

DUNLEAVY & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS
13116 SOUTH WESTERN AVENUE
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Polar Investment Counsel, Inc.

We have audited the accompanying statement of financial condition of Polar Investment Counsel, Inc. as of June 30, 2004 that you are filing pursuant to rule 17a-5 under the Securities and Exchange Act of 1934. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall statement of financial condition presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the statement of financial condition referred to above presents fairly, in all material respects, the financial position of Polar Investment Counsel, Inc. as of June 30, 2004, in conformity with accounting principles generally accepted in the United States of America.

DUNLEAVY & COMPANY, P. C.
Certified Public Accountants

Blue Island, Illinois
July 26, 2004

POLAR INVESTMENT COUNSEL, INC.

STATEMENT OF FINANCIAL CONDITION

JUNE 30, 2004

ASSETS

Cash and cash equivalents	\$ 236,254
Receivable from broker/dealers	<u>162,672</u>
TOTAL ASSETS	<u>\$ 398,926</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

LIABILITIES

Accounts payable	\$ 30,000
Commissions payable	<u>164,000</u>
Total Liabilities	<u>\$ 194,000</u>

SHAREHOLDERS' EQUITY

Common stock, no par value; 9,000 shares authorized, 100 shares issued and outstanding	\$ 25,000
Additional paid in capital	67,384
Retained earnings	<u>112,542</u>
Total Shareholders' Equity	<u>\$ 204,926</u>

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 398,926</u>
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The accompanying notes are an integral part of this financial statement.