

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Annual Report and
Audited Financial Statements

For the year ended
31 December 2007

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Annual Report and Audited Financial Statements

For the year ended 31 December 2007

Contents	Pages
Management and Administration	2
Investment Manager Reports	3
Report of the Directors	14
Report of Custodian to the Shareholders	16
Independent Auditors' Report to the Shareholders	17
Portfolio Statement	19
Balance Sheet	42
Profit and Loss Account	44
Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares	46
Notes to the Financial Statements.....	48
Statement of Significant Portfolio Movements	72
Information for Investors in Switzerland.....	75
Notice of Annual General Meeting.....	76
Form of Proxy.....	77

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Management and Administration

Directors:

James Cayzer-Colvin (GB)
Charles Scott (GB)* (Appointed 19 September 2007)
David Hammond (IRL)*
Jonathan Quigley (IRL)*
Robert Bovet* (US) (Appointed 16 July 2007)
Ronan Daly (GB)*
Neil Taylor (GB) (Resigned 16 July 2007)
*Directors independent of the Investment Manager

Registered Office:

Georges Court
54-62 Townsend Street
Dublin 2
Ireland

Company Registration Number:

348391

Investment Manager:

Polar Capital LLP
4 Matthew Parker Street
London SW1H 9NP
United Kingdom

Custodian:

Northern Trust Fiduciary Services (Ireland) Limited
Georges Court
54-62 Townsend Street
Dublin 2
Ireland

Administrator, Registrar, Transfer

Agent and Secretary:

Northern Trust Fund Administration Services
(Ireland) Limited
Georges Court
54-62 Townsend Street
Dublin 2
Ireland

Independent Auditor:

KPMG
Chartered Accountants
1 Harbourmaster Place
International Financial Services Centre
Dublin 1
Ireland

Legal Advisers:

as to English law
Slaughter and May
1 Bunhill Row
London EC1Y 8YY
United Kingdom

as to Irish law

Dillon Eustace,
33 Sir John Rogerson's Quay
Dublin 2
Ireland

Sponsoring Broker:

J & E Davy
Davy House
49 Dawson Street
Dublin 2
Ireland

**German Paying and
Information Agent:**

Deutsche Bank AG
Taunusanlage 12
D-60325
Frankfurt am Main
Germany

Swiss Paying Agent:

AIG Private Bank Limited
Pelikanstrasse 37
8001 Zurich
Switzerland

Austrian Paying Agent:

Meinl Bank
Aktiengesellschaft
Bauernmarkt 2
1014 Wien
Austria

Governance and Monitoring Services

Bridge Consulting Limited
33 Sir John Rogerson's Quay
Dublin 2
Ireland

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Polar Asia ex Japan Fund
Investment Manager's Report
For year ended 31 December 2007

Please note that on 12 February, 2008 a decision was taken by the Directors of the Company at a board meeting held on 11 February, 2008 to temporarily suspend the determination of the net asset value of the Fund and of the issue and redemption of redeemable participating shares in the Fund and ultimately to terminate the Fund.

The Asia ex Japan Fund, (the "Fund"), returned (+16.09%) in US\$ terms for the year ended 31 December 2007 while the benchmark returned (+33.40%) as measured by the MSCI Far East Free ex Japan. The largest gains for the Fund were booked in the first half of the year, with the strongest months being February, May and June. The largest draw-down was recorded in August, a decline of (-8.00%), while the index staged a spectacular intra-month recovery to end August only down (-1.40%).

It should be noted that Asian markets were heavily influenced by both the interest rate policies of the US Federal Reserve in the second half, as well as concerns on a global economic slowdown amid the sub-prime driven debt crisis in the US. For both reasons of a lower carry (lower relative Asian cost of borrowing) and higher regional growth, inflows of liquidity into Asia have been supporting already well performing equity markets in the region. Thus the best performing months were September (+11.46%) and October (+9.93%) following the ease in interest policy by the US Federal Reserve.

7 out of 13 country indices we follow have bettered their returns in 2007 over the previous year's return, with the most marked improvement seen in Korea and Thailand. MSCI China, Indonesia and India saw the strongest performance with a gain of (+63.50%), (+57.50%) and (+52.50%) in US\$ terms respectively. Weakest performers were MSCI New Zealand, Taiwan, and Australia with (-4.70%), (+4.90%) and (+12.20%) change over the previous year. The accumulated Market capitalization of constituents in the MSCI China index have now surpassed that of the MSCI Far East Free ex Japan by a large margin, adding to US\$ 3.93trl vs. that of the Far East Free at US\$ 2.22 trl. Overall asset valuations have continued to rise with the median of only 3 out of 13 country indexes trading within a 10.00% range around the 2x Price to book point: MSCI New Zealand at 1.85x, MSCI Taiwan at 2.01x, MSCI Thailand at 2.02.

Overall the Fund had its highest average weighting in Taiwan (+39.50%), Thailand (+30.60%), Hong Kong (+22.40%) and South Korea (+20.40%). Strongest gains were generated in China, Philippines and Malaysia with a contribution of (+6.89%), (+4.70%), (+2.47%) contribution to NAV respectively. The weakest performing regions in the portfolio were Thailand, South Korea and Taiwan deducting (-1.54%), (-1.46%) and (-1.39%) respectively of NAV. Best performing sectors for the Fund were Financials (+5.68%), Consumer Services (+4.74%) and Consumer Goods (+3.38%), while the worst performing sectors were Industrials (-2.96%), Information Technology (-2.23%) and Basic Materials (-0.47%).

Relative to the index, the Fund outperformed by (+16.40%) in the first half and consequently underperformed by (-27.40%) in the second half of the year. The main reason for this was a relatively higher exposure in small cap value stocks, which have underperformed large cap growth stocks by around (-18.00%) in the second half, according to the MSCI Small Cap value and Large Cap Growth indexes. Continuing efforts are made to reduce the Small Cap exposure. In their place we have established core positions in a number of very large regional names.

2007 is the fifth year of rising prices for the region and there is little doubt that a re-rating has taken place. Thus from the approximate starting point of this bull market in 2003, the discounts of (-45.00%) on Price-to-earnings and (-43.00%) on Price-to-book relative to the world has been replaced by premiums of (+12.00%) and (+13.00%) respectively today. As the creation of wealth, accumulation of reserves and economic growth remains above the rest of the world, there is good reason to believe this path can continue.

However, it seems unlikely that the same areas which have led us in the past 3 years might necessarily be able to lead again. The outlook for global economic growth is probably the most challenging in recent years as we enter 2008. Lots of easy money has been made and it seems that, with momentum having outperformed value by 2.50 standard deviations as of the end of November, a turning-point might be approaching.

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Polar Asia ex Japan Fund
Investment Manager's Report (continued)

For year ended 31 December 2007

Indeed using the newly formed Morgan Stanley sub-indices again, we can see that value has started outperforming over the past month (albeit marginally at (-0.40%) vs (-1.70%) during December). However looking just at the Large Cap indices the gap is wider still (-0.80%) versus (-2.70%).

One key reason why this trend might be illustrative of what to expect is visible from examining earnings expectations. In the US, EPS growth is still expected to be in the double digits which surely looks ambitious for an economy most likely in some degree of recession. More to the point, in Asia consensus earnings growth is gyrating somewhere around the (+15.00-+17.00%) growth down from low-twenties in 2007. The largest contributors to this are China, Taiwan which both have a large component of cyclical companies in them (basic materials in the former and technology in the latter). If earnings start to disappoint – and so far analysts are still upgrading rather than downgrading their numbers – this would mark the typical time at which investors historically has switched to use a value approach, i.e. focusing on net-worth, reflecting heightened uncertainty. Given that there is typically a lag between actual earnings falling and analyst downgrades, confirmation on this would still need to be given.

A decision was taken by the Directors of the Company to temporarily suspend the determination of the net asset value of the Fund and the issue and redemption of redeemable participating shares in the Fund and ultimately to terminate the Fund with effect from the 12 February 2008.

Polar Capital Partners LLP
February 2008

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Polar Global Technology Fund
Investment Manager's Report
For the year ended 31 December 2007

The 12 month period to 31 December 2007 saw the Fund register returns of +3.36% in US\$ terms. On a relative basis performance was broadly in line with the Russell 2000 Technology Index which returned +3.98% in US\$ terms. Unfortunately 2007 proved to be a disappointing year for Mid and Small Cap investors, as indicated by the superior return of +11.28% in US\$ terms for the Dow Jones World Technology Index.

The year started with equity markets delivering solid returns and the technology sector performing in line. Markets were underpinned by the prevailing macroeconomic view that, whilst US consumer spending would slow due to a weakening housing market, global growth would remain resilient as a result of robust international demand. Equities were further supported by the belief that benign inflation would enable the US Federal Reserve, (the "Fed") to use monetary policy to orchestrate a soft landing.

US markets fell sharply in late February as weaker than expected US home sales exposed the potential scale of the sub-prime lending problem. 'Growth' indices began to outperform relative to 'value' for the first time in seven years, due to a decline in earnings expectations for more cyclical sectors. The shift in bias towards growth investing benefited the technology sector, which received a further boost from strong first quarter earnings. Unfortunately the economic outlook worsened during late May, resulting in a spike in risk aversion and a significant fall in bond yields. Despite strong technology sector performance the Fund underperformed during the third quarter. In particular this was due to its high exposure to Small and Mid Cap companies which suffered disproportionately due to soaring liquidity preference. Unfortunately our positive thesis on semiconductors and semiconductor capital equipment stocks also proved to be premature, significantly impacting performance in Asia.

Markets rallied strongly during August after the Fed cut the US discount rate by 50bp. Unfortunately the relief was short lived as the credit markets continued to deteriorate rapidly, leading to a further 50bp cut in base rates in September. Despite the market turmoil technology leadership continued, reinforced by strong trading statements from Cisco, Adobe and Oracle. These proved to be good indicators of demand and were followed by a robust third quarter reporting season.

Further negative developments in credit markets, combined with high energy prices, resulted in a sharp correction in equities during early November. Financial stocks fell sharply as it emerged that substantial asset write downs would be required, raising the necessity of capital injection for many large banks. The prospect of tighter global lending conditions, and risk to financial services IT budgets, was interpreted negatively for technology spending. Unfortunately this was also coupled with cautious commentary from Cisco, Cognizant, Symantec and IBM all of whom experienced slightly weaker US enterprise spending during the fourth quarter. Small and Mid Cap stocks were amongst the worst performers due to a sharp spike in risk aversion, with the Russell 2000 Technology Index falling (-10.00%) in US\$ terms during November alone. The Fed cut base rates a further 25bp in December, but this time the market reaction was less enthusiastic interpreting the moves as being "behind the curve".

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Polar Global Technology Fund
Investment Manager's Report (continued)

For the year ended 31 December 2007

We still firmly believe in our core investment thesis that we are in the early stages of the next significant technology cycle, enabled by pervasive broadband and environmental technologies. It is our view that investing in technology is about understanding change in user (consumer or corporate) behaviour. We believe that significant secular shifts are underway. Our thematic framework helps identify companies and sub sectors which are beneficiaries. These shifts in behaviour will create significant growth potential for many emerging Small and Mid Cap companies, which will only be recognised in incremental steps by analysts and the markets. Emerging 'disruptive' technologies will result in an 'innovators dilemma' for a generation of Large Cap legacy incumbents (often the winners from previous cycles). Bottom up investing will remain critical to driving long term performance, in particular because most technology indices remain heavily skewed towards the incumbents.

Secular growth themes of particular focus for the fund include; broadband enabled applications ("software as a service" and virtualisation), broadband IP infrastructure (including mobility), alternative energy (solar & wind), energy conservation (hybrid vehicles & LED lighting), demographics (aging population & digital consumer) and globalisation (emerging market demand). There are also several compelling consumer products approaching inflexion points associated with wider market adoption. In the current environment we remain cautious on consumer spending, but believe those products with strongest secular trends include; smart phones, notebook PCs, PVR/DVR (HDD based video recorders) and next generation video game consoles.

Despite our undiminished core investment thesis, we also recognise that economic risks have increased significantly. As a result we made a number of changes to the portfolio during the fourth quarter; 1) adopted a more Multi Cap approach centred on defensive or strongly secular growth, 2) reduced exposure to cyclical technologies in particular semiconductor capital equipment in Asia, 3) increased exposure to selected Large Cap growth companies (from +11.10% end of June 2007 to +30.90% at year end) 4) significantly cut exposure to less liquid investments i.e. with a market cap of less than \$500m, and 5) reduced stock specific risk by reducing some of our larger positions.

Looking into 2008 the probability of a US recession has increased significantly, yet the depth and length remains uncertain. Our base case has certainly changed and we now expect a mild US recession lasting several quarters. This has also reduced our expectation for global growth. Fortunately both the Fed and the US government now seem to realise that the balance of risk has shifted from inflation to growth. Recent commentary indicates that they will act quickly and decisively with both monetary and fiscal policy to stimulate the economy. This should have a positive effect but it may take some time before we see the benefits.

We have seen a solid start to fourth quarter reporting season as indicated by recent results from Oracle, IBM and SAP amongst others. However guidance has the potential to disappoint, as management teams will understand the importance of setting achievable targets against an uncertain macro economic backdrop. Importantly bottom up consensus earnings expectations for 2008 remain too high. In a slowing macroeconomic environment aggregate expansion in technology margins (as currently embedded in consensus expectations) looks unlikely, even with the semiconductor industry coming off a cyclically depressed base. Despite this valuations are beginning to look compelling, as many stock prices appear to be discounting a significant earnings slowdown.

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Polar Global Technology Fund
Investment Manager's Report (continued)

For the year ended 31 December 2007

We are encouraged that since making several changes to the portfolio during the fourth quarter, the Fund has regained all of its mid year underperformance relative to its benchmark. Looking forward we expect to see strong performance relative to both the benchmark and the broader market. Near term, markets look oversold and sentiment is extremely negative which could result in a trading rally. Until we see earnings revisions trough and full year expectations at realistic levels we will remain cautiously positioned. The Fund ended 2007 with cash at +4.80% which we have increased further during the first few weeks of 2008, to +6.70% at the time of writing.

Whilst the next few months are likely to remain challenging, we believe the medium term investment case for investing in technology remains compelling. Technology stocks have high exposure to global growth. The sector is not at the epicentre of the current crisis and Balance Sheets are strong (no other sector has net cash which provides security and potential for share buybacks). Capital spending has remained muted since 2002, with capital expenditure/sales in the last three years well below the 1990's. Valuations are attractive, the S&P technology index is trading at a +30.00% P/E premium to the market which appears reasonable given superior growth (the premium was 260% in 1999/2000 which partially explains the severity of the resulting correction). We believe investors will increasingly focus on scarcity of growth in 2008, and will begin to appreciate the secular growth characteristics of many technology stocks.

Polar Capital Partners LLP
February 2008

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Polar Japan Fund
Investment Manager's Report
For the year ended 31 December 2007

Performance for Calendar Year 2007

The Fund lost -7.87% in US\$ terms over the calendar year and (-13.00%) in yen terms. Both classes of shares fell behind their respective benchmark, the TSE First section Index by eighty basis points. Against our peer group we fell into the second quartile with only 150 basis points between us and the bottom of the first quartile. Over three years the fund is ranked in the first quartile and is placed fourth out of fifty five funds. The sector performance was, from start to finish polarised. The top performing sector was Other Products which included Nintendo. This stock rose a staggering (+116.00%) and detracted 114 basis points from performance by not owning it. Underestimating the inherent gearing in the software/hardware ratio proved very costly. The next best performing sectors were mining, Maritime Transport, and Wholesale. These sectors benefited from the strong upward trend in global commodity prices and were well reflected in our portfolios. Wholesale Trade added 162 basis points of relative out-performance whilst Marine Transport added 96 basis points. Relative returns could have been even larger in these areas if we had locked in some profits prior to November.

Domestic orientated sectors performed poorly. Bank relative returns were for the third year excellent whilst broking stock selection was poor. The major damage came from very poor asset allocation and stock selection in both the precision sector and technology space. Advantest and Tokyo Seimitsu were bought at the beginning of the year on the expectation of a sharp pick up in backend semiconductor capital expenditure which failed to materialise due to faster than expected falls in Dram prices and a degree of secular shift towards cheaper/lower end manufacturers. These two stocks detracted 236 basis points. Zeon, a producer of LCD sheets was a disappointment losing 63 basis points whilst Union Tool lost 50 basis points. Decisive action was taken to cut losses in September/October which despite the large losses at the time proved exactly the right move. Finally, redemptions in the Fund are calculated to have lost us about one percentage point in dealing fees.

Fund managers are likely to have to focus much more on the top down than on the bottom up in the coming six months as the global economies slow down and inevitably corporate earnings come under severe pressure. The key themes that will dominate are likely to be US /Western economies falling into recession (with a strong likelihood of some recoupling of the Asian block) and at the same time the flexibility (or not) of the US authorities to loosen monetary/fiscal policy as a response. Despite the beginning of western economies cutting interest rates and massive liquidity injections the problems in credit markets have not disappeared. The build up of private debt and the resultant down cycle that we are witnessing will continue to advance this year. The US domestic economy is likely to go into recession (it probably is already) and this will spill over to western economies such as the UK where the three pillars of the economy, namely finance/public works/housing will all turn down. The Chinese economy remains vulnerable to slowing world exports and tighter internal economic policies to keep a lid on inflation. The global asset bubble and a sharp slowdown in credit formation caused by the sub prime/structured finance meltdown will act as a deflationary drag on world GDP for many months. The one saving grace for the US is the weakening dollar and the sharp slowdown that we have witnessed in imports. US profits we believe are heading down and third quarter EPS fell year on year by (-9.00%). A short term fix is unlikely for this particular banking crisis and as Chris Wood, strategist at CLSA points out the epicentre of the crisis is in the "shadow" banking system which is not subject to bank regulation since many of the owners of securitised assets and structured credit instruments are not banks.

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Polar Japan Fund
Investment Manager's Report (continued)

For the year ended 31 December 2007

A breakdown in the correlation between bonds and equities was first witnessed in Japan in the 1990's; let us hope that the similar picture emerging in the USA does not last as long! What it does signal is slower growth is here for some time.

What does all this mean for Japan? The answer is that it is all frightfully relevant. Seventy percent of Japanese exports end up in the USA and Asia and USA imports are falling fast. Recent third quarter data suggested that the domestic side of the economy is in recession territory, partly self induced by the appalling timing of the new building-permit regulations and the regulation introduced in the consumer finance sector where the industry is now in turmoil. Consumption growth is anaemic with recent consumer confidence measures falling sharply.

Despite job creation last year real wages are barely in positive territory. Profits as a percentage of GDP have now reached (+12.00%) and annualised current profits per employee of large corporates rose from Yen2.01m in the second quarter of 2002 to a figure of Yen5.00m in the most recent data. Meanwhile, labour costs as a percentage of GDP have fallen from 57.00% to 51.00%. Retiring baby boomers tend to get replaced with cheaper graduates who in turn are not able to spend as much on disposable items. Temporary workers continue to gain jobs at the expense of full timers. The consumer remains risk averse as evidenced by the slowdown we have seen recently in bank loan demand. The government has rescinded many of the tax breaks that were brought in by the Koizumi administration as it continues to worry about the fiscal deficit. A VAT rise is an inevitability at some stage but not surely now.

Our machinery expert Konishisan believes that domestic capital expenditure will be weak this year and that the replacement cycle is now over after having risen for the last six consecutive years. Auto companies are unlikely in his mind to increase spending. It must still be stressed that corporate cash flow is still robust, but corporate construction starts, a good lead indicator are heading back down.

In summary, we hope that the downturn is not too pronounced but growth will likely slow and we are unlikely to have the security of a buoyant export sector to rely on to the same degree. The Japanese government has its hands tied and lacks control of its legislature meaning policy initiatives are difficult until a general election takes place. Perhaps a democratic election victory would eventually lead to the break-up of the LDP and a return to Koizumi Politics?

At the time of writing this the TSE First section Index has collapsed along with other bourses. Japan is fundamentally cheap on many criteria and particularly on book value where 55.00% of the market now stands below book value. Added to this, the Topix Index now trades on 15X PER to march 2008. The caveat to this is that bottom up consensus earnings estimates are simply too high if we are right about the global economy and we would anticipate a fall of between (-5.00% to -10.00%) for corporate earnings to 3/09 with some sectors such as export related areas suffering particularly badly.

Japanese equities have performed poorly for two years now, in direct contrast to global equities in general. In fact, at the time of writing we are now classified as being in "bear market" territory. The reasons for the dramatic fall are as follows. Firstly, the credit crunch has created a great deal of uncertainty about the direction of the US economy in 2008. Given the gearing to USA, the market is now heavily discounting a sharp fall in many exporters' profits to march 2009(exacerbated by Yen strength). More importantly the expectations at the end of 2005 by foreigners left little room for disappointment. Shareholder awareness was eagerly awaited and hoped for in the form of higher dividends/cross boarder takeovers/balance sheet rationalisation. Expectations for radical top down governmental leadership were high and many believed that the post Koizumi government would promote radical corporate restructuring in an effort to stimulate the moribund domestic economy and tackle many of the shortcomings that we all know will plague the Japanese model in the future (i.e. demographics and productivity).

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Polar Japan Fund
Investment Manager's Report (continued)

For the year ended 31 December 2007

Whilst the patient is not dead, he is certainly in casualty. There has been little nominal domestic growth and inflation has not emerged as previously hoped. Companies have responded to the threat of foreign takeovers by increasing cross shareholdings and have issued a succession of poison pills, which in some cases have been approved by the majority of shareholders. The case of Bull Dog Sauce whilst irrelevant from a market capitalisation perspective highlighted the entrenched aversion to American Capitalism and reminded one that the Japanese model of capitalism is still a red version. Mr Abe has now resigned and Mr Fukuda taken over in his place. Finally, on demand/supply, foreigners have stopped being the marginal buyer and were net sellers in the second half of the year. The only buyers to emerge have been the Investment Trusts and in the last two months the Trust Banks have put a toe in the water which gives us a glimmer of hope. It is hoped that the pension funds will see the present dividend yield of (+1.70%) as attractive versus government bonds yielding (+1.30%). The Postal Insurance vehicle could emerge as a substantial buyer.

It is the team view that whilst there is tremendous value emerging in Japanese equities over the long term the short term economic headwinds from the US sub-prime meltdown will continue to put a lid on the market as many companies in areas such as machinery and automobiles/electronics will be forced to revise down. In the light of this we expect domestic demand related stocks to offer better downside protection in the short term and we would look later in the year to weight up selected blue chip international stocks as the OECD leading indicators look set to bottom out. Whilst the multiples on cyclical stocks are enticing, the old adage about selling on low per's, coupled with our view that the bottom up approach may not work well for a while lead us a steer clear. We favour railway companies, Telecommunications, and selected technology stocks in the early part of this year. We also like special situation ideas which are uncorrelated with the global economy. We are avoiding areas such as steel, shipping and have a low weighting in automobiles. The only cyclical area we own are the trading companies where we are happy about the low per's and also about future price negotiations for iron ore and coking coal. At the time of writing we have roughly 52.00% of the portfolio at book or below. Style analysis in the last six months did not favour low per's or low price/book as many of the quant funds were forced buyers of growth stocks and sellers of value. We would anticipate a return to more normal patterns of behaviour in the first six months. Barra shows us to be overweight small cap/low price-book/underweight growth.

In summary we think that we will ultimately come lower on the Nikkei 225 but that 12000 should hold. Very short term we believe that the conditions for a sharp technical rally are there. The spreads to the 200-day and 75-day and the 25-day moving average of the advance/decline ratio all signal that the market is oversold. This is the first triple buy signal since August 2007. The longer term outlook requires the OECD leading indicators to bottom out, at which time I believe that whether or not shareholder awareness makes a comeback we will be set fair for a huge up leg in the market. If and only if we get companies embracing shareholder value we could be looking at a once in a generation chance to buy great stocks at valuations that look to me very enticing. Finally, a quote by Christopher Browne of Tweedy Browne seems very apt for the Japanese market at the moment. "The time to buy stocks is when they are on sale, and not (China) when they are high priced because everyone wants to own them...the beauty of investing is logical simplicity and based on two principles: what is a company worth(intrinsic value) and have a margin of safety (belts and suspenders)". I can think of no other market where there is better value on these measures at the moment.

Polar Capital Partners LLP
February 2008

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Polar Latin America Fund
Investment Manager's Report

For the period from 1 January 2007 to 30 June 2007

The Fund rose (+9.20%), YTD (ending 7 June 2007). Overall we remained very positive on Brazil on the back of cheap valuations, falling interest rates and a very supportive IPO market. Brazil was by far the biggest contributor to overall performance. Select names stood out in the period with Rossi Residencial, the Brazilian real estate company performing very strongly on falling interest rates in Brazil. Bradespar, the holding company of CVRD was the best contributor to performance as global growth continued to drive demand for commodities. The Fund endured a very volatile February as our short book, specifically Bovespa put options helped protect the portfolio during a short but sharp correction in markets. Elsewhere other notable contributors to performance included Dufry, the Brazilian duty free operator on rising air passenger traffic growth. Sare the Mexican home builder was the most notable contributor in our Mexican portfolio as it continued to benefit from rising mortgage availability in Mexico.

As a result of the Manager launching a Latin America absolute return Fund in another investment vehicle the Polar Latin America Fund has been fully redeemed as at 30 June 2007.

Polar Capital Partners LLP
February 2008

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Polar Healthcare Opportunities Fund
Investment Manager's Report
For the year ended 31 December 2007

The Polar Healthcare Opportunities Fund was launched on 3 December 2007 and we are delighted to report a first month positive return of +70bp net, against a benchmark which declined by (-3.29%), and a tough environment for global stock markets. We have taken a very cautious approach to start with, due to concerns over global economic growth and, thus, have maintained a large cash position over the period. We have invested just over half of the Fund in 17 positions and are slowly increasing our exposure with a target to invest in approximately 25 to 30 positions in the near future. This will, however, depend on our view of whether we are entering a recession in the US or a mid-cycle correction, and also how effective and significant the actions of the Federal Reserve are in response to the US slowdown. We are obviously concerned over recent economic readings and will be keeping a close eye on the employment situation in the US. Central banks have, to some extent, acted effectively to deal with the inter-bank market, LIBOR rates slowly responding to the money that has been thrown at the system in vast quantities. We will make full usage of the tools allowed under UCITS depending on our top-down outlook.

We remain focused on the 6 key drivers of healthcare performance and this process has led to the current investments in the Fund. We have a watch-list of approximately 60 stocks that we are currently doing further due diligence on and will ultimately lead to the increase in the number of positions we own. We have seen solid performance from some of our Large Cap defensive holdings and experienced the highs and lows of biotech already.

We have limited exposure to Big Cap pharma, with holdings in just Bayer and Merck. Bayer has performed very well, grinding higher due to reasonable valuation and exposure to the positive trends in the agriculture market. Performance has also benefited from the building excitement around its lead candidate, Xarelto, partnered with Johnson & Johnson, for thrombosis prevention that could ultimately compete as the best-in-class drug with a new mechanism of action in a \$10 billion market. Large Cap devices and service companies have proved to be the defensive sectors that the market expects to perform in a difficult environment. We have seen strong performance from Zimmer, Labcorp, Gerresheimer and last but not least, Covidien. This company was a recent spin-out from Tyco and we expect it to be a strong performer over the mid-term driven by positive operating leverage as the company looks to exit lower margin businesses and focus on higher margin opportunities.

At the Smaller and Mid Cap end of the spectrum we have exposure to biotech, speciality pharmaceuticals/generics, diagnostics and services. One of the highlights for us has been Nichi-iko, a Japanese generic company. We are very bullish on the opportunity in this market as generic penetration is so low relative to other developed markets and the Government is now actively pushing for increased generic usage with incentives for pharmacies potentially being put in place. We will look to increase exposure to this opportunity with investments in more generic stocks. Prostrakan, a European focused speciality pharmaceutical company, has performed very well in the current environment attracting investors, including interest from the US, simply on the basis of its valuation which is trading at half the level of peers across the Atlantic – a good example of the geographical anomalies in valuation that we want to exploit. Of the biotech names, at the Mid Cap end we have holdings in United Therapeutics and Biomarin, both companies focused on niche markets where their products treat diseases that are classed as having unmet need. We look for significant operating leverage from these names as products roll out. Biomarin has been the best performer in the portfolio so far, driven higher on a positive regulatory decision for its new product and the pricing and sales guidance from the company. At the small end in Europe we have positions in AGI Therapeutics and Medivir where these stocks offer tremendous value for long term investors and again trade at a significant discount to US peers. In the US, at the Small Cap end we have a position in Altus which has been the major disappointment for the Fund so far, seeing a significant drop in value when Genentech handed back one of the products it had partnered with the company. However we see tremendous value in the technology of this company. The stock is trading near its cash balance, with two phase 3 assets and further pipeline candidates in development, and so we have added to our position with the hope of delivering substantial returns from this investment over the next 2 years. In the diagnostics arena, we are very excited about the opportunities that China Medical has in front of it, with its focus on selling diagnostic machines and consumables into the Chinese hospital market.

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Polar Healthcare Opportunities Fund
Investment Manager's Report (continued)

For the year ended 31 December 2007

The opportunities in China are clearly enormous for healthcare. While we are not keen on investing in pharmaceutical companies in the country, we are happy to gain exposure through medical technology, diagnostics and potentially service companies. We think our process, which drives a balanced global portfolio with a mix of large weightings in lower risk, Big Cap stocks and small weights in higher risk, Small and Mid Cap stocks, helps to diversify away the volatility of individual holdings so that we can manage through situations such as Altus which we will no doubt face again, a risk you accept when investing in biotech.

We remain optimistic about the investment opportunities in healthcare that we can find across the world. Interest in healthcare should rise with the current market backdrop which may benefit the Fund as well.

Polar Capital Partners LLP
February 2008

Polar Capital Funds plc **(Investment Company with Variable Capital** **and Segregated Liability Between Sub Funds)**

Report of the Directors

For the year ended 31 December 2007

The Directors of Polar Capital Funds plc (the “Company”) have pleasure in submitting their Annual Report and Audited Financial Statements for the year ended 31 December 2007 to the shareholders.

Statement of Directors’ Responsibilities

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial period. Under that law the Directors have elected to prepare the Company Financial Statements in accordance with Generally Accepted Accounting Practice in Ireland, comprising applicable law and the accounting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland.

The Company’s Financial Statements are required by law to give a true and fair view of the state of affairs of the Company and of its profit or loss for that period.

In preparing those Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- 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 that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its Financial Statements comply with the Companies Acts 1963 to 2006 and with the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2003 (as amended). They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are also responsible for preparing a Directors’ Report that complies with the requirements of the Companies Acts 1963 to 2006.

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 finance this function. The books of account of the Company are maintained by Northern Trust Fund Administration Services (Ireland) Limited (the “Administrator”), at Georges Court, 54 - 62 Townsend Street, Dublin 2, Ireland.

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 year ended 31 December 2007 is included in the Investment Manager’s Report. The Company intends to seek revocation of the Polar Latin America Fund in due course. The shares of the Polar Latin America Fund were fully redeemed as at 30 June 2007. The Polar Healthcare Opportunities Fund was launched on 3 December 2007. The Polar Asia Ex Japan Fund suspended trading on 12 February 2008. The Directors will redeem all outstanding Redeemable Participating Shares on the Fund in the manner as notified to the Shareholders.

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Report of the Directors
For the year ended 31 December 2007
(continued)

Risk Management Objectives and Policies

The principal risks and uncertainties faced by the Company are the investment risks associated with the portfolio of investments held for the account of each sub-fund and the operational risks associated with their management and administration.

Directors

Neil Taylor resigned as a director on 16 July 2007. Robert Bovet was appointed as a director on 16 July 2007 and Charles Scott was appointed as a director on 19 September 2007.

Directors' Interests in Shares of the Company

Neither the 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.

Results

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

Subsequent Events

There have been no events subsequent to the period end, which, in the opinion of the Directors of the Company, may have had an impact on the Financial Statements for the year ended 31 December 2007.

On the 12 February 2008, the shares of the Polar Asia ex Japan Fund were suspended pending full redemption.

Future Developments

The Company will continue to act as an investment vehicle as set out in its prospectus.

Auditor

In accordance with Section 160 (2) of the Companies Act, 1963, KPMG, Chartered Accountants, have indicated their willingness to continue in office.

On behalf of the Board

Jonathan Quigley }

Directors

David Hammond }

28 April 2008

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Report of the Custodian to the Shareholders

For the year ended 31 December 2007

We have enquired into the conduct of Polar Capital Funds plc ('the Company') for the year, in our capacity as Custodian to the Investment Company.

This report including the opinion has been prepared for and solely for the shareholders in the Company as a body, in accordance with the Financial Regulator's UCITS Notice 4.1 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown.

Responsibilities of the Board of Directors and Custodian

The Board of Directors has the primary responsibility for ensuring that the Company complies with the terms of the UCITS Regulations and the Company's constitutional documentation.

The Custodian must enquire into the conduct of the Company, in each annual accounting period and report thereon to the shareholders.

The Custodian's report shall state whether in its opinion the Company has been managed, in all material respects, in that period, in accordance with its constitutional documentation and the appropriate regulations.

If the Company has not complied, in all material respects, with its constitutional documentation or the appropriate regulations, the Custodian must state why this is the case and outline the steps which it has taken to rectify the situation.

The Custodian also takes into its custody, or under its control, all the assets of the Company and holds them in safekeeping for the shareholders.

Basis of Custodian Opinion

The Custodian conducts its reviews, on a test basis, to ensure that it adheres to the duties outlined in UCITS Notice 4.1 and to ensure that the Company is managed in all material respects in accordance with its constitutional documentation and the appropriate regulations.

The Custodian ensures, on a test basis, that the Company complies with the limitations imposed on investment and borrowing powers by the provisions of its constitutional documentation and the appropriate regulations.

Opinion

In our opinion, the Company has been managed during the year, in all material respects:

(i) in accordance with the limitations imposed on the investment and borrowing powers of the Company by the Memorandum & Articles of Association and by the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2003 ('the Regulations'); and

(ii) otherwise in accordance with the provisions of the Memorandum & Articles of Association and the Regulations.

Northern Trust Fiduciary Services (Ireland) Limited

Georges Court
54-62 Townsend Street
Dublin 2

28 April 2008

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Independent Auditor's Report to the Shareholders of
Polar Capital Funds plc

We have audited the Financial Statements of Polar Capital Plc for the year ended 31 December 2007 which comprise the Profit and Loss Account, Balance Sheet and Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares, with the related notes and the Portfolio Statements. These Financial Statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 193 of the Companies Act, 1990. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

The Directors' responsibility for preparing the Annual Report and the Financial Statements in accordance with applicable law and accounting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland), are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the Financial Statements in accordance with the relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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, 1963 to 2006 and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2003. We also report to you whether in our opinion proper books of account have been kept by the Company and whether the information given in the Directors' report is consistent with the Financial Statements. In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit, and whether the Company's Financial Statements are in agreement with the books of account.

We also report to you if, in our opinion, any information specified by law regarding Directors' remuneration and Directors' transactions is not disclosed and, where practicable, include such information in our report.

We read the other information contained in the Annual Report, and consider whether it is consistent with the audited Financial Statements. The other information comprises only the Directors' Report, the Investment Manager's Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Financial Statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Independent Auditor's Report to the Shareholders of
Polar Capital Funds plc

Opinion

In our opinion:

- The Financial Statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the Company's affairs as at 31 December 2007 and its profit for the year then ended;
- The Financial Statements have been properly prepared in accordance with the Companies Acts, 1963 to 2006 and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2003 (as amended).

We have obtained all the information and explanations we considered necessary for the purposes 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 given in the Directors' report is consistent with the Financial Statements.

KPMG

Chartered Accountants & Registered Auditors
1 Harbourmaster Place
IFSC
Dublin 1

Date: 28 April 2008

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Portfolio Statement: Polar Asia ex Japan Fund

As at 31 December 2007

Financial assets at fair value through profit or loss				31 December
Transferable securities		Nominal	Fair Value	2007
Collective investment schemes	Currency	Holding	US\$	% of
Vietnam				NAV
Dragon Capital - Vietnam Resource Investments Holdings	USD	297,030	3,029,112	3.19
Total Collective Investment Schemes			3,029,112	3.19
Equities				
China/Hong Kong				
Cheung Kong Holdings	HKD	110,000	2,032,649	2.14
Cnpc Hong Kong	HKD	7,300,000	4,624,401	4.86
Qingling Motors	HKD	16,320,253	3,181,091	3.34
Swire Pacific	HKD	384,670	5,297,833	5.57
Yorkey Optical International Cayman	HKD	22,631,500	5,891,352	6.19
			<u>21,027,326</u>	<u>22.10</u>
India				
Bajaj Hindusthan	USD	1,594,000	1,664,402	1.75
Indonesia				
Medco Energi Internasional	IDR	11,204,500	6,143,537	6.46
Malaysia				
Affin Holdings	MYR	11,204,500	2,018,421	2.12
Bandar Raya Developments	MYR	1,028,200	2,472,069	2.60
IOI Properties	MYR	2,617,853	4,041,544	4.25
			<u>8,532,034</u>	<u>8.97</u>
Philippines				
Benpres Holdings	PHP	44,715,100	4,928,627	5.18
SM Development	PHP	27,690,420	2,381,322	2.50
			<u>7,309,949</u>	<u>7.68</u>
Singapore				
China Merchants Holdings Pacific	SGD	2,400,000	1,669,101	1.76
DBS Group Holdings	SGD	138,000	1,984,728	2.09
			<u>3,653,829</u>	<u>3.85</u>
South Korea				
Hyundai Mobis	KRW	44,000	4,115,193	4.33
Hyundai Motor	KRW	39,000	2,990,830	3.14
Samsung Electronics	KRW	3,131	1,863,790	1.96
			<u>8,969,813</u>	<u>9.43</u>
Taiwan				
Micro-Star International	TWD	1,000,000	838,781	0.88
Thailand				
Krungthai Card	THB	13,281,300	12,211,784	12.84
Land and Houses	THB	8,000,000	1,767,760	1.86
Noble Development	THB	21,399,400	2,665,801	2.80
			<u>16,645,345</u>	<u>17.50</u>
United Kingdom				
West China Cement	GBP	1,100,000	4,407,369	4.63
Total equities			79,192,385	83.25
Total transferable securities			82,221,497	86.44

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Portfolio Statement: Polar Asia ex Japan Fund (continued)

As at 31 December 2007

				Unrealised	31 December
				Gain	2007
				US\$	% of
				Unrealised	NAV
				Loss	NAV
Financial derivative instruments			Nominal		
Swaps	Currency		Holding		
Bajaj Hindustan UBS 31/12/2011	USD		635,000	1,602,736.00	1.69
Balrampur Chin UBS 31/12/2011	USD		1,540,000	1,154,740.00	1.22
ETFS Sugar UBS 02/01/2011	TWD		210,000	167,139.00	0.18
				<u>2,924,615</u>	<u>3.09</u>
Total swaps				<u>2,924,615</u>	<u>3.09</u>
Options					
HSI C96 Dec 2007 MS	HKD		96	616	-
Total options				<u>616</u>	<u>-</u>
				Unrealised	31 December
				gain	2007
				% of	% of
				NAV	NAV
Open forward foreign currency contracts					
Transactions	Currency	Currency	Maturity		
Currency sold	bought	rate	date		
203,263 USD	GBP	0.503	02/01/2008	1,569	-
2,020,592 USD	HKD	7.799	02/01/2008	285	-
Total open forward foreign currency contracts				<u>1,854</u>	<u>-</u>
Total financial derivative instruments				<u>2,927,085</u>	<u>3.09</u>
Total financial assets at fair value through profit or loss				<u>85,148,582</u>	<u>89.53</u>
				Unrealised	31 December
				Loss	2007
				US\$	% of
				Unrealised	NAV
Financial liabilities at fair value through profit or loss					
Financial derivative instruments					
Swaps	Currency		Nominal		
Chia Hsin Cement CS 02/01/2011	TWD		3,644,000	(731,351)	(0.77)
Micro-Star Int CS 31/12/2011	TWD		1,552,000	(226,764)	(0.24)
				<u>(958,115)</u>	<u>(1.01)</u>
Total Swaps				<u>(958,115)</u>	<u>(1.01)</u>
				Unrealised	31 December
				Loss	2007
				% of	% of
				NAV	NAV
Open forward foreign currency contracts					
Transactions	Currency	Currency	Maturity		
Currency sold	bought	rate	date		
89,450 USD	SGD	1.436	03/01/2008	(111)	-
1,194,737 USD	THB	33.605	02/01/2008	(3,898)	-
Total open forward foreign currency contracts				<u>(4,009)</u>	<u>-</u>

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Portfolio Statement: Polar Asia ex Japan Fund (continued)

As at 31 December 2007

	Unrealised loss	31 December 2007 % of NAV
Total financial derivative instruments	<u>(962,124)</u>	<u>(1.01)</u>
Total financial liabilities at fair value through profit or loss	<u>(962,124)</u>	<u>(1.01)</u>
Total financial assets and liabilities at fair value through profit or loss	84,186,458	88.52
Cash at bank	18,436,711	19.39
Other net liabilities	<u>(7,519,114)</u>	<u>(7.91)</u>
Total net assets attributable to holders of redeemable participating shares	<u>95,104,055</u>	<u>100.00</u>

* Unquoted and illiquid securities

All Investments are transferable securities admitted to an official stock exchange or traded on a regulated market at the year end

	31 December 2007 % of Asset Value	31 December 2006 % of Asset Value
Portfolio classification		
Transferable securities	97.67	98.24
Financial derivative instruments	<u>2.33</u>	<u>1.76</u>
	<u>100.00</u>	<u>100.00</u>

The Counterparties for all over the counter financial derivative instruments are Credit Suisse, Goldman Sachs, Morgan Stanley and UBS.

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Portfolio Statement: Polar Asia ex Japan Fund

As at 31 December 2006

				31 December
Financial assets at fair value through profit or loss				2006
Transferable securities				% of
Equities	Currency	Nominal Holding	Fair Value US\$	NAV
China / Hong Kong				
Faw Car Company	USD	276,200	138,100	0.12
Great Wall Motor	HKD	4,716,750	4,550,066	3.80
Hongkong & Shanghai Hotels	HKD	1,596,314	2,689,696	2.25
Modern Beauty Salon Holdings	HKD	18,108,000	4,891,064	4.08
Qingling Motors	HKD	26,436,550	4,318,392	3.60
West China Cement	GBP	1,220,000	2,826,508	2.36
Yorkey Optical International Cayman	HKD	11,431,500	3,602,325	3.01
			<u>23,016,151</u>	<u>19.22</u>
Malaysia				
Lion Diversified Holdings	MYR	2,180,800	3,892,079	3.25
MK Land Holdings	MYR	11,643,500	2,275,925	1.90
			<u>6,168,004</u>	<u>5.15</u>
Philippines				
Ayala Land	PHP	7,000,000	2,142,420	1.79
Benpres Holdings	PHP	79,932,100	3,490,200	2.91
First Philippine Holdings	PHP	2,045,800	2,629,778	2.20
Metropolitan Bank & Trust	PHP	4,271,700	4,445,148	3.71
			<u>12,707,546</u>	<u>10.61</u>
Singapore				
Banyan Tree Holdings	SGD	4,946,000	4,968,098	4.15
South Korea				
Daishin Securities	KRW	71,790	1,810,870	1.51
Daishin Securities (PFD)	KRW	210,000	3,557,791	2.97
			<u>5,368,661</u>	<u>4.48</u>
Taiwan				
Chang Hwa Commercial Bank	TWD	5,000,000	3,482,610	2.91
Chung HWA Pulp	TWD	6,448,000	3,501,928	2.92
Compal Electronics	TWD	1	1	0.00
CTCI	TWD	8,049,408	7,397,241	6.17
Inventec	TWD	9,677,560	8,492,604	7.09
KYE Systems	TWD	3,646,277	4,134,025	3.45
Realtek Semiconductor	TWD	3,758,000	6,468,873	5.40
			<u>33,477,282</u>	<u>27.94</u>
Thailand				
Krungthai Card	THB	8,210,900	6,364,142	5.31
Noble Development	THB	16,727,100	2,310,112	1.93
Samui Airport Property Fund	THB	17,700,000	4,963,782	4.14
TPI Polene	THB	3,337,900	1,081,901	0.90
TPI Polene (foreign equity)	THB	6,200,000	2,009,583	1.68
			<u>16,729,520</u>	<u>13.96</u>

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Portfolio Statement: Polar Asia ex Japan Fund (Continued)

As at 31 December 2006

					31 December
Financial assets at fair value through profit or loss					2006
Transferable securities (continued)					% of
Equities (continued)	Currency		Nominal Holding	Fair Value US\$	NAV
Vietnam					
Vietnam Enterprise Investments	USD		1,150,000	5,060,000	4.22
Vietnam Growth Fund	USD		61,000	1,616,500	1.35
				6,676,500	5.57
Total Equities				109,111,762	91.08
Warrants					
BNP Paribas Warrant 10/12/2009	USD		4,649,984	2,399,393	2.00
Songda Urban Warrant 22/11/2011	USD		70,000	2,442,230	2.04
Total Warrants				4,841,623	4.04
Total Transferable Securities				113,953,385	95.12
Financial derivative instruments					
Swaps					
	Currency	Price	Nominal Holding	Gain US\$	
Continental Engine 31/12/2011	TWD	32.37	5,150,000	1,909,446	1.59
Olam International 01/02/2011	SGD	2.09	254,000	4,923	0.01
Polar tech BSK 11/12/2007	USD	100.00	58,113	253,140	0.21
Faw Car Company 31/12/2011	CNY	3.90	1,990,000	33,451	0.03
Total Swaps				2,200,960	1.84
Contract for Differences				-	-
Options					
Chinese bank basket put 01/07	HKD	-	10	-	-
Total financial derivative instruments				2,200,960	1.84
Total financial assets at fair value through profit or loss				116,154,345	96.96
Financial liabilities at fair value through profit or loss					
Financial derivative instruments					
Swaps					
	Currency	Price	Nominal Holding	Loss US\$	
Olam International 01/02/2011	SGD	1.49	(254,000)	(114,006)	(0.10)
Suzlon Energy 14/11/2011	INR	1,216.14	(17,284)	(6,003)	(0.01)
Suzlon Energy 14/11/2011	INR	1,304.35	17,284	(39,432)	(0.03)
Total Swaps				(159,441)	(0.14)

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Portfolio Statement: Polar Asia ex Japan Fund (Continued)

As at 31 December 2006

			31 December
Financial liabilities at fair value through profit or loss			2006
Financial derivative instruments	Currency	Nominal Holding	Fair Value US\$
			% of NAV
Contract for Differences			-
Futures			-
Total financial derivative instruments			<u>(159,441)</u>
Total financial liabilities at fair value through profit or loss			<u>(0.14)</u>
Total financial assets and financial liabilities at fair value through profit or loss		115,994,904	96.82
Cash at Bank			5,106,654
Other Net Liabilities			<u>(1,296,239)</u>
Total Net Assets attributable to holders of redeemable participating shares			<u><u>119,805,319</u></u>

* Unquoted and illiquid securities

All other investments are transferable securities admitted to an official stock exchange or traded on a regulated market at the year end

Portfolio classification	31 December	31 January
	2006	2006
	% of Asset	% of Asset
	Value	Value
Transferable securities	98.24	100.33
Financial derivative instruments	<u>1.76</u>	<u>(0.33)</u>
	<u>100.00</u>	<u>100.00</u>

The Counterparties for all over the counter financial derivative instruments are Credit Suisse, Goldman Sachs, Morgan Stanley and UBS.

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Portfolio Statement: Polar Global Technology Fund

As at 31 December 2007

Financial assets at fair value through profit or loss

Transferable securities

Equities

Australia

	Currency	Nominal Holding	Fair Value US\$	31 December 2007
Ceramic Fuel Cells	GBP	1,110,388	531,586	0.46

Canada

Cellex Power Products	CAD	37,070	51,457	0.04
-----------------------	-----	--------	--------	------

Research In Motion	USD	12,000	1,360,801	1.18
--------------------	-----	--------	-----------	------

			<u>1,412,258</u>	<u>1.22</u>
--	--	--	------------------	-------------

China/Hong Kong

BlueStar SecuTech	GBP	1,300,000	1,054,520	0.92
-------------------	-----	-----------	-----------	------

Neo-Neon Holdings	HKD	750,000	748,327	0.65
-------------------	-----	---------	---------	------

Renesola	GBP	250,000	2,457,147	2.14
----------	-----	---------	-----------	------

			<u>4,259,994</u>	<u>3.71</u>
--	--	--	------------------	-------------

Finland

Nokia	EUR	40,000	1,550,943	1.35
-------	-----	--------	-----------	------

France

Sword	EUR	19,846	1,003,948	0.87
-------	-----	--------	-----------	------

Germany

Aixtron	EUR	95,000	1,320,889	1.15
---------	-----	--------	-----------	------

Compugroup	EUR	60,000	1,175,488	1.02
------------	-----	--------	-----------	------

Roth & Rau	EUR	4,200	1,578,751	1.37
------------	-----	-------	-----------	------

Suess Microtec	EUR	140,000	878,107	0.76
----------------	-----	---------	---------	------

United Internet	EUR	53,000	1,290,186	1.12
-----------------	-----	--------	-----------	------

Wirecard	EUR	95,000	1,605,623	1.40
----------	-----	--------	-----------	------

			<u>7,849,044</u>	<u>6.82</u>
--	--	--	------------------	-------------

Japan

Meiko Electronics	JPY	45,200	1,917,809	1.67
-------------------	-----	--------	-----------	------

Micronics Japan	JPY	61,000	2,064,002	1.79
-----------------	-----	--------	-----------	------

Tokyo Seimitsu	JPY	72,000	1,762,700	1.53
----------------	-----	--------	-----------	------

Union Tool	JPY	47,100	1,572,600	1.37
------------	-----	--------	-----------	------

			<u>7,317,111</u>	<u>6.36</u>
--	--	--	------------------	-------------

Norway

StepStone	NOK	240,000	1,060,803	0.92
-----------	-----	---------	-----------	------

Taiwan

High Tech Computer	TWD	60,000	1,108,079	0.96
--------------------	-----	--------	-----------	------

Taiwan Semiconductor Manufacturing	TWD	830,000	1,586,582	1.38
------------------------------------	-----	---------	-----------	------

			<u>2,694,661</u>	<u>2.34</u>
--	--	--	------------------	-------------

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Portfolio Statement: Polar Global Technology Fund (continued)

As at 31 December 2007

Financial assets at fair value through profit or loss

Transferable securities		Nominal	Fair Value	31 December
Equities	Currency	Holding	US\$	2007
United Kingdom				
ARM Holdings	GBP	400,000	987,338	0.86
iomart Group	GBP	1,062,000	792,756	0.69
IQE	GBP	3,593,333	1,219,568	1.06
NDS	USD	33,000	1,954,920	1.70
Pure Wafer	GBP	169,800	275,473	0.24
PV Crystalox Solar	GBP	560,000	1,688,825	1.47
Seagate Technology	USD	72,000	1,836,000	1.60
Sinosoft Technology	GBP	1,997,500	499,016	0.43
Software Radio Technology	GBP	1,432,142	1,254,362	1.09
System C Healthcare	GBP	340,260	170,008	0.15
Telecity Group	GBP	247,500	1,478,020	1.28
Trafficmaster	GBP	1,165,000	939,215	0.82
			<hr/>	<hr/>
			13,095,501	11.39
United States				
Activision	USD	75,000	2,227,500	1.94
Adobe Systems	USD	54,000	2,307,420	2.01
Altera	USD	75,000	1,449,000	1.26
Apple	USD	16,100	3,189,088	2.77
Applied Materials	USD	82,000	1,456,320	1.27
Ariba	USD	90,000	1,003,500	0.87
Aruba Networks	USD	120,000	1,789,200	1.55
Aspen Technology	USD	110,000	1,784,200	1.55
AXT	USD	97,927	607,147	0.53
Broadcom	USD	40,700	1,063,898	0.92
Cavium Networks	USD	40,000	920,800	0.80
Ciena	USD	45,000	1,534,950	1.33
Cisco Systems	USD	110,000	2,977,700	2.59
Cognizant Technology Solutions	USD	60,000	2,036,400	1.77
Concur Technologies	USD	40,000	1,448,400	1.26
Coming	USD	60,000	1,439,400	1.25
Cybersource	USD	73,000	1,297,210	1.13
Digital River	USD	38,000	1,256,660	1.09
F5 Networks	USD	62,000	1,768,240	1.54
First Solar	USD	6,500	1,736,410	1.51
Google	USD	4,300	2,973,364	2.58
Hologic	USD	22,000	1,510,080	1.31
Informatica	USD	50,000	901,000	0.78
Intel	USD	75,000	1,999,500	1.74
Inverness Medical Innovations	USD	22,000	1,235,960	1.07
Microsoft	USD	50,000	1,780,000	1.55
Netlogic Microsystems	USD	53,000	1,706,600	1.48
Nuance Communications	USD	60,000	1,120,800	0.97
Omniture	USD	38,000	1,265,020	1.10
Oracle	USD	115,000	2,596,700	2.26
OYO Geospace	USD	12,000	904,320	0.79

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Portfolio Statement: Polar Global Technology Fund (continued)

As at 31 December 2007

Financial assets at fair value through profit or loss

Transferable securities		Nominal	Fair Value	31 December
Equities	Currency	Holding	US\$	2007
United States (continued)				
Qualcomm	USD	75,000	2,951,250	2.56
Quest Software	USD	100,000	1,844,000	1.60
Riverbed Technology	USD	55,000	1,470,700	1.28
Salesforce.com	USD	29,000	1,818,009	1.58
Shaw Group	USD	15,530	938,633	0.82
Sonus Networks	USD	240,000	1,399,200	1.22
Tegal	USD	68,299	273,196	0.24
Tessera Technologies	USD	50,000	2,080,000	1.81
THQ	USD	60,000	1,691,400	1.47
Trimble Navigation	USD	31,350	948,024	0.82
Ultimate Software Group	USD	47,000	1,479,089	1.29
VMware	USD	11,000	934,890	0.81
			<u>69,115,178</u>	<u>60.07</u>
Total Equities			<u>109,891,027</u>	<u>95.51</u>
Total transferable securities			<u>109,891,027</u>	<u>95.51</u>
Total financial asset at fair value through profit or loss			109,891,027	95.51
Cash at bank			6,883,005	5.98
Other net liabilities			<u>(1,711,607.00)</u>	<u>(1.49)</u>
Total net assets attributable to holders of redeemable participating shares			<u>115,062,425</u>	<u>100.00</u>

* Unquoted and illiquid securities

All other investments are transferrable securities admitted to an official Stock Exchange listing or traded on a regulated market at the period end

Portfolio classification	31 December	31 December
	2007	2006
	% of Asset	% of Asset
	Value	Value
Transferable securities	<u>100.00</u>	<u>100.00</u>
	<u>100.00</u>	<u>100.00</u>

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Portfolio Statement: Polar Global Technology Fund
As at 31 December 2006

Financial assets at fair value through profit or loss				31 December
Transferable securities				2006
Equities	Currency	Nominal	Fair Value	% of
Australia		Holding	US\$	NAV
Ceramic Fuel Cells	GBP	1,177,588	1,097,045	1.02
Austria				
Austriamicrosystems	CHF	7,000	490,292	0.46
Belgium				
	EUR	-	-	-
Canada				
Cellex Power Products*	CAD	600,000	515,597	0.48
Sandvine	GBP	390,000	641,162	0.60
			<u>1,156,759</u>	<u>1.08</u>
China				
Renesola	GBP	400,000	3,327,155	3.10
France				
SOITEC	EUR	36,500	1,297,123	1.21
Stedim	EUR	18,000	944,206	0.88
Sword	EUR	26,507	1,249,586	1.16
			<u>3,490,915</u>	<u>3.25</u>
Germany				
Fresenius Medical Care	EUR	4,200	559,205	0.52
Open Business Club	EUR	15,200	614,333	0.57
Software	EUR	17,500	1,378,583	1.28
Suess Microtec	EUR	120,000	1,099,754	1.03
			<u>3,651,875</u>	<u>3.40</u>
Ireland				
EcoSecurities Group	GBP	72,250	323,815	0.30
Japan				
A&D	JPY	33,400	793,269	0.74
E-System	JPY	6,683	1,906,945	1.78
Micronics Japan	JPY	30,000	1,107,801	1.03
Nano Media	JPY	150	370,106	0.34
Nisca	JPY	27,500	303,953	0.28
Nitto Denko	JPY	20,000	1,000,378	0.93
Osaka Organic Chemical Industry	JPY	74,000	392,497	0.37
Prestige International	JPY	212	717,016	0.67

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Portfolio Statement: Polar Global Technology Fund (continued)

As at 31 December 2006

				31 December
Financial assets at fair value through profit or loss				2006
Transferable securities (continued)				% of
Equities (continued)	Currency	Nominal Holding	Fair Value US\$	NAV
Japan (continued)				
Software Service	JPY	17,200	633,696	0.59
Terilogy	JPY	600	372,624	0.35
Tokyo Seimitsu	JPY	21,000	990,475	0.92
			8,588,760	8.00
Netherlands				
Exact Holding	EUR	42,500	1,371,924	1.28
Norway				
EDB Business Partner	NOK	124,000	1,100,324	1.03
South Korea				
Boryung Pharmaceutical	KRW	15,635	706,097	0.66
Inicis	KRW	144,047	638,918	0.60
			1,345,015	1.26
Switzerland				
Phonak Holding	CHF	10,000	794,626	0.74
Taiwan				
Asustek Computer	TWD	350,000	958,110	0.89
High Tech Computer	TWD	55,000	1,088,691	1.02
St Shine Optical	TWD	262,500	1,204,350	1.12
Taiwan Semiconductor Manufacturing	TWD	500,000	1,035,752	0.97
Universal Vision Biotechnology	TWD	484,163	559,421	0.52
			4,846,324	4.52
United Kingdom				
ARM Holdings	GBP	330,000	812,168	0.76
Intec Telecom Systems	GBP	1,000,000	900,289	0.84
IQE	GBP	3,193,333	1,251,216	1.17
Meggitt	GBP	150,920	915,657	0.85
NDS Group	USD	22,000	1,062,380	0.99
Pure Wafer	GBP	152,000	728,843	0.68
Sinosoft Technology	GBP	2,027,500	579,346	0.54
Software Radio Technology	GBP	700,000	616,502	0.57
System C Healthcare	GBP	340,260	158,161	0.15
Trafficmaster	GBP	740,000	1,013,804	0.94
Velti	GBP	250,000	516,198	0.48
			8,554,564	7.97
United States				
aQuantive	USD	75,000	1,849,500	1.72
Art Technology	USD	361,000	841,130	0.78
Aspen Technology	USD	137,000	1,509,740	1.41

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Portfolio Statement: Polar Global Technology Fund (continued)

As at 31 December 2006

Financial assets at fair value through profit or loss				31 December
Transferable securities (continued)				2006
Equities (continued)	Currency	Nominal Holding	Fair Value US\$	% of NAV
United States (continued)				
ATMI	USD	73,600	2,247,007	2.09
Broadcom	USD	72,800	2,352,168	2.19
Cogent Communications	USD	80,000	1,297,600	1.21
Cognizant Technology Solutions	USD	23,300	1,797,828	1.68
Color Kinetics	USD	18,300	390,705	0.36
Commvault Systems	USD	75,000	1,500,750	1.40
Comtech Telecommunications	USD	40,000	1,522,800	1.42
Concur Technologies	USD	45,000	721,800	0.67
Cymer	USD	42,500	1,867,875	1.74
Daktronics	USD	34,500	1,271,325	1.19
Digital River	USD	40,000	2,231,600	2.08
Energy Conversion Devices	USD	45,000	1,529,100	1.43
F5 Networks	USD	13,000	964,730	0.90
Finisar	USD	560,000	1,808,800	1.69
Forrester Research	USD	64,000	1,735,040	1.62
Google	USD	7,500	3,453,600	3.22
Hologic	USD	30,000	1,418,400	1.32
i2 Technologies	USD	65,000	1,483,300	1.38
ID Systems	USD	38,000	715,160	0.67
Indus International	USD	52,154	197,664	0.18
Intevac	USD	65,000	1,686,750	1.57
IRIS International	USD	40,000	506,000	0.47
Juniper Networks	USD	90,000	1,704,600	1.59
Mattson Technology	USD	97,400	907,768	0.85
Maxwell Technologies	USD	88,526	1,234,938	1.15
National Semiconductor	USD	80,800	1,834,160	1.71
Netlogic Microsystems	USD	46,500	1,008,585	0.94
Network Appliance	USD	63,000	2,474,640	2.31
NeuStar	USD	56,000	1,816,640	1.69
Nuance Communications	USD	120,000	1,375,200	1.28
Progress Software	USD	40,000	1,117,200	1.04
Qualcomm	USD	65,600	2,479,024	2.31
Salesforce.com	USD	61,900	2,256,255	2.10
Sonus Networks	USD	295,000	1,944,050	1.81
Sun Microsystems	USD	355,200	1,925,184	1.79
Tegal	USD	25,000	154,750	0.14
Viasat	USD	40,000	1,192,400	1.11
Volterra Semiconductor	USD	71,000	1,065,000	0.99
WebEx Communications	USD	52,879	1,844,948	1.72
			63,235,714	58.92

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Portfolio Statement: Polar Global Technology Fund (continued)

As at 31 December 2006

				31 December
				2006
Financial assets at fair value through profit or loss				% of
Transferable securities (continued)				NAV
Warrants	Currency	Nominal Holding	Fair Value US\$	
United States				
* Tegal Corporation Warrant	USD	537,500	-	-
Total transferable securities			103,375,107	96.33
Total financial assets at fair value through profit or loss			103,375,107	96.33
Cash at Bank			6,573,045	6.13
Other Net Liabilities			(2,640,531)	(2.46)
Total Net Assets attributable to holders of redeemable participating shares			107,307,621	100.00

* Unquoted and illiquid securities.

All other investments are transferable securities admitted to an official Stock Exchange listing or traded on a regulated market at the period end

	31 December	31 January
	2006	2006
Portfolio classification	% of Asset Value	% of Asset Value
Transferable securities	100.00	100.00
	100.00	100.00

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Portfolio Statement: Polar Healthcare Opportunities Fund

As at 31 December 2007

Financial assets at fair value through profit or loss

Transferable securities		Nominal	Fair Value	31 December
Equities	Currency	Holding	US\$	2007
China/Hong Kong				
China Medical Technologies	USD	4,000	177,560	0.97
France				
Ipsen	EUR	8,660	522,281	2.87
Germany				
Bayer	EUR	9,200	841,082	4.61
Gerresheimer	EUR	4,279	238,983	1.31
			<u>1,080,065</u>	<u>5.92</u>
Ireland				
AGI Therapeutics	EUR	175,000	385,067	2.11
Japan				
Nichi-iko Pharmaceutical	JPY	25,500	602,605	3.31
Sweden				
Medivir	SEK	25,801	199,599	1.10
United Kingdom				
Osmetech	GBP	450,000	219,464	1.20
Prostrakan Group	GBP	500,000	661,875	3.63
Synergy Healthcare	GBP	21,637	340,473	1.87
			<u>1,221,812</u>	<u>6.70</u>
United States				
Altus Pharmaceuticals	USD	36,700	190,106	1.04
BioMarin Pharmaceutical	USD	23,300	824,820	4.53
Cephalon	USD	10,500	753,480	4.13
Covidien	USD	18,000	797,220	4.37
CVS Caremark	USD	18,000	715,500	3.93
Laboratory Corp of America Holdings	USD	9,900	747,747	4.10
Merck	USD	10,600	615,966	3.38
United Therapeutics	USD	5,300	517,545	2.84
Zimmer Holdings	USD	8,500	562,275	3.08
			<u>5,724,659</u>	<u>31.40</u>

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Portfolio Statement: Polar Healthcare Opportunities Fund (continued)

As at 31 December 2007

Financial assets at fair value through profit or loss

Transferable securities	Fair Value	31 December
	US\$	2007
Total financial assets at fair value through profit or loss	9,913,648	54.38
Cash at bank	8,469,934	46.47
Other net assets	(155,518)	(0.85)
Total net assets attributable to holders of redeemable participating shares	<u>18,228,064</u>	<u>100.00</u>

All investments are transferable securities admitted to an official stock exchange listing or traded on a regulated market at year end

Portfolio classification	31 December
	2007
	% of Asset
	Value
Transferable securities	100.00
	<u>100.00</u>

This Fund was launched on 3 December 2007

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Portfolio Statement: Polar Japan Fund

As at 31 December 2007

Financial assets at fair value through profit or loss

Transferable securities

Equities

	Currency	Nominal Holding	Fair Value US\$	31 December 2007
Basic Materials				
Aica Kogyo	JPY	105,300	991,501	0.30
Nittetsu Mining	JPY	707,000	4,854,124	1.45
Nitto Denko	JPY	300,000	15,835,934	4.74
OSAKA Titanium Technologies	JPY	143,200	10,649,024	3.19
			32,330,583	9.68
Communications				
Jupiter Telecommunications	JPY	6,500	5,517,610	1.65
KDDI	JPY	2,163	16,046,509	4.80
			21,564,119	6.45
Consumer, Cyclical				
Doutor Nichires Holdings	JPY	334,000	5,375,568	1.61
Japan Wool Textile	JPY	661,000	4,944,975	1.48
Kuraray	JPY	860,000	10,421,222	3.12
Mitsubishi	JPY	534,900	14,594,686	4.37
Mitsui	JPY	665,000	14,023,406	4.20
Nidec Sankyo	JPY	895,000	7,310,031	2.19
Nintendo	JPY	11,700	6,979,313	2.09
Showa	JPY	516,000	4,766,616	1.43
Takamatsu	JPY	313,700	4,153,763	1.24
Toei	JPY	1,393,000	8,433,767	2.53
			81,003,347	24.26
Consumer, Non-cyclical				
Kamigumi	JPY	463,000	3,339,875	1.00
Sysmex	JPY	221,500	9,381,409	2.81
Takeda Pharmaceutical	JPY	190,300	11,148,203	3.34
			23,869,487	7.15
Energy				
Nippon Oil	JPY	1,319,000	10,690,780	3.20
Financial				
Aioi Insurance	JPY	1,800,000	8,474,365	2.54
Daibiru	JPY	480,300	5,147,754	1.54
Mitsubishi UFJ Lease & Finance	JPY	189,040	6,253,575	1.87
Sumitomo Mitsui Financial	JPY	2,064	15,404,084	4.61
T&D Holdings	JPY	129,350	6,654,922	1.99
Tachihi Enterprise	JPY	162,100	10,479,046	3.14
			52,413,746	15.69

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Portfolio Statement: Polar Japan Fund (continued)

As at 31 December 2007

Financial assets at fair value through profit or loss

Transferable securities

Equities

Industrial

	Currency	Nominal Holding	Fair Value US\$	31 December 2007
Ahresty	JPY	13,300	215,836	0.06
Fuji Electric Holdings	JPY	3,800,000	13,248,328	3.97
JGC	JPY	435,000	7,482,078	2.24
Kinki Sharyo	JPY	1,561,000	4,551,467	1.36
Makino Milling Machine	JPY	480,000	3,338,386	1.00
Nichias	JPY	1,296,000	4,830,388	1.45
Nidec	JPY	179,000	13,215,515	3.96
Nippon Thompson	JPY	654,000	4,752,652	1.42
Sankyu	JPY	964,000	5,269,122	1.58
Tenma	JPY	245,000	4,242,443	1.27
West Japan Railway	JPY	4,080	20,190,816	6.05
Yokogawa Electric	JPY	924,300	10,120,735	3.03
			<u>91,457,766</u>	<u>27.39</u>

Total equities

313,329,828 **93.82**

Total transferable securities

313,329,828 **93.82**

Total financial assets at fair value through profit or loss

313,329,828 **93.82**

Cash at bank

23,002,156 6.89

Other net assets

(2,347,828) (0.71)

Total net assets attributable to holders of redeemable participating shares

333,984,156 **100.00**

All investments are transferable securities are admitted to an official stock exchange or dealt on a regulated market at year end

Portfolio classification	31 December 2007	31 December 2006
	% of Asset Value	% of Asset Value
Transferable securities	<u>100.00</u>	<u>100.00</u>
	<u>100.00</u>	<u>100.00</u>

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Portfolio Statement: Polar Japan Fund

As at 31 December 2006

				31 December
Financial assets at fair value through profit or loss				Fair
Transferable Securities				Value
Equities	Currency	Nominal	Holding	US\$
Basic Materials				% of
				NAV
Asahi Kasei	JPY	1,299,000	8,513,554	1.35
Nitto Denko	JPY	409,500	20,533,569	3.26
Sakai Chemical Industry	JPY	723,000	3,832,155	0.61
Sumitomo Metal Industries	JPY	2,297,000	9,991,158	1.59
Tokuyama	JPY	587,000	8,948,713	1.42
Zeon	JPY	1,759,000	19,031,414	3.03
			<u>70,850,563</u>	<u>11.26</u>
Communications				
Fuji Television Network	JPY	3,500	8,009,423	1.27
Consumer, Cyclical				
Aoyama Trading	JPY	268,300	8,058,481	1.28
Aruze	JPY	303,000	8,718,324	1.39
Bridgestone	JPY	997,200	22,274,658	3.54
Daiwa House Industry	JPY	402,000	7,001,010	1.11
EDION	JPY	514,000	7,632,593	1.21
FamilyMart	JPY	331,900	9,047,249	1.44
Heiwa	JPY	395,000	5,004,796	0.80
Honda Motor	JPY	300,000	11,862,695	1.89
Japan Wool Textile Co	JPY	661,000	5,171,883	0.82
JTEKT	JPY	328,000	6,967,861	1.11
Keihin	JPY	381,800	9,620,486	1.53
Mitsui & Co	JPY	890,000	13,328,284	2.12
Noritake	JPY	1,244,000	6,269,191	1.00
Sanei-International	JPY	171,700	5,041,503	0.80
Shinmaywa Industries	JPY	1,040,000	5,197,375	0.83
Sojitz Corp	JPY	2,350,000	7,157,160	1.14
Takamatsu	JPY	313,700	4,647,701	0.74
Takata	JPY	256,700	9,113,865	1.45
Toray Industries	JPY	992,000	7,444,590	1.18
Toyoda Gosei	JPY	360,000	8,344,271	1.33
Toyota Motor	JPY	225,000	15,068,147	2.39
			<u>182,972,123</u>	<u>29.10</u>
Consumer, Non-cyclical				
Astellas Pharma	JPY	521,000	23,713,696	3.77
Sysmex	JPY	286,200	11,220,697	1.78
Tempstaff	JPY	1,415	2,000,000	0.32
			<u>36,934,393</u>	<u>5.87</u>
Energy				
Idemitsu Kosan	JPY	315,500	31,799,512	5.05

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Portfolio Statement: Polar Japan Fund (continued)

As at 31 December 2006

			31 December	
Financial assets at fair value through profit or loss			Fair	2006
Transferable Securities (continued)			Value	% of
Equities (continued)			US\$	NAV
	Currency	Nominal Holding		
Financial				
Bank of Kyoto	JPY	686,000	6,406,360	1.02
Mitsubishi UFJ Financial Group	JPY	1,243	15,372,792	2.44
Mitsui Sumitomo Insurance	JPY	936,000	10,253,004	1.63
Musashino Bank	JPY	128,200	6,191,048	0.98
Nikko Cordial	JPY	1,272,000	14,607,774	2.32
NTT Urban Development	JPY	6,215	12,026,334	1.91
Sumitomo Mitsui Financial Group	JPY	1,639	16,822,985	2.67
Tachihi Enterprise	JPY	182,100	6,649,117	1.06
UCS	JPY	91,100	950,395	0.15
			<u>89,279,809</u>	<u>14.18</u>
Industrial				
Advantest	JPY	330,300	18,952,095	3.01
Ark	JPY	586,000	8,839,795	1.41
Central Japan Railway	JPY	880	9,180,549	1.46
East Japan Railway	JPY	2,193	14,667,971	2.33
Fuji Electric Holdings	JPY	2,144,000	11,634,528	1.85
FUJIFILM Holdings	JPY	223,000	9,174,407	1.46
JS Group	JPY	394,200	8,307,850	1.32
Kandenko	JPY	1,241,000	7,225,072	1.15
Keyence	JPY	38,500	9,552,120	1.52
Kinki Sharyo	JPY	2,081,000	8,718,980	1.39
Komatsu	JPY	828,000	16,823,322	2.67
Makino Milling Machine	JPY	591,000	7,015,825	1.12
Nippon Sheet Glass	JPY	2,320,000	10,891,469	1.73
Nippon Thompson	JPY	654,000	6,019,485	0.96
NTN	JPY	939,000	8,429,354	1.34
Ryobi	JPY	732,000	6,318,627	1.00
Sumida	JPY	327,200	6,579,236	1.05
Sumitomo Electric Industries	JPY	936,900	14,661,232	2.33
Tokyo Seimitsu	JPY	192,000	9,078,243	1.44
Toshiba Machine	JPY	716,000	6,590,140	1.05
Yokogawa Electric	JPY	685,900	10,889,225	1.73
			<u>209,549,525</u>	<u>33.32</u>
Technology				
Canon	JPY	50	2,818	0.00
Fujitsu	JPY	1,246,000	9,791,048	1.56
Nihon Unisys	JPY	481,800	7,884,074	1.25
Ricoh	JPY	612,000	12,511,863	1.99
			<u>30,189,803</u>	<u>4.80</u>

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Portfolio Statement: Polar Japan Fund (continued)

As at 31 December 2006

		31 December
	Fair	2006
	Value	% of
	US\$	NAV
Total transferable securities	659,585,151	104.85
Total financial assets at fair value through profit or loss	659,585,151	104.85
Bank Overdraft	(32,779,427)	(5.21)
Other net assets	2,295,414	0.36
Total net assets attributable to holders of redeemable participating shares	629,101,138	100.00

All investments are transferable securities admitted to an official Stock Exchange listing or traded on a regulated market at the period end.

	31 December	31 January
	2006	2006
	% of Asset	% of Asset
	Value	Value
Portfolio classification		
Transferable securities	100.00	100.00
	100.00	100.00

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Portfolio Statement: Polar Latin America Fund

As at 31 December 2007

	Fair Value US\$	30-Jun-07 % of NAV
Total Financial Assets at fair value through profit or loss (2006: US\$13,488,890, 70.29%)	-	-
Cash at bank (2006: US\$6,838,665, 35.64%)	19,029	-
Other Net Assets/ (Liabilities) (2006: US\$(148,149) -0.77%)	(19,029)	-
Total Net Assets attributable to holders of redeemable participating shares (2006: US\$19,188,793, 100%)	-	-

*This Fund has been fully redeemed as at 30 June 2007

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Portfolio Statement: Polar Latin America Fund

As at 31 December 2006

Financial assets at fair value through profit or loss			Fair	31 December
Transferable Securities		Nominal	Value	2006
Equities	Currency	Holding	US\$	% of
Basic Materials				NAV
Grupo Mexico	MXN	111,000	406,307	2.12
Communications				
Grupo Televisa ADR	USD	31,465	849,555	4.43
Consumer, Cyclical				
Controladora Comercial Mexicana	MXN	340,000	881,093	4.59
Corp GEO	MXN	162,500	812,142	4.23
Dufry South America	BRL	15,000	196,583	1.02
Grupo Famsa	MXN	220,000	976,125	5.09
Rossi Residencial	BRL	34,900	444,642	2.32
Sare Holding	MXN	648,146	901,006	4.69
			<u>4,211,591</u>	<u>21.94</u>
Consumer, Non-cyclical				
Cia Brasileira de Distribuicao Grupo Pao de Acucar ADR	USD	28,700	979,819	5.11
Embotelladoras Arca	MXN	122,800	418,245	2.18
Perdigao	BRL	75,000	1,039,083	5.41
			<u>2,437,147</u>	<u>12.70</u>
Diversified				
Bradespar	BRL	28,518	1,345,478	7.01
Energy				
Petroleo Brasileiro ADR	USD	17,140	1,589,735	8.28
Financial				
Banco Nossa Caixa	BRL	31,648	711,025	3.71
Unibanco - Uniao de Bancos Brasileiros ADR	USD	7,000	650,650	3.39
			<u>1,361,675</u>	<u>7.10</u>
Utilities				
Companhia de Saneamento de Minas Gerais	BRL	38,900	456,094	2.38
Terna Participacoes	BRL	72,000	775,099	4.04
			<u>1,231,193</u>	<u>6.42</u>
Total transferable securities			<u>13,432,681</u>	<u>70.00</u>
Financial derivative instruments				
Futures				
S&P 500 Jan 07 P 1350	USD	53	6,890	0.04
S&P 500 Feb 07 P 1400	USD	33	44,550	0.23
			<u>51,440</u>	<u>0.27</u>

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Portfolio Statement: Polar Latin America Fund

As at 31 December 2006

					31 December
Financial assets at fair value through profit or loss					2006
Financial derivative instruments					% of
Swaps	Currency	Price	Nominal Holding	Gain US\$	NAV
Grupo Modelo 20/10/2011	MXN	59.99	(70,000)	4,769	0.02
Total financial derivative instruments				<u>56,209</u>	<u>0.29</u>
Total financial assets at fair value through profit or loss				<u>13,488,890</u>	<u>70.29</u>

					31 December
Financial liabilities at fair value through profit or loss					2006
Financial derivative instruments					% of
Swaps	Currency	Price	Nominal Holding	Loss US\$	NAV
Southern Copper 01/02/2011	USD	53.89	(9,800)	(528,122)	(2.75)
Telefonos de Mexico 01/02/2011	USD	28.26	(24,000)	(74,960)	(0.39)
Ishares MSCI Brazil 02/11/2011	USD	46.85	(16,690)	(126,176)	(0.66)
Ishares MSCI Brazil N 02/12/2011	USD	46.85	(12,000)	(100,427)	(0.52)
Natura Cosméticos 23/12/2012	USD	14.12	(43,000)	(13,124)	(0.07)
Cia Vale do Rio 22/12/2011	USD	29.74	(28,700)	(57,901)	(0.30)
Ishares MSCI Mexico 20/11/2012	USD	51.25	(21,200)	(89,903)	(0.47)
Total financial derivative instruments				<u>(990,613)</u>	<u>(5.16)</u>
Total financial liabilities at fair value through profit or loss				<u>(990,613)</u>	<u>(5.16)</u>
Total financial assets and liabilities at fair value through profit or loss				12,498,277	65.13
Cash at Bank				6,838,665	35.64
Other net liabilities				(148,149)	(0.77)
Total net assets attributable to holders of redeemable participating shares				<u>19,188,793</u>	<u>100.00</u>

All investments are transferable securities admitted to an official Stock Exchange listing or traded on a regulated market at the period end

Portfolio classification

	31 December
	2006
	% of Asset Value
Transferable securities	107.48
Financial derivative instruments	(7.48)
	<u>100.00</u>

The counterparties to the over the counter financial derivative instruments are Credit Suisse, Goldman Sachs, Morgan Stanley and UBS.

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Balance Sheet

As at 31 December 2007

	Notes	Asia ex Japan Fund 31 December 2007 US\$	Global Technology Fund 31 December 2007 US\$	Healthcare Opportunities Fund* 31 December 2007 US\$	Japan Fund 31 December 2007 US\$	Latin America Fund 31 December 2007 US\$	Total 31 December 2007 US\$
Assets							
Transferable securities	2	82,221,497	109,891,027	9,913,648	313,329,828	-	515,356,000
Financial derivative instruments		2,927,085	-	-	-	-	2,927,085
Debtors: Amounts falling due within one year	5	22,342	74,037	69,490	956,012	994	1,122,875
Cash at bank		18,436,711	6,883,005	8,469,934	23,002,156	19,029	56,810,835
Total Assets		103,607,635	116,848,069	18,453,072	337,287,996	20,023	576,216,795
Liabilities							
Financial derivative instruments		(962,124)	-	-	-	-	(962,124)
Creditors: Amounts falling due within one year	6	(7,541,456)	(1,785,644)	(225,008)	(3,303,840)	(20,023)	(12,875,971)
Total liabilities (excluding net assets attributable to holders of redeemable participating shares)		(8,503,580)	(1,785,644)	(225,008)	(3,303,840)	(20,023)	(13,838,095)
Net Assets attributable to holders of redeemable participating shares		95,104,055	115,062,425	18,228,064	333,984,156	-	562,378,700
Number of Shares Outstanding							
Japanese Yen	11	N/A	N/A	N/A	6,621,872	N/A	
US dollar		2,832,792	5,725,264	1	7,576,677	N/A	
Sterling		677,509	2,224,672	1,810,831	5,628,997	N/A	
Euro		1,016,034	10	1	N/A	N/A	
Net Asset Value per Participating share							
Japanese Yen		N/A	N/A	N/A	¥1,889.08	N/A	
US dollar		\$17.82	\$14.47	\$10.09	\$16.84	N/A	
Sterling		£16.26	£7.27	£5.06	£8.41	N/A	
Euro		€15.34	€9.90	€6.86	N/A	N/A	

*This Fund commenced on the 3 December 2007

The Financial Statements were approved by the Board of Directors of Polar Capital Funds plc on 28 April 2008 and signed on its behalf by:

Jonathan Quigley }

Directors

David Hammond }

The accompanying notes form an integral part of these Financial Statements.

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Balance Sheet

As at 31 December 2006

	Notes	Asia ex Japan Fund 31 December 2006 US\$	Global Technology Fund 31 December 2006 US\$	Japan Fund 31 December 2006 US\$	Latin America Fund 31 December 2006 US\$	Total 31 December 2006 US\$
Assets						
Transferable securities	2	113,953,385	103,375,107	659,585,151	13,432,681	890,346,324
Financial derivative instruments		2,200,960	-	-	56,209	2,257,169
Debtors: Amounts falling due within one year	5	476,561	431,336	6,601,771	140,129	7,649,797
Cash at bank		8,728,445	6,573,045	-	6,838,665	22,140,155
Total Assets		125,359,351	110,379,488	666,186,922	20,467,684	922,393,445
Liabilities						
Financial derivative instruments		(159,441)	-	-	(990,613)	(1,150,054)
Creditors: Amounts falling due within one year	6	(1,772,800)	(3,071,867)	(4,306,357)	(288,278)	(9,439,302)
Bank overdraft	4	(3,621,791)	-	(32,779,427)	-	(36,401,218)
Total liabilities (excluding net assets attributable to holders of redeemable participating shares)		(5,554,032)	(3,071,867)	(37,085,784)	(1,278,891)	(46,990,574)
Net Assets attributable to holders of redeemable participating shares		119,805,319	107,307,621	629,101,138	19,188,793	875,402,871
Number of Shares Outstanding						
	11					
Japanese Yen		N/A	N/A	14,175,813	N/A	
US dollar		2,677,985	6,133,647	12,554,192	664,009	
Sterling		1,917,092	1,530,683	7,677,830	1,048,767	
Euro		1,314,723	10	N/A	13	
Net Asset Value per Participating share						
Japanese Yen		N/A	N/A	¥2,173.20	N/A	
US dollar		\$15.26	\$14.04	\$18.28	\$11.20	
Sterling		£14.27	£7.16	£9.31	£5.72	
Euro		€14.74	€10.12	N/A	8.49	

The accompanying notes form an integral part of these Financial Statements.

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Profit and Loss Account

For the year ended 31 December 2007

	Notes	Asia ex Japan Fund 31 December 2007 US\$	Global Technology Fund 31 December 2007 US\$	Healthcare Fund* 31 December 2007 US\$	Japan Fund 31 December 2007 US\$	Latin America Fund 31 December 2007 US\$	Total 31 December 2007 US\$
Investment income	2						
Investment income		3,778,526	467,719	-	5,567,174	115,961	9,929,380
Deposit interest		-	81,731	1,278		75,548	158,557
Securities lending income		-	214,765	-	681,288	-	896,053
Net realised and unrealised gain/(loss) on investments		16,648,561	4,431,259	317,478	(28,363,906)	1,359,480	(5,607,128)
Income equalisation		7,986	-	-	32	(1,145)	6,873
Net investment income		20,435,073	5,195,474	318,756	(22,115,412)	1,549,844	5,383,735
Expenses							
Management fees	3	(1,952,459)	(1,868,583)	(20,858)	(7,255,455)	(107,583)	(11,204,938)
Administration fees	3	(295,520)	(367,931)	(3,616)	(1,002,586)	(18,785)	(1,688,438)
General expenses		(152,351)	(10,175)	(7,307)	(328,089)	(30,560)	(528,482)
Performance fee	3	-	-	(159,543)	-	(155,335)	(314,878)
Custodian's fees	3	(125,771)	(93,430)	(1,144)	(361,520)	(10,835)	(592,700)
Legal fees		(24,554)	(29,707)	(166)	(86,229)	(5,000)	(145,656)
Directors' fees		(13,529)	(16,368)	(229)	(47,510)	-	(77,636)
Auditor's fees		(9,841)	(11,906)	(367)	(34,558)	(5,000)	(61,672)
Operating expenses		(2,574,025)	(2,398,100)	(193,230)	(9,115,947)	(333,098)	(14,614,400)
Net income/(expense) from operations before finance costs		17,861,048	2,797,374	125,526	(31,231,359)	1,216,746	(9,230,665)
Finance costs							
Bank interest		(91,437)	-	-	(832,985)	-	(924,422)
Withholding tax		(456,722)	(60,069)	-	(369,888)	(15,533)	(902,212)
Total finance costs		(548,159)	(60,069)	-	(1,202,873)	(15,533)	(1,826,634)
Increase/(decrease) in assets attributable to holders of redeemable participating shares for the year		17,312,889	2,737,305	125,526	(32,434,232)	1,201,213	(11,057,299)

*The above figures cover the period 03/12/2007 to 31/12/2007

Gains and losses arose solely from continuing operations. There were no gains or losses other than those dealt with in the Profit and Loss Account.

The Financial Statements were approved by the Board of Directors of Polar Capital Funds plc on 28 April 2008 and signed on its behalf by:

Jonathan Quigley }

Directors

David Hammond }

The accompanying notes form an integral part of these Financial Statements.

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Profit and Loss Account

For the period 1 February 2006 to 31 December 2006

	Notes	Asia ex Japan Fund 31 December 2006 US\$	Global Technology Fund 31 December 2006 US\$	Japan Fund 31 December 2006 US\$	Latin America Fund* 31 December 2006 US\$	Total 31 December 2006 US\$
Investment income	2					
Investment income		2,802,618	203,667	6,818,376	123,369	9,948,030
Deposit interest		1,575,956	50,654	-	288,836	1,915,446
Securities lending income		-	-	-	-	-
Net realised and unrealised gain/(loss) on investments		16,140,981	4,331,409	(36,762,397)	2,121,572	(14,168,435)
Income equalisation		(12,205)	-	(3,289)	61,163	45,669
Net investment income		20,507,350	4,585,730	(29,947,310)	2,594,940	(2,259,290)
Expenses						
Management fees	3	(1,824,277)	(837,827)	(7,964,847)	(148,909)	(10,775,860)
Administration fees	3	(274,881)	(137,495)	(1,093,866)	(26,444)	(1,532,686)
General expenses	3	(216,212)	(116,615)	(307,295)	(35,214)	(675,336)
Performance fee	3	-	(62,933)	-	(277,018)	(339,951)
Custodian's fees	3	(121,618)	(55,855)	(531,045)	(9,837)	(718,355)
Legal fees		(27,622)	(29,209)	(83,838)	(4,483)	(145,152)
Directors' fees		(10,570)	(1,440)	(44,735)	(130)	(56,875)
Auditor's fees		(6,231)	(6,504)	(25,743)	(9,997)	(48,475)
		(2,481,411)				
Operating expenses		0	(1,247,878)	(10,051,369)	(512,032)	(14,292,690)
Net income/(expense) from operations before finance costs		18,025,939	3,337,852	(39,998,679)	2,082,908	(16,551,980)
Finance costs						
Bank interest		-	-	(530,194)	-	(530,194)
Withholding tax		(496,743)	(35,513)	(477,286)	(5,194)	(1,014,736)
Total finance costs		(496,743)	(35,513)	(1,007,480)	(5,194)	(1,544,930)
Increase/(decrease) in assets attributable to holders of redeemable participating shares for the period		17,529,196	3,302,339	(41,006,159)	2,077,714	(18,096,910)

*The above figures cover the period 05/05/2006 to 31/12/2006

The accompanying notes form an integral part of these Financial Statements.

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Statement of Changes in Net Assets Attributable to Holders of Redeemable
Participating Shares

For the year ended 31 December 2007

	Asia ex Japan Fund	Global Technology Fund	Healthcare Fund*	Japan Fund	Latin America Fund	Total
	31 December 2007 US\$	31 December 2007 US\$	31 December 2007 US\$	31 December 2007 US\$	31 December 2007 US\$	31 December 2007 US\$
Opening balance at the beginning of the year	119,805,319	107,307,621	-	629,101,138	19,188,793	875,402,871
Issue of redeemable shares during the year	70,001,321	94,782,921	18,102,538	165,535,715	1,094,497	349,516,992
Redemption of redeemable shares during the year	(112,015,474)	(89,765,422)	-	(428,218,465)	(21,484,503)	(651,483,864)
Net gain/(loss) for the period attributable to holders of redeemable shares	17,312,889	2,737,305	125,526	(32,434,232)	1,201,213	(11,057,299)
Closing balance at the end of the year	95,104,055	115,062,425	18,228,064	333,984,156	-	562,378,700

* The above figures cover the period 03/12/2007 to 31/12/2007

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

The accompanying notes form an integral part of these Financial Statements.

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Statement of Changes in Net Assets Attributable to Holders of Redeemable
Participating Shares

For the period 1 February 2006 to 31 December 2006

	Asia ex Japan Fund 31 December 2006 US\$	Global Technology Fund 31 December 2006 US\$	Japan Fund 31 December 2006 US\$	Latin America Fund* 31 December 2006 US\$	Total 31 December 2006 US\$
Opening balance at the beginning of the period	169,763,031	38,688,202	646,505,437	-	854,956,670
Issue of redeemable shares during the period	53,923,102	79,260,201	226,533,310	18,052,013	377,768,626
Redemption of redeemable shares during the period	(12,410,010)	(13,943,121)	(202,931,450)	(990,934)	(339,275,515)
Net gain/(loss) for the period attributable to holders of redeemable shares	17,529,196	3,302,339	(41,006,159)	2,127,714	(18,046,910)
Closing balance at the end of the period	119,805,319	107,307,621	629,101,138	19,188,793	875,402,871

*The above figures cover the period 05/05/2006 to 31/12/2006

The accompanying notes form an integral part of these Financial Statements

Polar Capital Funds plc

(Investment Company with Variable Capital and Segregated Liability Between Sub Funds)

Notes to the Financial Statements

For the year ended 31 December 2007

1. Organisation and nature of business

Polar Capital Funds plc (the “Company”) is an open-ended investment company with variable capital and segregated liability between the sub-funds, organised under the laws of Ireland. The Company has been authorised by the Irish Financial Services Regulatory Authority (the “Financial Regulator”) as a UCITS within the meaning of the Regulations. The redeemable participating shares of the “Funds” are 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 Financial Regulator.

Shares in the following classes were available at the period end:

	Eur Class	GBP Class	JPY Class	USD Class	Date of Establishment of sub-fund
Asia ex Japan Fund	Yes	Yes	No	Yes	25/10/2004
Global Technology Fund	Yes	Yes	No	Yes	22/10/2001
Healthcare Opportunities Fund	Yes	Yes	No	Yes	03/12/2007
Japan Fund	No	Yes	Yes	Yes	22/10/2001
Latin America Fund	Yes	Yes	No	Yes	05/05/2006

A new Fund, the Polar Healthcare Opportunities Fund, was approved by the Financial Regulator on 30 November 2007.

The shares of the Polar Latin America Fund have been fully redeemed as at 30 June 2007. The Polar Healthcare Opportunities Fund was launched on 3 December 2007. With regards to the Polar Asia ex Japan Fund, a decision was taken by the Directors of the Company to temporarily suspend the determination of the net asset value of the Fund and the issue and redemption of redeemable participating shares in the Fund and ultimately to terminate the Fund with effect from the 12 February 2008.

2. Principal Accounting Policies

The principal accounting policies applied in the preparation of these Financial Statements are set out below.

Basis of preparation

The Financial Statements have been prepared in accordance with Generally Accepted Accounting Practice in Ireland, Irish statute comprising the Companies Acts, 1963 to 2006 and all Regulations to be construed as one with those Acts and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2003 (as amended). Accounting standards generally accepted in Ireland in preparing Financial Statements giving a true and fair view are those published by the Institute of Chartered Accountants in Ireland and issued by the Accounting Standards Board (“ASB”).

The format and certain wordings of the Financial Statements has been adapted from those contained in the Companies (Amendment) Act, 1986 and FRS 3 “Reporting Financial Performance” so that, in the opinion of the directors, they more appropriately reflect the nature of the Company’s business as an investment fund.

The Company has availed of the exemption available to open-ended investment funds under FRS 1 not to prepare a Cash Flow Statement.

The Financial Statements have been prepared on a fair value basis for financial assets and financial liabilities designated at fair value through profit or loss and derivative financial instruments in accordance with the relevant accounting standards. All other assets and liabilities are stated at amortised cost or redemption amount (redeemable participating shares).

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Notes to the Financial Statements

For the year ended 31 December 2007
(continued)

2. Principal Accounting Policies (continued)

Adoption of new accounting standards

The Company adopted Financial Reporting Standard No.29: “Financial Instruments: Disclosures” (“FRS 29”) during the period. Financial Reporting Standard 29 replaces the disclosure requirements of FRS 25: Financial Instruments: Disclosure and Presentation”, and is effective for accounting periods commencing on or after 1 January 2007. The Company has complied with the standard’s requirements for the first time in 2007 with comparative information being given for 2006.

Foreign exchange translation

(a) Functional currency

Items included in the Company’s Financial Statements are measured using the currency of the primary economic environment in which it operates (the ‘functional currency’). The functional currency for Polar Capital Funds plc is US dollars as the majority of its share dealing transactions are carried out in US dollars.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. 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 preference shares are translated at average rates, which approximate the rates prevailing at the dates of the transactions.

Investments at fair value

(i) *Classification*

In accordance with FRS 25 and FRS 26 the Company designates its equity investments into the financial assets at fair value through profit or loss category.

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 purpose of selling or repurchasing in the short term. Derivatives are also categorised as held for trading, as the Company does not designate any derivatives as hedges in a hedging relationship for valuation purposes.

(ii) *Recognition and derecognition*

Purchases and sales of investments are recognised on trade date – the date on which the Company commits to purchase or sell the asset. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

(iii) *Measurement*

Financial instruments are measured initially at fair value (transaction price) plus, in case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately, while on other financial instruments they are amortised.

Subsequent to initial recognition, all instruments classified at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the Profit and Loss Account. Financial assets classified as debtors are carried at amortised cost using the effective interest rate method, less impairment losses, if any.

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Notes to the Financial Statements

For the year ended 31 December 2007
(continued)

2. Principal Accounting Policies (continued)

(iii) *Measurement (continued)*

Financial liabilities, other than those at fair value through profit or loss, are measured at amortised cost using the effective interest rate method. Financial liabilities arising from the redeemable participating shares issued by the sub-fund are carried at the redemption amount representing the investors' right to a residual interest in the sub-fund's assets.

(iv) *Gains and losses on investments*

Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the Profit and Loss Account in the period in which they arise.

The difference between the original contract amount and the market value of the futures purchased or sold is reflected as net unrealised gains or losses on financial derivative instruments in the Profit and Loss Account. Market values of futures, forwards and options contracts are based on daily exchange settlement prices.

Investment transactions are accounted for on a trade date basis. Profits and losses on the disposal of investments are calculated by reference to the net proceeds received on disposal and the cost attributable to those investments and is based on the weighted average cost basis for the Japan and Global Technology Funds and first in first out basis for the Polar Asia ex Japan, Latin America and Healthcare Opportunities Funds and are included in the Profit and Loss Account.

(v) *Fair value measurement principles*

The fair value of financial instruments traded in active markets (such as publicly traded derivatives and trading securities) is based on quoted market prices at the Balance Sheet date. Financial assets are priced at bid price, while financial liabilities are priced at asking prices.

If a quoted market price is not available on a recognised stock exchange or from a broker/dealer for non-exchange-traded financial instruments, the fair value of the instrument is estimated using valuation techniques, including use of recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Contracts for Difference and Swaps

Contracts for difference and equity swaps are agreements between the Company and third parties, which allow the Company to acquire an exposure to the price movement of specific securities without actually purchasing the securities. The changes in contract values are recorded as unrealised gains or losses and the Company recognizes a realised gain or loss when the contract is closed. Unrealised gains and losses on contracts for difference are recognized in the Profit and Loss Account.

Futures

A future contract is an agreement between two parties to buy or sell a security, index or currency at a specific price or rate at a future date. Upon entering into a future contract, the Company is required to deposit with a broker an amount of cash or cash equivalents equal to a certain percentage of the contract amount. This is known as "initial cash margin". Subsequent payments ("variation margin") are made or received by the Company each day, depending upon the daily fluctuation in the value of the contract. The daily changes in contract value are recorded as unrealised gains or losses and the company recognizes a realised gain or loss when the contract is closed. Unrealised gains and losses on futures contracts are recognized in the Profit and Loss Account

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Notes to the Financial Statements

For the year ended 31 December 2007
(continued)

2. Principal Accounting Policies (continued)

(v) *Fair value measurement principles (continued)*

Options

As part of the Company's investment strategy, it enters into options which are recognized in the balance sheet at fair value. Premiums received on written call and put options are recorded as a liability and the premiums paid on acquired call and put options are recorded initially as an asset. Subsequently, realised and unrealised gains and losses on options are recognized in the Profit and Loss Account.

Income from investments

Income arising on investments is accounted for on an ex-dividend basis. Bank interest income is accounted for using the effective interest rate basis.

Cash

Cash and other liquid assets are valued at their face value with interest accrued, where applicable, as at the close of business on 31 December 2007, as this is when the Fund's net asset value per redeemable participating share is calculated as per the Fund's prospectus.

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are recognised initially at fair value plus transaction costs that are directly attributable to their acquisition origination.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Distribution Policy

The Company will aim to seek capital growth rather than a significant income return. However, the Company intends to declare annual dividends in respect of any Share Classes for which certification will be sought as a "distributing fund" for the purposes of sections 757-764 of the UK Income and Corporation Taxes Act 1988 (all Share Classes of the Company at present). Dividends, if declared will only be paid out of the Company net investment income return (i.e. income from dividends, interest or otherwise, less the Company'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 Company's and will normally be paid in May of each year. Any dividend paid on a redeemable participating share that is not being claimed will not earn interest and, if not claimed within six years of its declaration, shall be forfeited and shall be escheated for the benefit of the Company.

Redeemable participating Shares

Redeemable participating shares are redeemable at the shareholder's option and are classified as financial liabilities in accordance with FRS 25. The distribution on these redeemable participating shares is recognised in the Profit and Loss Account as finance costs.

The redeemable participating share can be put back to the Company at any time for cash equal to a proportionate share of the Company's net asset value. The redeemable participating share is carried at the

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Notes to the Financial Statements

For the year ended 31 December 2007

(continued)

2. Principal Accounting Policies (continued)

present value of the redemption amount that is payable at the Balance Sheet date if the shareholder exercised its right to put the share back to the Company.

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 Investment Manager, Polar Capital LLP (“the Investment Manager”) meets all other operating expenses incurred by it in connection with its services.

3. Fees and Expenses

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 is accrued daily and is payable monthly in arrears, and is equivalent to 1.50% per annum for Polar Japan Fund, Polar Global Technology Fund, Polar Healthcare Opportunities Fund and Polar Asia ex Japan Fund and 1.75% per annum for Polar Latin America Fund, of the Net Asset Value of each Fund (before deduction for any accrued performance fees) as at each 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% 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.

For Polar Asia ex Japan Fund the index used in calculating the performance fee has changed from the “MSCI AC Far East ex Japan USD” to the “Far East ex Japan MSCI” as of 2 March 2007.

The Administrator, Northern Trust Fund Administration Services (Ireland) Limited (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, Northern Trust Fiduciary Services (Ireland) Limited (the “Custodian”), is entitled to an annual fee of 0.075% of the Net Asset Value of the Company payable monthly in arrears, subject to a minimum monthly fee of US\$1,200 per fund. In addition, the Custodian shall be entitled to a transaction fee of GBP£35 for each transaction conducted.

The Austrian Paying Agent, Meindl Bank, is entitled to receive an annual fee of €3,000 and is entitled to receive reimbursement of agreed costs incurred in transmitting dividends, redemption proceeds and documentation to Shareholders in Austria.

The German Paying and Information Agent, Deutsche Bank AG, is entitled to receive an annual fee of €8,000, a proportional handling fee per new fund and agreed costs in transmitting dividends, redemption proceeds and documentation to Shareholders in Germany.

The French paying and information agent, BNP Paribas Securities Services, is entitled to receive an annual fee of €7,000, a proportional handling fee per new fund and agreed costs in transmitting dividends, redemption proceeds and documentation to Shareholders in France.

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Notes to the Financial Statements

For the year ended 31 December 2007

(continued)

3. Fees and Expenses (continued)

Under the Swiss Representation and Paying Agency Agreement, the Swiss Representative and Swiss Paying Agent are entitled to receive the following fees:-

- (i) an annual fee of CHF 12,000;
- (ii) an annual fee per Fund of the Company of CHF 1,500;
- (iii) an annual sub-distribution fee (where applicable) of CHF 1,500 per sub distributor.

The Austrian, German, French and Swiss paying agents are also entitled to receive reimbursement of any reasonable out of pocket expenses incurred by them in the performance of their duties.

4. Bank Overdraft

The Company has an overdraft facility with Northern Trust (Guernsey) Limited for liquidity purposes. The assets of the Company are held as collateral for the overdraft when it is utilised.

5. Debtors: Amounts falling due within one year

	Asia ex Japan Fund 31 December 2007 US\$	Global Technology Fund 31 December 2007 US\$	Healthcare Opportunities Fund 31 December 2007 US\$	Japan Fund 31 December 2007 US\$	Latin Fund 31 December 2007 US\$	Total 31 December 2007 US\$
Subscriptions receivable	-	42,240	68,235	-	-	110,475
Receivable for Securities sold	-	-	-	758,322	-	758,322
Dividends and interest receivable	-	31,797	1,255	192,947	-	225,999
Sundry debtors	22,342	-	-	4,743	994	28,079
	22,342	74,037	69,490	956,012	994	1,122,875

	Asia ex Japan Fund 31 December 2006 US\$	Global Technology Fund 31 December 2006 US\$	Japan Fund 31 December 2006 US\$	Latin Fund 31 December 2006 US\$	Total 31 December 2007 US\$
Subscriptions receivable	54,995	171,440	6,291,155	-	6,517,590
Receivable for Securities sold	366,842	242,516	-	-	609,358
Dividends and interest receivable	20,418	17,291	310,398	119,979	468,086
Sundry debtors	34,306	89	218	20,150	54,763
	476,561	431,336	6,601,771	140,129	7,649,797

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Notes to the Financial Statements

For the year ended 31 December 2007

(continued)

6. Creditors: Amounts falling due within one year

	Asia ex Japan Fund 31 December 2007 US\$	Global Technology Fund 31 December 2007 US\$	Healthcare Opportunities Fund 31 December 2007 US\$	Japan Fund 31 December 2007 US\$	Latin Fund 31 December 2007 US\$	Total 31 December 2007 US\$
Redemptions payable	(3,307,734)	(1,492,394)	-	-	-	(4,800,128)
Payable for securities purchased	(3,888,091)	-	(31,778)	(2,362,300)	-	(6,282,169)
Management fee accrual	(249,642)	(215,109)	(20,858)	(735,058)	-	(1,220,667)
Performance fee payable	-	-	(159,543)	-	-	(159,543)
Sundry creditors	(95,989)	(78,141)	(12,829)	(206,482)	(20,023)	(413,464)
	(7,541,456)	(1,785,644)	(225,008)	(3,303,840)	(20,023)	(12,875,971)

	Asia ex Japan Fund 31 December 2006 US\$	Global Technology Fund 31 December 2006 US\$	Japan Fund 31 December 2006 US\$	Latin Fund 31 December 2006 US\$	Total 31 December 2006 US\$
Redemptions payable	(1,413,046)	(50,960)	(2,742,318)	-	(4,206,324)
Payable for securities purchased	-	(2,686,305)	-	-	(2,686,305)
Management fee accrual	(238,275)	(190,442)	(1,218,941)	(39,515)	(1,687,173)
Performance fee payable	-	(62,933)	-	(227,019)	(289,952)
Sundry creditors	(121,479)	(81,227)	(345,098)	(21,744)	(569,548)
	(1,772,800)	(3,071,867)	(4,306,357)	(288,278)	(9,439,302)

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Notes to the Financial Statements

For the year ended 31 December 2007

(continued)

7. Soft Commission

There were no soft commission transactions during the year.

8. Exchange Rates

The exchange rates used at 31 December 2007 were as follows:

Exchange Rate	31 December 2007	Exchange Rate	31 December 2006
	to US\$		to US\$
Australian dollar	1.1392	Australian dollar	1.2687
Canadian dollar	0.9870	Canadian dollar	1.1637
Danish krona	-	Danish krona	5.6531
Euro	0.6796	Euro	0.7584
Hong Kong dollar	7.7982	Hong Kong dollar	7.7773
Hungarian florin	171.4750	Hungarian florin	-
Indian rupee	39.4150	Indian rupee	44.2600
Japanese yen	111.7150	Japanese yen	119.1550
Malaysian ringgit	3.3073	Malaysian ringgit	3.5280
New Taiwan dollar	32.4280	New Taiwan dollar	32.5850
Norwegian krone	5.4299	Norwegian krone	-
Philippines peso	41.2800	Philippines peso	49.0100
Singapore dollar	1.4379	Singapore dollar	1.5343
South Korean won	932.3500	South Korean won	930.0000
Sterling	0.4992	Sterling	0.5110
Swedish krone	6.4632	Swedish krone	6.8430
Swiss franc	-	Swiss franc	1.2207
Thai bhat	33.7150	Thai bhat	36.1500

All exchange rates are official rates and come from quoted sources

9. Taxation

The Company will not be liable to tax in respect of its income and gains, other than on the occurrence of a chargeable event. Generally a chargeable event arises on any distribution, redemption, repurchase, cancellation, transfer of shares or on the ending of a "Relevant Period". A "Relevant Period" being an eight year period beginning with the acquisition of the shares by the Shareholder and each subsequent period of eight years beginning immediately after the preceding Relevant Period

A chargeable event does not include:

(i) any transactions in relation to shares held in a recognised clearing system as designated by order of the Revenue Commissioners of Ireland; or

(ii) an exchange of units representing one Sub-fund for another Sub-fund of the Company; or

(iii) an exchange of shares arising on a qualifying amalgamation or reconstruction of the Company with another fund; or

(iv) certain exchanges of units between spouses and former spouses.

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.

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Notes to the Financial Statements

For the year ended 31 December 2007

(continued)

9. Taxation (continued)

There were no chargeable events during the period under review.

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.

In accordance with FRS 16, dividends and bank interest are to be reported gross of withholding tax.

10. Related party disclosure

The Company operates under an investment management agreement with Polar Capital LLP.

All fees in relation to the Investment Manager, including any performance fees, are disclosed separately in the Profit and Loss Account US\$ 1,380,210 (31 December 2006: US\$ 1,977,125 was due to the Investment Manager at 31 December 2007 which includes both management and performance fees. Certain Directors hold shares in the ultimate holding company of the Investment Manager or exert significant influence over the holders of such shares.

Jonathan Quigley is a Director and employee of the administrator. David Hammond is a Director and employee of Bridge Consulting, which provides governance and monitoring services to the Board of the Company. Jamie Cayzer-Colvin is a Director of Polar Capital Holdings plc the ultimate holding Company of the Investment Manager.

11. 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 redeemable 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 Investment 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.

	31 December 2007	31 December 2007	31 December 2007
	Shares Number	Shares Number	Shares Number
Asia ex Japan Fund	USD Class	GBP Class	EUR Class
Shares in issue at 01 January 2007	2,677,985	1,917,092	1,314,723
Shares issued during the year	3,161,621	112,256	321,824
Shares redeemed during the year	(3,006,814)	(1,351,839)	(620,513)
Shares in issue at 31 December 2007	<u>2,832,792</u>	<u>677,509</u>	<u>1,016,034</u>

	31 December 2007	31 December 2007	31 December 2007
	Shares Number	Shares Number	Shares Number
Global Technology Fund	USD Class	GBP Class	EUR Class
Shares in issue at 01 January 2007	6,133,647	1,530,683	10
Shares issued during the year	3,869,260	2,477,504	-
Shares redeemed during the year	(4,277,643)	(1,783,515)	-
Shares in issue at 31 December 2007	<u>5,725,264</u>	<u>2,224,672</u>	<u>10</u>

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Notes to the Financial Statements

For the year ended 31 December 2007

(continued)

11. Shareholders' Funds (continued)

	31 December 2007	31 December 2007	31 December 2007
	Shares Number	Shares Number	Shares Number
Healthcare Opportunities Fund	USD Class	GBP Class	EUR Class
Shares in issue at 01 January 2007	-	-	-
Shares issued during the period	1	1,810,831	1
Shares redeemed during the period	-	-	-
Shares in issue at 31 December 2007	<u>1</u>	<u>1,810,831</u>	<u>1</u>

	31 December 2007	31 December 2007	31 December 2007
	Shares Number	Shares Number	Shares Number
Japan Fund	USD Class	GBP Class	JPY Class
Shares in issue at 01 January 2007	12,554,192	7,677,830	14,175,813
Shares issued during the year	3,577,179	1,988,942	3,218,733
Shares redeemed during the year	(8,554,694)	(4,037,775)	(10,772,674)
Shares in issue at 31 December 2007	<u>7,576,677</u>	<u>5,628,997</u>	<u>6,621,872</u>

	31 December 2007	31 December 2007	31 December 2007
	Shares Number	Shares Number	Shares Number
Latin America Fund	USD Class	GBP Class	EUR Class
Shares in issue at 01 January 2007	664,009	1,048,767	13
Shares issued during the period	-	90,008	-
Shares redeemed during the period	(664,009)	(1,138,775)	(13)
Shares in issue at 31 December 2007	<u>-</u>	<u>-</u>	<u>-</u>

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Notes to the Financial Statements

For the year ended 31 December 2007
(continued)

11. Shareholders' Funds (continued)

	31 December 2006	31 December 2006	31 December 2006
	Shares Number	Shares Number	Shares Number
Asia ex Japan Fund	USD Class	GBP Class	EUR Class
Shares in issue at 31 January 2006	5,901,980	2,259,224	2,036,505
Shares issued during the period	1,821,229	526,574	909,778
Shares redeemed during the period	(5,045,224)	(868,706)	(1,631,560)
Shares in issue at 31 December 2006	<u>2,677,985</u>	<u>1,917,092</u>	<u>1,314,723</u>

	31 December 2006	31 December 2006	31 December 2006
	Shares Number	Shares Number	Shares Number
Global Technology Fund	USD Class	GBP Class	EUR Class
Shares in issue at 31 January 2006	2,376,253	453,855	-
Shares issued during the period	4,344,429	1,544,163	10
Shares redeemed during the period	(587,035)	(467,335)	-
Shares in issue at 31 December 2006	<u>6,133,647</u>	<u>1,530,683</u>	<u>10</u>

	31 December 2006	31 December 2006	31 December 2006
	Shares Number	Shares Number	Shares Number
Japan Fund	USD Class	GBP Class	JPY Class
Shares in issue at 31 January 2006	13,696,806	6,623,794	12,814,094
Shares issued during the period	3,164,637	2,656,747	6,619,790
Shares redeemed during the period	(4,307,251)	(1,602,711)	(5,258,071)
Shares in issue at 31 December 2006	<u>12,554,192</u>	<u>7,677,830</u>	<u>14,175,813</u>

	31 December 2006	31 December 2006	31 December 2006
	Shares Number	Shares Number	Shares Number
Latin America Fund	USD Class	GBP Class	EUR Class
Shares in issue at 05 May 2006	-	-	-
Shares issued during the period	754,509	1,048,767	13
Shares redeemed during the period	(90,500)	-	-
Shares in issue at 31 December 2006	<u>664,009</u>	<u>1,048,767</u>	<u>13</u>

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Notes to the Financial Statements

For the year ended 31 December 2007

(continued)

12. Financial Risk Management

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
- derivative instruments including financial futures contracts

A more detailed review of the portfolio activity for the year is available in the Investment Manager's Reports. A more detailed analysis of the investments is shown in the Portfolio Statements. Investments listed on the Portfolio Statements are stated at market value as described in Note 2. Disclosures exclude short-term debtors and creditors.

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 Asia ex Japan Fund is to preserve and achieve long term capital growth by investing primarily (meaning not less than two thirds of the Fund's total assets) in securities of issuers that exercise a preponderant part of their economic activities in countries in Asia such as China, Hong Kong, Malaysia, Singapore and Vietnam but excluding Japan. The Fund intends to invest up to 100% of its assets in securities traded on regulated markets. The Fund will seek to out perform the Far East ex Japan MSCI Index whilst seeking to limit the volatility of the Fund's 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. The Fund will take a geographically diversified approach and operate within broad asset allocation ranges, but there are no specified limits on investing in any geographical region or single country.

The investment objective of the Japan Fund is to achieve long term capital growth by investing primarily (meaning not less than two thirds of the net asset value) 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 will seek to outperform the Topix Index while striving to limit the volatility of the Fund's returns.

The investment objective of the Polar Latin America Fund, the shares in which were fully redeemed during the period, was to preserve and achieve long term capital growth by investing primarily in securities of issuers that have their principal activities in countries in South America, Central America and the Caribbean such as Brazil, Mexico, Chile and Argentina or derive a significant portion of their earnings from countries in South America, Central America and the Caribbean.

The investment objective of the Polar Healthcare Opportunities Fund is to achieve long term capital growth by investing in a globally diversified portfolio of healthcare companies. The Fund will at all times invest at least two thirds of its total assets (excluding cash) in healthcare-related companies worldwide. Investments will be made in transferable securities including, but not limited to, shares, equity warrants and other types of securities such as preferred shares, which may be listed on a Regulated Market or unlisted, and issued by companies, and Global, American and European depository receipts. The Fund may not invest more than 10% of its Net Asset Value in unlisted securities.

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Notes to the Financial Statements

For the year ended 31 December 2007

(continued)

12. Financial Risk Management

Investment objective and policies (continued)

The Fund will seek to outperform the MSCI Global Healthcare Index whilst striving to limit the volatility of the Fund's returns. The Fund will take a geographically diversified approach and operate within broad asset allocation ranges, but there are no specified limits on investing in any geographical region or in any sub-sector of healthcare. Non-healthcare related securities will not exceed one third of the Fund's total assets.

Strategy in using Financial Instruments

The Funds are exposed to a variety of financial risks in pursuing their stated investment objectives and policies. These risks are defined in FRS 29 as including credit risk, liquidity risk and market risk (which in turn includes currency risk, interest rate risk and price risk). The Funds take exposure to certain of these risks to generate investment returns on their portfolios, although these risks can also potentially result in a reduction in the Funds' assets. The Investment Manager will use its best endeavors to minimize the potentially adverse effects of these risks on the Funds' performance where it can do so while still managing the investments of the Funds in ways that are consistent with each Fund's investment objectives and policies.

The risks, and the measures adopted by the Company for managing these risks, are detailed below.

Market price risk

Market price risk is defined in FRS 29 as the risk that the fair value of a financial instrument or its future cash flows will fluctuate because of changes in market prices.

The Polar Asia Ex Japan, Global Technology, Japan and Healthcare Opportunities Fund's assets consist principally of equities, equity related securities, equity derivatives and currency derivatives used for hedging purposes.

The shares of the Polar Latin America Fund have been fully redeemed as at 30 June 2007.

The values of these instruments are determined by market forces and there is accordingly a risk that market prices can change in a way that is adverse to a Fund's performance.

The Directors have adopted a number of investment restrictions which are set out in the individual Fund supplements to the Company's prospectus and which limit the exposure of the Funds to adverse changes in the price of any individual financial asset. In accordance with Company policy, the Investment Manager monitors the Funds' positions on a daily basis and reports regularly to the Board of Directors. The Board reviews the information on each Funds' overall market exposure provided by the Investment Manager at its periodic meetings.

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Notes to the Financial Statements

For the year ended 31 December 2007
(continued)

12. Financial Risk Management (continued)

Market price risk (continued)

In addition, the Investment Manager manages the exposure of the portfolios to the risk of adverse changes in the general level of market prices.

During the period the Investment Manager used contracts for difference, futures, options and swaps to protect the value of the Polar Asia Ex Fund's portfolio against falling markets in the region and to gain exposure to particular securities as an alternative to direct purchase. Any such instruments are used under the conditions and within the limits laid down by the Financial Regulator. The gains and losses from these transactions are reported in the Profit and Loss Account.

During the period the counterparties used for all over the counter instruments were Credit Suisse First Boston and Northern Trust. Exchange traded derivatives were dealt through Credit Suisse, Goldman Sachs, Morgan Stanley or UBS.

(i) Financial derivative instruments

Depending on the Funds involved, the Company may invest in financial derivative instruments, for both speculative and efficient portfolio management purposes, subject to the conditions and within the limits from time to time stipulated by the Financial Regulator under the Regulations. At 31 December 2007 and 31 December 2006, the Company's holdings in derivatives translated into US dollars were as specified in the portfolio statements.

The maximum risk arising from an investment in a financial instrument is determined by the fair value of the financial instruments, or in the case of certain derivative(s) the nominal value of the underlying assets, except for short positions in derivatives and securities where the loss may potentially be unlimited.

At 31 December 2007 and 31 December 2006, the overall market exposure for each Fund can be seen on the Portfolio Statements.

At 31 December 2007, market price risks defined by FRS 29 applying to each Fund are affected by two main components: changes in market prices and currency exchange rates. FRS 29 requires a sensitivity analysis showing how the net asset values of the Funds would be affected by changes in each of these factors.

Market price and currency exchange rate movements primarily affect the fair values of equity securities and related instruments held on account for each Fund.

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Notes to the Financial Statements

For the year ended 31 December 2007

(continued)

12. Financial Risk Management (continued)

Market price risk (continued)

The Polar Funds are invested directly in equities and equity related instruments. Below are listed the Indices that are considered the best representation of the Polar Funds and can be taken as a starting point for sensitivity analysis. For the Polar Asia ex Japan fund the MSCI AC Asia ex Japan Index has experienced volatility of 26.60% (2006: 16.70%), for the Polar Global Technology Fund the Russell 2000 Technology Index has experienced volatility of 12.40% (2006: 1.50%), for the Polar Healthcare Opportunities Fund the MSCI AC World Healthcare Index has experienced volatility of 8.40%, for the Polar Japan Fund the Topix Index has experienced volatility of 12.90% (2006: 12.40%) and for the Polar Latin America Fund the MSCI Latin America Index has experienced volatility of 46.20% (2006: 27.90%).

If we assume that historic experience will persist and then assume that the Polar Funds will be no better or worse than the above named Indices, then we can then use the historically experienced volatilities as a reasonable basis for sensitivity analysis.

The following table is included in accordance with the requirements of FRS 29 to show the sensitivity of each Fund to changes in market prices.

Market Price Risk

As at 31 December 2007	NAV	% Increase/ (decrease)	Effect of increase/decrease
	31.12.2007 US\$		
Polar Asia Ex-Japan Fund	95,104,055	26.60	+/- 25,297,679
Polar Global Technology Fund	115,062,425	12.40	+/- 14,267,741
Polar Healthcare Opportunities Fund	18,228,064	8.40	+/- 1,531,157
Polar Japan Fund	333,984,156	12.90	+/- 43,083,956
Polar Latin America Fund	N/A	N/A	N/A
			<u>+/- 84,180,533</u>

As at 31 December 2006	NAV	% Increase/ (decrease)	Effect of Increase/decrease
	31.12.2007 US\$		
Polar Asia Ex-Japan Fund	119,805,319	16.70	+/- 20,007,488
Polar Global Technology Fund	107,307,621	1.50	+/- 1,609,614
Polar Healthcare Opportunities	N/A	N/A	N/A
Polar Japan Fund	629,101,138	12.40	+/- 78,228,541
Polar Latin America Fund	19,188,793	27.90	+/- 5,353,673
			<u>+/- 105,199,316</u>

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;

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

- 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.

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Notes to the Financial Statements

For the year ended 31 December 2007
(continued)

12. Financial Risk Management (continued)

Currency Risk

Currency risk is defined in FRS 29 as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Each Fund is exposed to currency risk as the assets and liabilities of each Fund may be denominated in a currency other than the functional currency of that Fund, which is its base currency, the US dollar.

The fluctuations in the rate of exchange between the currency in which the asset or liability is denominated and the functional currency could result in an appreciation or depreciation in the fair value of that asset. The Investment Manager may attempt to mitigate these risks through the use of financial derivative instruments.

In accordance with Company policy, the Investment Manager monitors each Fund's currency exposure on a daily basis and reports regularly to the Board of Directors, which reviews the information provided by the Investment Manager on any significant exposures at its periodic meetings

At 31 December 2007 each Fund's currency exposure was as follows:

	Non-Functional Currency Monetary Assets US\$'000	Non-Functional Currency Monetary US\$'000	Net Non-Functional Currency Monetary Assets US\$'000
<u>Polar Asia Ex Japan</u>			
Hong Kong dollar	21,370	(818)	20,552
Indian rupee	2,757	-	2,757
Indonesian rupiah	6,144	-	6,144
Malaysian ringgitt	8,767	-	8,767
Philippine peso	7,367	-	7,367
Singapore dollar	3,860	-	3,860
South Korean won	8,977	-	8,977
Sterling	4,785	-	4,785
Thailand bhat	18,307	(1,778)	16,529
Taiwan dollar	9,774	(958)	8,816
	92,108	(3,554)	88,554
<u>Polar Global Technology</u>			
Canadian dollar	326	-	326
Euro	10,413	-	10,413
Hong Kong dollar	748	-	748
Japanese yen	7,330	-	7,330
Norwegian krone	1,061	-	1,061
Sterling	13,348	(643)	12,705
Taiwan dollar	4,275	-	4,275
	37,501	(643)	36,858

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Notes to the Financial Statements

For the year ended 31 December 2007
(continued)

12. Financial Risk Management (continued)

Currency risk (continued)

	Non-Functional Currency Monetary Assets US\$'000	Non-Functional Currency Monetary US\$'000	Net Non-Functional Currency Monetary Assets US\$'000
<u>Polar Healthcare Opportunities</u>			
Euro	2,066	-	2,066
Japanese yen	603	-	603
Sterling	1,223	-	1,223
Swedish krone	200	(32)	168
	4,092	(32)	4,060
<u>Polar Japan</u>			
Sterling	375	(525)	(150)
	375	(525)	(150)

The Polar Latin America Fund held no material non-functional currency assets or liabilities at the year end

At 31 December 2006 each Fund's currency exposure was as follows:

	Non-Functional Currency Monetary Assets US\$'000	Non-Functional Currency Monetary Liabilities US\$'000	Net Non-Functional Currency Monetary Assets US\$'000
<u>Polar Asia Ex Japan</u>			
Australian dollar	15	(1)	14
Hong Kong dollar	20,102	(557)	19,545
Indian Rupee	-	(45)	(45)
Malaysian ringgitt	6,168	-	6,168
Philippine peso	12,710	-	12,710
Singapore dollar	5,242	(172)	5,069
South Korean won	5,369	-	5,369
Sterling	3,213	-	3,213
Thai bhat	17,165	-	17,165
Taiwan dollar	38,275	-	38,275
Yuan renmeinbi	33	-	33
	108,291	(775)	107,516

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Notes to the Financial Statements

For the year ended 31 December 2007
(continued)

12. Financial Risk Management (continued)

	Non-Functional Currency Monetary Assets US\$'000	Non-Functional Currency Monetary Liabilities US\$'000	Net Non-Functional Currency Monetary Assets US\$'000
<u>Polar Global Technology</u>			
Canadian dollar	516	-	516
Euro	8,517	-	8,517
Japanese yen	9,984	(1,395)	8,589
Norwegian krone	1,100	-	1,100
South Korean won	1,345	-	1,345
Sterling	12,919	(226)	12,693
Swedish krone	1	-	1
Swiss franc	1,285	-	1,285
Taiwan dollar	6,868	-	6,868
	42,535	(1,621)	40,914
	42,535	(1,621)	40,914
	Non-Functional Currency Monetary Assets US\$'000	Non-Functional Currency Monetary Liabilities US\$'000	Non-Functional Currency Monetary Assets US\$'000
<u>Polar Japan</u>			
Singapore dollar	1	-	1
Sterling	-	(315)	(315)
	1	(315)	(314)
	1	(315)	(314)
	Non-Functional Currency Monetary Assets US\$'000	Non-Functional Currency Monetary Liabilities US\$'000	Non-Functional Currency Monetary Assets US\$'000
<u>Polar Latin America</u>			
Brazilian real	4,968	-	4,968
Mexican Nuevo peso	4,399	-	4,399
Sterling	17	-	17
	9,384	-	9,384
	9,384	-	9,384

The Polar Healthcare Opportunities Fund was not operational in the period ended 31 December 2006

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Notes to the Financial Statements

For the year ended 31 December 2007
(continued)

12. Financial Risk Management (continued)

If the exchange rate at 31st December, 2007 between the functional currency and all other currencies had increased or decreased by 5% with all other variables held constant, this would have increased or reduced net assets attributable to holders of redeemable participating shares of the Fund's by approximately

As at 31 December 2007	NAV 31.12.2007 US\$'000	% Increase/ (decrease)	Effect of Increase/decrease US\$'000
Polar Asia Ex Japan	88,554	5.00	+/- 4,428
Polar Global Technology	36,858	5.00	+/- 1,843
Polar Healthcare Opportunities	4,060	5.00	+/- 203
Polar Japan	(150)	5.00	+/- 8
Polar Latin America	N/A	N/A	N/A
Total			<u>+/- 6,482</u>

The Latin America Fund held no securities at the year end

As at 31 December 2006	NAV 31.12.2006 US\$'000	% Increase/ (decrease)	Effect of Increase/decrease US\$'000
Polar Asia Ex Japan	107,516	5.00	+/- 5,376
Polar Global Technology	40,914	5.00	+/- 2,046
Polar Japan	(314)	5.00	+/- 16
Polar Healthcare Opportunities	N/A	N/A	N/A
Polar Latin America	9,384	5.00	+/- 470
Total			<u>+/- 7,908</u>

Interest Rate Risk

The majority of the Polar Asia ex Japan, Global Technology, Japan and Healthcare Opportunities Funds financial assets and liabilities are non-interest bearing and any excess cash and cash equivalents are invested at short term market interest rates. As a result, the Funds are not subject to significant amounts of risk due to fluctuations in the prevailing level of market interest rates.

Credit Risk

Credit risk is defined in FRS 29 as the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The majority of the Polar Global Technology, Japan and Healthcare Opportunities Fund's financial assets are equity securities. As a result, they are not subject to significant amounts of credit risk. The Latin America Fund did not hold any securities at the year end.

The majority of the Asia ex Japan Fund's financial assets are equity securities which are not subject to significant amounts of credit risk. Any credit risk is the result of exposure to counterparties to over the counter derivative contracts entered into by the Fund. The Fund limits its exposure to individual counterparties to OTC derivatives in accordance with the investment restrictions set out in the prospectus. Where appropriate impairment provisions are provided for any losses that have been incurred by the Balance Sheet date.

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Notes to the Financial Statements

For the year ended 31 December 2007
(continued)

12. Financial Risk Management (continued)

Credit Risk (continued)

Transactions in securities are generally settled or paid for on delivery, or cleared through the appropriate clearing system for the market on which the securities are traded. The risk of default is not considered to be material, as delivery of securities sold is only made once the Custodian has received confirmation of payment. Payment is also only made on a purchase once confirmation of delivery of the securities has been received by the Custodian. The trade will fail if either party fails to deliver the required confirmations.

At 31 December 2007 and 31 December 2006, none of the Fund's financial assets were past due or impaired.

In accordance with the Company's policy, the Investment Manager monitors each Fund's credit exposure on a daily basis and reports regularly to the Board of Directors, which reviews the information provided by the Investment Manager on significant exposures at its periodic meetings.

Liquidity Risk

Liquidity risk is defined in FRS 29 specifically as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities as they fall due.

The Funds are exposed to daily cash redemptions of redeemable participating shares. The Funds invest the majority of their assets in securities and other instruments that are traded on an active market and which are considered to be liquid as under normal market conditions, they can be readily disposed of in the event that cash needs to be raised to meet redemptions or to pay expenses.

In accordance with Company policy, the Investment Managers monitors the Fund's liquidity on a regular basis and reports regularly to the Board of Directors, which reviews the information provided by the Investment Manager on significant exposures at its periodic meetings.

At 31 December 2007 and 31 December 2006, the Funds' financial liabilities classified into relevant maturity groupings based on the remaining period at the Balance Sheet date to the contractual maturity date would all fall under one month.

	31 December 2007 Less than 1 Month US\$'000	31 December 2007 Between 1-3 Months US\$'000	31 December 2006 Less than 1 Month US\$'000	31 December 2006 Between 1-3 Months US\$'000
<u>Polar Asia ex Japan Fund</u>				
Financial liabilities at fair value through profit or loss	(962,124)	-	(159,441)	-
Creditors: Amounts falling due within one year	(7,541,456)	-	(1,772,800)	-
Overdraft at bank	-	-	(3,621,791)	-
Redeemable participating shares	-	95,104,055	-	(119,805,319)
Total financial liabilities	<u>(8,503,580)</u>	<u>(95,104,055)</u>	<u>(5,554,032)</u>	<u>(119,805,319)</u>

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Notes to the Financial Statements

For the year ended 31 December 2007
(continued)

12. Financial Risk Management (continued)

Liquidity Risk (continued)

	31 December 2007 Less than 1 Month US\$'000	31 December 2007 Between 1-3 Months US\$'000	31 December 2006 Less than 1 Month US\$'000	31 December 2006 Between 1-3 Months US\$'000
<u>Polar Global Technology Fund</u>				
Financial liabilities at fair value through profit or loss	-	-	-	-
Creditors: Amounts falling due within one year	(1,785,644)	-	(3,071,867)	-
Redeemable participating shares	-	(115,062,425)	-	(107,307,621)
Total financial liabilities	<u>(1,785,644)</u>	<u>(115,062,425)</u>	<u>(3,071,867)</u>	<u>(107,307,621)</u>

	31 December 2007 Less than 1 Month US\$'000	31 December 2007 Between 1-3 Months US\$'000	31 December 2006 Less than 1 Month US\$'000	31 December 2006 Between 1-3 Months US\$'000
<u>Polar Healthcare Opportunities Fund</u>				
Financial liabilities at fair value through profit or loss	-	-	N/A	N/A
Creditors: Amounts falling due within one year	(225,008)	-	N/A	N/A
Redeemable participating shares	-	(18,228,064)	N/A	N/A
Total financial liabilities	<u>(225,008)</u>	<u>(18,228,064)</u>		

The Polar Healthcare Opportunities Fund was not operational in the period ended 31 December 2006

	31 December 2007 Less than 1 Month US\$'000	31 December 2007 Between 1-3 Months US\$'000	31 December 2006 Less than 1 Month US\$'000	31 December 2006 Between 1-3 Months US\$'000
<u>Polar Japan Fund</u>				
Financial liabilities at fair value through profit or loss	-	-	-	-
Creditors: Amounts falling due within one year	(3,303,840)	-	(4,306,357)	-
Overdraft at bank	-	-	(32,779,427)	-
Redeemable participating shares	-	(333,984,156)	-	(629,101,138)
Total financial liabilities	<u>(3,303,840)</u>	<u>(333,984,156)</u>	<u>(37,085,784)</u>	<u>(629,101,138)</u>

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Notes to the Financial Statements

For the year ended 31 December 2007
(continued)

12. Financial Risk Management (continued)

Liquidity Risk (continued)

	31 December 2007 Less than 1 Month US\$'000	31 December 2007 Between 1-3 Months US\$'000	31 December 2006 Less than 1 Month US\$'000	31 December 2006 Between 1-3 Months US\$'000
<u>Polar Latin America Fund</u>				
Financial liabilities at fair value through profit or loss	-	-	(990,613)	-
Creditors: Amounts falling due within one year	(20,023)	-	(288,278)	-
Redeemable participating shares	-	-	-	(19,188,793)
Total financial liabilities	(20,023)	-	(1,278,891)	(19,188,793)

The Polar Latin America Fund had been fully redeemed as at 30 June 2007

13. Cross/Segregated Liability

The Company is an umbrella fund investment company with segregated liability between the Funds of the Company. Under Irish law, being the law applicable to the Company, this should result in any liabilities attributable to any Fund being borne solely by that Fund in the event of any insolvency.

14. Comparative Figures

Asia Ex Japan Fund	Net Asset Value Audited 31 December 2007	Net Asset Value Audited 31 December 2006	Net Asset Value Audited 31 January 2006
US dollar share class	\$50,480,353	\$41,107,066	\$79,558,690
Sterling share class	£11,016,296	£27,414,411	£31,403,214
Euro share class	€15,585,962	€19,405,311	€28,612,895
	Nav per share	Nav per share	Nav per share
US dollar share class	\$17.82	\$15.26	\$13.48
Sterling share class	£16.26	£14.27	£13.90
Euro share class	€5.34	€4.74	€4.05
Global Techology Fund	Net Asset Value Audited 31 December 2007	Net Asset Value Audited 31 December 2006	Net Asset Value Audited 31 January 2006
US dollar share class	\$5,725,264	\$86,116,404	\$32,507,141
Sterling share class	£2,224,672	£10,959,687	£3,494,684
Euro share class	€0	€08	N/A
	Nav per share	Nav per share	Nav per share
US dollar share class	\$14.47	\$14.04	\$13.68
Sterling share class	£7.27	£7.16	£7.70
Euro share class	€9.90	€0.12	N/A

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Notes to the Financial Statements

For the year ended 31 December 2007
(continued)

14. Comparative Figures (continued)

Healthcare Fund	Net Asset Value Audited 31 December 2007	Net Asset Value Audited 31 December 2006	Net Asset Value Audited 31 January 2006
US dollar share class	\$1	N/A	N/A
Sterling share class	£1,810,831	N/A	N/A
Euro share class	€	N/A	N/A
	Nav per share	Nav per share	Nav per share
US dollar share class	\$10.09	N/A	N/A
Sterling share class	£5.06	N/A	N/A
Euro share class	€6.86	N/A	N/A
Japan Fund	Net Asset Value Audited 31 December 2007	Net Asset Value Audited 31 December 2006	Net Asset Value Audited 31 January 2006
US dollar share class	\$7,576,677	\$229,490,619	\$267,224,685
Sterling share class	£5,628,997	£71,480,595	£72,927,972
Japanese yen share class	¥6,621,872	¥30,806,877,505	¥29,277,898,253
	Nav per share	Nav per share	Nav per share
US dollar share class	\$16.84	\$18.28	\$19.51
Sterling share class	£8.41	£9.31	£11.01
Japanese yen share class	¥1,889.08	¥2,713.20	¥2,284.82
Latin America Fund	Net Asset Value Audited 31 December 2007	Net Asset Value Audited 31 December 2006	Net Asset Value Audited 31 January 2006
US dollar share class	N/A	\$664,009	N/A
Sterling share class	N/A	£1,084,767	N/A
Japanese yen share class	N/A	€3	N/A
	Nav per share	Nav per share	Nav per share
US dollar share class	N/A	\$11.20	N/A
Sterling share class	N/A	£5.72	N/A
Japanese yen share class	N/A	€8.49	N/A

15. Distributor Status

The United Kingdom Board of Inland Revenue has certified Polar Capital Funds plc as a distributing fund in respect of the year ended 31 December 2006. The Company intends to apply for distributor status for all classes of its redeemable participating shares for each future accounting period.

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Notes to the Financial Statements

For the year ended 31 December 2007

(continued)

16. Side Letter FSA

The FSA expects all investment managers authorised and regulated by the FSA to write to investors in the funds managed by them with details of any Side Letters that may have been entered into by the manager. The FSA considers a Side Letter to be an arrangement known to the investment manager which can reasonably be expected to provide an investor with more favourable material rights than other investors and includes enhanced redemption rights and the provision of portfolio information which are not generally available. The Investment Manager has confirmed to the Company that it is not aware or party to an arrangement whereby an investor has any preferential redemption terms; however in exceptional circumstances, for example where an investor seeds a new fund, investors have been provided with portfolio information and capacity commitments.

17. Subsequent Events

The Directors of the Company made a decision on 11 February 2008 to terminate the Asia ex Japan Fund and 30 days notice was issued to the shareholders regarding the redemption of the redeemable participating shares of the Fund. A decision was also made to suspend dealing in the shares of the Fund pending the completion of the notice period, to ensure an orderly disposal of the assets of the Fund.

Other than the above there have been no material events subsequent to the period end which affect the Financial Statements for the year ended 31 December 2007.

18. Portfolio changes

A complete listing of the purchases and sales during the period is available free from the Company on request.

19. Approval of the Financial Statements

The Financial Statements were approved by the Board on 28 April 2008.

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Statement of Significant Portfolio Movements

Asia ex Japan Fund

Purchases	Cost US\$'000	Sales	Proceeds US\$'000
Swire Pacific	12,227	DBS Group Holdings	9,946
DBS Group Holdings	11,953	Daishin Securities	9,021
Cnpc	11,419	Realtek Semiconductor	8,892
Cheung Kong Holdings	11,178	Cheung Kong Holdings	8,798
Daishin Securities	7,825	Modern Beauty Salon Holdings	8,684
TPI Polene (foreign equity)	7,724	Inventec	8,150
Hyundai Motor	7,643	Swire Pacific	7,279
Medco Energi	7,402	CTCI	7,214
Amorepacific	6,773	Daishin Securities (PFD)	7,065
Compal Electronics	5,925	Cnpc	7,034
Hong Kong Land	5,405	TPI Polene (foreign equity)	6,955
Yorkey Optical International Cayman	5,287	Amorepacific	6,466
Proshares Trust	5,269	Samui Airport Property Fund	5,973
Bangkok Bank	4,784	Vietnam Enterprise Investments	5,940
Hyundai Mobis	4,241	Great Wall Motor	5,766
Micro-Star Intenational	3,919	KYE Systems	5,720
Kiatnakin Finance	3,896	Qingling Motors	5,707
Bandar Raya Developments	3,620	Hong Kong Land	5,473
Affin Holdings	3,608	Metropolitan Bank & Trust	5,339
Krungthai Card	3,598	Compal Electronics	5,321

Global Technology Fund

Purchases	Cost US\$'000	Sales	Proceeds US\$'000
F5 Networks	4,713	Google	6,039
THQ	4,241	Echelon	4,165
Cognizant Technology Solutions	4,213	Comtech Telecommunications	3,990
Trimble Navigation	4,068	Network Appliance	3,946
Qualcomm	4,058	Salesforce.Com	3,860
Google	3,796	Cognizant Technology Solutions	3,735
Applied Materials	3,438	Webex Comm	3,660
Cisco Systems	3,402	F5 Network Inc	3,550
Riverbed Technology	3,182	Qualcomm Inc	3,516
Anadigics	3,114	Interactive Intelcom	3,364
Motech Industries	3,052	Trimble Navigation	3,287
Union Tool	2,975	Cogent Commun	3,116
Tokyo Seimitsu	2,916	Software	2,833
Echelon	2,785	Daktronics	2,804
Texas Instruments	2,710	Itron	2,794
Apple	2,691	Broadcom	2,704
Adobe Systems	2,689	Motech Industries	2,676
Meiko Electronics	2,587	Nuance Communications	2,674
Oracle Systems	2,473	THQ	2,650
First Solar	2,461	ATMI	2,594

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Statement of Significant Portfolio Movements (continued)

Healthcare Opportunities Fund

Purchases	Cost US\$'000	Sales	Proceeds US\$'000
Cephalon	797	Gerresheimer	69
Bayer	762		
Labartory Corp of America Holdings	736		
CVS Caremark	720		
Covidien	716		
BioMarin Pharmaceutical	639		
Merck	635		
Zimmer Holdings	560		
Prostrakan Group	540		
Nichi-Iko Pharmaceutical	529		
Ipsen	527		
United Therapeutics	527		
Altus Pharmaceuticals	386		
AGI Therapeutics	359		
Synergy Healthcare	346		
Gerresheimer	276		
Osmetech	227		
Medivir	218		
China Medical Technologies	177		

Japan Fund

Purchases	Cost US\$'000	Sales	Proceeds US\$'000
Mitsui	54,907	Mitsui	58,429
Toyota Motor	41,667	Toyota Motor	52,857
Mizuho Financial	41,202	Mizuho Financial	40,332
Sumitomo Mitsui	33,415	Idemitsu Kosan	34,860
Mitsui & Co	29,674	Sumitomo Metal Industries	34,064
Nippon Oil	26,633	Mitsui & Co	31,849
Mitsubishi	26,385	Central Japan Railway	31,771
Nissan Motor	23,207	Sumitomo Mitsui Financial	31,458
Central Japan Railway	20,860	Bridgestone	31,445
Nidec	20,848	Sumitomo Electric Industries	26,506
Sumitomo Metal Industries	20,823	Zeon	25,901
West Japan Railway	20,335	Sojitz	25,349
Yokogawa Electric	18,457	Komatsu	24,063
JGC	17,730	Nitto Denko	22,368
Nitto Denko	16,873	Astellas Pharma	22,297
T&D Holdings	16,771	Nissan Motor	22,188
Sojitz	16,206	Advantest	21,043
KDDI	16,046	NTT Urban Development	19,801
Tokyo Seimitsu	15,503	Takata Corporationn	19,695
Fuji Electric Holdings	14,226	Daiwa House	19,485

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

Statement of Significant Portfolio Movements (continued)

Latin America Fund

Purchases	Cost US\$'000	Sales	Proceeds US\$'000
Petrol Brasileiro spon ADR	1,523	Petrol Brasileiro spon ADR	3,078
Eternit	552	Bradespar	1,870
Medial	499	Perdigao	1,115
Brascan Residential	499	Grupo Famsa	1,079
Ioche Maxion	458	Sare Holding	1,007
Companhia De Bebidadr	455	Pao De Acucar	952
Bancolumbia	390	Terna Participacoes	895
Suzano Papel	349	Grupo Televisa	861
Dufsa	243	Controladora Commercial Mexicana	858
Grupo Elektra	219	Corporacion Geo Sab	857
Rossi Residencial	118	Rossi Residencial	849
Bradespar	109	Eternit	753
		Dufsa	723
		Unibanco Holdings	711
		Medial Saude	702
		Banco Nossa Caixa	700
		Ioche Maxion	697
		Companhia De Bebidadr	600
		Brascan Residential	573
		GPO Mexico	480

Polar Capital Funds plc

(Investment Company with Variable Capital and Segregated Liability Between Sub Funds)

Information for Investors in Switzerland

The Company have appointed AIG Private Bank Limited, Pelikanstrasse 37, 8001, Zurich, Switzerland as representative and paying agent for Switzerland. For redeemable participating shares distributed in Switzerland, the performance place is at AIG Private Bank Limited's address. Investors, can obtain free of charge, the prospectus, the simplified prospectus (both also available for potential investors), and the last annual and interim reports, in German and a list of the purchases and sales made on behalf of The Fund, from the representative at the above address. Official publications for the Fund are made in L'Agefi and the Swiss Official Trade Gazette.

Following a directive of the Swiss Funds Association dated 27 July 2004, the Company are required to supply performance data in conformity with the said directive. This data can be found under each of the Fund reports.

Please note that all references to a specific index are for comparative purposes only.

Past performance is no indication of current or future performance. The value of an investment can fall as well as rise as a result of market fluctuations and investors may not get back the amount originally invested. The performance data does not take account of the commissions and costs incurred on the issue and redemption of redeemable participating shares.

Investors should contact the Swiss representative at the above address should they require additional information, e.g. on performance including the composition of the relevant indices where applicable.

Following a directive of the Swiss Funds Association dated 27 July 2004, the Company is required to provide the below additional information:

Total Expense Ratio & Portfolio Turnover Rate – Unaudited

Pursuant to a guideline from the Swiss Funds Association dated January 2006, the Company is required to publish a Total Expense Ratio (TER) for the year ended 31 December 2007.

The TERs for each Fund for this year are as follows:

Name of Fund	TER in %	TER in %
	31 December 2007	31 December 2006
Polar Asia Ex Japan Fund	1.99	2.1
Polar Global Technology Fund	1.94	2.24
Polar Healthcare Fund	2.15	-
Polar Japan Fund	1.89	1.98
Polar Latin America Fund	1.54	3.05

The Portfolio Turnover numbers for each Fund for this year are as follows;

Name of Fund	PTR in %	PTR in %
	31 December 2007	31 December 2006
Polar Asia Ex Japan Fund	2.14	3.56
Polar Global Technology Fund	2.21	2.43
Polar Healthcare Fund	0.29	-
Polar Japan Fund	4.26	5.08
Polar Latin America Fund	0.90	1.56

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

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 Georges Court, 54-62 Townsend Street, Dublin 2 on Thursday, 26 June 2008 at 10.00 a.m.

AGENDA

- 1. Report and Accounts**
To receive the Annual Report and Audited Financial Statements for the year ended 31 December 2007.
- 2. Re-election of Director**
To consider the re-election of Mr Robert Bovet as a Director of the Company.
- 3. Re-election of Director**
To consider the re-election of Mr Charles Scott as a Director of the Company.
- 4. RE-APPOINTMENT OF AUDITORS**
TO RE-APPOINT KPMG AS THE AUDITORS OF THE COMPANY.
- 5. AUDITORS' REMUNERATION**
To authorise the Directors to fix the Auditors' remuneration.

By Order of the Board



For and on behalf of Northern Trust
International Fund Administration Services
(Ireland) Limited
as Secretary

Dated this 6 day of May 2008

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.

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

POLAR CAPITAL FUNDS PLC

FORM OF PROXY

I/We, _____

of _____

being Members of the above Company hereby appoint _____
or failing him/her, the Chairman of the Meeting, or failing him/her, Ms Caroline Sweeney of Northern Trust International Fund Administration Services (Ireland) Limited, or failing her, Ms Aine Kingston of Northern Trust International Fund Administration Services (Ireland) Limited, or failing her, Ms Margaret Bergin of Northern Trust International Fund Administration Services (Ireland) Limited, or failing her, Ms Sonja Woods of Northern Trust International Fund Administration Services (Ireland) Limited, as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Thursday, 26 June 2008 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
1. To receive the Annual Report and Audited Annual Financial Statements for the year ended 31 December 2007.		
2. To re-elect Mr Robert Bovet as a Director of the Company.		
3. To re-elect Mr Charles Scott as a Director of the Company.		
4. To re-appoint KPMG as the Auditors of the Company.		
5. To authorise the Directors to fix the Auditors' remuneration.		

Signed: _____

Date: _____

Please return to: Northern Trust International Fund Administration
Services (Ireland) Limited
Georges Court
54-62 Townsend Street
Dublin 2
Ireland

Attention: Caroline Sweeney

Polar Capital Funds plc
(Investment Company with Variable Capital
and Segregated Liability Between Sub Funds)

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 commencement of 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:-

Northern Trust International Fund Administration Services Ireland (Ireland) Limited
Georges Court
54-62 Townsend Street
Dublin 2
Ireland

Attention: Caroline Sweeney

7. Proxy forms may be returned in the first instance by fax to +353 1 542 2920 but the original should be forwarded by mail to the address shown at 6 above.