



**FOR IMMEDIATE RELEASE**

**15<sup>th</sup> October 2008**

### **Interim Management Statement**

GlobeOp Financial Services S.A. ("GlobeOp<sup>®</sup>" or "the Company"), a leading independent provider of business process outsourcing, financial technology services and analytics to the hedge fund industry and other targeted sectors of the financial services industry, today publishes its Interim Management Statement covering the period since 30 June 2008.

Business performance has remained strong at the start of the second half of 2008. Highlights include:

- Continued increase in Assets under Administration (AuA) to US\$108 billion<sup>1</sup> at 30 September 2008 from \$104 billion at 30 June 2008
- Strongest quarter of the year with over \$5 billion of AuA from new fund launches from both new and existing clients
- GlobeOp client fund performance exceeding market averages and indices
- \$5.5 million investment in data center and office facility in Yorktown Heights, New York

#### **Hans Hufschmid, Chief Executive Officer, said:**

"I am pleased to report that we have continued to grow revenues and AuA against a background of turbulent markets and a challenging environment for our clients. The three-month period to September has been the strongest quarter this year for fund launches from new clients as well as launches from existing clients. In addition, similar to the first half of 2008, client funds grew organically during the period.

As a leading provider of middle-, back-office and administration services to over 180 clients representing hundreds of distinct hedge funds with total assets of \$108 billion, GlobeOp is uniquely placed to identify trends and potential future hedge fund industry service requirements. While it is too early to determine the full impact of recent events on the hedge fund market, we have already seen clear short term effects on our clients and identified emerging shifts in industry fundamentals.

As a group, our clients appear to have out-performed the industry. Even though leverage remained unchanged at about 8 to 1, our clients significantly reduced their notional OTC exposure from \$11.4 trillion at year-end to \$6.6 trillion today. Preliminary data show performance for September of approximately -3% (which includes any exposure to Lehman Brothers) and year-to-date our clients show negative returns of around -5.5%. This contrasts very positively with performance reports from the Barclays Hedge Fund index and the HFRX index which both show year to date returns of more than -11% through September.

Our view of the new market fundamentals leads us to believe the events of the past few months will generate good opportunities for GlobeOp. Many hedge funds are below their high water marks and are struggling to maintain their in-house operations and technology. Outsourcing their middle- and back-office can lower their cost base and enable them to scale their expenses as their net asset values decrease or increase.

Recent events have made it clear no one is immune from credit deterioration. Hedge funds are no longer able to take the credit of counterparties for granted, and that has led to a change in behavior. We should see a continuing trend of using multiple, rather than single, prime brokers reflecting prudent business practices for hedge funds. Our platform facilitates this shift in behavior as it gives clients access to a multitude of prime brokers and facilitates seamless movements from one to another. This proved key for

many clients during recent turbulent times such as the build up and aftermath of the Lehman Brothers bankruptcy. In addition, hedge funds will seek to diversify risk and exposure by working with independent administrators – separate from their prime broker, bank or other hedge funds.

Similarly, the practice of OTC give-ups to a single counterparty should become much less prevalent as hedge funds diversify that risk over multiple banks. To operate successfully under this new model, a hedge fund will require a solid OTC infrastructure that includes pricing, payments, reconciliations and collateral management. GlobeOp is well positioned to benefit from these specialist service requirements.

We believe the continuing turmoil in global markets will hamper the financial sector in the short-term, but we also expect the new market fundamentals to yield mid- and long-term opportunities for top-tier hedge funds and administrators alike. Investors and fund managers will place a sharper focus on risk analysis, collateral management, multiple prime broker and counterparty arrangements, as well as operational cost controls. Historically, periods of market dislocation have produced value-creation opportunities for investors and hedge funds. Now, with diminished competition from investment banks seeking alpha or leverage for their proprietary trading activities, nimble hedge funds will move swiftly to access those opportunities.”

### ***Financial Performance Update***

Trading for the period has been in line with management’s expectations. Revenues continued to grow in the third quarter and adjusted operating profit<sup>2</sup> performance was strong. Despite a turbulent marketplace, AuA increased to \$108 billion as at 30 September 2008 from \$104 billion at 30 June 2008. This 4% AuA growth was primarily due to the addition of new clients and the launch of new funds by existing clients. In addition, existing client funds grew organically as subscriptions exceeded redemptions and more than offset negative fund performance.

### ***Financial Position***

GlobeOp’s financial position remains strong. The Company ended September with a cash balance exceeding \$42 million (unaudited) after closing on its previously announced \$5.5 million purchase of a data center and office facility located in Yorktown Heights, New York on 25 September 2008. GlobeOp made an interim dividend payment totaling approximately \$1.2m on 9 October 2008. The Company continues to have no borrowings outstanding under its \$30 million revolving line of credit facility with the Bank of Scotland.

On 30 June 2008, the Company announced a share repurchase program to minimize the need to issue new shares for the Company’s equity incentive and option plan needs. The share repurchase program authorized GlobeOp to make market purchases of up to 1,000,000 of its ordinary shares (£2 million) during the period 1 July 2008 to 31 December 2008. The Company has now completed this buyback, purchasing 995,092 shares for an aggregate purchase price of £2 million.

### ***Operational Update***

GlobeOp’s significant investment in technology and infrastructure continued to provide a robust and scaleable administration platform, with innovative services that provide clients with an extensive and transparent view of their portfolio performance and counterparty risk during times of extreme turbulence.

In the three months prior to Lehman Brothers insolvency, for example, GoCredit™ enabled our clients to clearly identify and assess specific exposures. As a result, clients terminated or re-assigned over half of their Lehman Brothers positions, reducing their initial margin posted with Lehman by approximately \$180 million.

Our systems have direct connections to multiple service providers, enabling our clients to move swiftly in order to open new accounts with other prime brokers. The flexibility of our platform allows clients to open new accounts and transfer portfolios within 24 hours -- critical during times of increased concerns about diversifying risk and choosing appropriate counterparties. In the month of September, our clients opened over 150 new prime broker relationships.

During October, we will process the five credit events resulting from the recent market turmoil. This will involve processing approximately 50,000 additional OTC trades -- more than doubling our normal processing volumes. Our scalable systems have sufficient capacity to readily handle this unprecedented spike in volumes.

### ***Litigation Update***

As previously disclosed, we have two client service disputes. In one, an arbitration hearing has been set for January 2009. In the other, we have received a request from the funds to proceed to arbitration, for which no hearing date has been set. In both cases we believe we have complied with the terms of the contract, and therefore intend to defend our position vigorously.

### ***Outlook***

The three-month period ended 30 September has been the strongest quarter this year for fund launches from new clients as well as from existing clients. In addition, similar to the first half of 2008, client funds grew organically during the period. However, October 1<sup>st</sup> redemptions have exceeded subscriptions by approximately \$2.5 billion. In addition, preliminary calculations indicate client fund performance in September – which is reported on a month lag basis and is not in the 30 September 2008 AuA figure – will be down roughly 3%. We believe the possibility of higher than normal redemptions, lower than normal subscriptions and negative fund performance in upcoming months is greater due to recent extreme conditions in the global financial markets.

While the continuing turmoil in the financial marketplace may have a muting impact on our business during the remainder of the year, we also expect the new market fundamentals to yield mid- and long-term opportunities for top-tier hedge funds and administrators alike. In the near term, we believe smaller and less successful hedge funds will be at risk of closure and even proven managers will find asset gathering – and in some cases remaining in business - a challenge. In addition, a sharper focus will be placed by investors and fund managers on risk analysis, collateral management, multiple prime broker and counterparty arrangements, and operational cost controls.

GlobeOp is well placed to meet the increasingly prevalent demands of the new market environment. With our own pipeline for new fund launches remaining strong at present, and despite the short term challenges facing hedge funds that may in turn affect GlobeOp, we continue to anticipate positive full year results based upon growth achieved in the year to date.

#### Notes:

- 1 Consistent with past disclosure the performance of clients' funds for the current month is not included in the measurement of AuA at the end of that month. Thus, September 2008 client fund performance is not within the 30 September 2008 figure.
- 2 A non-IFRS financial measure that is calculated by the Company as operating profit prior to depreciation and amortization expense, employee costs relate to share options and restricted stock, tax reserves and legal claims, net of insurance reimbursements received, listing fees and related expenses and the costs related to water damage at the Company's Harrison facility, net of insurance received.

## **Enquiries**

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## **Notes to Editors—About GlobeOp Financial Services®**

GlobeOp Financial Services ® (LSE:GO.) is a leading, independent financial technology specialist providing automated, integrated middle- and back-office, administration and risk reporting services to hedge funds and asset management firms—including banks, insurance companies, mutual & pension funds and proprietary traders. Clients trading a wide range of asset classes and derivatives outsource to GlobeOp to reduce technology investments and operational risks, and to focus resources on asset generation and portfolio management. Established in 2000, GlobeOp today serves over 180 clients worldwide, representing \$108 billion in assets under administration (AuA). With headquarters in London and New York, GlobeOp employs more than 1,800 people on three continents; offices are also located in Dublin, Ireland; George Town, Cayman Islands; Harrison, NY and Hartford, CT, U.S.A.; and Mumbai (Bombay), India. Further information: [www.globeop.com](http://www.globeop.com)

## **Important notice**

Certain statements in this Interim Management Statement are forward looking statements. By their nature, forward looking statements involve a number of risks, uncertainties or assumptions that could cause actual results or events to differ materially from those expressed or implied by those statements. Forward looking statements regarding past trends or activities should not be taken as representation that such trends or activities will continue in the future. Accordingly, undue reliance should not be placed on forward looking statements.