

# Press Release



**MAN GROUP PLC**  
**RESULTS FOR THE YEAR ENDED 31 MARCH 2008**  
29 May 2008

## **FINANCIAL HIGHLIGHTS**

- Profit before tax from continuing operations up 60% to \$2,079 million, driven by a 161% increase in net performance fee income to \$936 million and a 21% increase in net management fee income to \$1,143 million
- Diluted earnings per share on continuing operations up 63% to 90.2 cents
- Post-tax return on equity on continuing operations of 41.6% (2007: 32.2%)
- Proposed final dividend of 24.8 cents, making a total dividend for the year of 44.0 cents (2007: 20.0 cents).

## **OPERATING HIGHLIGHTS**

- Funds under Management of \$74.6 billion at 31 March 2008, up 21%. Private investors accounted for 58% of FUM; institutional investors 42%
- Sales of \$15.9 billion, equalling last year's record level. 51% of sales were to institutional investors and 49% to private investors
- Redemptions of \$10.7 billion, maintaining significantly lower levels than the industry average
- \$5.6 billion of performance generated for investors, principally from AHL
- Acquisition of 50% interest in Ore Hill to create a leading multi-strategy credit business
- Funds under Management up to around \$78.5 billion since year end, driven by positive investment performance, the recently launched \$1 billion Asian fund and institutional business won in the US.

**Peter Clarke, CEO of Man Group**, said: "These results are a strong testament to the strength and resilience of Man's business model in our 225<sup>th</sup> anniversary year. We have generated positive returns for our investors, recorded pre-tax profits of over \$2 billion for our shareholders, and invested in the business.

"Our strength is in our wide range of investment management capabilities combined with conservative product structures, both of which have allowed us to perform for our investors through some of the most turbulent markets in recent memory. With our product breadth and wide geographical presence, we are able to access the changing patterns of global wealth accumulation and continue to grow our business.

"In the first two months of the current year we have seen strong growth in Funds under Management, with positive performance and sales growing assets by \$4 billion to an estimated \$78.5 billion."

## **OUTLOOK**

Man remains strongly positioned for continued growth.

The outlook for financial markets remains uncertain and periods of higher volatility may return. Against this backdrop, investors are likely to increase their focus on the long term benefits of diversification into non-traditional assets.

Man's market access and resources provide institutional investors with a full range of solutions, from diversified funds to thematic or regional products. For the private investor, Man offers guaranteed products for those who seek diversification without long term capital risk, and open-ended products for those who seek flexibility with greater focus.

Man's established regional office network provides local access to the evolving locations of global capital accumulation and wealth creation. Regulatory changes, especially in Europe, are progressively opening up private investor markets for non-traditional investment products. Challenging markets will continue to provide Man with opportunities to expand its investment management capacity and grow its business.

Since year end, the recently launched \$1 billion Asian fund has commenced trading and Man has won further institutional business in the US. Positive performance and continued sales momentum have contributed to funds under management increasing by around \$4 billion in the first two months of the year and are currently estimated to be about \$78.5 billion.

## **DIVIDEND AND SHARE BUY BACK**

Man announced at the time of its Interim results in November 2007 that, recognising the increased diversification and stability of much of its performance fee income, it had changed its distribution policy to target cover of at least 1.8 times its combined management and performance fee earnings. In addition, Man said that it would use share repurchases on a continuing basis to address capital surpluses as they arise, recognising the need to maintain a strong capital position and flexibility to invest in the continued growth of the business.

Accordingly, the directors recommend a final dividend of 24.8 cents per ordinary share giving a total of 44.0 cents per ordinary share for the year. Subject to shareholder approval at the Annual General Meeting, the final dividend will be paid on 12 August 2008 in sterling to shareholders on the register at the close of business on 18 July 2008. The sterling rate payable on the final dividend will be announced on 10 July 2008, following the AGM. The shares will be quoted ex-dividend on 16 July 2008. The Dividend Reinvestment Plan will be available in respect of this dividend.

Man will recommence its share buy back programme with immediate effect.

## RESULTS SUMMARY

<b>For the year ended 31 March</b>	<b>2008</b>	<b>2007</b>	<b>% change</b>
<b>Continuing operations</b>			
Funds under Management	\$74.6bn	\$61.7bn	21%
Net management fee income	\$1,143m	\$943m	21%
Net performance fee income	\$936m	\$358m	161%
Profit before tax	\$2,079m	\$1,301m	60%
Pre-tax margin	64%	58%	
Profit after tax	\$1,717m	\$1,110m	55%
Weighted average number of shares	1,910m	2,051m	
Diluted earnings per share	90.2c	55.4c	63%
Dividend per share relating to the year	44.0c	20.0c	
Post tax return on equity	41.6%	32.2%	
<b>Discontinued operations</b>			
Profit after tax	\$1,753m	\$174m	

## STRATEGY

Man's strategy is to achieve excellence in investment management by providing a wide range of alternative investment capabilities through robust and durable products to a global investor base.

Man's people operate globally to source, structure and deliver a broad range of investment products and services to institutional investors and distributors. Global relationships and capital strength allow Man to grow its existing core investment managers and develop new sources of investment to sustain its leading position. Long term investment performance drives asset growth. The Group's strategy differentiates its business and is the foundation for sustained and profitable growth.

The company's strategy is executed through the five core value drivers of its business model.

### People

The Group's people are its key asset. Priorities for the year ahead are to identify and develop talent to build sustainable growth and profitability; to develop Man's employer brand for both current and potential employees; and to promote collaboration and teamwork to harness the full potential within the Group.

### Product breadth

Man has an extensive and flexible range of investment products to meet the requirements of investors worldwide. It uses its ownership or preferred access to a wide range of portfolio managers to offer long term differentiated investment performance. Product breadth is an important driver of shareholder value: it helps maintain margins and assists sales. Man's strong capital position can be used to acquire, seed and develop managers to grow investment capacity and breadth. Priorities for the year ahead are to broaden the Group's range of open-ended and credit products; and to increase manager capacity through seeding environmental capital opportunities.

### Distribution network

Man's worldwide distribution network brings it significant competitive advantage. The Group's institutional investor sales team continues to grow, and is focused on delivering products to the largest and most sophisticated professional investors. The expanding network of regional sales offices is responsible for servicing new markets and maintaining and expanding distributor relationships. Man's distribution network offers it scale, flexibility and efficiency. Priorities for the year ahead are to continue to build the regional office network, specifically in

Western Europe, the US, Middle East and Asia, and to continue to improve on-line trading facilities for investors through MI Trade.

### **Investor Services**

Investor services are an essential part of Man's growth strategy. Man focuses equally on expanding its investor base and servicing existing investors. Quality investor services are a key component of long term, sustainable shareholder value. Priorities for the year ahead are to build scalability through automation; actively manage redemption rates and deliver web-based investor services.

### **Governance and risk management**

Man's corporate reputation is fundamental to its business. Governance procedures are an essential component of the investment management and Group approach to maintaining a high quality, sustainable business. Maintaining corporate integrity is the responsibility of everyone in the Group.

Risk management is an essential competency at the portfolio manager, business and Group level. Priorities for the year ahead are to focus on capital optimisation, regulatory changes and the Group's Corporate Responsibility Programme.

### **OPERATING REVIEW**

During the year Man continued to build on its leading position in investment management. Its sales and distribution network attracted assets based on a year of solid performance, attractive products and good investor servicing. These components have supported continued growth, with funds under management reaching around \$75 billion at year-end, up 21%.

<b>Funds under Management – March 2007</b>	<b>\$61.7bn</b>
Sales	\$15.9bn
Redemptions	(\$10.7bn)
Investment movement	\$5.6bn
Maturities	(\$0.3bn)
FX and other	\$2.4bn
<b>Funds under Management – March 2008</b>	<b>\$74.6bn</b>

The global nature of Man's institutional sales and distribution network enables it to raise assets across a wide range of geographies. This has the dual benefit of reducing reliance on any single region for asset raising, whilst also giving it operational capability to access the changing patterns of global trade and wealth creation. Man's two principal locations in London and Switzerland are complemented by a long-established regional office network in Asia Pacific, the Middle East and Latin America, as well as a developing presence in North America. Man's 11 regional offices employ 200 people and the network provides it with local knowledge and skills, access to investors directly and through distribution partners, and opportunities to source investment managers.

### **Sales**

Sales for the year were \$15.9 billion, equalling last year's record level.

Man's core European markets continued to account for the bulk of institutional asset raising, as institutions access the diversification benefits from investment in alternatives. Man saw strong levels of interest from UK institutions, as these markets move towards the higher levels of hedge fund allocation typically found in other markets such as Switzerland and the United States. RMF, the institutional fund of funds manager, has established its Asia Pacific regional office in Singapore to capitalise on the growing capital flows into the region and provide a local presence for manager selection. In North America, Man's expanded institutional sales team continues to focus on marketing the Group's strengths in solution-based investment

ideas and new sources of uncorrelated returns. Man is now beginning to see the success of this strategy, with tangible progress in asset raising.

Private investor asset raising was healthy across the world, but with Asia, and in particular Japan, making a significant contribution. Sales of Man's diversified guaranteed products to the private investor have continued to be strong. These products allow private investors to take a long term view of investment performance across market cycles and are, typically, particularly attractive in times of turbulence. Additionally, Man has seen increasing demand for open-ended products as investors become more familiar with non-traditional investment products as part of their portfolio. This trend is also being facilitated by regulatory change, for example in Europe, which should enable wider investor access. Man is particularly well placed to meet this demand given its product structuring skills and access to a range of underlying managers and styles. This trend is set to develop further and Man is investing in systems and investor servicing to accommodate strong growth in this market.

### **Redemptions**

Although Man's products are long term investments, access to liquidity is an important consideration, especially for the private investor. Most of Man's private investor products offer at least monthly redemption. However, in times of market turbulence, the guaranteed nature of much of Man's product range tends to reduce redemptions in those products. Accordingly, redemption rates in Man's products are very low by industry standards, with the last three years averaging at 11% per annum. Man did, however, see redemption rates rise in the later part of 2007 but they reduced somewhat in the first quarter of 2008, giving an overall 13% redemption rate for the year for private investor products. One of Man's initiatives to reduce redemptions and enhance investor liquidity has been the establishment of MI Trade, a secondary market platform for a representative range of products. The platform offers daily pricing off estimated net assets and, although still at an early stage, has been a valuable component of investor service.

### **Products**

Man's strategy is to offer a wide range of alternative investment products, which can perform in differing market conditions. With a developed regional presence and strong structuring skills, Man is able to create products which meet specific investor needs, and provide routes to market in accordance with local regulatory and fiscal requirements. During the year Man continued to increase the breadth of its product range, launching 32 new private investor products across all the regions. This requires investment in people and the systems capable of providing high levels of investor servicing and reporting. Few of Man's competitors are able to match these capabilities globally or even regionally.

Man has built a strong reputation for providing robust and durable product structures, capable of long term performance through market cycles. Difficult markets test investment management skills, but they particularly test investment structures. The robust design of Man's products, their diversified investment content and conservative risk modelling, mean that Man's funds are able to withstand a variety of market conditions, including the extreme turbulence of recent markets. For those products which rely on external funding as part of the structure, Man has developed relationships with major financial institutions which seek to ensure that its portfolio managers can provide continued access to markets, even during periods of stress. Conservative risk modelling means that investor exposure to markets can be maintained over the long term.

Man's focus on excellence in investment management combines innovation, product performance and high levels of investor servicing.

Man continues to source and launch new and innovative product. Man recently launched Man Environmental Capital Opportunities (ECO), its new core investment manager focused on environmental opportunities. Man ECO seeks to identify and capture returns which do not correlate with traditional sources of return, and has already successfully raised EUR400

million in its China Methane Recovery Fund, a unique environmental fund investing in methane capture projects to generate electricity and create carbon credits.

RMF continues to develop differentiated product, using their significant research resources and manager access to create thematic and focused funds in addition to their core diversified product. These include an environmental opportunities fund aimed at more liquid environmental investment, a real estate fund, and RMF Global Emerging Managers Fund designed to capture returns from early stage managers.

### **Investment Returns**

Against the back drop of challenging market conditions, Man was able to generate \$5.6 billion of positive investment returns for its investors overall. The first half of the year saw positive performance broadly spread across all core investment managers. A similar level of investment returns for investors was added in the second half of the year. However, the market turmoil which began in the summer of 2007 and has recurred to varying degrees subsequently adversely impacted performance, particularly in Man Global Strategies, the multi-strategy manager, with its focus on quantitative equity strategies. RMF returned positive performance in the second half but this was partly offset by a small decline in Glenwood's performance returns. However, the second half saw particularly strong performance from AHL, Man's managed futures manager, benefiting from strong trends in certain markets, especially commodities and currencies. Managed futures have consistently demonstrated low correlation to equity markets and can provide attractive opportunities in times of market dislocation. Most of Man's private investor products contain a wide range of underlying investment styles and so benefit from the diversification of returns across managers with low correlation to each other.

These positive returns for fund investors have also generated gross performance fees for shareholders, which, including Man's share of associates' income, were a record \$1,192 million for the year. Very strong performance from AHL over the year generated record gross performance fees of \$1,050 million, but additionally other core managers together with Man's share of associates' performance fees generated \$142 million. The diversification of investment styles across Man's core managers brings a degree of stability to overall performance fee income for the Group as well as return diversification to fund investors.

### **Investor Services**

Maintaining close contact with investors and distributors is a core component of Man's focus on investment excellence. Man has put to work its scale and resources to facilitate the delivery of timely and accurate information to investors. Particular focus has been given to electronic applications for subscription, performance reporting and risk analysis. It is a reflection of Man's success in client reporting standards that RMF has been asked to provide consolidated reporting to certain institutional investors to include reporting on their hedge fund investments with third parties, together with their investment with RMF.

The performance reporting, investment analysis and support Man offers its investors reinforces the long term holding of its products, especially at times of market stress. On average, private investors retain their investment in Man products for around five years, and in many cases then reinvest in new Man products. The stability of Man's assets provides it with enhanced access to underlying managers as well as visibility on management fee earnings.

### **Size and Scale**

For investors, Man's business model allows it to focus on discreet, independent investment management mandates whilst also bringing the benefits of Man's scale and resources. The benefits of scale are being recognised by institutional investors as they seek to make significant allocations to non-traditional investments, and so require access to markets across a range of instruments, geographies and styles. Firms such as Man with established track records, capital and strong governance and risk management will benefit from this trend.

Man's resources also allow it to offer institutional standards of service whilst providing tailored solutions for individual investors or markets.

For Man's shareholders and other stakeholders, this model allows Man to capture margins across the investment process and access operating leverage across the firm's resources. It also promotes consistency and oversight. Man's reputation is key to its continued success. Man is subject to extensive regulatory oversight in many parts of the world, and it actively participates in the development and promotion of standards of good practice in its industry.

Man's financial strength is an important attribute. Its business model is highly cash generative and, even after its increased distribution policy, the high level of retained earnings continues to grow the capital base. Man's regulatory capital surplus is about \$1.6 billion. In the current market environment, demonstrable capital strength is particularly valuable. It is a competitive advantage as a differentiator and demonstrates the credibility and stability of the firm. It also allows Man to invest in its business model to support new initiatives, test new trading strategies and facilitate investor liquidity.

Man's strategy is to invest in its distribution franchise and investment management capacity. In May 2008, Man completed a series of transactions which resulted in the acquisition of a 50% shareholding in Ore Hill, a credit manager based in the United States, and the sale of 50% of Pemba, Man's wholly-owned European credit business. The combination created a joint venture with \$6.7 billion of assets and over 70 people, allowing Man to develop a leading global credit business at a time when it sees significant opportunities in this market.

## FUND PERFORMANCE

Man's investment management performance is driven by its core investment managers. These comprise multi-managers RMF, Glenwood and Man Global Strategies (MGS) and single manager AHL.

Returns for these core managers were as follows:

<b>Compound annual rate of return Year(s) to 31 March 2008</b>	<b>1 year</b>	<b>3 years</b>	<b>5 years</b>
RMF <sup>1</sup>	6.7%	8.6%	8.2%
Glenwood <sup>2</sup>	1.8%	6.3%	5.0%
Man Global Strategies <sup>3</sup>	0.5%	6.2%	N/A
AHL Diversified Programme <sup>4</sup>	35.3%	16.7%	12.2%
HFRX Investable Global Hedge Funds	-0.2%	4.7%	5.3%
HFRI Fund Weighted Composite	3.6%	9.2%	11.2%
World stocks <sup>5</sup>	-10.9%	5.9%	11.1%
Corporate bonds <sup>6</sup>	1.5%	3.4%	4.5%

<sup>1</sup>RMF: represented by RMF Absolute Return Strategies I (dividends reinvested).

<sup>2</sup>Glenwood: represented by Man-Glenwood Multi-Strategy Fund Limited.

<sup>3</sup>Man Global Strategies: represented by MGS Multi Style Limited – no data available for five years.

<sup>4</sup>AHL Diversified: represented by Athena Guaranteed Futures Limited.

<sup>5</sup>MSCI World Index hedged to US dollar.

<sup>6</sup>Citigroup High Grade Corporate Bond TR.

All figures are shown net of fees and commissions, where applicable.

Source: Man database and Bloomberg.

Man's core managers delivered an aggregate return to investors of 8% in the course of the year, compared to a loss of 10.9% for the MSCI World Index and a 1.5% gain for corporate bonds. These returns demonstrate the benefit to investors of diversification away from a traditional portfolio of principally equities and bonds.

## INCOME STATEMENT

The income statement in the table below is for the Group's continuing operations, relating to Investment Management. It therefore excludes the results of Brokerage, disposed of in July 2007, and the related profit on disposal.

	2008 \$m	2007 \$m	% change
Revenue			
Performance fees	1,141	456	150%
Management and other fees	2,030	1,758	15%
	3,171	2,214	43%
Sales commissions	(391)	(335)	17%
Compensation	(639)	(456)	40%
Other costs	(238)	(176)	35%
<b>Operating profit</b>	<b>1,903</b>	<b>1,247</b>	<b>53%</b>
Associates	86	44	95%
Net finance income	90	10	
<b>Profit before tax</b>	<b>2,079</b>	<b>1,301</b>	<b>60%</b>
Taxation	(362)	(191)	
<b>Profit after tax</b>	<b>1,717</b>	<b>1,110</b>	
Pre-tax margin (Profit before tax / Revenue plus associates)	64%	58%	

### Revenue

Within gross performance fees, AHL contributed \$1,050 million, with the contribution from other core managers and Man's share of associates' performance fees amounting to \$142 million.

Income from associates largely relates to the investment in BlueCrest, whose contribution to profit consisted of \$41 million of performance fee income and \$30 million of management and other fee income.

### Revenue Margins

In line with the change in the presentation of the income statement to show revenue split between gross performance fees and gross management and other fees, the margin analysis in the table below shows the analysis of gross margins and net margins after deducting costs.

Margins	2008	H1 2008	2007	2006
<b>Average FUM in period (\$bn)</b>				
Private investor	39.6	38.2	33.5	25.6
Institutional	29.7	28.2	23.7	19.0
<b>Private investor</b>				
Gross management and other fees+ (\$m)	1,771	844	1,525	1,169
Net management fee income* (\$m)	898	409	787	590
Gross management fee margin	4.47%	4.42%	4.55%	4.56%
Net management fee margin	2.27%	2.15%	2.35%	2.30%
<b>Institutional</b>				
Gross management and other fees+ (\$m)	297	142	269	227
Net management fee income* (\$m)	157	75	147	130
Gross management fee margin	1.00%	1.01%	1.14%	1.19%
Net management fee margin	0.53%	0.53%	0.62%	0.68%

+ Gross management fee includes management and other fee income from associates

\* Net management fee income is before net finance income

Gross management fees represent management fee income earned from the funds under management, interest on loans to funds and other fees. The presentation of gross margins gives a clearer indication of the revenue margins which are negotiated with regard to institutional and private investors. Net margins are also shown together with overall pre-tax margin to indicate the margin after deducting expenses. Man manages its expenses closely and maintains significant flexibility through the variability of the expense base.

The gross management and other fees margin for private investors was 447bp, compared to 455bp in the prior year. The primary reason for the reduction in this margin is lower liquidity fees and interest income earned in relation to the fund products. This accounts for a decrease of 10bp. Man has systematically reduced the amount of funding by the Group directly to the fund products and increased the third party funding of the products. This strategy has placed the financing of the fund products with bank counterparties who provide this capital as part of their ordinary business. Partly offsetting this decrease, increased redemption fee income has added 4bp to the margin in 2008 and the increase of AHL FUM as a proportion of total private investor FUM has added 2bp to the margin this year. The remaining decrease can be explained by a number of items including a small reduction in fee margins earned by Man Global Strategies.

The management and other fees margin for institutional investors was 100bp, compared with 114bp in the prior year. The decrease in this margin is primarily a result of a reduction in management fee income as longstanding business with larger investors is renewed.

The net margin excludes net finance income/(expense), which principally relates to interest income earned on free cash deposits less finance costs on the Group's debt. This adjusted net margin analysis gives a clearer indication of net margins from Man's ongoing investment management franchise. Costs have had minimal impact on the movement in the net margin. A 3bp adverse currency translation impact of the US dollar weakening against sterling and Swiss francs is offset by a lower compensation ratio, as discussed below.

## **Costs**

Sales commissions relate to the upfront commission and trail paid to distributors of Man's private investor products. For the year, sales commissions were up 17% to \$391 million compared with \$335 million for the prior year. This increase is slightly below the growth of private investor funds under management of 19%, reflecting the higher growth in open-ended products. Included in sales commissions is \$216 million relating to the amortisation of upfront commissions, compared to \$185 million in the prior year.

Compensation costs have increased by 40% to \$639 million from \$456 million in the prior year, reflecting the growth in profits in the year. The majority of the increase relates to discretionary employee bonus compensation, which increased to \$436 million from \$290 million for the comparative period. Compensation as a percentage of revenue was 20.2% compared to 20.6% in the previous year.

Other costs increased by 35% in the year from \$176 million to \$238 million. This increase is in occupancy and other infrastructure costs to support the growth of the business.

## **Net Finance Income**

Net finance income was \$90 million reflecting interest income of \$145 million, including from the proceeds of the MF Global IPO (\$56 million) and from other cash balances, net of interest expense of \$55 million.

## **Profit before tax**

Group profit before tax from continuing operations was up 60% to \$2,079 million, reflecting a 161% increase in net performance fee income to \$936 million and a 21% increase in net management fee income to \$1,143 million.

Pre-tax margin was 64% compared with 58% for the prior year. This demonstrates strong discipline around expense base growth, as well as reflecting the levels of performance fees earned during the year.

## **Taxation**

The tax charge for the year on continuing operations amounts to \$362 million. The effective tax rate is 17.4%, compared to 14.7% for the prior year. The tax rate in 2007 was lower due to a release of tax accruals as a result of reaching agreements with the UK and Swiss tax authorities on a number of outstanding issues. The tax rate in the current year has been favourably affected as a result of foreign exchange differences in Switzerland arising on conversion of the mainly US dollar based assets into Swiss francs for local reporting purposes. This has been offset with higher performance fee income which is taxed at a higher rate.

## **Profit after tax**

Profit after tax for continuing operations increased 55% to \$1,717 million compared to \$1,110 million for the prior year.

## **Discontinued operations – Brokerage**

The post-tax profit from discontinued operations is \$1,753 million compared to \$174 million for the prior year.

## **Earnings per share**

Diluted earnings per share on continuing operations for the year increased 63% to 90.2 cents, compared to 55.4 cents for the prior year.

As part of the Company's distribution policy shares are repurchased and cancelled using excess reserves. During the year, 45,860,019 shares were repurchased and cancelled at a total cost of \$520 million. This was earnings enhancing, resulting in a 0.9% accretion to diluted earnings per share.

## **Return on equity**

The Group's post-tax return on equity for Asset Management for the year was 41.6%. This measure excludes the earnings and the profit on sale of MF Global, and the equity base excludes the proceeds from the sale and the residual investment in MF Global.

## **Balance sheet and cash flow**

At 31 March 2008, shareholders' equity was \$4.7 billion, up from \$4.5 billion at the prior year-end. Major movements in shareholders' equity during the year were: the realised gain of \$1.7 billion on the sale of MF Global; the conversion of the remaining exchangeable bonds, which added \$0.5 billion; and the profit for the year, excluding the gain on the sale of MF Global, which added \$1.8 billion. Offsetting these increases are: the IPO distribution of \$2.7 billion; payment of ordinary dividends in the year of \$0.6 billion; and consideration paid for share repurchases of \$0.5 billion.

The Group had a net cash position of \$1.5 billion at 31 March 2008 compared to a small net debt position at the end of the prior year for continuing operations. Operating cash flow for continuing operations for the year ended 31 March 2008 was \$2.4 billion, which includes a repayment of intra-group balances by MF Global at the time of the IPO, indicating the highly cash-generative nature of the continuing business.

The Group's long term senior debt ratings are A- (Fitch Ratings) and Baa1 (Moody's Investor Services), with stable outlooks. Concurrent with the issuance of \$300 million of 11% Perpetual Subordinated Capital Securities in May 2008, these ratings were re-affirmed.

## **VIDEO INTERVIEWS AND AUDIO WEBCAST**

Video interviews with Peter Clarke, Group Chief Executive and Kevin Hayes, Finance Director, in video, audio and text are available on [www.mangroupplc.com](http://www.mangroupplc.com) and [www.cantos.com](http://www.cantos.com)

There will be a live audio webcast of the results presentation at 9am on Thursday 29 May [www.mangroupplc.com](http://www.mangroupplc.com) and [www.cantos.com](http://www.cantos.com), which will also be available on demand from later in the day.

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## **ABOUT MAN GROUP PLC**

Man is a world-leading alternative investment management business. With a broad range of funds for institutional and private investors globally, it is known for its performance, innovative product design and investor service. Man manages over \$78 billion and employs 1,600 people in 13 countries worldwide.

The original business was founded in 1783. Today the parent company, Man Group plc, is listed on the London Stock Exchange. It is ranked in the top 40 companies of the FTSE 100 Index with a market capitalisation of about \$20 billion.

Man supports many awards, charities and initiatives around the world, including sponsorship of the Man Booker literary prizes and the Man Group International Climate Change Award. Further information can be found at [www.mangroupplc.com](http://www.mangroupplc.com).

**Group Income Statement**  
For the year ended 31 March 2008

	Note	2008 \$m	2007 \$m
Revenue:			
Performance fees		1,141	456
Management and other fees		2,030	1,758
		<b>3,171</b>	2,214
Sales commissions		(391)	(335)
Compensation		(639)	(456)
Occupancy costs		(45)	(30)
Communications and technology		(30)	(25)
Other expenses		(163)	(121)
<b>Group operating profit – continuing operations</b>		<b>1,903</b>	1,247
Share of after tax profit of associates		86	44
Finance income		145	65
Finance expense		(55)	(55)
Net finance income		90	10
<b>Profit before tax from continuing operations</b>		<b>2,079</b>	1,301
Taxation		(362)	(191)
<b>Profit after tax from continuing operations</b>		<b>1,717</b>	1,110
Discontinued operations - Brokerage		1,753	174
<b>Profit for the year</b>		<b>3,470</b>	1,284
<b>Attributable to:</b>			
Equity holders of the Company		3,471	1,285
Equity minority interests		(1)	(1)
		<b>3,470</b>	1,284
<b>Earnings per share</b>	2		
<b>From continuing operations</b>			
Basic		92.8c	59.9c
Diluted		90.2c	55.4c
<b>From continuing and discontinued operations</b>			
Basic		187.7c	69.3c
Diluted		182.0c	63.9c

**Group Balance Sheet**  
**At 31 March 2008**

	Note	2008 \$m	2007 \$m
<b>ASSETS</b>			
Cash and cash equivalents		1,876	1,571
Trade and other receivables		773	498
Investments in fund products		1,648	1,229
Other investments		322	15
Deferred tax		22	54
Investments in associates		267	258
Other intangible assets		463	429
Goodwill		813	785
Property, plant and equipment		52	46
		<b>6,236</b>	<b>4,885</b>
Assets of Brokerage held for sale		-	50,162
<b>Total Assets</b>		<b>6,236</b>	<b>55,047</b>
<b>LIABILITIES</b>			
Trade and other payables		746	493
Current tax liabilities		353	286
Borrowings	4	402	1,589
Pension obligations		24	21
		<b>1,525</b>	<b>2,389</b>
Liabilities of Brokerage held for sale		-	48,095
<b>Total Liabilities</b>		<b>1,525</b>	<b>50,484</b>
<b>NET ASSETS</b>		<b>4,711</b>	<b>4,563</b>
<b>EQUITY</b>			
Capital and reserves attributable to shareholders		4,710	4,539
Equity minority interests		1	24
<b>Total Equity</b>		<b>4,711</b>	<b>4,563</b>

**Group Cash Flow Statement**  
for the year ended 31 March 2008

	Note	2008 \$m	2007 \$m
<b>Cash flows from operating activities – continuing operations</b>			
Cash generated from operations	5	2,725	1,315
Interest paid		(32)	(32)
Income tax paid		(324)	(151)
		<b>2,369</b>	1,132
<b>Cash flows from operating activities – discontinued operations</b>			
		(522)	79
<b>Cash flows from operating activities – total Group</b>			
		<b>1,847</b>	1,211
<b>Cash flows from investing activities – continuing operations</b>			
Acquisition of subsidiaries and businesses, net of cash acquired		(18)	-
Purchase of property, plant and equipment		(21)	(19)
Purchase of intangible assets (largely upfront sales commissions)		(243)	(236)
Purchase of other non-current investments		(221)	(148)
Proceeds from sale of other non-current investments		25	43
Proceeds less costs from sale of Brokerage		2,734	-
Cash disposed on the IPO of Brokerage		(1,373)	-
Net proceeds from sale of Brokerage, net of cash disposed		1,361	-
Interest received		146	64
Dividends received from associates and other investments		78	50
		<b>1,107</b>	(246)
<b>Cash flows from investing activities – discontinued operations</b>			
		44	153
<b>Cash flows from investing activities – total Group</b>			
		<b>1,151</b>	(93)
<b>Cash flows from financing activities – continuing operations</b>			
Proceeds from issue of ordinary shares		75	42
Purchase of treasury shares		(520)	(375)
Purchase of own shares by ESOP trust		(145)	(143)
Disposal of own shares by ESOP trust		48	37
Proceeds from borrowings		-	250
Repayment of borrowings		(758)	-
Return of net proceeds from sale of Brokerage		(2,667)	-
Dividends paid to Company shareholders		(578)	(306)
		<b>(4,545)</b>	(495)
<b>Cash flows from financing activities – discontinued operations</b>			
		-	(1)
<b>Cash flows from financing activities – total Group</b>			
		<b>(4,545)</b>	(496)
<b>Net (decrease)/increase in cash and bank overdrafts</b>			
		<b>(1,547)</b>	622
<b>Cash and bank overdrafts at the beginning of the year</b>			
		<b>3,420</b>	2,798
<b>Cash and bank overdrafts at the end of the year – total Group</b>			
		<b>1,873</b>	3,420
<b>Less: cash and bank overdrafts included in discontinued operations</b>			
		-	(1,850)
<b>Cash and bank overdrafts at the end of the year – continuing operations.</b>			
		<b>1,873</b>	1,570

For the purposes of the cash flow statement, cash and cash equivalents are net of overdrafts repayable on demand. These overdrafts are included in borrowings disclosed on the balance sheet. Overdrafts repayable on demand amounted to \$3 million (2007: \$1 million).

## Notes to the Group financial statements

### 1. Basis of preparation

In preparing the financial information in this statement the Group has applied policies which are in accordance with International Financial Reporting Standards as adopted by the European Union at 31 March 2008. Details of the Group's accounting policies can be found in the Group's 2007 Annual Report. Following the disposal of Brokerage, the Group's principal activity is in asset management and the opportunity has been taken to restructure and reformat the financial statements to provide a clearer, more logical presentation of Group activity. Previously, the Balance Sheet has been classified between current and non current assets and liabilities. This year, the Balance Sheet follows a liquidity format. The directors believe that this presentation is more relevant as the majority of the Group's assets are marked to current market values or will be realised within the next fiscal year. The Income Statement has been changed from previous years to show more clearly the sources of revenue and the nature of expense incurred.

The figures and financial information for the years ended 31 March 2008 and 31 March 2007 do not constitute the statutory financial statements for those years. The financial statements for the year ended 31 March 2007 have been delivered to the Registrar of Companies and included the auditors' report which was unqualified and neither drew attention to any matters by way of emphasis nor contained a statement under either section 237(2) of the 1985 Act (accounting records or returns inadequate or accounts not agreeing with records and returns), or section 237(3) (failure to obtain necessary information and explanations).

The financial statements for the year ended 31 March 2008, upon which the auditors have indicated their intention to give an unqualified report, will shortly be delivered to the Registrar of Companies.

The annual report will be posted to shareholders on 9 June 2008. The Company's Annual General Meeting will be held on Thursday 10 July 2008 at 11am at Queen Elizabeth II Conference Centre, Broad Sanctuary, Westminster, London SW1P 3EE.

### 2. Earnings per share ("EPS")

The calculation of basic earnings per ordinary share is based on a profit for the year of \$1,717 million (2007: \$1,110 million) for continuing operations, and a profit for the year of \$3,471 million (2007: \$1,285 million) for continuing and discontinued operations. The calculation of basic earnings per ordinary share is based on 1,848,517,328 (2007: 1,852,685,662) ordinary shares, being the weighted average number of ordinary shares in issue during the year after excluding the shares owned by the Man Group plc employee trusts. During the year to 31 March 2008 each ordinary share of 3 US cents was consolidated on a 7 shares for 8 share basis following the return of capital to shareholders by means of a B and C share issue. The effect of the change in the number of shares is recorded prospectively and not restated historically.

For diluted EPS, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The diluted earnings per share is based on a profit for the year of \$1,722 million (2007: \$1,135 million) for continuing operations, and a profit for the year of \$3,476 million (2007: \$1,310 million) for continuing and discontinued operations. The calculation of diluted earnings per ordinary share for continuing and discontinued operations is based on 1,909,455,999 (2007: 2,051,372,034) ordinary shares, calculated as shown in the following table:

	2008		2007	
	Total Number (millions)	Weighted average (millions)	Total Number (millions)	Weighted average (millions)
Number of shares at 1 April	1,880.0	1,880.0	1,845.9	1,845.9
Issues of shares	126.2	96.3	78.1	52.1
Share consolidation	(245.0)	(84.3)	-	-
Repurchase and cancellation of own shares	(45.9)	(31.2)	(44.0)	(22.0)
Number of shares at 31 March	1,715.3	1,860.8	1,880.0	1,876.0
Shares owned by employee trusts	(7.7)	(12.3)	(22.1)	(23.3)
Basic number of shares	1,707.6	1,848.5	1,857.9	1,852.7
Share awards under incentive schemes	20.3	29.6	52.9	54.7
Employee share options	6.3	4.2	11.9	4.2
Exchangeable bonds	-	27.2	116.0	139.8
Dilutive number of shares	1,734.2	1,909.5	2,038.7	2,051.4

The reconciliation of earnings per share from continuing and discontinued operations to earnings per share from continuing operations is given in the table below.

	2008			
	Basic post-tax earnings \$m	Diluted post-tax earnings \$m	Basic earnings per share cents	Diluted earnings per share cents
<b>Earnings per share on continuing operations+</b>	1,717	1,722	92.8	90.2
Discontinued operations	1,754	1,754	94.9	91.8
<b>Earnings per share on continuing and discontinued operations+</b>	3,471	3,476	187.7	182.0

	2007			
	Basic post-tax earnings \$m	Diluted post-tax earnings \$m	Basic earnings per share cents	Diluted earnings per share cents
Earnings per share on continuing operations+	1,110	1,135	59.9	55.4
Discontinued operations	175	175	9.4	8.5
Earnings per share on continuing and discontinued operations+	1,285	1,310	69.3	63.9

+ The difference between basic and diluted post-tax earnings is the adding back of the finance expense in the period relating to the exchangeable bonds.

### 3. Dividends

	2008 \$m	2007 \$m
<b>Ordinary shares</b>		
Final dividend paid for 2007 – 12.7 cents (2006: 9.1 cents)	250	167
Interim dividend paid for 2008 – 19.2 cents (2007: 7.3 cents)	328	139
Dividends paid during the year	578	306
Proposed final dividend for 2008 – 24.8 cents (2007: 12.7 cents)	423	237

Dividend distribution to the Company's shareholders is recognised directly in equity and as a liability in the Group's financial statements in the period in which the dividend is paid or, if required, approved by the Company's shareholders.

\$2.667 billion received from the disposal of MF Global was returned to shareholders, by way of a B and C share scheme.

The proposed final dividend recommended by the Board is payable on 12 August 2008, subject to shareholder approval, to shareholders who are on the register of members on 18 July 2008.

#### 4. Borrowings

In July 2007, the Group's \$2.275 billion syndicated revolving loan facility was replaced with a similar 5-year facility of \$2.5 billion. The existing facilities may only be withdrawn in the event of specified events of default.

The subordinated floating rate notes consist of US\$400 million Eurobonds issued 21 September 2005 and due 22 September 2015. The interest rate is US dollar LIBOR plus 1.15% until 22 September 2010 and thereafter is US dollar LIBOR plus 1.65%. The subordinated floating rate note is a market listed security and the fair value is obtained by reference to its traded market price.

	<b>2008</b>	2007
	<b>\$m</b>	\$m
Bank loans and overdrafts	<b>3</b>	249
Private placement notes – senior debt	-	296
Private placement notes – subordinated debt	-	203
Floating rate notes – subordinated debt	<b>399</b>	398
Exchangeable bonds	-	443
	<b>402</b>	1,589

On 9 July 2007, immediately prior to the IPO of MF Global, the private placement notes and associated interest rate swaps were redeemed as part of the refinancing of both the Man Group and MF Global. The Group incurred \$18 million in early repayment and termination charges resulting from the redemption of the private placement notes and associated interest rate swaps which are included in discontinued operations.

At various dates during the financial year, the remaining 62% (31 March 2007: 38%) of the Group's exchangeable bonds were converted, resulting in the issue of 116,366,171 ordinary shares. The associated currency and interest rate swaps matured during the financial year.

#### 5. Cash generated from continuing operations

	<b>2008</b>	2007
	<b>\$m</b>	\$m
Profit for the year	<b>1,717</b>	1,110
Adjustments for:		
- Income tax	<b>362</b>	191
- Finance income	<b>(145)</b>	(65)
- Finance expense	<b>55</b>	55
- Share of results of associates	<b>(86)</b>	(44)
- Gain on disposal of an associate	<b>(16)</b>	-
- Depreciation of tangible fixed assets	<b>15</b>	14
- Amortisation of intangible fixed assets	<b>153</b>	137
- Share-based payments expense	<b>71</b>	43
- Fair value gains on available for sale financial assets	<b>(1)</b>	(2)
- Impairment charges	-	1
- Net loss/(gains) on financial instruments	<b>18</b>	(6)
- (Increase)/decrease in provisions	<b>9</b>	(16)
- Redemption fees	<b>78</b>	57
- Other non-cash movements	<b>(26)</b>	(16)
	<b>2,204</b>	1,459

Changes in working capital:		
- Decrease in receivables	<b>493</b>	68
- Increase in other financial assets	<b>(226)</b>	(191)
- Increase / (decrease) in payables	<b>254</b>	(21)
<b>Cash generated from operations</b>	<b>2,725</b>	1,315

Changes in working capital include the repayment of intercompany balances owed by the discontinued operation to the continuing Group at the time of the IPO.

## 6. Exchange rates

The following US dollar rates of exchange have been used in preparing these financial statements.

	Year-end rates		Average rates	
	<b>2008</b>	2007	<b>2008</b>	2007
Euro	<b>0.6336</b>	0.7476	<b>0.7053</b>	0.7791
Sterling	<b>0.5043</b>	0.5079	<b>0.4981</b>	0.5280
Swiss franc	<b>0.9935</b>	1.2119	<b>1.1591</b>	1.2371