POLAR CAPITAL HOLDINGS PLC

2008 Interim Results

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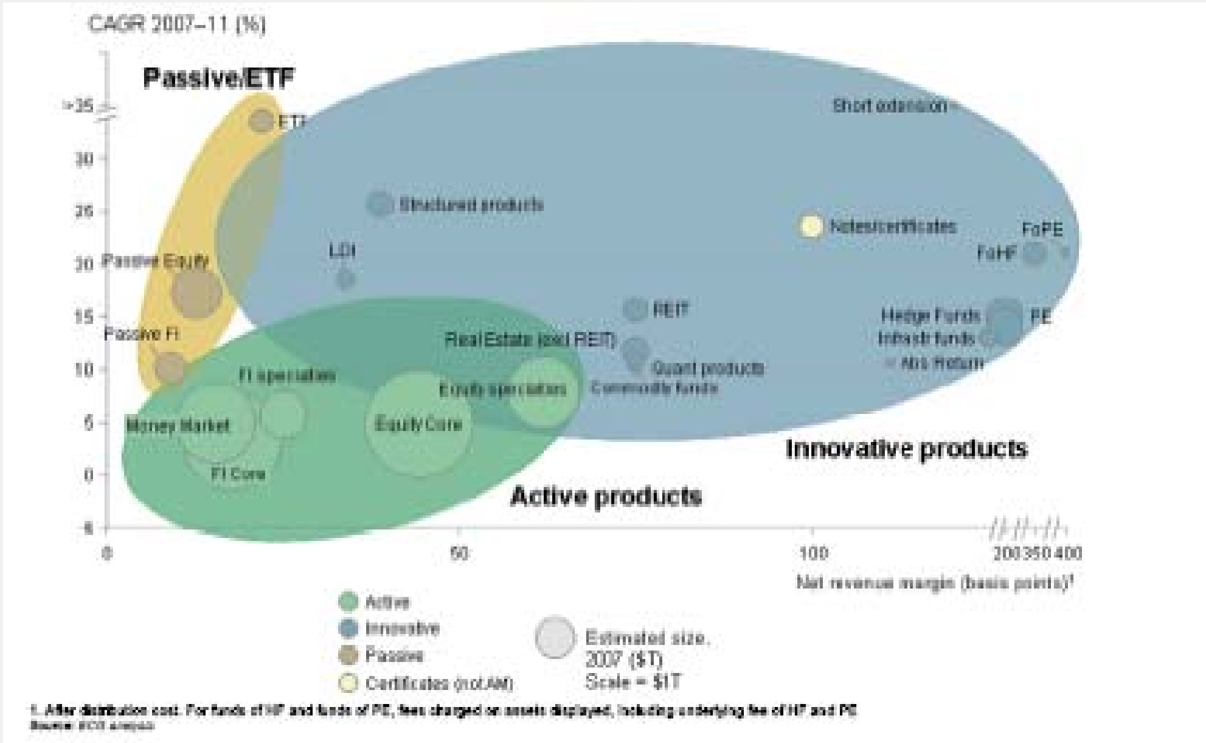
Asset Management Barbell

Polarisation between ‘cheap’ and ‘alternatives/spicy’

Move to alternatives driven initially by modern portfolio theory – the efficient frontier, low correlation and superior risk adjusted returns.



Source: Morgan Stanley Research – September 2 2008

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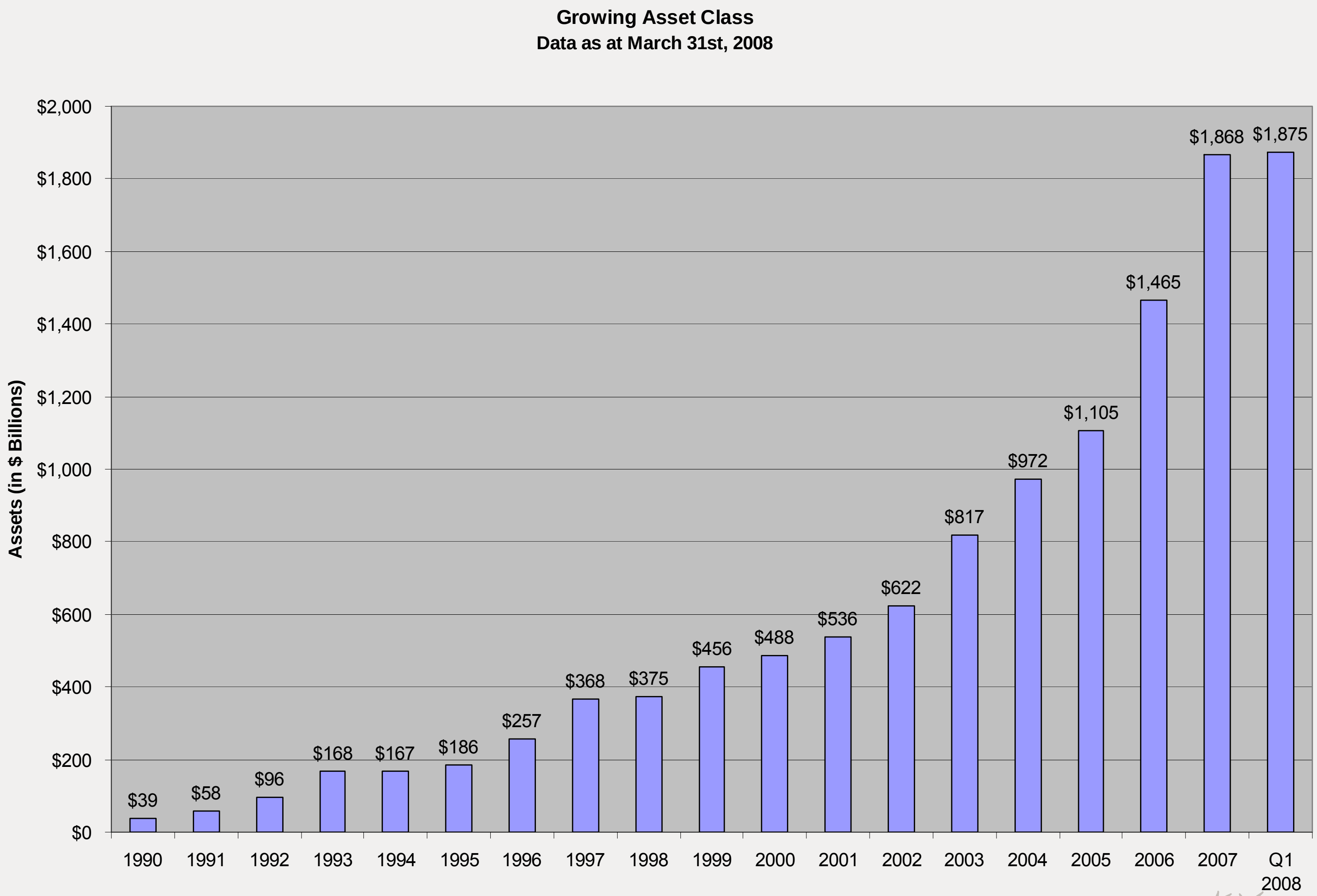
Rapid Growth of Hedge Fund Industry

Leads to bubble

300 hedge funds in the early 1990s; nearly 10,000 by 2008.

In 2009: $1,000mm?



Source: Morgan Stanley Research – March 2008

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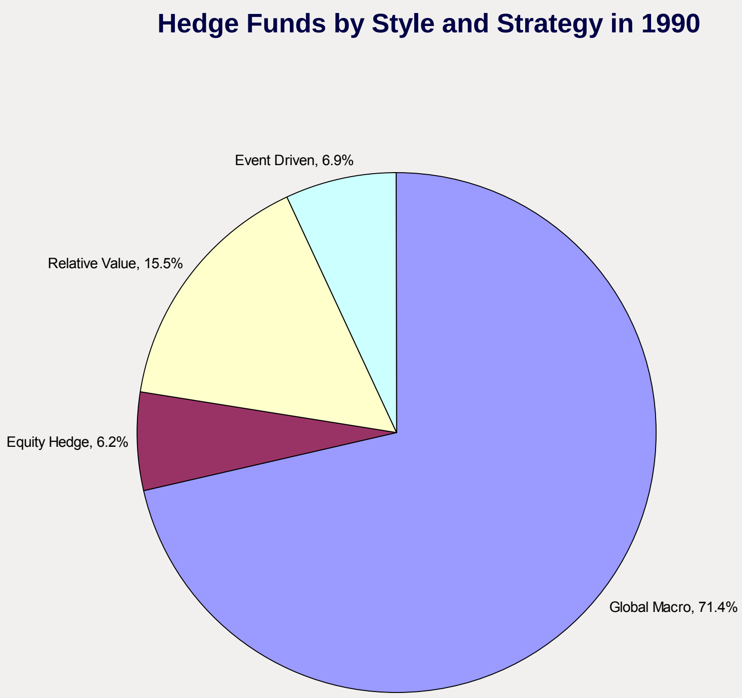
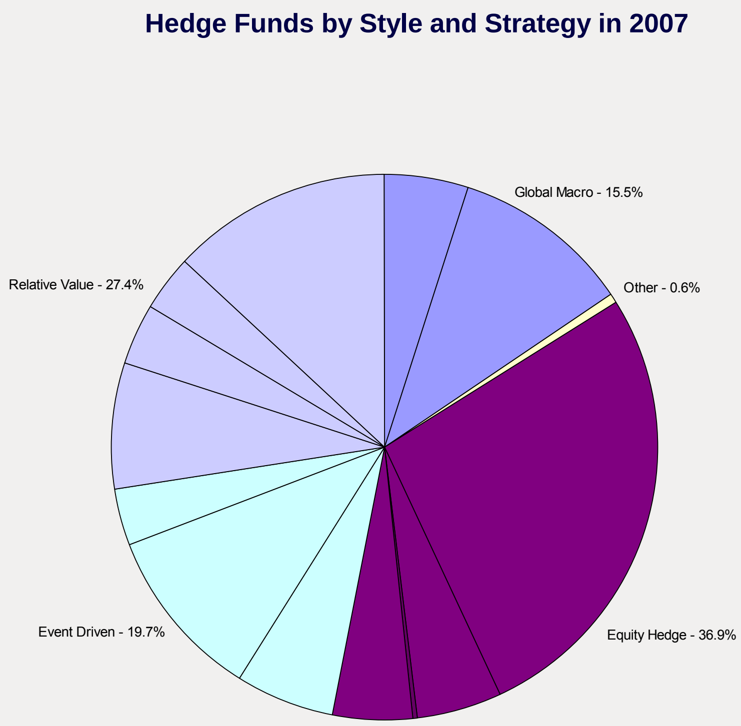
Changing nature of hedge fund allocation

Lots of new strategies





Source: Morgan Stanley Research – March 2008

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What has gone wrong?

- **No barriers to entry:** Industry took off post 2001 bear market; too many entrants driven by greed rather than desire to be “guardians of capital”.

- **Investors as well as hedge fund managers bear responsibility**: Competition for returns versus meeting client expectations; confusion between alpha and beta; and insufficient transparency. All lead to too much correlation and directionality.

- **Managers not up to the task:** Too little regard for macro environment and for risk management; no real ability to short stocks; too much leverage and focus on less liquid strategies.

- **Poor performance and redemptions:** Hedge fund industry performance is down about 20% year to date. This has led to redemptions which across the industry could be around 30-40%.
  - Investor expectations not met.
  - Pre emptive redemptions and game theory.
  - Counterparty risk.
  - Deleveraging and shortage of cash.

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Absolute return is still a very valid diversification

- **Economic outlook supportive of a cautious approach:** a multi year deleveraging cycle and the need for banks to rebuild capital suggests 2-5 years of negative and/or below trend growth. Risks of 1930s style depression still a possibility and volatility likely to remain high.

- **Risk adjusted performance:** Despite 2008 industry performance hedge fund returns in relative and risk adjusted terms are impressive versus a long only equity approach. Hedge fund industry performance should generate 7% real return over a cycle with less volatility and low correlation to equity markets.

- **Hedge fund industry matures:** The hedge fund industry will mature, professionalise and consolidate enormously. The events of 2007/8 will ensure a far more professional industry at all levels.

- **Absolute return allocations to increase:** Demand for strategies focused on capital preservation and absolute return will increase, driven by all investors, but especially retail and large institutions.

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Risk/Return Characteristics Across Asset Classes

1990 – 2008

Risk and Return

Data from Jan 2000 to Jun 2008

	Annualised Compound Rate of Return	Annualised Standard Deviation	Return/Volatility
MSCI World Equity Index	4.88%	13.47%	0.36
JPM Global Government Bond Index	6.76%	3.20%	2.11
HFRI Fund of Funds	9.56%	5.54%	1.72

Correlations

	Equities	Bonds	Hedge Funds
Equities	1.00		
Bonds	0.02	1.00	
Hedge Funds	0.50	0.04	1.00

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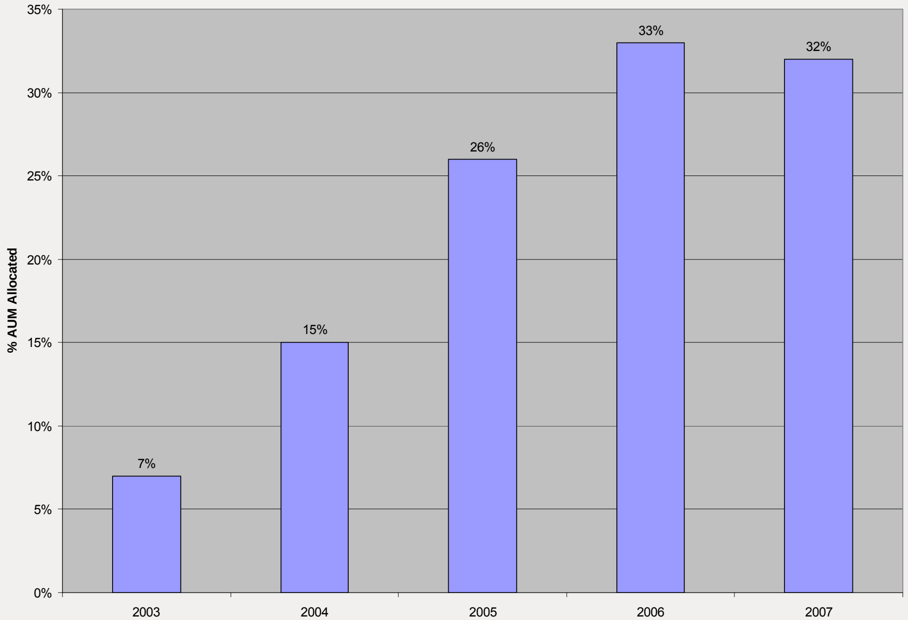
Hedge funds still underweighted in portfolio allocations of many investors

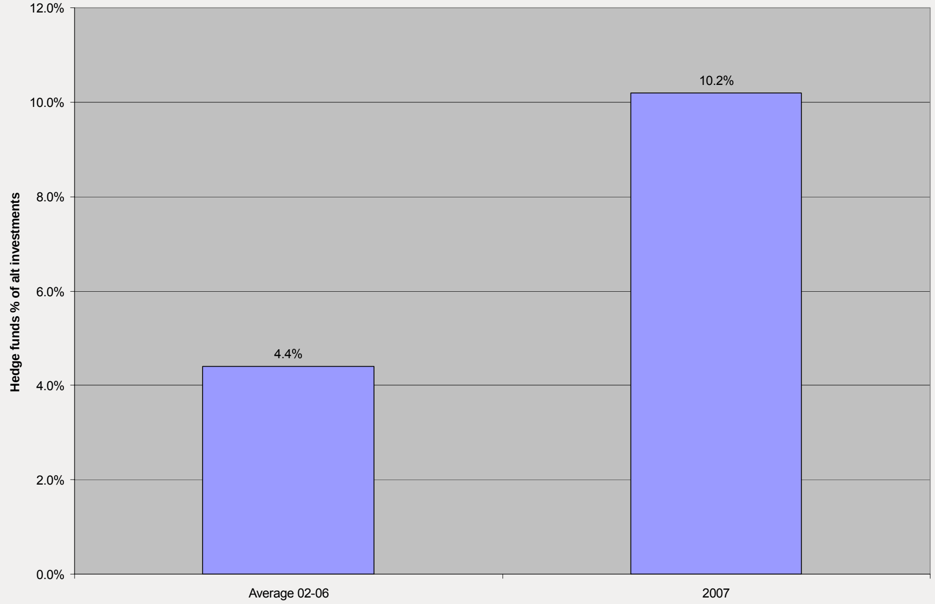
“Endowment Envy” has in part driven a massive shift to ‘alternatives’, particularly in private equity and increasingly in HFoF, and global equity and fixed income in US institutional

Allocations to Alternatives strong…



Source: Morgan Stanley Research – September 2 2008

…within alternatives hedge FoF share increasing – although private equity has been dominant in US alternative flows



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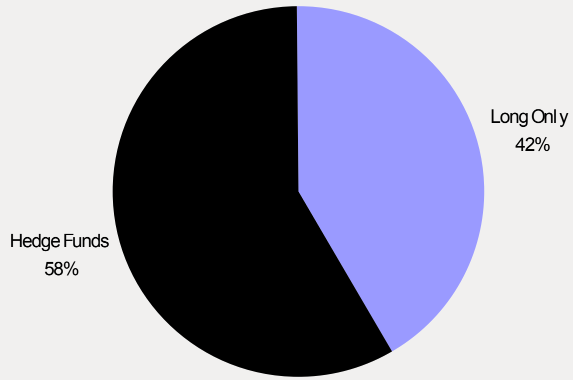
Overview of Polar Capital

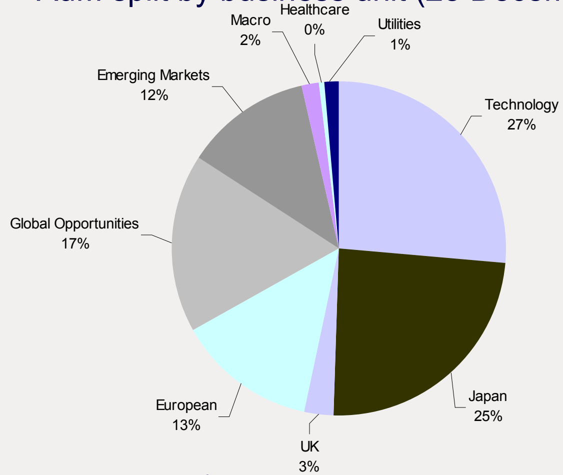
Assets under management

At 28 December 2007, assets under management totalled $3.6bn split as follows:

AuM split by strategy (28 December 2007)

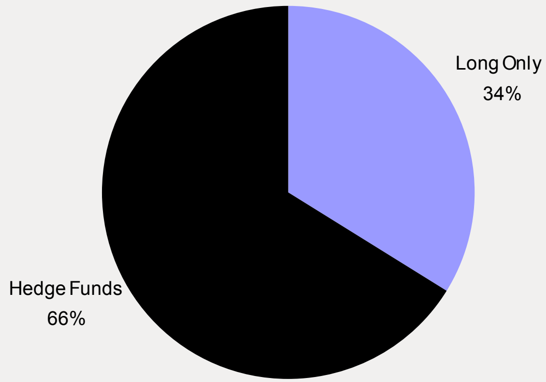


AuM split by business unit (28 December 2007)

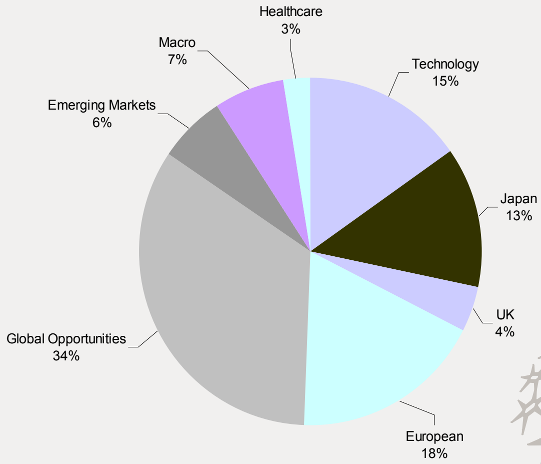


At 28 November 2008, assets under management totalled $2.5bn split as follows:

AuM split by strategy (28 November 2008)



AuM split by business unit (28 November 2008)



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Overview of Polar Capital

*Unaudited AUM flows**

		$bn
AUM @ 31 March 2008		**$3.14bn**
Gross inflows to 30 Nov 2008	0.73	
Gross outflows to 30 Nov 2008 *(excluding fund closures)*	(0.49)	
Net flows from ongoing business to 30 Nov 2008		0.24
Fund Closures		(0.34)
Performance		
Long Performance	-0.18	
Hedge Performance	0.03	
Net Performance		(0.15)
Currency gain/(loss)		(0.36)
AUM @ 30 Nov 2008*		**$2.53bn**

*Note that the regular quarterly disclosure in mid January 2009 will document position for quarter ending December 2008.

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Overview of Polar Capital

Performance

Fund	Fund Size Nov 30th 2008 ($m)	Launch Date	Performance Calendar 2007	Performance YTD*	Volatility
Hedge Funds					
UK **	105	Nov 2001	3.27%	4.26%	6.10
European Forager	292	Aug 2003	11.85%	-13.97%	8.80
European Conviction	174	Mar 2006	5.56%	8.21%	11.90
Paragon	875	Mar 2004	15.76%	17.93%	17.90
Discovery**	174	May 2006	14.36%	11.02%	6.40
Elbrus	109	Apr 2006	36.08%	-50.95%	21.60
Latin America	22	May 2006	23.57%	3.74%	11.30
Long Only					
Technology Trust	339	Feb 2001	0.33%	-29.54%	
Japan UCITS**	339	Oct 2001	-7.88%	-20.90%	
Global Technology UCITS**	53	Oct 2001	3.36%	-47.51%	
Healthcare Opportunities UCITS	66	Dec 2007	N/A	-27.01%	

Index	YTD*
MSCI Europe	-43.26%
FTSE 100	-33.60%
MSCI Emerging Markets	-56.71%
Tremont Long/Short	-19.46%
Dow Jones World Technology	-47.11%
Tokyo Stock Price (TOPIX)	-32.06%

Index Volatility

MSCI Europe	22.84
MSCI Europe Small Cap	32.96
MSCI EM Equity	44.09

• **Indicative figures to the 30 November 2008**

**** Fund size includes mandates run off the same strategy**

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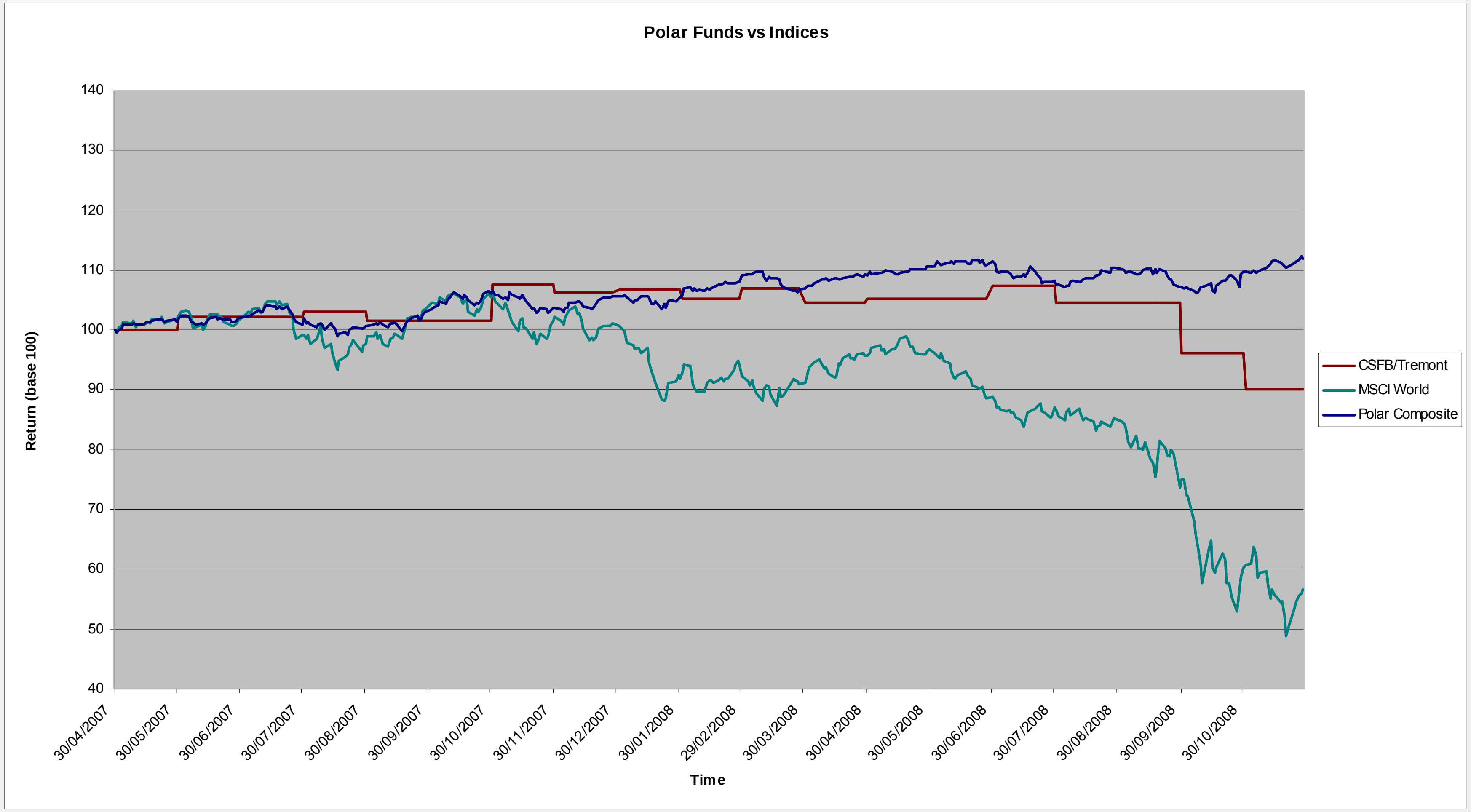
Overview of Polar Capital

Performance



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Polar's Competitive Positioning

As strong as it ever has been

- Highly differentiated performance of funds.
- Significant shrinkage in number of competing funds.
- Incentivisation in place with funds at/near high water marks.
- Distress at a time of significant opportunity.
- Relative stability of the 'fundamental research driven' approach.
- Integrity and low profile of the model.
- Strong operating infrastructure positions the business well for changes in the operating and regulatory environment.

Competitive Differentiation

Best performing hedge funds

Barron's First Ranking of the World's Best Performance Hedge Funds

Three year net performance (through June 30, 2007)

	Fund	Assets (m)	3 yr cum. av.	H1 07	2008 YTD
1	RAB Special Situations	2267	47,69	17,93	-67%
2	The Children's Investment Fund	5000	44,27	15,72	-32%
3	Highland CDO Opportunity	463	43,98	14,53	CLOSED
4	BTR Global Opportunity, Class D	279	43,42	31,38	NA
5	SR Phoenicia	1200	43,10	20,50	-48%
6	Atticus European	8190	40,76	3,65	-40%
7	Gradient Europe Fund A	2200	39,18	8,33	-75%
8	Polar Capital Paragon Absolute Return	531	38,00	6,39	+21%
9	Paulson Enhanced Partners	2775	37,97	55,18	+29%
10	Firebird Global	733	37,18	17,11	-67%

Source: Barron's

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Strategy for Growth

Plan for 2009

- Focus on growth of existing funds.

Capacity and Growth Prospects	
Paragon	$1500mm
Conviction	$750mm
Forager	$500mm
Discovery	$1000mm
UK UCITS3	$500mm
Latam	$250mm
HEDGE TOTAL	**$4500mm**
Japan	$600mm
Technology	$600mm
Healthcare	$300mm
LONG ONLY TOTAL	**$1500mm**
TOTAL	**$6000mm**

- Some limited and opportunistic recruitment.

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Any Other Business

Questions Raised

- How diverse is the investor base?
- What are the current redemption pressures?
- Will there be pressure on fees?
- What will happen to fund liquidity terms?
- How has Polar managed to deliver this performance?
- Is the business too dependent on the Paragon Fund?
- What is the feedback for investors and potential investors in our funds?

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Summary

- We expect the global economic backdrop to continue to present a very challenging environment.
- Considerable damage has been done to the ‘reputation’ of the hedge fund industry.
- Polar’s competitive positioning is strong.
- Challenges will be to attract assets and boost core profitability.
- This could be a very important inflection point.

Financial Review

Highlights for 6 months to 30 September 2008

- **AUM**
  - AUM at 30 September 2008 down 9% to $2.87bn compared to $3.14bn at March 2008 (2007: $3.4bn).
  - Analysis of movements on AUM page.

- **Profitability**
  - Pre-tax profitability down 67% to £1.5m (Sept 2007: £4.5m).
  - Performance fee receipts historically weighted to second six months.

- **EPS and Dividend**
  - Basic undiluted EPS down to 0.59p (2007:3.93p)
  - Adjusted diluted EPS down to 1.25p (2007: 4.46p).
    Adjustment excludes cost of share based payments
  - First interim dividend per ordinary share of 1p declared, to be paid in January 2009 (2007: 1.5p).

- **Balance Sheet**
  - £19m of net cash and £15m of investments in own funds.

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Financial Review

Profits

	2008			2009
	1st Six Months	2nd Six Months	2008 Year	1st Six Months
Core operating profit	3.4	2.6	6.0	0.9
Performance fee profit	0.3	7.7	8.0	--
Interest and similar income	0.8	0.9	1.7	0.6
PBT pre IFRS S.B.P.	**4.5**	**11.2**	**15.7**	**1.5**
Share based payments ("S.B.P.")	(0.6)	(0.6)	(1.2)	(0.5)
Statutory PBT	**£3.9m**	**£10.6m**	**£14.5m**	**£1.0m**

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Financial Review

Costs

	2008 1st Six Months	2008 2nd Six Months	2008 Year	2009 1st Six Months
Salaries and bonuses	4.9	4.1	9.0	5.1
Core distributions	0.9	1.3	2.2	1.5
	5.8	5.4	11.2	6.6
Performance fee interests	0.6	12.4	13.0	----
Total cash compensation cost	6.4	17.8	24.2	6.6
Other operating costs	3.4	4.1	7.5	4.0*
Operating Costs before SBP	**9.8**	**21.9**	**31.7**	**10.6**
Cost of sales (trail)	1.1	0.8	1.9	0.4
Share based payments (“SBP”)	0.6	0.6	1.2	0.5
Total Costs	**£11.5m**	**£23.3m**	**£34.8m**	**£11.5m**

Comments

* Other Operating costs contain cost of £500,000 from the loss made from the Company’s investment into its closed Global Utilities fund.

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Financial Review

Dividend

Dividend Policy

- First dividend of 1.0p (2007: 1.5p).
- Dividend reflects:
  (a) reduced profits
  (b) historically the first dividend has been the smaller dividend

Financial Review

Projection for 12 months to 31 March 2009

- **AUM**
  - short term redemption pressure
  - strength of dollar has ameliorated reduction in AUM.

- **Core AMC Profitability**
  - Reduced AUM squeezing core profitability
  - Approx $2bn threshold level of AUM

- **Performance Fee Profitability**
  - Performance fee payment dates weighted to second half of the year.
  - Net performance fee receipts to end of Nov 2008 are in excess of 50% higher than £3.9m of net receipts received over the same period in 2007.
  - Further performance fees to be earned to March 2009 but are subject to the delivery of performance.

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