414,370	0.94%	
	Scottish Amicable 8.5% 29/06/49	375,000	389,261	0.89%	
	Scottish Mutual Assurance 29/07/49	500,000	388,470	0.88%	
	F&C Finance 9% 20/12/16	375,000	386,138	0.88%	
	Northern Rock 13/01/15	450,000	364,023	0.83%	
	Resolution 29/11/49	500,000	319,895	0.73%	
	Rothschild 9% 29/12/49	300,000	311,037	0.71%	
	F&C Asset Management 20/12/26	425,000	310,250	0.71%	
	Egg Banking 29/05/49	305,000	296,704	0.67%	
	MAN Group 11% 29/05/49	450,000	294,216	0.67%	
	Old Mutual 7.125% 19/10/16	250,000	275,420	0.63%	
	Legal & General 29/03/49	300,000	267,558	0.61%	
	Investec Preferred	60,000	267,000	0.61%	
	SVG Capital 8.25% 05/06/16	250,000	248,625	0.56%	
	Bank of Scotland 10.5% 16/02/18	200,000	234,926	0.54%	
	Standard Chartered FRN 29/05/49	200,000	212,832	0.48%	
	Ecclesiast Insurance 8.625%	175,000	191,625	0.44%	
			14,187,371	32.31%	

POLAR CAPITAL FINANCIAL FUNDS PLC

SCHEDULE OF INVESTMENTS as at 30 June 2011
Polar Capital Financials Income Fund (continued)

Country	Company	Holding	Fair Value £	% of Net Assets
Bonds (continued)				
Europe	Intesa SanPaolo FRN 29/04/49 International Personal Finance 11.5% 06/08/15	700,000	641,308	1.46%
	Unicredit Intl. FRN 29/12/49	600,000	594,317	1.35%
	Skandinaviska Enskilda 29/12/49	450,000	403,788	0.92%
	Unicredit Spa FRN 29/07/49	400,000	365,302	0.83%
	Societe Generale FRN 29/06/49	400,000	361,968	0.82%
	ING Groep 8.5% 31/12/49	350,000	348,124	0.79%
	ING Groep 8.5% 31/12/49	19,400	314,169	0.72%
	Credit Agricole FRN 29/10/49	300,000	296,961	0.68%
	Nordea FRN 29/09/49	425,000	283,925	0.65%
	BNP Paribas FRN 29/09/49	300,000	283,897	0.65%
			3,893,759	8.87%
United States	Wachovia Cap III 29/03/49	1,250,000	716,286	1.63%
	Catlin Insurance FRN	500,000	292,743	0.66%
	Montana FRN 07/12/12	350,000	210,784	0.48%
			1,219,813	2.77%
	Total Bonds		19,300,943	43.95%
	Financial assets at fair value through profit or loss		41,657,273	94.88%
	Cash		1,800,080	4.10%
	Other Net Assets		445,973	1.02%
	Net assets attributable to redeemable participating shareholders		43,903,326	100.00%

All investments are traded on a recognised exchange.

POLAR CAPITAL FINANCIAL FUNDS PLC

PROFIT AND LOSS ACCOUNT for the period ended 30 June 2011		Polar Capital Asian Financials Fund US\$	Polar Capital European Financials Fund €	Polar Capital Financials Income Fund £	Total US\$
Income	Notes				
Dividend income		1,087,044	536,971	652,648	2,896,908
Fixed interest income		-	-	652,865	1,055,879
Bank interest	1	712	3,550	241	6,089
Other income		7,548	-	121,906	204,707
Net changes in fair value on financial assets at fair value through profit or loss					
- Realised	1	2,966,201	864,245	227,568	4,548,338
- Unrealised	1	(918,403)	(1,877,552)	74,089	(3,436,164)
Total investment income/(expenditure)		3,143,102	(472,786)	1,729,317	5,275,757
Expenses					
Investment manager's fee	2	(331,881)	(107,817)	(154,316)	(732,918)
Performance fees	2	(210,490)	-	-	(210,490)
Administration fees	2	(57,934)	(30,956)	(44,113)	(172,765)
Custodian fees	2	(62,475)	(17,927)	(18,181)	(117,063)
Audit fees		(7,561)	(4,759)	(4,554)	(21,612)
Directors' fees	2	(26,060)	(17,791)	(15,385)	(75,935)
Legal fees		(5,651)	(4,063)	(3,544)	(17,090)
Transaction costs		(156,961)	(34,273)	(42,407)	(273,693)
Other operating expenses		(45,015)	(25,993)	(16,594)	(108,367)
Total operating expenses		(904,028)	(243,579)	(299,094)	(1,729,933)
Operating profit/(loss)		2,239,074	(716,365)	1,430,223	3,545,824
Finance costs					
Distributions to redeemable participating shareholders	3	(494,658)	(290,257)	(597,198)	(1,868,259)
Interest expense	1	(3,935)	(732)	(2,905)	(9,662)
Total finance costs		(498,593)	(290,989)	(600,103)	(1,877,921)
Profit/(loss) before tax for the period		1,740,481	(1,007,354)	830,120	1,667,903
Withholding tax on dividends, capital taxes and other investment income (irrecoverable)		(236,170)	(83,423)	(65,538)	(459,357)
Increase/(decrease) in net assets attributable to redeemable participating shareholders (bid prices)		1,504,311	(1,090,777)	764,582	1,208,546
Adjustment from bid prices to last traded prices	1	(636)	14,634	65,555	125,944
Increase/(decrease) in net assets attributable to redeemable participating shareholders from operations (last traded price) (published)		1,503,675	(1,076,143)	830,137	1,334,490

There were no recognised gains/losses for the period other than as set out in Profit and Loss Account.

The comparative Profit and Loss Account for 2010 is shown on the next page.

The accompanying notes form an integral part of the financial statements.

POLAR CAPITAL FINANCIAL FUNDS PLC

PROFIT AND LOSS ACCOUNT		Polar	Polar	Polar	
For the period ended 30 June 2010		Capital	Capital	Capital	
		Asian	European	Financials	
		Financials	Financials	Financials	Total
		Fund	Fund	Fund	US\$
Income	Notes	US\$	€	£	
Dividend income	1	1,031,636	580,783	482,709	2,550,987
Fixed interest income		-	-	357,617	554,384
Bank interest	1	997	145	156	1,431
Other income		-	2,275	366,530	571,221
Net changes in fair value on financial assets at fair value through profit or loss					
- Realised	1	197,837	(1,201,172)	(569,381)	(2,279,502)
- Unrealised	1	(1,759,066)	(88,379)	(599,312)	(2,805,461)
Total investment (expenditure)/income		(528,596)	(706,348)	38,319	(1,406,940)
Expenses					
Investment manager's fee	2	(280,643)	(127,761)	(86,240)	(583,949)
Administration fees	2	(31,073)	(23,248)	(25,649)	(101,699)
Custodian fees	2	(36,000)	(15,109)	(12,627)	(75,633)
Audit fees		(17,811)	(18,102)	(211)	(42,170)
Directors' fees	2	(20,725)	(16,958)	(17,933)	(71,038)
Legal fees		(2,399)	(3,194)	(6,081)	(16,066)
Other operating expenses		(207,660)	(96,169)	(50,127)	(413,042)
Total operating expenses		(596,311)	(300,641)	(198,868)	(1,303,597)
Operating loss		(1,124,907)	(1,006,889)	(160,549)	(2,710,537)
Finance costs					
Distributions to redeemable participating shareholders	3	(185,054)	(430,169)	(235,257)	(1,120,846)
Interest expense	1	(9,130)	(8,414)	(3,487)	(25,706)
Total finance costs		(194,184)	(438,583)	(238,744)	(1,146,552)
Loss before tax for the period		(1,319,091)	(1,445,472)	(399,293)	(3,857,089)
Withholding tax on dividends and other investment income (irrecoverable)		(170,054)	(91,712)	(69,369)	(399,348)
Decrease in net assets attributable to redeemable participating shareholders (bid prices)		(1,489,145)	(1,537,184)	(468,662)	(4,256,437)
Adjustment from bid prices to last traded prices	1	117,666	32,700	89,360	299,606
Decrease in net assets attributable to redeemable participating shareholders from operations (last traded price) (published)		(1,371,479)	(1,504,484)	(379,302)	(3,956,831)

There were no recognised gains/losses for the period other than as set out in Profit and Loss Account.

The accompanying notes form an integral part of the financial statements.

POLAR CAPITAL FINANCIAL FUNDS PLC

BALANCE SHEET as at 30 June 2011		Polar Capital Asian Financials Fund US\$	Polar Capital European Financials Fund €	Polar Capital Financials Income Fund £	Total US\$
	Notes				
Current assets					
Financial assets at fair value through profit or loss	1	59,738,806	18,373,922	41,657,273	153,094,459
Cash at banks	1	5,578,302	2,113,220	1,800,080	11,525,073
Other debtors		337,918	23,949	543,477	1,243,046
Total assets		65,655,026	20,511,091	44,000,830	165,862,578
Current liabilities					
Redemptions payable		15,106	-	-	15,106
Accrued fees		999,814	53,353	97,504	1,223,325
		1,014,920	53,353	97,504	1,248,431
Net assets attributable to redeemable participating shareholders (bid market prices)		64,640,106	20,457,738	43,903,326	164,614,147
Adjustment from bid-market prices to last traded prices	1	138,342	30,595	194,070	493,513
Net assets attributable to redeemable participating shareholders (last traded prices) (published)		64,778,448	20,488,333	44,097,396	165,107,660
Number of shares		252,461	760,114	-	
Number of shares A1		-	-	694,540	
Number of shares A2		-	-	287,799	
Number of shares B1		-	-	20,021,554	
Number of shares B2		-	-	19,492,039	
Net asset value per share (adjusted for bid market prices)	6	256.04	26.91		
Net asset value per share A1		-	-	1.0304	
Net asset value per share A2		-	-	1.1289	
Net asset value per share B1		-	-	1.0416	
Net asset value per share B2		-	-	1.1291	
Net asset value per share (published NAV)		256.59	26.95		
Net asset value per share A1		-	-	1.0357	
Net asset value per share A2		-	-	1.1245	
Net asset value per share B1		-	-	1.0464	
Net asset value per share B2		-	-	1.1340	

The comparative Balance Sheet for 2010 is shown on the next page.
The accompanying notes form an integral part of the financial statements.

POLAR CAPITAL FINANCIAL FUNDS PLC

BALANCE SHEET as at 30 June 2010		Polar Capital Asian Financials Fund US\$	Polar Capital European Financials Fund €	Polar Capital Financials Income Fund £	Total US\$
	Notes				
Current assets					
Financial assets at fair value through profit or loss	1	53,972,240	20,349,313	23,096,868	113,452,437
Cash at banks	1	2,199,450	1,752,614	1,496,018	6,584,361
Other debtors		1,111,014	1,563,574	1,159,532	4,760,966
Total assets		57,282,704	23,665,501	25,752,418	124,797,764
Current liabilities					
Redemptions payable		26,656	-	11,444	43,777
Payable for securities purchased		-	132,311	-	162,068
Accrued fees		255,459	74,783	55,371	429,899
		282,115	207,094	66,815	635,744
Net assets attributable to redeemable participating shareholders (bid market prices)					
		57,000,589	23,458,407	25,685,603	124,162,020
Adjustment from bid-market prices to last traded prices	1	117,666	32,700	89,360	291,408
Net assets attributable to redeemable participating shareholders (last traded prices) (published)					
		57,118,255	23,491,107	25,774,963	124,453,428
Number of shares		265,797	919,726	-	
Number of shares A1		-	-	620,414	
Number of shares A2		-	-	288,214	
Number of shares B1		-	-	11,299,984	
Number of shares B2		-	-	14,429,767	
Net asset value per share (adjusted for bid market prices)					
	6	\$214.45	€25.51	-	
Net asset value per share A1		-	-	£0.9481	
Net asset value per share A2		-	-	£0.9714	
Net asset value per share B1		-	-	£0.9520	
Net asset value per share B2		-	-	£0.9744	
Net asset value per share (published NAV)					
	6	\$214.89	€25.54	-	
Net asset value per share A1		-	-	£0.9524	
Net asset value per share A2		-	-	£0.9740	
Net asset value per share B1		-	-	£0.9553	
Net asset value per share B2		-	-	£0.9777	

The accompanying notes form an integral part of the financial statements.

POLAR CAPITAL FINANCIAL FUNDS PLC

STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO REDEEMABLE
PARTICIPATING SHAREHOLDERS
For the period ended 30 June 2011

	Notes	Polar Capital Asian Financials Fund US\$	Polar Capital European Financials Fund €	Polar Capital Financials Income Fund £	Total US\$
Increase/(decrease) in net assets attributable to redeemable participating shareholders from operations (last traded prices) (published)		1,503,675	(1,076,143)	830,137	1,334,490
Share transactions					
Proceeds from issue of shares		2,687,721	255	8,340,559	16,177,265
Payments on redemption of shares		(9,662,808)	(1,329,553)	(2,220,761)	(15,122,201)
Net (decrease)/increase in net assets resulting from share transactions		(6,975,087)	(1,329,298)	6,119,798	1,055,064
Net assets attributable to redeemable participating shareholders at the beginning of period		70,249,860	22,893,774	37,147,461	159,123,927
Translation adjustment	1	-	-	-	3,594,179
Net assets attributable to redeemable participating shareholders at the end of period (last traded prices) (published)		64,778,448	20,488,333	44,097,396	165,107,660

The comparative Statement of Changes in Net Assets Attributable to Redeemable Participating Shareholders for 2010 is shown on the next page.

The accompanying notes form an integral part of the financial statements.

POLAR CAPITAL FINANCIAL FUNDS PLC

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO REDEEMABLE PARTICIPATING SHAREHOLDERS For the period ended 30 June 2010	Notes	Polar Capital Asian Financials Fund US\$	Polar Capital European Financials Fund €	Polar Capital Financials Income Fund £	Total US\$
Decrease in net assets attributable to redeemable participating shareholders from operations (last traded prices) (published)		(1,371,479)	(1,504,484)	(379,302)	(3,956,831)
Share transactions					
Proceeds from issue of shares		4,027,824	305	11,434,784	21,754,614
Payments on redemption of shares		(2,338,266)	(2,180,037)	(116,757)	(5,413,482)
Net increase/(decrease) in net assets resulting from share transactions		1,689,558	(2,179,732)	11,318,027	16,341,132
Net assets attributable to redeemable participating shareholders at the beginning of period		56,800,176	27,175,323	14,836,238	119,748,860
Translation adjustment	1	-	-	-	(7,679,733)
Net assets attributable to redeemable participating shareholders at the end of period (last traded prices) (published)		57,118,255	23,491,107	25,774,963	124,453,428

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2011

1. Significant accounting policies

The significant accounting policies adopted by the Company are as follows:

Presentation of the financial statements

These financial statements have been prepared in accordance with accounting standards generally accepted in Ireland and Irish Statute comprising the Companies Acts, 1963 to 2009 and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2003 (as amended) and the listing rules of the Irish Stock Exchange. Accounting standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those published by Chartered Accountants Ireland and issued by the Accounting Standards Board.

The Financial Statements for the Company are prepared under the historical cost convention as modified by the revaluation of financial assets and financial liabilities held at fair value through profit or loss.

No cash flow statement has been prepared as the Company has availed of the exemption available to open-ended investment funds under FRS 1, not to prepare a cash flow statement.

The information required by Financial Reporting Standard No. 3 (FRS 3) "Reporting Financial Performance" in respect of a Statement of Total Recognised Gains and Losses and the Reconciliation of Movement in Shareholder's Funds is in the opinion of the Directors, contained in the Profit and Loss Account and Statement of Changes in Net Assets Attributable to Redeemable Participating Shareholders.

There are currently three sub-funds created in the Polar Capital Financial Funds plc (the "Company"):- the Polar Capital European Financials Fund, the Polar Capital Asian Financials Fund and the Polar Capital Financials Income Fund (the "sub-funds"). All share classes within the three sub-funds are listed on the Irish Stock Exchange.

Investments at fair value through profit or loss

This category has two sub-categories: financial assets and liabilities held for trading, and those designated by management at fair value through profit or loss at inception. Financial assets or liabilities held for trading are acquired or incurred principally for the purposes of selling or repurchasing in the short term. All investments have been designated by management at fair value through profit or loss.

In accordance with the provisions of the Company's Prospectus dated 15 December 2010, listed investments and investments with prices quoted in over the counter markets or by market makers are stated at the last traded price (if last traded price is not available, last available mid price or the official closing price on the market shall be used instead) on the valuation day for the purpose of determining net asset value per unit for subscriptions and redemptions and for various fee calculations. However, the accounting policy of the Company for the purpose of compliance with FRS 26 and for reporting purposes is to value its investments at the relevant bid market prices for long investments on the Balance Sheet date.

Regular-way purchases and sales of investments are recognised on trade-dates, the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value, and transaction costs for all financial assets carried at fair value through profit or loss are expensed as incurred. Investments are derecognised when the rights to receive cash flows from the investment have expired or the Company has transferred substantially all risks and rewards of ownership. Cost of investments are accounted for on an average cost basis.

Gains and losses arising from changes in the fair value of investments are included in the profit and loss account in the period in which they arise. This also includes any foreign exchange gains and losses made during the period.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial instruments held by the Company is the current bid price for long instruments.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2011

1. Significant accounting policies (continued)

Fair value adjustment

Under FRS 26, financial assets and liabilities must be measured at fair value. Investment securities should be valued at "bid" as the most appropriate approximation of "fair value" in accordance with FRS 26. At the period end NAV valuation, the Investment securities in the sub-funds were valued at "last traded" prices as per the prospectus. For Financial reporting purposes a bid valuation has been used for inclusion in the financial statements. This adjustment represents the difference between the Investment securities valued at "bid" and the Investment securities valued at "last traded" prices.

As at 30 June 2011, the difference between the valuation stated in the financial statement of investments and the valuation methodology indicated in the Company's prospectus, results in a decrease in value of investments of US\$ 493,513 (30 June 2010: US\$ 291,408).

Investment income

Interest income and expenses are recognised in the profit and loss account on an accruals basis. Dividends are credited to the profit and loss account on the dates on which the relevant securities are listed as "ex-dividend".

Investment income is shown gross of any non-recoverable withholding taxes, which is disclosed separately in the profit and loss account, and net of any tax credits.

Bank interest is accounted for on an accruals basis. Interest income on fixed income securities is recognised on an effective yield basis.

Redeemable participating shares

The issued redeemable participating share capital is at all times equal to the net asset value of the Company. Redeemable participating shares are redeemable at the shareholder's option and are classified as financial liabilities.

Foreign currency

(a) Functional and presentation currency

Items in the Company's financial statements are measured for each sub-fund using the currency of the primary economic environment in which that sub-fund operates. The Functional and presentation currency is US\$ for Polar Capital Asian Financials Fund, Euro for Polar Capital European Financials Fund and GBP for Polar Capital Financials Income Fund. The Company has adopted US\$ as its presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Proceeds from subscriptions and amounts paid on redemption of redeemable participating shares are translated at average rates, which approximate the rates prevailing at the dates of the transactions. Translation differences on non-monetary items held at fair value through profit or loss are reported as part of the fair value gain or loss.

For the purpose of the Company's financial statements all events have been shown in US\$. The results and balances for the individual sub-funds are shown in the functional currency of each sub-fund. A translation adjustment is required to reconcile non US\$ balances to US\$ for the period to 30 June 2011.

Translation adjustment

A translation adjustment arises as a result of translating the opening combined Net Asset Value at the exchange rate in existence at 30 June 2011. This is a notional currency movement that arises as a result of combining the underlying sub-funds. It has no impact on the Net Asset Value per share of the sub-funds. Transactions during the period, including purchases and sales of securities, income and expenses, are translated at the average rate of exchange for the period.

Distribution policy

If sufficient net income after expenses is available in respect of the sub-funds, it is the Directors current intention to make distributions in each financial year of substantially the whole of the net income (including interest and dividends) of the sub-funds. In the case of the Polar Capital Financials Income Fund, the expenses of the sub-fund are deducted from capital. It is the Directors current intention to make distributions on a quarterly basis of substantially the whole of the net income of the Class A1 Retail and Class B1 Institutional shares of the sub-fund.

Proposed dividends to holders of redeemable shares are recognised in the profit and loss account when the Company incurs a legal or constructive obligation to pay such a distribution. Distributions on redeemable participating shares are recognised in the profit and loss account as finance costs.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2011

1. Significant accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

Cash and cash equivalents comprise US\$ 11,525,073 (30 June 2010: US\$ 6,584,361). Cash balances are held with BNP Paribas Securities Services, Dublin Branch, as Custodian. Polar Capital Financials Income Fund also held GBP £3,691 with MF Global as at 30 June 2011(30 June 2010: nil).

2. Related party fees and expenses

Investment Manager's fees

The Investment Manager is entitled to receive in respect of each sub-fund a periodic investment management fee, which accrues daily and is payable monthly in arrears, at the annual rate of 1% of the Net Asset Value of the Polar Capital Asian Financials Fund and the Polar Capital European Financials Fund; 1.25% of the Net Asset Value of the Polar Capital Financials Income Fund Class A1 Retail and Class A2 Retail Shares; and 0.75% of the Net Asset Value of the Polar Capital Financials Income Fund Class B1 Institutional and Class B2 Institutional Shares.

The Investment Manager is also entitled to receive in respect of each sub-fund a performance related investment management fee (a "Performance Fee") which is accrued daily and payable annually (or semi-annually in respect of the Polar Capital Financials Income Fund) in arrears in respect of each Performance Period if the sub-fund meets certain objectives in respect of the performance of the Shares.

The Performance Fee criteria are set out in the Prospectus and can be summarised as follows:

Polar Capital Asian Financials Fund: 10% of the performance subject to a Highwater Mark.

Polar Capital European Financials Fund: 10% of the performance over Euro LIBOR subject to the Highwater Mark.

Polar Capital Financials Income Fund: 10% of the performance over the Dow Jones STOXX Financials Index (£) subject to the Highwater Mark.

Where the Highwater Mark is exceeded and the above mentioned objectives met, the Performance Fee payable is equal to 10% of the amount by which the final Net Asset Value per share for the relevant Performance Period exceeds the relevant Highwater Mark and any additional objectives specified. The Performance Periods of the sub-funds comprise successive calendar years ending on 31 December in each relevant year in respect of the Polar Capital Asian Financials Fund and the Polar Capital European Financials Fund; and semi-annual periods ending 30 June and 31 December in respect of the Polar Capital Financials Income Fund.

The Performance Fee payable in respect of a Performance Period for the Polar Capital European Financials Fund only, will be capped so that the total fee payable to the Investment Manager for the Performance Period will not exceed an annual rate of 2% of the Net Asset Value of the sub-fund.

Custodian fees

The Company pays to the Custodian out of the assets of the Company an annual percentage fee based on the Net Asset Value of each sub-fund. Several rates which range from 0.01% to a maximum of 0.45% apply according to the markets in which the sub-fund invests. Therefore the maximum fee that will apply to any sub-fund will be 0.45%. The fiduciary services part of the Custodian's fee of 0.02% per annum is based on the value of the underlying assets of the Company determined on the last Dealing Day of each month, accrued as at each Dealing Day and payable monthly in arrears subject to a minimum annual fee of €9,000 per sub-fund per annum. The Custodian will also be entitled to receive transaction charges at normal commercial rates and to be reimbursed reasonable out-of-pocket expenses incurred by it in the performance of its duties under the Custodian Agreement.

Administration fees

The Administrator is entitled to receive out of the assets of the Company an annual fee which shall not exceed 0.09% per annum of the Net Asset Value of each sub-fund subject to a minimum annual fee of €45,000. The Administrator's fee is based on the value of the underlying assets of the Company determined on the last Dealing Day of the month, accrued as at each Dealing Day and payable monthly in arrears. In addition, the Administrator shall be entitled to receive remuneration for the provision of registration services and account maintenance subject to minimum annual fee per sub-fund of €1,800. As registrar, the Administrator will also receive transaction fees of up to €35 per transaction and Shareholder maintenance fees of €150 per Shareholder per annum.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2011

2. Related party fees and expenses (continued)**Administrative Service fees**

The Investment Manager is entitled to a fee for the provision of administrative services to the Company and sub-funds, separate to the services provided pursuant to the Investment Management Agreement (the Administrative Service Fee). The Administrative fee will not exceed US\$25,000 per annum per sub-fund and may be allocated pro rata to the values of the net assets of all, or certain sub-funds on such basis as the Directors may consider reasonable. The Fee is payable quarterly in arrears. The administrative services to be provided include, but are not limited to coordinating the preparation, production and distribution of annual and semi-annual reports; facilitating the organisation of board meetings, preparation of board papers, board minutes, distribution of shareholders notices, processing returned proxy forms; coordinating updating simplified prospectuses, liaising with lawyers for prospectus updates; ensuring relevant notices are filed with the ISE and ongoing compliance requirements are met. The administrative services also covers the launch and liquidation of sub-funds – reconstruction, liaising with Auditors, Administrator and Custodian on tax status of the sub-funds; organising Directors and Officers insurance policies, payment of invoices, managing accruals and attending to ad hoc matters such as taxation issues, action points from the board meetings, monitoring the Administrator and Custodian and following up on reported errors in consultation with the Directors.

Directors' fees

The aggregate amount of Directors' remuneration in any one year shall not exceed US\$250,000 plus expenses.

3. Distributions**Polar Capital European Financials Fund**

A dividend of €0.36 per share was declared on 5 January 2011 in respect of the year ended 31 December 2010 and was paid on 31 March 2011. (A dividend of €0.43 per share was declared on 5 January 2010 in respect of the year ended 31 December 2009 and was paid on the 31 March 2010).

Polar Capital Asian Financials Fund

A dividend of US\$1.77 was declared on 5 January 2011 in respect of the year ended 31 December 2010 and was paid on 31 March 2011. (A dividend of US\$0.71 was declared on 5 January 2010 in respect of the year ended 31 December 2009 and was paid on 31 March 2010).

Polar Capital Financials Income Fund

A dividend of £0.015 per share was declared on 5 January 2011 in respect of the quarter ended 31 December 2010 and was paid on 31 January 2011.

A dividend of £0.013 per share was declared on 1 April 2011 in respect of the quarter ended 31 March 2011 and was paid on 29 April 2011.

4. Net asset value and net asset value per share

Published NAV	Net asset value	Shares in issue	Net asset value per share
As at 30 June 2011			
Polar Capital Asian Financials Fund	US\$64,778,448	252,461	US\$256.59
Polar Capital European Financials Fund	€20,488,333	760,114	€26.95
Polar Capital Financials Income Fund Class A1	£719,360	694,540	£1.0357
Polar Capital Financials Income Fund Class A2	£323,626	287,799	£1.1245
Polar Capital Financials Income Fund Class B1	£20,949,701	20,021,554	£1.0464
Polar Capital Financials Income Fund Class B2	£22,104,709	19,492,039	£1.1340
Published NAV			
As at 30 June 2010			
Polar Capital Asian Financials Fund	US\$57,118,255	265,797	US\$214.89
Polar Capital European Financials Fund	€23,491,107	919,726	€25.54
Polar Capital Financials Income Fund Class A1	£590,890	620,414	£0.9524
Polar Capital Financials Income Fund Class A2	£280,730	288,214	£0.9740
Polar Capital Financials Income Fund Class B1	£10,794,848	11,299,984	£0.9553
Polar Capital Financials Income Fund Class B2	£14,108,495	14,429,767	£0.9777

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2011

4. Net asset value and net asset value per share (continued)

Published NAV	Net asset value	Shares in issue	Net asset value per share
As at 30 June 2009			
Polar Capital Asian Financials Fund	US\$43,396,722	249,982	US\$173.60
Polar Capital European Financials Fund	€25,543,564	1,204,058	€21.21

5. Taxation

The company qualifies as an investment undertaking as defined in Section 739B of the Taxes Consolidation Acts, 1997 as amended. It is not chargeable to Irish tax on its income and gains.

However, tax may arise on the happening of a chargeable event. A chargeable event includes any distribution payments to shareholders or any encashment, redemptions, cancellations or transfer of shares and the holding of shares at the end of each eight year period beginning with the acquisition of such shares. No tax will arise on the Company in respect of chargeable events in respect of:-

- (i) a shareholder who is not an Irish resident and not ordinarily resident in Ireland for tax purposes, at the time of the chargeable event, provided appropriate valid declarations in accordance with the provision of the Taxes Consolidation Act, 1997 as amended, are held by the Company; and
- (ii) certain exempted Irish resident shareholders that have provided the Company with the necessary signed statutory declarations.

Dividends and interest (if any) received on investments made by the Company may be subject to withholding taxes imposed in the country from which the investment income/gains are received and such taxes may not be recoverable by the Company or its shareholders. Capital gains (if any) generated on investments made by the Company may be subject to capital gains tax.

6. Soft commission arrangements

There were no soft commission arrangements affecting the Company during the periods ended 30 June 2010 and 2011.

7. Exchange rates

Exchange rates used as of 30 June 2011 and 2010 were as follows:

	2011	2011	2011
CNY/USD	6.4640	CHF/EUR	1.2208
EUR/USD	1.4498	CZK/EUR	24.3325
GBP/USD	1.6055	GBP/EUR	0.9031
HKD/USD	7.7813	NOK/EUR	7.7791
IDR/USD	8,575.5003	PLN/EUR	3.9803
INR/USD	44.7025	SEK/EUR	9.1486
KRW/USD	1,067.6500	TRY/EUR	2.3546
MYR/USD	3.0195	USD/EUR	1.4498
PHP/USD	44.3350		TWD/GBP
PKK/USD	85.9699		USD/GBP
SGD/USD	1.2276		
THB/USD	30.7250		
TWD/USD	28.7235		

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 30 June 2011

7. Exchange rates (continued)

	2010		2010		2010
CHF/USD	1.0784	CHF/EUR	1.3209	BRL/GBP	2.6967
CHY/USD	6.7814	GBP/EUR	0.8187	CHF/GBP	1.6133
EUR/USD	1.2249	NOK/EUR	7.9658	EUR/GBP	0.8187
GBP/USD	1.4961	PLN/EUR	4.1367	HKD/GBP	11.6500
HKD/USD	7.7871	SEK/EUR	9.5322	KRW/GBP	1,828.1343
IDR/USD	9,065.0008	TRY/EUR	1.9393	MYR/GBP	4.8435
INR/USD	46.4450	USD/EUR	1.2249	NOK/GBP	9.7292
KRW/USD	1,221,9651			SGD/GBP	2.0886
MYR/USD	3.2375			THB/GBP	48.4574
PKR/USD	85.5250			TWD/GBP	48.0707
SGD/USD	1.3961			USD/GBP	1.4961
THB/USD	32.3899				
TWD/USD	32.1315				

8. Cross liability

The Company has segregated liability between its sub-funds and accordingly any liability incurred on behalf of or attributable to any sub-fund shall be discharged solely out of the assets of that sub-fund.

9. Derivatives and other financial instruments

The Company's assets are invested in the shares of banking, insurance and other financial companies in the individual markets of the sub-funds with an objective of achieving capital growth for shareholders.

The financial risks, identified by FRS 29, and the Directors' approach to the supervision of these risks are as follows and have not changed from the previous accounting period.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument held by the Company may fluctuate because of changes in market prices. Market risk comprises three elements: price risk, currency risk and interest rate risk. The Investment Manager assesses the exposure to market risk on the whole of the investment portfolios on a regular basis and reports to the Board of Directors on a quarterly basis.

There were no material changes to the Company's policies and processes for managing market risk or in the methods used to measure market risk since the prior year end.

Price risk

Price risk is the risk that changes in market prices may affect the value of the investments.

Management of the risk

The Company's assets consist principally of quoted equities and fixed income securities, the values of which are determined by market forces. The Investment Manager contains the price risk of individual holdings by investing in a diversified portfolio in accordance with the investment objectives of the Company. The focus of the portfolios is investment in the undervalued shares of well managed financial companies with strong balance sheets, which are able to sustain earnings growth in a variety of economic conditions.

Diversification is achieved both through holding a variety of stocks but also through diversifying specific country risk and industry risk (through investment in a variety of financial sectors). The Investment Manager operates within the investment limits and guidelines set out by the OEIC and detailed in the prospectus. Furthermore, not more than 10% of the net asset value of the sub-funds can be invested in and/or exposed to the securities of a single issuer.

The Investment Manager reviews the portfolios daily and monitors the individual companies in the portfolios closely. Monitoring is undertaken through reviewing financial statements, meetings with managements of the companies held as investments and monitoring news flows on the investments. The Investment Manager monitors price risk on an ongoing basis in accordance with Company policy and reports to the Board quarterly.

At 30 June 2011, the Company's market risk is affected by two main components: changes in actual market prices and foreign currency movements.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2011

9. Derivatives and other financial instruments(continued)

At 30 June 2011, and 30 June 2010, the overall market exposures were as follows:

As at 30 June 2011	Polar Capital Asian Financials Fund		Polar Capital European Financials Fund		Polar Capital Financials Income Fund	
	Fair value (US\$)	% of net assets	Fair value (€)	% of net assets	Fair value (£)	% of net assets
Securities designated at fair value through profit or loss	59,738,806	92.42	18,373,922	89.81	41,657,273	94.88
Total	59,738,806	92.42	18,373,922	89.81	41,657,273	94.88

As at 30 June 2010	Polar Capital Asian Financials Fund		Polar Capital European Financials Fund		Polar Capital Financials Income Fund	
	Fair value (US\$)	% of net assets	Fair value (€)	% of net assets	Fair value (£)	% of net assets
Securities designated at fair value through profit or loss	53,972,240	94.49	20,349,313	86.63	23,096,868	89.92
Total	53,972,240	94.49	20,349,313	86.63	23,096,868	89.92

On a monthly basis, the Investment Manager monitors the performance of the investments of the sub-funds relative to their respective benchmarks below. These are used to monitor performance in view of some similarities in the investment make-ups, rather than as a tracking mechanism for the sub-fund.

Fund	Benchmark
Polar Capital Asian Financials Fund	Datastream Asia ex Japan Financials Index (\$)
Polar Capital European Financials Fund	Datastream European Financials Index (€)
Polar Capital Financials Income Fund	Dow Jones STOXX Financial Index (£)

The historical Beta is the quantitative measure of the volatility of portfolio investments relative to the benchmark index. A beta above 1 is more volatile than the overall market, while a beta below 1 is less volatile.

From 1 January 2011 to 30 June 2011, the Polar Capital European Financials Fund had a beta of 0.91 relative to the Datastream European Financials Index (from 1 January 2010 to 30 June 2010 a beta of 0.91).

From 1 January 2011 to 30 June 2011, the Polar Capital Asian Financials Fund had a beta of 0.95 relative to the Datastream Far Eastern Financials Index (from 1 January 2010 to 30 June 2010, a beta of 0.96).

From 1 January 2011 to 30 June 2011, the Polar Capital Financials Income Fund had a beta of 0.28 relative to the Dow Jones STOXX Financial Index. (The Polar Capital Financials Income Fund was only launched in October 2009, therefore a beta calculation for the fund would not be appropriate for the previous period).

A 10% increase in the benchmark of the portfolio at 30 June 2011 would have increased the net assets attributable to holders of shares of the Polar Capital Asian Financials Fund by approximately \$5,680,702 (30 June 2010: \$5,165,317) and the Polar Capital European Financials Fund by approximately €1,670,504 (30 June 2010: €1,857,846). A 10% increase in the benchmark of the portfolio at 30 June 2011 would have increased the net assets attributable to holders of the Polar Capital Financials Income Fund by approximately £1,174,162. An equal change in the opposite direction would have decreased net assets by an equal but opposite amount. It should be noted that none of the funds held derivative instruments in the period under review.

Some limitations of sensitivity analysis are;

- the models are based on historical data and cannot take account of the fact that future market price movements, correlations between markets and levels of market liquidity in conditions of market stress may bear no relation to historical patterns;
- the market price risk information is a relative estimate of risk rather than a precise and accurate number;
- the market price information represents a hypothetical outcome and is not intended to be predictive; and
- future market conditions could vary significantly from those experienced in the past.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2011

9. Derivatives and other financial instruments(continued)

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument may fluctuate because of changes in foreign exchange rates. Certain of the Company's assets, liabilities and income are denominated in currencies other than the functional currency of the sub-funds. As a result, movements in exchange rates may affect the value of those items.

The Company holds assets and liabilities denominated in currencies other than US\$, the functional currency. It is therefore exposed to currency risk, as the value of assets and liabilities denominated in other currencies will fluctuate due to changes in exchange rates. Monetary items are units of currency held and assets and liabilities to be received or paid in a fixed or determinable number of units of currency. Monetary assets and liabilities include cash and cash equivalents, marketable debt securities, trade receivables and payables including due to/from brokers, and monies due to/from brokers. The currency risk associated with monetary items is considered immaterial.

All assets and liabilities that do not meet the definition of monetary items are classified as non-monetary. Marketable equity investments and fixed income securities are considered non-monetary assets. The currency risk associated with equities and fixed income securities is included in Market Risk. Once paid in or accumulated, all elements of net assets attributable to holders of redeemable participating shares are non-monetary.

Currency Risk is monitored by daily review of the cash balances which are not in the sub-funds' functional currency and are monitored to ensure the risk is mitigated.

Management of the risk

The Investment Manager monitors the Company's exposure to foreign currencies on a regular basis. This is primarily undertaken through monitoring the country exposure of the portfolio rather than using instruments which actively manage exchange rate risk. The Investment Manager regularly monitors general country economic performance measures, which can have an impact in exchange rate movements. In addition, valuation measures used by the Investment Manager include country risk which further assesses country risk within the investment portfolio.

All uninvested cash balances are maintained in US\$ in the Polar Capital Asian Financials Fund, Euro in the Polar Capital European Financials Fund and GBP in the Polar Capital Financials Income Fund. Income denominated in foreign currencies is converted to the base currency of each sub-fund.

In accordance with Company policy, the Investment Manager reports to the Board quarterly.

Interest rate risk

Interest rate risk is the risk that income and capital values may be affected by interest rate movements.

Management of the risk

Certain of the Company's net assets are held in fixed interest instruments, the value of which are correlated to movements in interest rates. In the period under review, the exposure to fixed interest instruments is limited to the Polar Capital Financials Income Fund. The Polar Capital Asian Financials Fund and Polar Capital European Financials Fund has exposure to movements in interest rates through the cash holdings at the period end. At the period end 30 June 2011 and 2010 a movement of 0.25% in interest rates would not have a material effect on either sub-fund. The Investment Manager monitors the Company's exposure on a regular basis.

The only sub-fund which invests in interest bearing securities is the Polar Capital Financials Income Fund and as such its net asset value is exposed to change in interest rates. The risk being that they will rise, causing the value of the portfolio to decline. The portfolio consists of a variety of positions with varying maturity dates; in general the longer the period to maturity of the portfolio, the greater the risk that the net asset value will decline as a result of an increase in interest rates. The Investment Manager regularly monitors the portfolio and particularly the spread of maturity dates and portfolio balances to achieve the sub-fund investment objective in line with change in interest rates.

As part of its monitoring process the Investment Manager, when looking at individual bonds and the portfolio as a whole, will consider their sensitivity to changes in interest rates. This will include taking into account their position in the capital structure, whether they have fixed maturities or are perpetual, and whether they have call dates. If they have call dates, the terms if not called will be looked at, whether fixed or floating, and what margin over LIBOR that the bond will yield if not called. The Investment Manager will also compare the yield on corporate bonds relative to government bonds and the impact that this may have in increasing or reducing the sensitivity of the portfolio to moves in interest rates.

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 30 June 2011

9. Derivatives and other financial instruments (continued)

Credit risk

Credit risk is primarily the risk of failure of a counterparty to a transaction failing to discharge its obligations to settle a trade. The Company also has cash holdings and consequently has a credit risk in relation to the custodian and of counterparty cash holdings.

Management of the risk

The majority of transactions are settled and paid for, upon delivery of stock and by using approved and reputable brokers. The Company pays a broker for a purchase once the securities have been received by the custodian. The Company could also transact on a free basis (free delivery/receipt of cash/securities). In some markets, although the transaction may show as delivery versus payment, in fact the cash needs to settle before the security side. Free transactions should be advised to, and approved by, the Custodian. The risk of default is considered minimal, as the majority of securities are only delivered to the broker once the broker has made payment.

In terms of custodian risk, the Company has appointed BNP Paribas Securities Services, Dublin branch to act as Custodian to the Company. The Custodian is a branch of BNP Paribas Securities Services C.S.A., a Société en Commandite par Actions, regulated in France by Commission Bancaire and is wholly owned by the BNP Paribas S.A., one of Europe's largest banking groups, the latter of which had a Standard & Poor's rating of 'AA' as at 30 June 2011 (30 June 2010: 'AA'). Client assets are maintained in accounts segregated by sub-fund. Records are maintained by the Custodian so as to ensure that it is readily apparent that the investments and cash are held solely on behalf of and belong to the Company and do not belong to the Custodian or any of its affiliates.

The Custodian is authorised to delegate, in whole or in part, its safekeeping duties for the securities, cash and other authorised assets to a sub custodian. The Custodian acts with normal commercial care in the selection of sub-custodians.

There were no material changes to the Company's policies and processes for monitoring credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The sub-funds are exposed to daily cash redemptions so they are therefore exposed to the liquidity risk of meeting shareholder redemptions at any time. At 30 June 2011 and 2010, substantially all liabilities of the sub-funds were payable on demand within 1 to 3 months.

Management of the risk

The Company invests the majority of its assets (with the exception of cash holdings) in equities and fixed income securities that are traded in an active market most of which can be readily disposed of with daily trading. Prior to any investments being undertaken, the Investment Manager assesses the liquidity of the investments (in terms of the daily volumes of shares or bonds traded) and the ease with which these investments can be sold or purchased (relative to the size of the investment held by the Company). Cash holdings pose very limited liquidity risks.

There were no material changes to the Company's policies and processes for monitoring the liquidity risk.

10. Fair Value of Financial Instruments

The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FRS 29 are as follows:

In determining an instrument's placement within the hierarchy, the Directors separate the Company's investment portfolio into two categories: investments and derivative instruments. Each of these categories can further be divided between those held long or sold short.

- **Level 1** Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

Investments whose values are based on quoted market prices in active markets, and are therefore classified within level 1, include active listed equities and fixed income securities. The Directors do not adjust the quoted price for such instruments, even in situations where the sub-funds hold a large position and a sale could reasonably impact the quoted price.

- **Level 2** Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active. Investments that trade in markets that are not considered to be active, but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

- **Level 3** Inputs that are unobservable.

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 30 June 2011

10. Fair Value of Financial Instruments (continued)

Valuation requires inputs that are both significant to the fair value measurement and unobservable.

Assets at Fair Value as of 30 June 2011				
	Level 1	Level 2	Level 3	Total
	US\$	US\$	US\$	US\$
Polar Capital Asian Financials Fund				
<i>Financial assets held for trading</i>	59,738,806	-	-	59,738,806
	59,738,806	-	-	59,738,806

Assets at Fair Value as of 30 June 2011				
	Level 1	Level 2	Level 3	Total
	€	€	€	€
Polar Capital European Financials Fund				
<i>Financial assets held for trading</i>	18,373,922	-	-	18,373,922
	18,373,922	-	-	18,373,922

Assets at Fair Value as of 30 June 2011				
	Level 1	Level 2	Level 3	Total
	£	£	£	£
Polar Capital Financials Income Fund				
<i>Financial assets held for trading</i>	41,657,273	-	-	41,657,273
	41,657,273	-	-	41,657,273

Assets at Fair Value as of 30 June 2010				
	Level 1	Level 2	Level 3	Total
	US\$	US\$	US\$	US\$
Polar Capital Asian Financials Fund				
<i>Financial assets held for trading</i>	53,972,240	-	-	53,972,240
	53,972,240	-	-	53,972,240

Assets at Fair Value as of 30 June 2010				
	Level 1	Level 2	Level 3	Total
	€	€	€	€
Polar Capital European Financials Fund				
<i>Financial assets held for trading</i>	20,349,313	-	-	20,349,313
	20,349,313	-	-	20,349,313

Assets at Fair Value as of 30 June 2010				
	Level 1	Level 2	Level 3	Total
	£	£	£	£
Polar Capital Financials Income Fund				
<i>Financial assets held for trading</i>	23,096,868	-	-	23,096,868
	23,096,868	-	-	23,096,868

There were no transfers between level 1 and level 2 for any sub-fund during the financial period.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2011

11. Dilution levy

Each of the sub-funds can exercise a dilution levy in the event of large trades, as defined in the prospectus. If more than 2% of the net asset value is redeemed on any one day a dilution levy of up to 1% can be charged by the respective sub-fund. The amount to be charged can be adjusted (on a sliding scale) by other transactions on the relevant dealing date. The Directors have the right to waive it if necessary.

The Company may in the case of net subscriptions add to the issue price, for its own account, an amount, expressed as a per share figure, in respect of the charges and duties which would have been incurred on the assumption that all investments held by the Company at the Valuation Point had been purchased at the Valuation Point at prices equal to their respective values as at the Valuation Point.

The Company may deduct in the case of net redemptions from the Redemption Price, for its own account, an amount, expressed as a per share figure, in respect of the charges and duties which would have been incurred on the assumption that all investments of the Company had been realised as at the Valuation Point at prices equal to their respective values as at the Valuation Point.

12. Efficient portfolio management

The Company may, for the purposes of efficient portfolio management and helping of the management of risk, enter into futures contracts or write call options and purchase put options provided that these transactions may only concern contracts, which are traded on a regulated market operating regularly, being organised and open to the public. The Company may also enter into forward purchases or sales of securities or currencies on the basis of "over the counter" arrangements with highly rated financial institutions specialising in this type of transaction.

During the period, the Company did not enter into futures contracts or forward currency transactions.

13. Significant shareholdings

The shareholders who held 20% or more of the voting capital of the sub-funds as at 30 June 2011 were as follows:

Polar Capital Asian Financials Fund

HSH Nordbank Securities S.A.	51.49%
Hiscox Insurance Company	27.32%

Polar Capital European Financials Fund

Hiscox Insurance Company	61.43%
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Polar Capital Financials Income Fund – B1

Nortrust Nominees Ltd	42.27%
Harewood Nominees	29.61%

The shareholders who held 20% or more of the voting capital of the sub-funds as at 30 June 2010 were as follows:

Polar Capital Asian Financials Fund

HSH Nordbank Securities S.A.	44.02%
Hiscox Insurance Company	25.78%

Polar Capital European Financials Fund

Hiscox Insurance Company	58.41%
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Polar Capital Financials Income Fund

Hiscox Insurance Company	26.96%
Nortrust Nominees Ltd	24.53%

14. Subsequent events

Effective 1 July 2011, the Administrator changed from BNP Paribas Fund Services Dublin Limited to Northern Trust International Fund Administration Services (Ireland) Limited.

Effective 1 July 2011, the Custodian and Trustee changed from BNP Paribas Securities Services, Dublin Branch to Northern Trust Fiduciary Services (Ireland) Limited.

Effective 1 July 2011, the Secretary changed from Goodbody Secretarial Ltd to Northern Trust International Fund Administration Services (Ireland) Limited.

Effective 1 July 2011, the Investment Manager changed from HIM Capital Limited to Polar Capital LLP.

Closure of the Polar Capital European Financials Fund:

Following the redemption of the holding of the largest shareholder of the Fund, the Board of Directors has concluded that it is too small to be run economically. It has therefore decided that it is in the interest of the remaining shareholders that the Fund should be closed and their interest in it returned to them. A circular has been sent to them covering the arrangements to close the fund.

POLAR CAPITAL FINANCIAL FUNDS PLC

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 30 June 2011

15. Approval of financial statements

The Directors approved the financial statements on 23 August 2011.

POLAR CAPITAL FINANCIAL FUNDS PLC

Polar Capital Asian Financials Fund

Statement of purchases and sales for the period ended 30 June 2011

Purchases		US\$	Sales		US\$
1	Shinhan Financial Group	2,396,852	1	United Overseas Bank	2,330,541
2	DBS Group	1,831,401	2	Bank of China (HK)	1,603,975
3	Samsung Life Insurance	1,631,308	3	Yuanta Financial	1,458,419
4	Kasikornbank Foreign	1,369,604	4	Sun Hung Kai Properties	1,404,714
5	China Taiping Insurance	1,312,835	5	HSBC	1,345,313
6	PT Bank Pan Indonesia	1,312,550	6	Henderson Land Development	1,285,684
7	Ping AN Insurance Group	1,007,545	7	MCB Bank	1,155,492
8	Ayala Land	714,824	8	Hana Financial Group	1,109,420
9	HSBC Infrastructure Development Finance	701,456	9	Bank of Ayudhya Public - NVDR	1,078,658
10	LIC Housing Finance	696,940	10	China Citic Bank	1,039,187
11	Housing Development Finance	680,576	11	Hang Seng Bank	1,007,303
12	Security Bank	671,623	12	China Trust Financial	993,146
13	Indusind Bank	636,133	13	Dah Sing Financial	990,627
14	Sinopac Holdings	598,040	14	BOC Hong Kong	983,978
15	Siam Commercial Bank	355,617	15	Kasikornbank Foreign	798,403
16	Shriram Transport Finance	340,368	16	Commerce Asset	751,104
17	Woori Finance	338,030	17	Kiwoom Securities	723,966
18	Kiatnakin Bank Foreign	335,619	18	Infrastructure Development Finance	670,436
19	SM Prime	332,170	19	Hong Leong Bank Berhad	664,453
20	Jammu & Kashmir Bank	331,223	20	China Construction Bank	640,955
21	RHB Capital	326,720	21	Shriram Transport Finance	602,440
			22	Siam Commercial Bank	472,564
			23	PT Lippo Karawaci	394,992
			24	CNINSURE	357,774
			25	Dongbu Insurance	350,609
			26	Axis Bank	350,411
			27	AIA Group	350,035
			28	Sinopac Holdings	346,035
			29	Oversea Chinese Banking	345,116
			30	Daegu Bank	343,505
			31	Public Bank - Foreign Market	327,250
			32	China Taiping Insurance	325,138
			33	Bank of East Asia Industrial & Commercial Bank of	309,370
			34	China - H	294,636
			35	Land & Houses Pub	280,349

POLAR CAPITAL FINANCIAL FUNDS PLC

Polar Capital European Financials Fund

Statement of purchases and sales for the period ended 30 June 2011

Purchases		€	Sales		€
1	Munich Re	644,239	1	Turkiye Halk Bankasi	806,166
2	Swedbank	590,506	2	Turkiye Garanti Bankasi	536,918
3	Bank Polski	439,753	3	Svenska Handelsbanken	479,927
4	Banco Santander	340,044	4	Hargreaves Landsdown	444,492
5	Lloyds Banking Group	324,677	5	Barclays	421,830
6	Commerzbank AG	315,039	6	Aberdeen Asset Management	420,422
7	Novae Group	300,904	7	Asya Katilim Bankasi	374,652
8	Alpha Bank	235,871	8	Akbank	373,923
9	Bank Pekao	232,374	9	Schroders	348,075
10	Intesa SanPaolo	228,824	10	Lancashire Holdings	342,377
11	Marfin Popular Bank	226,000	11	Baloise	320,418
12	Turkiye Halk Bankasi	225,040	12	Bank Sarasin	255,613
13	ING Groep	224,078	13	ING Groep	226,635
14	AXA	221,200	14	DNB	226,330
15	Barclays	220,713	15	Admiral Group	224,159
16	Jardine Lloyd Thompson Group	215,608	16	Bank Pekao	218,195
17	Deutsche Bank	207,435	17	HSBC	212,273
18	Turkiye Garanti Bankasi	114,106	18	AXA	211,466
19	Societe Generale	113,626	19	Alpha Bank	204,233
20	Schroders	108,279	20	Aviva	194,716
21	BNP Paribas	105,062	21	Bank of Cyprus	176,247
22	Raiffeisen International Bank	101,018	22	Marfin Popular Bank	142,400
23	Komercni Bank	82,882	23	Prudential	117,810
			24	Amlin	113,482
			25	FBD	110,250
			26	Sampo Oyj	109,058
			27	International Personal Finance	83,157

POLAR CAPITAL FINANCIAL FUNDS PLC

Polar Capital Financials Income Fund

Statement of purchases and sales for the period ended 30 June 2011

Purchases		£	Sales		£
1	Investec 9.625% 17/02/22	1,102,353	1	Investec Finance 01/03/16	546,603
2	Marsh & McLennan	688,864	2	Bank of China	509,426
3	ACE	643,183	3	Wells Fargo	486,422
4	Co-operative Bank 9.25% 28/04/21	617,040	4	Tisco Financial	485,793
5	National Westminster Bank 11.5% 29/12/49	581,250	5	Investec Finance 29/01/49	457,500
6	Novae Group	560,512	6	Medicx Fund	439,844
7	Acencia Debt Strategies	532,680	7	Henderson Diversified Income	420,000
8	Bangkok Bank Public -Foreign	523,877	8	Aberdeen Asset 7.9% 29/05/49	415,276
9	Old Mutual 8% 03/06/21	501,250	9	Wilmington Trust 8.5% 02/04/18	372,082
10	Barclays Bank 29/06/49 FRN	491,400	10	CNP Assurances	366,500
11	Princess Private Equity	473,736	11	Munich Re	360,222
12	Clerical Medical 29/11/49 FRN	454,375	12	Resolution	328,059
13	Schroders	413,945	13	BOC (Hong Kong)	319,298
14	Scottish Mutual 29/07/49	392,500	14	Lancashire Holdings	300,202
15	Unicredito 29/07/49 FRN	372,856	15	Henderson Financial	290,643
16	Henderson Diversified Income	367,500	16	Santander FRN 29/07/49	267,000
17	Munich Re	363,774	17	Brewin Dolphin	258,795
18	Helical Bar	351,671	18	Friends Provident 8.25% 21/04/22	253,875
19	PartnerRe	324,076	19	Korea Exchange Bank	207,109
20	ING Groep 8.5% 31/12/49	311,654	20	Hargreaves Lansdown	203,484
21	Friends Provident 29/11/49	294,000	21	Investec 9.625% 17/02/22	189,057
22	Resolution 29/11/49	290,063	22	Burford Capital	146,875
23	HSBC	263,456	23	Wachovia Cap III 29/03/49	141,904
24	Friends Provident 8.25% 21/04/22	250,000	24	Sampo	125,639
25	Provident Finance 8% 23/10/19	247,337	25	First Property Group	100,250
26	Sampo	233,816			
27	Intesa SanPaolo FRN 29/06/49	233,287			
28	Personal Group Holdings	200,369			
29	Resolution	197,145			
30	Hang Seng Bank	195,884			
31	MAM Funds	190,937			
32	Public Financial Holdings	189,833			
33	Arch Capital	178,863			
34	WR Berkley	173,433			
35	DNB Nor	170,028			
36	Tullett Prebon	166,211			
37	Oversea Chinese Banking	163,247			
38	IFG Group	159,084			
39	Carador Income	158,529			

POLAR CAPITAL FINANCIAL FUNDS PLC

DIRECTORS AND OTHER INFORMATION

Board of Directors:	Alexander Hammond-Chambers (Chairman) Peter Blessing Dermot Butler Colin McGill David Astor (all Directors serve as independent non-executive Directors)	
Registered office:	25/28 North Wall Quay Dublin 1 Ireland	
Investment manager and distributor:	<i>Until 30 June 2011</i> HIM Capital Limited 4 Matthew Parker Street London SW1H 9NP United Kingdom	<i>From 1 July 2011</i> Polar Capital LLP 4 Matthew Parker Street London SW1H 9NP United Kingdom
Secretary:	<i>Until 30 June 2011</i> Goodbody Secretarial Ltd 25/28 North Wall Quay Dublin 1 Ireland	<i>From 1 July 2011</i> Northern Trust International Fund Administration Services (Ireland) Limited Georges Court 54-62 Townsend Sreet Dublin 2 Ireland
Sponsoring brokers:	<i>Until 25 May 2011</i> Goodbody Stockbrokers Block B Ballsbridge Park Dublin 4 Ireland	<i>From 26 May 2011</i> Arthur Cox Listing Services Limited Arthur Cox Building Earlsfort Centre Earlsfort Terrace Dublin 2 Ireland
Administrator and registrar:	<i>Until 30 June 2011</i> BNP Paribas Fund Services Dublin Ltd 6 George's Dock IFSC Dublin 1 Ireland	<i>From 1 July 2011</i> Northern Trust International Fund Administration Services (Ireland) Limited Georges Court 54-62 Townsend Sreet, Dublin 2 Ireland
Custodian and Trustee:	<i>Until 30 June 2011</i> BNP Paribas Securities Services, Dublin Branch 5 George's Dock IFSC Dublin 1 Ireland	<i>From 1 July 2011</i> Northern Trust Fund Fiduciary Services (Ireland) Limited Georges Court 54-62 Townsend Sreet, Dublin 2 Ireland
Independent auditors:	Grant Thornton Chartered Accountants 24-26 City Quay Dublin 2 Ireland	
Legal advisers (as to Irish law):	A&L Goodbody 25/28 North Wall Quay Dublin 1 Ireland	
Legal advisers (as to U.K. law)	Dechert LLP 2 Serjeants' Inn London EC4Y 1LT United Kingdom	
Legal advisers (as to U.S. law):	Dechert LLP 1775 I St. N.W. Washington DC 20006-2402 United States of America	

POLAR CAPITAL FINANCIAL FUNDS PLC

GENERAL INFORMATION (UNAUDITED)

The Company is an open-ended umbrella investment company with variable capital organised under the laws of Ireland as a public limited company pursuant to the Companies Act 1963 to 2009 and the European Communities (Undertaking for Collective Investments in Transferable Securities) Regulations, 2011. It was incorporated in Ireland on 29 November 1999 and has been approved by Central Bank of Ireland as a UCITS.

Fund	Denomination	Minimum Initial Investment
Polar Capital Asian Financials Fund	US\$	US\$1,000
Polar Capital European Financials Fund	€	€1,000
Polar Capital Financials Income Fund		
Class A1	£	£1,000
Class A2	£	£1,000
Class B1	£	£500,000
Class B2	£	£500,000

The Company is listed on the Irish Stock exchange and is recognised by the Financial Services Authority.

If sufficient net income after expenses is available in respect of Polar Capital European Financials Fund or Polar Capital Asian Financials Fund, the Directors' current intention is to make distributions in each financial year of substantially the whole of the net income (including interest and dividends) of Class A Shares in the Polar Capital European Financials Fund and the Polar Capital Asian Financials Fund. The net amount of all realised and unrealised gains (less realised and unrealised losses) arising on the disposal of investments shall not be distributed but shall form part of the assets of the sub-fund.

If sufficient income is available in respect of the Polar Capital Financials Income Fund, the Directors current intention is to make distributions in each financial year of substantially the whole of the income (including interest and dividends) of Class A1 Retail and Class B1 Institutional Shares of the Polar Capital Financials Income Fund. In order to enable the sub-fund to pay a larger distribution amount the expenses which are attributable to Class A1 Retail and Class B1 Institutional Shares of the Polar Capital Financials Income Fund are charged to the capital. The effect of this is that capital will be eroded to allow higher dividends to be paid, thereby reducing the potential for future capital growth.

Audited annual reports and unaudited semi-annual reports are available at the office of the Secretary and are sent to shareholders at their registered address.