

POLAR CAPITAL HOLDINGS PLC

Interim Results Presentation

For Six Months Ending

30 September 2009

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December 2009



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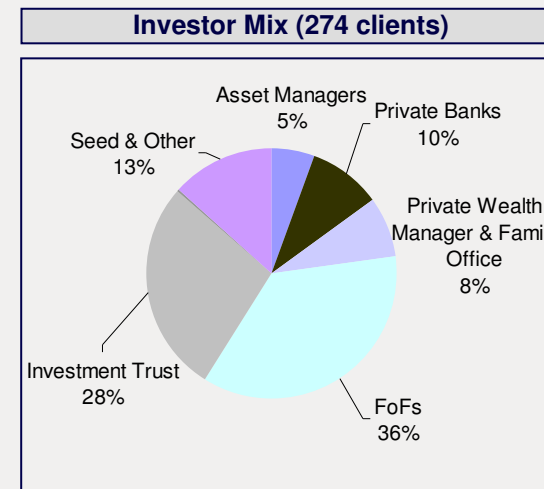
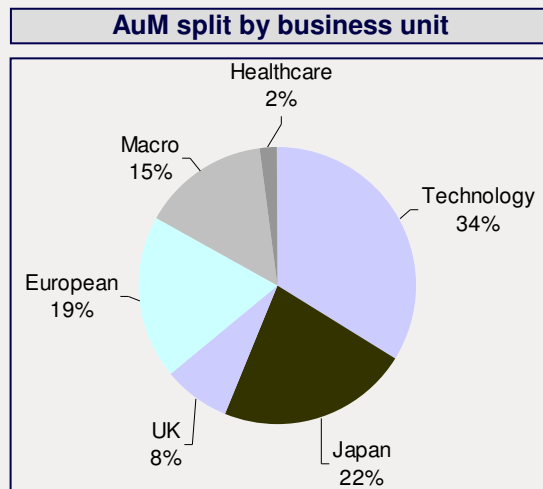
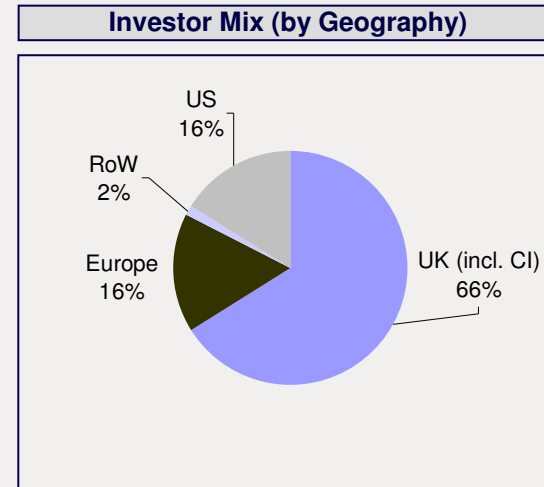
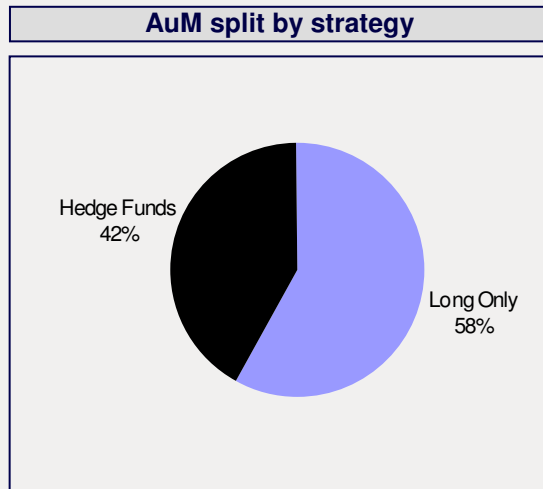


BUSINESS REVIEW

Analysis of Assets Under Management



As at 30th September 2009



Overview of Polar Capital

Unaudited AUM flows



AUM at start of period: 31 March 2009			\$1.48bn
Gross outflows	quarter 1 [long 119 hedge 96]	\$(215)m	
	quarter 2 [long 17 hedge 31]	<u>\$(48)m</u>	
			\$(263)m
Gross inflows	quarter 1 [long 43 hedge 35]	\$78m	
	quarter 2 [long 150 hedge 146]	<u>\$296m</u>	
			\$374m
Fund closures			\$(58)m
Performance and currency movements			<u>\$366m</u>
AUM at end of period: 30 September 2009			<u>\$1.899bn</u>
Deduced AUM at 30 November 2009 (from published factsheets)			<u>\$2.017bn</u>

Fund Performance



	Fund Size 30 Nov 2009	Launch Date	Performance 2008	Performance YTD*	Volatility YTD*	Index YTD*
	\$m					
Hedge Funds						
UK**	172	Nov 2001	5.98%	11.94%	11.37%	MSCI Europe 19.79%
European Conviction	132	Mar 2006	12.78%	6.93%	8.49%	FTSE 100 17.06%
European Forager	304	Aug 2003	-12.24%	23.73%	7.78%	Tremont Long / Short 15.27%
Discovery **	270	May 2006	13.47%	-8.95%	6.80%	Dow Jones World Technology 50.39%
						Tokyo Stock Price (TOPIX) -2.25%
Long Only						
Technology Trust***	540	Feb 2001	-22.80%	39.25%	24.83%	Index Volatility YTD*
Japan UCITS**	391	Oct 2001	-29.66%	1.92%	24.27%	MSCI Europe 25.09%
Global Technology UCITS	141	Oct 2001	-45.82%	57.65%	28.37%	MSCI Europe Small Cap 24.76%
Healthcare Opportunities UCITS	67	Dec 2007	-21.05%	10.57%	21.10%	FTSE 100 24.39%

* Figures to the 30 November 2009

** Fund size includes mandates run off the same strategy

*** Based on GBP returns

Capacity of Funds



	Fund Size 30 Sept 2009	Fund Size 30 Nov 09	Total Capacity in Current Funds
Hedge Funds			
UK	\$150m	\$172m	\$1.0bn
European Conviction	\$114m	\$132m	\$1.0bn
European Forager	\$242m	\$304m	\$0.5bn
Discovery	\$282m	\$270m	\$2.0bn
Long Only			
Technology Trust	\$526m	\$540m	\$0.5bn
Global Technology UCITS	\$108m	\$141m	\$0.5bn
Japan UCITS	\$407m	\$391m	\$1.0bn
Healthcare Opportunities UCITS	\$45m	\$67m	\$0.5bn
Total	\$1.874bn*	\$2.017bn	\$7.0bn

* The figure excludes the Elbrus Fund which was released on 1 Oct 09

Strategy



Positioning

- Highly differentiated performance of funds
- Balance of long and hedge fund product
- Integrity of the Polar model
- Strong operating infrastructure positions the business well for changes in the operating and regulatory environment
- Strong balance sheet
- Good internal morale

Strategy

- Invest further in sales and marketing
- Attract AUM into current products
- Launch new products into current teams
- Attract top quality managers to join Polar Capital
- Consider opportunistic corporate activity



FINANCIAL REVIEW

Financial Review

Highlights



❑ **AUM**

- AUM at 30 September 2009 up 27% to \$1.9bn from \$1.5bn at March 2009

❑ **Profitability**

- Pre-tax (pre SBP) profitability down; a loss of £0.4m (2008: a profit of £1.5m)

❑ **Balance Sheet**

- £28m of cash and £9m of investments in own, liquid, funds

Financial Review

Comments



❑ Recovery of core profitability

- Encouraging to note accelerated achievement of critical break even AUM at \$1.9bn - \$2bn of AUM.

❑ Costs

- Strong control of costs

❑ Importance and sensitivity of performance fee receipts

- Performance fees happen to fall in second half
- Position announced end of September had mark to market £1.7m of accrued net fees
- December 2009 position will be, as regular, released in mid January 2010
- Key dates are
 - i. end of December (Forager & UCITS)
 - ii. end of March (Conviction)

Financial Review

Costs



	6 months to Sept 08	6 months to Mar 09	Year to Mar 09	6 months to Sept 09
Salaries and bonuses	4.6	3.1	7.7	3.9
Core distributions	1.5	0.7	2.2	0.6
Other staff costs	0.5	0.3	0.8	0.3
Core Compensation Costs	£6.6m	£4.1m	£10.7m	£4.8m
Other operating costs	4.0	3.9	7.9	2.5
Operating Costs	£10.6m	£8.0m	£18.6m	£7.3m
Cost of sales (trail)	0.4	0.5	0.9	0.3
Performance fee interests	-	21.4	21.4	-
Costs before SBP	£11.0m	£29.9m	£40.9m	£7.6m
Share based payments ("SBP")	0.5	(1.5)	(1.0)	0.2
Total Costs	£11.5m	£28.4m	£39.9m	£7.8m

Good control of costs as Operating Costs seen to fall through cycle

- In current period two key figures:
 1. Core compensation costs
 2. Other operating costs
- 1. Core Compensation costs

Salary line change includes:

 - a. Lack of 09 bonuses in H2 09
 - b. Sales bonuses in H1 10
 - c. Run rate lower
- 2. Other operating costs

Fall due to reduced :

 - a. Rent & rates
 - b. Professional fees
 - c. Legal fees

Financial Review

Profitability



	6 months to Sept 08	6 months to Mar 09	Year to Mar 09	6 months Sept 09
Average AUM	\$3.1bn	\$2.18bn		\$1.65bn
Core operating profit	0.9	0.4	1.3	(0.9)
Performance fee profit	-	8.9	8.9	0.1
Interest and similar income	0.6	0.3	0.9	0.4
PBT pre SBP	£1.5m	£9.6m	£11.1m	£(0.4)m

- ❑ Core profit pivot point now achieved
- ❑ Performance fees arrive in Company's second half (mark to market at September 2009 £1.7m)
- ❑ Interest and similar income benefit from investment income as well as interest

Financial Review

Dividend



- ❑ First dividend of 1.0p (2008: 1.0p) to be paid in January 2010

- ❑ Dividend reflects
 - Current run rate profitability of the Company
 - Confidence in Company's prospects
 - Traditionally there is a second dividend paid later in the year

Summary

Well positioned in challenging times



Attractive Products		<ul style="list-style-type: none">❑ Balanced mix of hedge funds and long only funds❑ Consistent and impressive bull and bear market performance
Fund Capacity		<ul style="list-style-type: none">❑ Significant potential for further growth❑ Total current capacity in the funds of c.\$7 billion of which only \$2 billion currently utilised
Operational Robustness		<ul style="list-style-type: none">❑ High-quality institutional-style operational platform❑ Robust and comprehensive central services to support further expansion
Strong Balance Sheet		<ul style="list-style-type: none">❑ Cash position and public company status gives flexibility to pursue potential opportunities at distressed stage of cycle

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