

**MAN-FIDEX LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2004**

**COMPANY NUMBER: 3538081**



## **MAN-FIDEX LIMITED**

### **Directors' report for the year ended 31 March 2004**

#### **Directors**

M de Bonneval  
N M Cavalla  
L M X B d'Alançon  
M V Lozowski

The directors named at the head of this Report are now in office and have been members of the Board throughout the year under review except where indicated.

#### **Directors' responsibilities**

The following statement, which should be read in conjunction with the Auditors' Report set out on pages 5 and 6, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the financial statements.

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss for the financial year.

The directors consider that in preparing the financial statements set out on pages 7 to 15,

- the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and
- that all accounting standards which they consider to be applicable have been followed, and
- that the financial statements have been prepared on the going concern basis.

The directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure the financial statements comply with the Companies Act 1985.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

## MAN-FIDEX LIMITED

### Directors' report for the year ended 31 March 2004

#### Principal activities and review of business

The principal activity of the Company consisted of that of Trading Advisor.

The directors consider that in the conditions prevailing during the year, the development of the Company's business and its financial position at the end of the year were satisfactory. The directors expect the Company's funds under management to grow significantly from present levels. The Company is regulated by the Financial Services Authority.

#### Results and dividends

During the year under review the Company made a loss after taxation of \$412,000 (2003: loss \$733,000).

The Directors do not recommend the payment of a dividend in respect of the year ended 31 March 2004 on the ordinary shares (2003: \$Nil).

#### Directors' Interests in Shares

According to the Register of Directors' Interests the director had the following notifiable interests in the ordinary shares of £1 each in Cobal Limited, a controlling undertaking:

	Number held as at 31.03.04	Number held as at 01.04.03
M de Bonneval	6,000	6,000
L M X B d'Alançon	4,000	4,000

According to the Register of Directors' Interests the directors had the following notifiable interests in the ordinary shares of 10p each in Man Group plc ("plc shares"), a controlling undertaking:

	Number held as at 31.03.04	Number held as at 01.04.03
N M Cavalla	20,622	27,173
M V Lozowski	495,710	511,622

M V Lozowski and N M Cavalla are deemed to be interested in the 587,497 plc shares over which the E D & F Man Group 1990 Employee Trust holds a security interest. Those directors who are not also directors of Man Group plc are deemed also to be interested in 7,330,765 plc shares held by the E D & F Man Group (No. 2) Employees' Trust ("No. 2 Trust") and the 1,478,457 plc shares over which the No. 2 Trust holds a security interest.

## MAN-FIDEX LIMITED

### Directors' report for the year ended 31 March 2004

#### Directors' Interests in Shares (Continued)

Options to acquire the number of Man Group plc ordinary shares of 10p each listed below were granted, exercised and held as follows: -

		As at 01.04.03	Granted	Exercised	As at 31.03.04
N M Cavalla	(a)	2,268	Nil	Nil	2,268
	(b)	16,225	Nil	Nil	16,225
M V Lozowski	(a)	1,302	Nil	Nil	1,302
	(b)	27,197	Nil	Nil	27,197

(a) Under The Man Group Sharesave Scheme and subject to the Rules of that Scheme.

(b) Under The Man Group Executive Share Option Scheme 2001 and subject to the Rules of that Scheme.

Other than as disclosed above, no director had any other interest required to be disclosed by the Companies Act 1985.

#### Statutory accounts

The financial statements of the Company have been produced in US Dollars. This reflects the underlying business, which has for many years been conducted in that currency.

#### Auditors

PricewaterhouseCoopers LLP have indicated their willingness to continue in office, and a resolution concerning their re-appointment will be proposed at the next Annual General Meeting.

By order of the Board



B J Wakefield  
Secretary

30 June 2004

## **Independent Auditors' Report to the Members of Man-Fidex Limited**

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the cash flow statement, and the related notes, which have been prepared under the historical cost convention, and the accounting policies set out on page 10.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also *report to you if, in our opinion, the directors' report is not consistent with the financial statements*, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

### **Basis of Audit Opinion**

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

MAN-FIDEX LIMITED

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 March 2004 and of its loss and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink that reads "PricewaterhouseCoopers LLP". The signature is written in a cursive, flowing style.

PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
London, United Kingdom

30 June 2004

**MAN-FIDEX LIMITED**

**Profit and loss account for the year ended 31 March 2004**

	Note	2004 \$'000	2003 \$'000
<b>Net operating income/(loss)</b>	1	<b>457</b>	(69)
Operating expenses		<b>(874)</b>	(676)
<b>Operating loss</b>	2	<b>(417)</b>	(745)
Other interest receivable and similar income	4	<b>6</b>	23
<b>Loss on ordinary activities before taxation</b>		<b>(411)</b>	(722)
Tax on loss on ordinary activities	5	<b>(1)</b>	(11)
<b>Retained loss for the financial year</b>	9	<b>(412)</b>	<b>(733)</b>

There are no recognised gains or losses other than the loss for the year.

Turnover and operating profit are derived from continuing activities.

There is no difference between the results disclosed in the profit and loss account and the results on a modified historical cost basis.

The notes on pages 10 to 15 form an integral part of these financial statements.

# MAN-FIDEX LIMITED

## Balance sheet as at 31 March 2004

	Note	2004 \$'000	2003 \$'000
<b>Current assets</b>			
Debtors	6	206	358
Cash at bank and in hand		452	719
		<u>658</u>	<u>1,077</u>
<b>Creditors: amounts falling due within one year</b>	7	(119)	(126)
<b>Net current assets</b>		<u>539</u>	<u>951</u>
<b>Net assets</b>		<u>539</u>	<u>951</u>
 <b>Capital and reserves</b>			
Called up share capital	8	2	2
Profit and loss account	9	537	949
<b>Total shareholders' funds</b>	10	<u>539</u>	<u>951</u>

The notes on pages 10 to 15 form an integral part of these accounts.

The financial statements on pages 7 to 15 were approved by the Board of Directors on 30 June 2004 and were signed on its behalf by:



M V Lozowski  
Director



**MAN-FIDEX LIMITED**

**Cash flow statement for the year ended 31 March 2004**

	Note	<b>2004</b> <b>\$'000</b>	<b>2003</b> <b>\$'000</b>
<b>Net cash outflow from operating activities</b>	11	<b>(243)</b>	<b>(707)</b>
<b>Return on investments and servicing of finance</b>			
Interest Received	4	6	23
<b>Taxation paid</b>		<b>(30)</b>	<b>(5)</b>
<b>Cash outflow before management of liquid resources and financing</b>		<b>(267)</b>	<b>(689)</b>
<b>Decrease in cash</b>		<b>(267)</b>	<b>(689)</b>
<b>Reconciliation of net cash flow to movement in net debt</b>			
Decrease in cash in the period		(267)	(689)
Opening net funds		719	1,408
<b>Closing net funds</b>		<b>452</b>	<b>719</b>

**Notes to the financial statements for the year ended 31 March 2004**

**1 Accounting policies**

**Basis of accounting**

The financial statements have been prepared under the historical cost convention, the accounting policies set out below, in accordance with the applicable accounting standards of the Accounting Standards Board and pronouncements of the Urgent Issues Task Force and in accordance with the requirements of the Companies Act 1985.

**Net operating income/(loss)**

In the opinion of the directors, disclosure of turnover is most appropriately represented by net operating income, which comprises management and performance fee income. Management fees, which include all non-performance related fees, are recognised as earned. Performance fees, which include all incentive fees, are only recognised once they have been "locked-in" and cannot subsequently be reversed. These changes represent an adaptation of the profit and loss account format laid down in Schedule 4 to the Companies Act 1985.

**Currencies**

Transactions in currencies other than the functional currency of the Company have been recorded at the rate appropriate at the time of accounting for the transaction. Currency balances at the year-end have been converted at the rate ruling at that date except where covered by an open foreign exchange contract in which case the rate specified in the contract is used.

Assets and liabilities in foreign currencies are translated into US Dollars at rates of exchange ruling on the balance sheet date 31 March 2004. Trading results denominated in foreign currencies are translated into US Dollars at average rates of exchange during the year. All other exchange profits and losses, which arise from normal trading activities, are included in the profit and loss account.

**Deferred taxation**

Deferred tax is recognised on all timing differences where the transactions or events that give rise to an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. A deferred tax asset is only recognised to the extent that it is likely that it can be recovered. The Company does not discount its deferred tax position as the effect would not be material.

## MAN-FIDEX LIMITED

### Notes to the financial statements (continued)

#### 2 Operating loss

	2004 \$'000	2003 \$'000
<b>Operating loss on ordinary activities before taxation is stated after charging:</b>		
Auditors' remuneration:		
Audit services	13	15
Total auditors' remuneration	<u>13</u>	<u>15</u>

Operating expenses comprise primarily administrative expenses.

	2004 \$'000	2003 \$'000
Wages and salaries	412	303
Social security costs	95	46
Other pension costs	-	2
Total staff costs	<u>507</u>	<u>351</u>

The average monthly numbers of employees during the year was 4 (2003: 4).

#### 3 Directors' emoluments

The aggregate emoluments of the directors of the Company calculated in accordance with Schedule 6 of the Companies Act 1985 were \$100,000 (2003: \$90,125).

Aggregate emoluments of the highest paid director were \$100,000 (2003: \$90,125).

The company did not make any payments in respect of his pension.

# MAN-FIDEX LIMITED

## Notes to the financial statements (continued)

### 4 Other interest receivable and similar income

	2004 \$'000	2003 \$'000
Other interest receivable	6	23
	<b>6</b>	<b>23</b>

### 5 Tax on loss on ordinary activities

	2004 \$'000	2003 \$'000
Current tax		
- UK corporation tax on loss of period	-	-
- Adjustments to tax charge in respect of previous periods	1	11
Total tax	<b>1</b>	<b>11</b>
Effective tax rate	<b>(0.24%)</b>	(1.52%)
UK nominal corporation tax rate	<b>30.00%</b>	30.00%
Loss before tax	(411)	(722)
Theoretical tax credit at UK rate (30%)	(124)	(217)
Adjustments to tax charge in respect of previous periods	1	11
Losses not recognised	124	217
Total current tax	<b>1</b>	<b>11</b>

### 6 Debtors

	2004 \$'000	2003 \$'000
Other debtors	64	113
Prepayments and accrued income	142	245
	<b>206</b>	<b>358</b>

# MAN-FIDEX LIMITED

## Notes to the financial statements (continued)

### 7 Creditors – Amounts falling due within one year

	2004 \$'000	2003 \$'000
Trade creditors	55	47
Corporation tax	-	29
Other creditors	46	30
Accruals and deferred income	18	20
	<b>119</b>	<b>126</b>

### 8 Called up share capital

	2004 £	2003 £
<b>Authorised</b>		
Class A shares	490	490
Class B shares	510	510
	<b>1,000</b>	<b>1,000</b>
<b>Allotted and fully paid</b>		
Class A shares	490	490
Class B shares	510	510
	<b>1,000</b>	<b>1,000</b>
Converted to US Dollars	<b>1,600</b>	<b>1,600</b>

The sterling share capital is converted into US Dollars at the fixed rate of \$1.600 to £1 for the original issue of 1,000 shares. The ultimate liability to shareholders, however, remains in sterling. At 31 March 2004 this translation results in a non-distributable reserve requirement of \$238 (2003: \$nil) in order to maintain the sterling value of the share capital. Both classes of ordinary shares rank *pari passu* in all respects.

# MAN-FIDEX LIMITED

## Notes to the financial statements (continued)

### 9 Reserves

	\$'000
<b>Profit and loss account</b>	
At 1 April 2003	949
Retained loss for the financial year	(412)
<b>At 31 March 2004</b>	<b><u>537</u></b>

### 10 Reconciliation of movements in shareholders' funds

	2004 \$'000	2003 \$'000
Loss for the financial year	(412)	(733)
Net decrease in shareholders' funds	(412)	(733)
Opening shareholders' funds	951	1,684
<b>Closing shareholders' funds</b>	<b><u>539</u></b>	<b><u>951</u></b>

### 11 Reconciliation of operating loss to net cash flow from operating activities

	2004 \$'000	2003 \$'000
Operating loss	(417)	(745)
Decrease in debtors	152	34
Increase in trade and other creditors	24	44
Decrease in accruals and deferred income	(2)	(40)
<b>Net cash outflow from operating activities</b>	<b><u>(243)</u></b>	<b><u>(707)</u></b>

**Notes to the financial statements (continued)**

**12 Related party transactions**

The two controlling undertakings (see note 13 below) Cobal Limited and E D & F Man Group Limited are considered to be related parties as defined by Financial Reporting Standard 8 ("FRS8"). As required by FRS8 the Company is required to disclose details of transactions and balances with related parties as outlined below:

	<b>2004</b>	2003
	<b>\$'000</b>	\$'000
<b>Transactions</b>		
Licence fees payable to Cobal Limited	<b>(250)</b>	(250)
Administration fees – payable to Man Group undertakings	<b>(27)</b>	(37)
<b>Balances</b>		
Man Group undertakings receivable	<b>30</b>	82
Man Group undertakings payable	<b>(50)</b>	(47)

**13 Ultimate parent undertaking**

The directors regard the Company as being jointly controlled by Cobal Limited, a Company registered in Jersey, and E D & F Man Group Limited, a Company registered in England. The ultimate parent undertaking of E D & F Man Group Limited is Man Group plc. The financial statements of Cobal Limited are available from:

Kleinwort Benson (Jersey) Trustees Limited  
PO Box 76 Wests Centre  
St. Helier  
Jersey JE4 8PQ  
Channel Islands

The financial statements of Man Group plc are available from:

Man Group plc  
Sugar Quay  
Lower Thames Street  
London EC3R 6DU