

# Press Release



28 May 2009

## MAN GROUP PLC RESULTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009

### KEY POINTS - FINANCIAL

- Profit before tax and adjusting items\* of \$1.2 billion (2008: \$2.1 billion)
- Diluted earnings per share before adjusting items\* of 57.0 cents (2008: 90.2 cents)
- Annualised return on shareholder's equity on continuing operations of 13.5% (2008: 41.6%)
- Pre tax margin before adjusting items\* of 52% (2008: 64%)
- Proposed final dividend of 24.8 cents per share, giving a total dividend for the year maintained at 44 cents per share
- Regulatory capital surplus preserved at \$1.7 billion; available liquidity resources of \$4.8 billion, consisting of cash (\$2.4 billion) and undrawn committed banking facilities (\$2.4 billion)

		Year ended 31-Mar-09 \$m	Year ended 31-Mar-08 \$m
Net management fee income		885	1,143
Net performance fee income		358	936
Profit before tax and adjusting items		1,243	2,079
Adjusting items*	H1	(109)	-
	H2	(391)	-
Profit before tax		743	2,079

\* H1 adjusting item relates primarily to accelerated amortisation of MGS sales commissions (\$107 million).

\* H2 items include impairment provisions relating to Ore Hill and the residual holding in MF Global (\$354 million) and non-recurring restructuring costs (\$37 million).

### KEY POINTS – OPERATING

- Funds under management at 31 March of \$46.8 billion, \$0.9 billion lower than the March Pre-Close Trading Update as a result of negative performance and negative FX in the last week of March (31 December 2008: \$53.3 billion; 31 March 2008: \$74.6 billion)
- Fund performance ahead of industry benchmarks for the financial year: AHL +7.7%; RMF -15.5% vs HFRI Fund of Funds Composite -17.5%
- Private investor sales of \$11.3 billion; net inflows of \$2.2 billion
- Institutional sales of \$3.6 billion; net outflows of \$4.3 billion
- Private investor sales since 31 March 2009 year-end of \$2.6 billion
- Run-rate of fixed costs reduced by \$60 million per annum. A further \$30 million savings expected from the new hedge fund management business, the majority in 2010
- Funds under management, as at 26 May 2009, are estimated at \$44 billion
- Continued investment in AHL to extend leadership in research capability, open up new markets and further enhance trading efficiency
- Launch of an integrated hedge fund management business to provide transparent access to hedge fund investing for institutions and private investors worldwide

**Peter Clarke, Chief Executive of Man Group, said:**

“The past financial year saw extraordinary turmoil in financial markets globally which put extreme stress on business models across the financial services industry. Man has not been immune; our funds under management have decreased and our earnings for the year reduced 40% to \$1.2 billion, before adjusting items. Despite difficult markets we saw a record level of private investor sales in the year, demonstrating the appeal of our products and the strength of our distribution franchise even at times of market stress. We have taken action to reduce the cost base of the firm to reflect the lower level of assets, and adapted our business model and product offerings to suit current investor requirements. We ended the year with an increase in both our capital surplus and net cash position and in light of our financial strength the board is declaring a maintained final dividend for the year.

“We have continued to invest in research and development at AHL to support our core franchise. We have also launched a new integrated hedge fund management business, with a common investment process and philosophy, providing investors with access to the entire Man product range. The new business, which will be operational during June, addresses investor preference for enhanced transparency and increased flexibility, whilst also focussing on the governance and control requirements of investors through an emphasis on managed account investment. It is a powerful and broadly based model for the future of hedge fund investing.

“Since the end of the financial year we have seen strong demand from the private investor, raising \$2.6 billion in both open-ended and guaranteed formats, reflecting the attraction and flexibility of our liquid product range in these markets. With global scale and a flexible business model, Man is in a strong position to grow market share.”

**Outlook**

After the turmoil of 2008, the hedge fund industry has shown signs of stabilisation in early 2009. A number of market commentators anticipate that industry funds under management will bottom-out at around \$1 trillion during 2009, then regain upward momentum. With overall industry performance in positive territory for the year to date and outflows slowing, there are some signs in support of this view. However, it is clear that a major industry shake-out is underway, precipitating a sharp fall in the number of managers, led more by attrition than consolidation, as many managers have not been able to survive the decline in assets. The factors underpinning these trends play to the strengths of Man’s business model.

Man has continued to invest in its business and sharpen its product focus to take advantage of markets and new opportunities. The launch of the new integrated hedge fund management business demonstrates where Man sees clear and wide-ranging potential for growth in market share, and the first product will be in the market during June 2009. Man has taken further steps to reduce costs and rationalise products as part of this initiative. Principal investing and seeding activities have also been separated out to take advantage of the clear opportunities in this area.

Investors of all types are reflecting on the turbulence of markets over the last two years and are looking for diversification opportunities within their portfolios offering an appropriate risk and return, and for investment firms who have scale and breadth. Institutional investor sales have remained muted since year end and redemptions, as announced in March, continued into April. Man’s recent private investor product offerings have focussed on liquid strategies, in both guaranteed and non-guaranteed formats, with conservative and sustainable leverage. Private investor demand has been strong, with sales since year end totalling \$2.6 billion, including around \$1.5 billion across Asia Pacific. Funds under management, as at 26 May 2009, are estimated at \$44 billion.

The lower level of Man’s current funds under management will result in lower management fee income in the coming year. Nevertheless, this is a period of significant opportunity in the hedge fund industry. Man has addressed its cost base and has made a number of substantial changes to the business to reinforce Man’s competitive advantage, and address future investor requirements and evolving markets. Man is well positioned for growth in market share.

## Dividend

Based on the Group's earnings generation and business performance in the year and the strength of its balance sheet, the Board intends to declare a maintained final dividend of 24.8 cents per share, giving an unchanged total dividend in dollar terms for the year of 44 cents per share. This dividend will be paid at the rate of 15.47 pence per existing share, an increase of 23% in sterling terms from the prior year's final dividend.

### Dates for the 2009 Final Dividend

Ex dividend date	1 July 2009
Record date	3 July 2009
Payment date	21 July 2009

### 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 8.30am on Thursday 28 May on [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.

### Participant dial-in (listen-only)

International access number:	+44 (0)20 8609 0582
UK toll free* number:	0800 358 1448

### Playback details

International access number:	+44 (0)20 8609 0289
UK toll free* access number:	0800 358 2189
US toll free* access number:	1 866 676 5865
Conference reference:	264026#

\*If you are calling from a mobile phone your provider may charge you when connected to our toll free number.

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## **About Man**

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 around \$44 billion.

The original business was founded in 1783. Today, Man Group plc is listed on the London Stock Exchange and is a member of the FTSE 100 Index with a market capitalisation of around £4 billion.

Man Group is a member of the Dow Jones Sustainability World Index and the FTSE4Good Index. Man also supports many awards, charities and initiatives around the world, including sponsorship of the Man Booker literary prizes. Further information can be found at [www.mangrouplc.com](http://www.mangrouplc.com).

## **Forward looking statements**

This document contains forward-looking statements with respect to the financial condition, results and business of Man Group plc. It also contains estimates of various financial data to 28 May 2009. By their nature, forward looking statements involve risk and uncertainty and there may be subsequent variations to estimates. Man Group plc's actual future results may differ materially from the results expressed or implied in these forward-looking statements.

## Strategy

Man's strategy is to offer a broad range of robust alternative investment solutions to private investors and institutions worldwide. Strong long-term performance and a track record of over 20 years are key differentiators for Man and demonstrate Man's ability to deliver performance over a wide range of market conditions and economic cycles.

Man's strategic priorities are as follows:

- **Investment management**
  - Provide a robust governance and risk management framework
  - Promote innovation to drive performance
  - Develop a differentiated and scalable technical infrastructure to support risk and investment management
- **Private Investor Business**
  - Protect and grow investor capital through diversified investment portfolios and differentiated performance
  - Provide first class client service to Man's global distribution network
  - Meet investor demand for performance, liquidity and principal protection
- **Institutional Investor Business**
  - Grow investor capital through themed and diversified investment portfolios with above benchmark performance
  - Meet investor demand for increased risk management, transparency and liquidity
  - Structure innovative hedge fund solutions to meet specific investor requirements

Priorities for 2009/10 are:

- Launch Man's new hedge fund management business to meet investor demand for heightened transparency, more flexible investment solutions and stronger governance and control of assets
- Expand Man's managed accounts platform to promote transparency and risk management
- Continue to invest in and expand the AHL model and execution capabilities, and market the long-term diversification benefits of managed futures and AHL
- Create a strong pipeline of guaranteed and open-ended products for private investors and take advantage of the onshore opportunities to meet regional demand
- Broaden Man's product offering for institutional investors, using content from the new hedge fund management platform
- Continue to market the diversification benefits of hedge fund investing, to attract investors as they return to the market

### **New hedge fund management business**

As markets have changed, so have investor requirements for hedge fund investing. Performance continues to be an absolute requirement and the hedge fund value proposition remains compelling, but transparency, governance and risk management are now, more than ever, at the top of investors' agendas. The increasing call for transparency applies not just to the liquidity, security and application of assets, but to the way hedge fund businesses themselves are structured and run. What is essential is that investors have confidence in their selection of investment manager and choice in terms of how they access hedge fund returns. The twin principles of delivering confidence and choice underpin every aspect of Man's new hedge fund management business.

The integrated business provides flexible and transparent access to the full spectrum of hedge fund investing for both institutional and private investors from fund of fund portfolios to customised solutions and single manager access. It has been carefully designed to meet current industry concerns head-on as well as prepare for the investor preferences of the future.

The business has been designed to deliver confidence at a number of levels:

- In the depth, breadth and access of the teams investing the assets:
  - A deep pool of seasoned investment expertise, with an average of 16 years industry experience across the senior management team
  - Global coverage combined with local market intelligence, with key centres in the US, UK, Switzerland and Asia
  - Access to the world's leading hedge fund managers, negotiated and set up by experienced teams, with developed relationships with the key broker and finance counterparties and over 15 years of trading platform know-how
  
- In the control of assets:
  - Targeting significant use of managed accounts delivering enhanced control of liquidity, transparency and risk management
  - Strong checks and controls on manager due diligence, monitoring and portfolio performance
  
- In the way the business is structured and run:
  - Separates investment management and risk management oversight
  - Segregates manager seeding and investment allocation
  - Enshrines an independent risk management function at the same level as investment management
  - Benefits from the security and stability of Man's business model, capital strength and discipline and long operating history in regulated markets worldwide

Choice is offered via:

- Choice of content: investors are increasingly looking at hedge funds, not as a single homogenous block, but as a range of different strategies, across a wide liquidity spectrum. Through its new hedge fund management business, Man has at its disposal a broad range of content right across the liquidity spectrum, where we have a deep understanding of the underlying strategies, facilitating the creation of the right products, for the right market at the right time.
  
- Choice of access: Man has a long history of creating relevant portfolio blends, tailored solutions and structured products in a range of formats. Typically, these have been delivered as a single package of fiduciary services, encompassing sourcing, due diligence, management and monitoring, reporting, use of managed account technology and so on. The structure of Man's integrated hedge fund management business will give Man even greater flexibility to consider offering a more unbundled set of services, depending on investor preference for particular components, provided that the associated economics make sense to both the investor and Man. It also provides the flexibility to customise basic core offerings, for example by adding risk overlays and portfolio specific hedging programmes.

## Investment performance

	Total Return		Annualised Return
	1 year to 31 March 2009	3 years to 31 March 2009	5 years to 31 March 2009
<b>Fund of Funds</b>			
RMF Four Seasons Strategies Ltd Glenwood <sup>1</sup>	-15.6 % -16.7 %	-1.9 % -4.0 %	1.5 % 0.1 %
<b>Multi Strategy</b>			
Man-IP 220 <sup>2</sup>	-8.3 %	5.6 %	7.2 %
<b>Single managers</b>			
Man AHL Diversified plc <sup>3</sup>	7.7 %	15.6 %	13.3 %
World Stocks <sup>4</sup>	-38.4 %	-15.4 %	-4.8 %
HFRI Fund Weighted Composite	-15.1 %	-1.3 %	3.2 %
HFRI Fund of Funds Composite	-17.5 %	-2.9 %	1.4 %
Corporate Bonds <sup>5</sup>	-3.6 %	1.6 %	2.1 %

Source: Man database and Bloomberg. There is no guarantee of trading performance and past performance may not be a guide to future results. 1)Glenwood: Represented by the performance of Glenwood Partners L.P. (net of all fees and commissions) from 1 January 1987 to 31 December 1995 and Man-Glenwood Multi-Strategy Fund Limited from 1 January 1996. (Since 1 January 1996 actual trading results have been adjusted to reflect the current fee structure of Man-Glenwood Multi-Strategy Fund Limited). It should be noted that the fees, leverage and the exact mix of managers have varied over time and as a result performance in any future product advised by Man-Glenwood GmbH will vary. 2) Represented by Man-IP 220 Ltd from 18 December 1996 to 31 December 2005 and Man IP 220 Ltd - USD class bonds from 1 January 2006. 3) Man AHL Diversified plc is valued weekly; however, for comparative purposes, statistics have been calculated using the last weekly valuation for each month. 4) Represented by MSCI World Index hedged to USD (price return). 5) Represented by Citigroup High Grade Corporate Bond Total Return. Please note that the HFRI Index data over the past 4 months may be subject to change.

## Financial Review

### Funds Under Management (FUM)

FUM is a key driver behind the Group's results and prospects, as it forms the basis from which the Group's revenue is generated. Movements in FUM during the year are shown below:

	Private Investor			Institutional	2009 Total	2008 Total
	Guaranteed \$bn	Open-ended \$bn	Total \$bn	\$bn	\$bn	\$bn
<b>Opening FUM – 1 April 2008</b>	<b>31.0</b>	<b>12.5</b>	<b>43.5</b>	<b>31.1</b>	<b>74.6</b>	<b>61.7</b>
Sales	6.1	5.2	11.3	3.6	14.9	15.9
Redemptions	(4.6)	(4.5)	(9.1)	(7.9)	(17.0)	(10.7)
Net sales	1.5	0.7	2.2	(4.3)	(2.1)	5.2
Investment movement	(1.8)	0.3	(1.5)	(5.1)	(6.6)	5.6
FX	(1.7)	(0.3)	(2.0)	(2.2)	(4.2)	4.0
De-risking	(12.1)	-	(12.1)	-	(12.1)	-
Other	(0.5)	(1.8)	(2.3)	(0.5)	(2.8)	(1.9)
<b>Closing FUM – 31 March 2009</b>	<b>16.4</b>	<b>11.4</b>	<b>27.8</b>	<b>19.0</b>	<b>46.8</b>	<b>74.6</b>

### Sales and redemptions

A further analysis of sales and redemptions by half year is given below, together with redemption rates:

Private investor	H2 2009	H1 2009	H2 2008	H1 2008
Sales (\$bn):				
• Guaranteed	2.4	3.7	1.3	3.2
• Open-ended	1.8	3.4	2.3	1.0
	<hr/> 4.2	<hr/> 7.1	<hr/> 3.6	<hr/> 4.2
Redemptions (\$bn):				
• Guaranteed	2.6	2.0	1.9	1.3
• Open-ended	3.5	1.0	1.2	0.8
	<hr/> 6.1	<hr/> 3.0	<hr/> 3.1	<hr/> 2.1
Annualised redemptions/average FUM (%):				
• Guaranteed	24.2	13.9	12.4	9.0
• Open-ended	54.7	15.0	21.0	16.5
<b>Institutional</b>	<b>H2 2009</b>	<b>H1 2009</b>	<b>H2 2008</b>	<b>H1 2008</b>
Sales (\$bn)	0.5	3.1	4.3	3.8
Redemptions (\$bn)	4.9	3.0	3.2	2.3
Annualised redemptions/average FUM (%)	42.8	20.7	21.7	17.3

The increase in private investor open-ended redemptions in the second half of 2009 followed strong sales in the first half and strong performance from AHL, which returned 8% in the financial year. This is a pattern that has often been seen in the past. Although the increase in private investor guaranteed redemptions was higher in the second half of 2009, the redemption rate increased significantly as a result of the decline in guaranteed FUM following the MGS de-risking exercise. Institutional redemptions also increased significantly in the second half of 2009 as investors looked to balance their portfolios and took liquidity where it was available.

## FX impact

FUM by currency	2009		2008	
	FUM \$bn	FX gain/(loss) \$bn	FUM \$bn	FX gain/(loss) \$bn
US dollar	24.1	-	46.3	-
Euro	14.7	(2.8)	20.1	3.0
Australian dollar	3.6	(0.9)	3.9	0.4
Swiss franc	1.2	(0.1)	1.5	0.3
Japanese yen	2.1	(0.3)	1.5	0.2
Other	1.1	(0.1)	1.3	0.1
	46.8	(4.2)	74.6	4.0

The table above shows that FUM reduced in the year as a result of the strengthening of the US dollar, in contrast to the previous year. This has also had an impact on our non-US dollar fee income in the year, which has been lower by approximately \$23 million in US dollar terms as a result of movements in average exchange rates for 2009 compared to 2008, primarily in relation to the weakening of the Australian dollar. This impact has been offset by favourable exchange rate movements in relation to our operating costs, a significant proportion of which are denominated in sterling and Swiss francs. The weakening of sterling against the US dollar during the year, partly offset by the strengthening of Swiss francs, has reduced our costs in 2009 in US dollar terms by approximately \$18 million.

### De-risking

The reduction of investment exposure across the MGS product range to protect investor capital and the associated product rebalancing, which was primarily undertaken in the third quarter of the financial year, has now been completed. This reduced FUM by \$12.1 billion. Certain MGS products retain an ability to increase their investment exposure, and these will do so progressively from 1 April 2009.

### Other movements

These include: the net effect in the change of leverage relating to redemptions and prior year sales of \$2.0 billion; maturities of \$0.7 billion; return of capital of the China Methane Recovery Fund of \$0.5 billion; restructuring of an Ore Hill fund of \$0.4 billion; partially offset by the acquisition of our share of Ore Hill FUM of \$0.8 billion.

## Review of Group Income Statement

Revenue for the year was \$2,488 million, compared to \$3,222 million in 2008, and included gross performance fees income of \$627 million, a decrease of 47% compared to 2008. Within performance fees, AHL contributed \$609 million and other managers earned \$18 million. In terms of recognising performance fees, AHL fees typically are realised on a weekly or monthly basis, Glenwood typically monthly and RMF on an annual basis at 31 December in general. Currently all our investment managers are below performance fee high water marks and therefore it is unlikely that significant performance fee income will be earned in the year ending March 2010.

Gross management and other fees have decreased 8% to \$1,861 million, as a result of: the average funds under management for the year declining 6% to \$65.1 billion for 2009 from \$69.3 billion for the prior year; and to a small fall in gross margins primarily caused by a shift in the proportion of total private investor FUM relating to the higher margined guaranteed products to slightly lower margined open-ended products (see further analysis on margins below).

Net losses on investments amounted to \$260 million, which includes seeding and other investment losses of \$287 million, net of a gain of \$27 million on the sale of exchange shares in the first half. We hold seeding investments for various reasons including: to establish track records on products; to seed new alpha strategies; to seed single managers to test alpha generation; and to co-invest with institutional investors. An analysis of these investments is given below. The decrease in these investments from the prior year is the result of management action to reduce the overall level of the portfolio and as a result of losses.

Seeding investments	Investment at March 09 \$m	Investment at March 08 \$m	Gain/(loss) in 2009 \$m
RMF seeding	294	460	(78)
Ore Hill/Pemba seeding	53	17	(70)
Glenwood seeding	90	37	(15)
MGS seeding	57	221	(36)
AHL seeding	52	78	3
Other seeding	75	207	(32)
	621	1,020	(228)
Rebalancing	-	54	(25)
Secondary market	46	158	(13)
Sales support	19	27	(8)
Other Group investments	32	20	(13)
	718	1,279	(287)

Sales commissions were \$411 million (excluding the accelerated amortisation of MGS sales commissions) compared with \$391 million for the prior year. Included in sales commissions is \$240 million relating to upfront commissions (also known as placement fees), compared to \$216 million in the prior year, and \$171 million relating to trail commission (also known as servicing fees), which are down from \$175 million in the prior year. Typically, upfront commissions are paid at a rate of 4% on investor money raised and trail commissions are paid at a rate of 0.5% of the product's net asset value, quarterly in arrears.

Excluding the restructuring costs (discussed in the Adjusted earnings section below), compensation costs have decreased by \$176 million to \$463 million from \$639 million in the comparable period, reflecting the decrease in discretionary employee bonus compensation partly offset by the impact of a higher headcount. Compensation as a percentage of revenue was 20.8% compared to 20.2% last year. We continue to maintain tight controls and significant cost flexibility in our total expense base and in particular compensation expense.

Other costs amounted to \$275 million, up from \$238 million in the comparative period. The significant increase in technology costs during the year related to a number of strategic technology projects to increase the scalability and robustness of our infrastructure and to support growth of our business in the future. Some technology costs were incurred in the year in relation to the integrated hedge fund management business, and further costs relating to this project will be incurred in the 2009/10 financial year. To accomplish this we have grown our temporary headcount, as by using people on short-term contracts we can access the technical expertise we require while maintaining our cost flexibility.

Income from associates largely relates to our investment in BlueCrest, whose contribution to our profit consisted of \$87 million of net performance fee income and \$50 million of net management and other fee income.

Net finance income for the year was \$20 million compared to \$34 million last year, excluding interest income from the proceeds from the MF Global IPO (\$56 million). Interest expense was \$38 million compared to \$55 million last year, reflecting the decrease in US dollar interest rates. Interest income on cash and cash equivalents was \$58 million, compared with \$89 million last year.

#### *Adjusted earnings*

Adjusted earnings relate to the Group's profit excluding those material items which the directors consider should be presented separately on the face of the income statement in order to aid comparability from period to period. These adjusting items are:

	<b>2009</b>
	<b>\$m</b>
Accelerated amortisation of MGS sales commissions	(107)
Restructuring costs	(37)
Gain on disposal of 50% of subsidiary	48
Impairment of Ore Hill investments and goodwill	(299)
Loss arising from residual interest in brokerage assets	(105)
	<b>(500)</b>

The accelerated amortisation charge of \$107 million related to unamortised upfront sales commission associated with MGS products and was recorded in the first half. Following the decision to de-risk many of the MGS products to protect investor capital, it was considered unlikely that the capitalised commissions will be fully covered by future fee income and therefore a significant proportion of the capitalised commissions relating to these products has been written down.

The restructuring costs of \$37 million comprise the redundancy costs associated with 272 permanent employees. Of the \$37 million cost, \$17 million relates to cash items and \$20 million to non-cash items and of the cash items, \$3 million was paid out by the year-end with the remainder being paid in the current financial year. Recognising the decrease in FUM, this cost-saving initiative was designed to reduce the Group's fixed cost base by \$60 million on an annual run-rate basis.

Following the transfer of a 50% interest in Pemba to Ore Hill's principals as part of the acquisition of a 50% interest in Ore Hill, a book gain of \$48 million was recognised. Since this disposal, the credit markets have continued to deteriorate, which has severely affected the Pemba business. Accordingly, Pemba has been restructured and as part of this exercise, in February 2009, the Group took back its 50% shareholding from the Ore Hill principals at nil cost, with no further profit or loss arising.

This is offset by the recognition of an impairment charge of \$214 million against the carrying value of the Ore Hill investment, following a deterioration in market conditions since the acquisition, and \$75 million against the carrying value of the Group's interest in Ore Hill's Designated Investment portfolio. Further details of the gain and these impairments are included in Note 2 to the financial statements. In addition, goodwill of \$10 million relating to MTM was impaired.

Loss arising from residual interest in brokerage assets of \$105 million primarily arose from the impairment of the Group's residual equity interest in MF Global (further details are given in Note 2).

Group profit before tax from continuing operations was down 64% to \$743 million, reflecting a 62% decrease in net performance fee income to \$358 million, a 23% decrease in net management fee income to \$885 million compared to last year and non-recurring costs (adjusting items) of \$500 million as detailed above. Adjusted Group profit before tax was down 40% to \$1,243 million. Adjusted pre-tax margin was 52% compared with 64% last year, reflecting reduced performance fees partly offset by reduced compensation expenses.

The tax charge for the year amounts to \$240 million. The effective tax rate on profits before the adjusting items is 20.3% (tax charge of \$253 million on profit before the adjusting items of \$1,243 million), compared with 17.4% last year. The prior year rate was lower principally as a result of favourable foreign exchange differences arising in the Group's Swiss entities, which did not recur in the current year. Additionally, in the current year the tax rate increased as a result of losses on seed investments, which are generally subject to lower tax rates and a reduction in tax relief on employee share schemes, as a result of the fall in the Group's share price impacting on the related deferred tax asset. The effective tax rate for the year including the adjusting items is 32.3%. The primary reason for this higher rate is that in respect of the majority of the adjusting items, tax relief is not available or has not been recognised given the uncertainty of recoverability of the potential deferred tax asset.

#### *Revenue margins*

Gross management and other fees represent management fee income earned from funds under management, interest on loans to funds and other fees. Gross margins, before interest income earned from funds, are negotiated directly with institutional investors and distributors of the private investor products. These margins are also shown in the table below as this information is considered useful in analysing trends. Loans to funds are made to facilitate rebalance and investing activities. In the table below we have shown gross margins both including and excluding interest income earned on loans to funds.

Net margins are also shown to indicate the margin after deducting expenses (as explained below).

The gross management and other fees margin (before interest income) for private investors was 420bp, compared to 429bp for the prior year. The primary reasons for the reduction in the gross margin are:

- a switch in the relative proportion of total private investor FUM relating to guaranteed products (relatively higher margin) and open-ended products (relatively lower margin) such that the proportion of open-ended products has increased compared to the prior year (impact: 7bp); and
- reduced fee loads on some MGS products prior to the MGS de-risk exercise (impact: 2bp).

The gross margin (excluding interest income) on guaranteed products is approximately 427bp and approximately 365bp on open-ended products.

The gross management and other fees margin for institutional investors was 94bp, compared with 100bp in the prior year. The decrease in this margin is primarily a result of a reduction in management fee income as some of our larger, long-standing investors switched into new, lower fee earning products. Excluding the margin impact of known redemptions from significant institutional investors, the gross management and other fees margin for institutional investors would have been slightly lower at 90bp.

The net management fees margin excludes net finance income, which principally relates to interest income earned on free cash deposits less finance costs on the Group's debt, and also the adjusting items, which are deemed to be non-recurring. The increase in compensation and other expenses has reduced net margins for private investors by around 11bp. This is partly the result of: a higher proportion of variable compensation being allocated to management fee income in periods of reduced performance fee income; and the acceleration of the amortisation charge relating to previously issued share awards. In addition, other expenses have increased, particularly in technology, to support the robustness of our infrastructure. Sales commissions have reduced the net margins for private investors by around 10bp, reflecting the higher amortisation charge on upfront sales commissions.

### Revenue margins

	2009	H1 2009	2008	2007
<b>Average FUM in period (\$bn)</b>				
Private investor	38.4	44.2	39.6	33.5
Institutional	26.7	31.5	29.7	23.7
<b>Private investor</b>				
Gross management and other fees† (\$m)	1,662	964	1,771	1,525
Interest income earned from funds (\$m)	50	33	74	78
Net management fee income* (\$m)	737	458	898	787
Gross management fee margin (%)	4.33	4.36	4.47	4.55
Gross management fee margin before interest income from funds (%)	4.20	4.21	4.29	4.31
Net management fee margin	1.92	2.07	2.27	2.35
<b>Institutional</b>				
Gross management and other fees† (\$m)	252	146	297	269
Net management fee income* (\$m)	128	71	157	147
Gross management fee margin (%)	0.94	0.93	1.00	1.14
Net management fee margin (%)	0.48	0.45	0.53	0.62

†Includes management and other fee income from associates

\*Net management fee income is before net finance income and excludes adjusting items

### Review of Group Balance Sheet and Group Cash Flow statement

Cash balances increased \$485 million in the year to \$2,361 million. Net of borrowings and issued debt the net cash position at year-end was \$1,718 million, up from \$1,474 million at the end of the prior year. The movement of cash is analysed in the cash flow statement and our liquidity position is discussed further below.

Trade and other receivables primarily relate to fee income. The decrease of \$360 million from the prior year-end is largely offset by a decrease in trade and other payables, which primarily relate to commissions payments and accruals, including the compensation bonus accrual.

Investments in fund products comprises loans to fund products of \$373 million (up \$4 million from 2008) and other investments in fund products, primarily relating to seeding investments, of \$718 million (down \$561 million from 2008). Loans to fund products are exposed to credit risk whereas other investments (mainly seeding investments) are primarily exposed to market risk. An analysis of our seeding investments at the year-end is given in the Group Income Statement section above. The decrease reflects our strategy to reduce balance sheet exposure in the current volatile market conditions and as a result of losses. In particular our exposure to MGS products is now significantly reduced.

The decrease in other investments to \$184 million from \$322 million at the end of the prior period is the result of the fall in value of our residual stake in MF Global and the sale of exchange shares, partly offset by the purchase of the Ore Hill DI portfolio. The investments in joint ventures and associates relates to BlueCrest (\$217 million), Ore Hill (\$59 million) and other smaller investments (\$41 million).

Goodwill of \$774 million at the year-end primarily relates to RMF (\$621 million), with the remainder resulting from the acquisitions of Glenwood and our business in Australia. Although the FUM relating to RMF has declined significantly from last year-end to \$16.1 billion, it is higher, and expected to remain so, than the \$8.7 billion level at the time of our acquisition of RMF. Other intangibles include upfront sales commissions (now known as placement fees) which have decreased to \$317 million from \$427 million at the prior year-end, although this decrease is primarily the result of the accelerated amortisation of upfront sales commissions on MGS products taken the first half of the financial year.

At 31 March 2009, shareholders' equity was \$4.2 billion, compared to \$4.7 billion at the prior year-end. Major increases in shareholders' equity during the period arose from the issue of \$0.3 billion of perpetual capital securities and the retention of earnings during the year of \$0.5 billion. This was more than offset by the payment of ordinary dividends in the year of \$0.7 billion, consideration paid for share repurchases of \$0.3 billion and adverse foreign currency translation adjustments of \$0.3 billion.

The Group had a net cash position of \$1.7 billion (excluding the hybrid instrument) at 31 March 2009 compared to a net cash position of \$1.5 billion at prior year-end. Cash generated from operations for the year was \$2.0 billion, compared with Group profit before tax for the year of \$0.7 billion. The difference principally relates to a decrease in working capital requirements of \$0.5 billion, income from associates and net finance income of \$0.2 billion, and non-cash amortisation charges relating to sales commission and employee share awards of \$0.4 billion and impairment charges of \$0.4 billion. The increase in the Group's net cash position since the prior year-end is primarily the result of cash generated from operating activities (\$1.6 billion) and cash realised from other financial assets (\$0.2 billion), offset by the Ore Hill and Nephila acquisitions (\$0.2 billion) and shareholder distributions of \$1.0 billion (dividend and share buybacks).

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

	Note	2009 \$m	2008 \$m
<b>Revenue:</b>			
Performance fees		627	1,192
Management and other fees		1,861	2,030
		<u>2,488</u>	<u>3,222</u>
Gains/(losses) on investments at fair value		(260)	(51)
Sales commissions		(411)	(391)
Accelerated amortisation of MGS sales commissions	2	(107)	-
Total sales commissions		(518)	(391)
Compensation		(463)	(639)
Restructuring costs	2	(37)	-
Total compensation costs		(500)	(639)
Other costs		(275)	(238)
Share of after tax profit of associates and joint ventures		144	86
Gain on disposal of 50% of subsidiary	2	48	-
Impairment of Ore Hill investments and goodwill	2	(299)	-
Loss arising from residual interest in brokerage assets	2	(105)	-
Finance income		58	145
Finance expense		(38)	(55)
Net finance income		20	90
<b>Profit before tax from continuing operations</b>		<b>743</b>	<b>2,079</b>
Taxation		(240)	(362)
<b>Profit after tax from continuing operations</b>		<b>503</b>	<b>1,717</b>
Discontinued operations - Brokerage		-	1,753
<b>Profit for the year</b>		<b>503</b>	<b>3,470</b>
<b>Attributable to:</b>			
Equity holders of the Company		503	3,471
Equity minority interests		-	(1)
		<u>503</u>	<u>3,470</u>
<b>Earnings per share</b>			
<b>From continuing operations</b>			
Basic (cents)	3	28.7	92.8
Diluted (cents)	3	28.4	90.2
<b>From continuing and discontinued operations</b>			
Basic (cents)	3	28.7	187.7
Diluted (cents)	3	28.4	182.0

**Group Balance Sheet**

As at 31 March

	Note	2009 \$m	2008 \$m
<b>ASSETS</b>			
Cash and cash equivalents		2,361	1,876
Trade and other receivables		413	773
Investments in fund products		1,091	1,648
Other investments		184	322
Deferred tax		-	22
Investments in associates and joint ventures		317	267
Other intangible assets		366	463
Goodwill		774	813
Property, plant and equipment		64	52
<b>Total assets</b>		<b>5,570</b>	<b>6,236</b>
<b>LIABILITIES</b>			
Trade and other payables		462	746
Current tax liabilities		246	353
Borrowings	5	643	402
Pension obligations		13	24
Deferred tax		14	-
<b>Total liabilities</b>		<b>1,378</b>	<b>1,525</b>
<b>NET ASSETS</b>		<b>4,192</b>	<b>4,711</b>
<b>EQUITY</b>			
Capital and reserves attributable to shareholders		4,192	4,710
Equity minority interests		-	1
<b>Total equity</b>	6	<b>4,192</b>	<b>4,711</b>

## Group Cash Flow Statement

For the year ended 31 March

	Note	2009 \$m	2008 \$m
<b>Cash flows from operating activities – continuing operations</b>			
Cash generated from operations	7	1,968	2,725
Interest paid		(40)	(32)
Income tax paid		(312)	(324)
		<b>1,616</b>	<b>2,369</b>
<b>Cash flows from operating activities – discontinued operations</b>			
		-	(522)
<b>Cash flows from operating activities – total Group</b>			
		<b>1,616</b>	<b>1,847</b>
<b>Cash flows from investing activities – continuing operations</b>			
Acquisition of subsidiaries and joint ventures, net of cash acquired		(245)	(18)
Purchase of property, plant and equipment		(38)	(21)
Purchase of intangible assets		(250)	(243)
Purchase of other investments		(172)	(221)
Purchase of additional interests in joint ventures and associates		(17)	-
Proceeds from sale of other investments		41	25
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		60	146
Dividends received from associates and other investments		141	78
Proceeds from sale of associate		25	-
		<b>(455)</b>	<b>1,107</b>
<b>Cash flows from investing activities – discontinued operations</b>			
		-	44
<b>Cash flows from investing activities – total Group</b>			
		<b>(455)</b>	<b>1,151</b>
<b>Cash flows from financing activities – continuing operations</b>			
Proceeds from issue of ordinary shares		53	75
Proceeds from issue of capital securities, net of issue costs		293	-
Purchase of treasury shares		(280)	(520)
Purchase of own shares by ESOP trust		(218)	(145)
Disposal of own shares by ESOP trust		47	48
Proceeds from borrowings net of issue costs		242	-
Repayment of borrowings		-	(758)
Return of net proceeds from sale of Brokerage		(67)	(2,667)
Dividends paid to Company shareholders		(718)	(578)
Dividend payments in respect of capital securities		(25)	-
Dividends paid to minority interests		(1)	-
		<b>(674)</b>	<b>(4,545)</b>
<b>Cash flows from financing activities – total Group</b>			
		<b>487</b>	<b>(1,547)</b>
<b>Net increase/(decrease) in cash and bank overdrafts</b>			
Cash and bank overdrafts at the beginning of the year		1,873	3,420
<b>Cash and bank overdrafts at the end of the year – total Group</b>			
		<b>2,360</b>	<b>1,873</b>

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 \$1 million (2008: \$3 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 2009. Details of the Group's accounting policies can be found in the Group's 2008 Annual Report.

The financial information included in this statement does not constitute the Group's statutory accounts within the meaning of Section 240 of the Companies Act 1985. Statutory accounts for the year ended 31 March 2009, 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 8 June 2009. The Company's Annual General Meeting will be held on Thursday 9 July 2009 at 11am at Queen Elizabeth II Conference Centre, Broad Sanctuary, Westminster, London SW1P 3EE.

### 2. Income statement presentation

The material items which the directors consider should be presented separately on the face of the income statement by virtue of their size or nature, in order to aid comparability from period to period, are as follows:

	<b>2009</b>
	<b>\$m</b>
Accelerated amortisation of MGS sales commissions	<b>(107)</b>
Restructuring costs	<b>(37)</b>
Gain on disposal of 50% of subsidiary	<b>48</b>
Impairment of Ore Hill investments and goodwill	<b>(299)</b>
Loss arising from residual interest in brokerage assets	<b>(105)</b>
	<b>(500)</b>

#### a) Accelerated amortisation of MGS sales commissions

As a result of the MGS de-risking process, an accelerated amortisation charge of \$107 million (\$86 million after adjusting for variable compensation) has been recognised in respect of upfront sales commissions associated with MGS products. Following the decision to de-risk many of the MGS products, the useful economic life of these products was reviewed and reduced. Therefore the amortisation has been accelerated.

#### b) Restructuring costs

In March 2009 the Group announced that it has implemented a plan to reduce the cost base of the business. The one-off compensation costs associated with this restructuring are reported as Restructuring costs.

#### c) Gain on disposal of 50% of subsidiary/Impairment of Ore Hill investments and goodwill

On 8 May 2008, the Group acquired a 50% interest in Ore Hill, a major US-based credit specialist fund manager. Simultaneously the Ore Hill principals acquired a 50% interest in Pemba Credit Advisers (Pemba), the European credit manager subsidiary of the Group. A gain of \$48 million arose on the disposal of 50% of Pemba, which is included in the income statement. Since this disposal, the credit markets have continued to deteriorate, which has severely affected the Pemba business. Accordingly, Pemba has been restructured and as part of this exercise, in February 2009, the Group took back its 50% shareholding from the Ore Hill principals at nil cost, with no further profit or loss arising.

As a result of the deterioration in market conditions since the date of the acquisition of Ore Hill, and the decrease in assets under management arising from significant redemptions during the period, the Group has recognised an impairment charge of \$214 million against the carrying value of the Ore Hill investment. The discount rates used to perform the impairment exercise are higher than the rates used at the time of the acquisition as the discount rates applied are determined based on current market conditions and reflect the deterioration in the financial markets and debt rates and the higher risk of returns as at 31 March 2009.

The carrying value of the Group's interest in Ore Hill's Designated Investment (DI) portfolio was reviewed for impairment as at 31 March 2009. The impairment charge booked as a result of this review was \$75 million, which is included with the impairment against the Ore Hill investment within Impairment of Ore Hill investments and goodwill, together with a \$10 million charge relating to the impairment of MTM Capital goodwill.

#### d) Loss arising from residual interest in brokerage assets

Following the disposal of its brokerage business in 2008, the Group retained a residual investment in MF Global. These shares, which are classified as available-for-sale financial assets, have been reviewed for impairment as at 31 March 2009, following a significant decrease in the underlying share price, resulting in an impairment charge of \$126m being taken through the income statement. Other net gains of \$21m arose from the Group's residual interest in brokerage assets during the year.

### 3. Earnings per ordinary share ("EPS")

The calculation of basic EPS is based on a profit for the year of \$485 million (2008: \$1,717 million) for continuing operations, and a profit for the year of \$485 million (2008: \$3,471 million) for continuing and discontinued operations. The calculation of basic EPS is based on 1,687,787,700 (2008:1,848,517,328 ) 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 was recorded prospectively.

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 EPS is based on a profit for the year of \$485 million (2008: \$1,722 million) for continuing operations, and a profit for the year of \$485 million (2008: \$3,476 million) for continuing and discontinued operations. The calculation of diluted EPS for continuing and discontinued operations is based on 1,707,878,896 (2008:1,909,455,999) ordinary shares, calculated as shown in the following table:

	2009		2008	
	Total Number (millions)	Weighted average (millions)	Total Number (millions)	Weighted average (millions)
Number of shares at 1 April	1,715.3	1,715.3	1,880.0	1,880.0
Issues of shares	23.2	7.9	126.2	96.3
Share consolidation	-	-	(245.0)	(84.3)
Repurchase and cancellation of own shares	(30.6)	(17.9)	(45.9)	(31.2)
Number of shares at 31 March	1,707.9	1,705.3	1,715.3	1,860.8
Shares owned by employee trusts	(28.9)	(17.5)	(7.7)	(12.3)
<b>Basic number of shares</b>	<b>1,679.0</b>	<b>1,687.8</b>	<b>1,707.6</b>	<b>1,848.5</b>
Share awards under incentive schemes	29.2	19.5	20.3	29.6
Employee share options	4.6	0.6	6.3	4.2
Exchangeable bonds	-	-	-	27.2
<b>Dilutive number of shares</b>	<b>1,712.8</b>	<b>1,707.9</b>	<b>1,734.2</b>	<b>1,909.5</b>

The reconciliation of EPS from continuing and discontinued operations, to EPS from continuing operations, is given in the table below:

	Year to 31 March 2009				Year to 31 March 2008			
	Basic post-tax earnings \$m	Diluted post-tax earnings \$m	Basic earnings per share cents	Diluted earnings per share Cents	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 and discontinued operations + Discontinued operations	485	485	28.7	28.4	3,471	3,476	187.7	182.0
	-	-	-	-	(1,754)	(1,754)	(94.9)	(91.8)
Earnings per share on continuing operations +	485	485	28.7	28.4	1,717	1,722	92.8	90.2

The reconciliation from EPS on continuing operations to an adjusted EPS on continuing operations is given below for the current period, excluding the adjusting items in the year-ended 31 March 2009, as explained in Note 2. There were no adjusting items in the year ended 31 March 2008.

	Year to 31 March 2009			
	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 +	485	485	28.8	28.4
Items for which EPS has been adjusted (see Note 2)	500	500	29.5	29.3
Tax on the above items	(13)	(13)	(0.7)	(0.7)
Adjusted Earnings per share on continuing operations	972	972	57.6	57.0

+ The difference between profit after tax from continuing operations and basic and diluted post-tax earnings for the year-ended 31 March 2009 is the adding back of the finance expense in the period relating to the Fixed Rate Perpetual Capital Securities, totalling \$18 million post-tax at 28% (refer to Note 6). The difference between basic and diluted post-tax earnings on total and continuing operations for the year-ended 31 March 2008 is the adding back of the finance expense in the period relating to the exchangeable bonds (\$5 million post-tax).

#### 4. Dividends

	2009 \$m	2008 \$m
<b>Ordinary shares</b>		
Final dividend paid for 2008 – 24.8 cents (2007: 12.7 cents)	423	250
Interim dividend paid for 2009 – 19.2 cents (2008: 19.2 cents)	295	328
Dividends paid during the year	718	578
Proposed final dividend for 2009 – 24.8 cents (2008: 24.8 cents)	416	423
	2009 \$m	2008 \$m
<b>Fixed rate perpetual subordinated capital securities</b>		
Dividends paid during the year	25	-

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.

The proposed final dividend recommended by the Board is payable on 21 July 2009, subject to shareholder approval, to shareholders who are on the register of members on 3 July 2009. Dividends on ordinary shares are declared in US dollars but paid in sterling.

## 5. Borrowings

In July 2007, the Group's \$2.275 billion committed syndicated revolving loan facility was replaced with a similar 5-year facility of \$2.43 billion. The existing facilities may only be withdrawn in the event of specified events of default.

The subordinated floating rate notes consist of \$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%.

On 1 August 2008 the Group issued \$250 million Fixed Rate Notes under the \$3 billion Euro Medium Term Note ('EMTN') Programme of Man Group plc dated 21 December 2007. The Fixed Rate Notes mature on 1 August 2013 and the interest rate is 6.5% per annum payable semi-annually in arrears up to and including the maturity date.

	<b>2009</b>	2008
	<b>\$m</b>	\$m
Bank loans and overdrafts	<b>1</b>	3
Fixed rate notes	<b>243</b>	-
Floating rate notes – subordinated debt	<b>399</b>	399
	<b>643</b>	402

## 6. Movement in capital and reserves

	Equity attributable to shareholders of the Company				
	Share capital and capital reserves	Revaluation reserves and retained earnings	Total	Minority interest	Total
	\$m	\$m	\$m	\$m	\$m
<b>At 1 April 2008</b>	<b>2,125</b>	<b>2,585</b>	<b>4,710</b>	<b>1</b>	<b>4,711</b>
Total recognised income and expense	-	158	158	-	158
Purchase and cancellation of own shares	-	(277)	(277)	-	(277)
Close period share buy-back programme	-	(3)	(3)	-	(3)
Conversion of exchangeable bonds	-	-	-	-	-
Perpetual capital securities issued	300	(23)	277	-	277
Share-based payment	53	(73)	(20)	-	(20)
Cancellation of B shares	67	(67)	-	-	-
Business combinations	64	1	65	-	65
Transfer	(1)	1	-	-	-
Dividends	-	(718)	(718)	(1)	(719)
<b>At 31 March 2009</b>	<b>2,608</b>	<b>1,584</b>	<b>4,192</b>	<b>-</b>	<b>4,192</b>
At 1 April 2007	1,883	2,656	4,539	24	4,563
Total recognised income and expense	-	3,494	3,494	-	3,494
Purchase and cancellation of own shares	-	(516)	(516)	-	(516)
Close period share buy-back programme	-	(4)	(4)	-	(4)
Conversion of exchangeable bonds	233	218	451	-	451
Share-based payment	75	(6)	69	-	69
Issue and cancellation of B shares	(67)	(2,667)	(2,734)	-	(2,734)
Business combinations	-	(11)	(11)	(23)	(34)
Transfer	1	(1)	-	-	-
Dividends	-	(578)	(578)	-	(578)
At 31 March 2008	2,125	2,585	4,710	1	4,711

## 7. Cash generated from continuing operations

	2009 \$m	2008 \$m
Profit for the year	503	1,717
Adjustments for:		
- Income tax	240	362
- Gain on sale of subsidiary	(48)	-
- Finance income	(58)	(145)
- Finance expense	38	55
- Share of results of associates and joint ventures	(144)	(86)
- Loss/(gain) on disposal of an associate	11	(16)
- Depreciation of tangible fixed assets	22	15
- Amortisation of intangible fixed assets	257	153
- Share-based payments expense	86	71
- Fair value gains on available-for-sale financial assets	(29)	(1)
- Impairment of Ore Hill investments and goodwill	299	-
- Loss arising from residual interest in brokerage assets	143	-
- Net losses on financial instruments	96	18
- (Increase)/decrease in provisions	(2)	9
- Other non-cash movements	92	52
	<b>1,506</b>	2,204
Changes in working capital:		
- Decrease in receivables	297	493
- Decrease/(increase) in other financial assets	465	(226)
- Increase / (decrease) in payables	(300)	254
<b>Cash generated from operations</b>	<b>1,968</b>	<b>2,725</b>

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

## 8. Exchange rates

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

	Year-end rates		Average rates	
	2009	2008	2009	2008
Euro	<b>0.7528</b>	0.6336	<b>0.7023</b>	0.7053
Sterling	<b>0.6970</b>	0.5043	<b>0.5817</b>	0.4981
Swiss Franc	<b>1.1396</b>	0.9935	<b>1.1017</b>	1.1591