



**Asset Management Investment Company  
PLC**

**Annual Report  
1999**



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PLC**

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### **CORPORATE OBJECTIVE**

The objective of AMIC is to provide shareholders with long term growth of capital and revenue through investment in the asset management sector, which the Directors believe will benefit from economic and demographic trends to outperform many other sectors of the market.

The principal aim of the company is to develop a portfolio of investments in private companies in the industry. Investments may also be held in quoted asset management companies where particular value is perceived.

The Directors believe that AMIC is the only organisation in the United Kingdom operating as a specialist investor in the asset management industry.

## **DIRECTORS AND ADVISERS**

<b>DIRECTORS</b>	The Viscount Bridgeman George Alan Robb David Lindsay Martin-Clark Norman Malcolm Marshall Riddell Sir Frederick Douglas David Thomson, Bt.	Chairman (Non-Executive) Managing Director (Non-Executive) (Non-Executive) (Non-Executive)
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Viscount Bridgeman, Mr Martin-Clark, Mr Riddell and Sir David Thomson are members of the Audit and Remuneration Committees

<b>SECRETARY &amp; REGISTERED OFFICE</b>	Nicola Jane Crickmore 32 Ludgate Hill London EC4M 7DR
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<b>COMPANY NUMBER</b>	2918390 (Incorporated in England and Wales)
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<b>AUDITORS</b>	Solomon Hare Chartered Accountants Oakfield House, Oakfield Grove Bristol BS8 2BN
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<b>BANKERS</b>	Bank of Scotland 38 Threadneedle Street London EC2P 2EH
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Robert Fleming & Co. Limited  
25 Cophall Avenue  
London EC2R 7DR

<b>REGISTRAR</b>	Lloyds TSB Registrars Scotland 117 Dunbar Street Edinburgh EH3 5ED
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<b>SOLICITORS</b>	Burges Salmon Narrow Quay House Narrow Quay Bristol BS1 4AH
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<b>STOCKBROKERS</b>	Peel, Hunt & Company Ltd 62 Threadneedle Street London EC2R 8HP
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<b>OFFICE IN THE UNITED STATES</b>	Asset Management Investment Company Inc. 515 Madison Avenue New York, NY 10022 USA
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<b>OFFICE IN SWITZERLAND</b>	AMIC AG Schutzengraben 28 Postfach 1 CH 8204 Schaffhausen Switzerland
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## **BOARD OF DIRECTORS**

### **Viscount Bridgeman, Chairman, Non-Executive, aged 69**

Robin Bridgeman qualified as a chartered accountant and spent the earlier part of his career in shipping with P&O, largely in the Far East. He later became a stockbroker and partner in Henderson Crosthwaite & Co. and subsequently a director of Guinness Mahon & Co. Limited. He is a non-executive director of the Bridgeman Art Library Limited. In November 1998 he was appointed to the Opposition Front Bench in the House of Lords as a Home Affairs Whip and retained this position following the passing of the House of Lords Act.

### **George Robb, Managing Director, aged 57**

After qualifying as a solicitor George Robb began a career in investment management in 1971. In 1983 he became one of the founding shareholders in Aberdeen Fund Managers Limited, later to become Aberdeen Asset Management PLC. He was instrumental in establishing Asset Management Investment Company PLC in 1994 and was appointed managing director of the company following its flotation. He is also a director of Aberdeen Development Capital PLC, Goshawk Insurance Holdings Plc and Radiotrust PLC and of a number of the companies in which AMIC is invested.

### **David Martin-Clark, Non-Executive, aged 62**

After qualifying as a barrister David Martin-Clark joined British Petroleum and later transferred to the financial services sector. For many years he was involved in the international insurance industry, particularly in the management of mutual insurance associations and captive insurance companies. He was a partner in the Thomas Miller Group and a director of the group holding company prior to his retirement in April 1999 and now works as an independent consultant. He is a director of Bolero International Limited.

### **Norman Riddell, Non-Executive, aged 52**

Norman Riddell is Chairman of Norman Riddell & Associates Limited, an independent firm of business consultants. Until 1996 he was Chief Executive of INVESCO Europe Limited and a director of AMVESCAP plc, prior to which he formed and was Chief Executive of Capital House Investment Management Limited. He is Chairman of Savoy Asset Management plc and a director of Life Assurance Holding Corporation plc, Clubhaus plc and Improvement Pathway Limited.

### **Sir David Thomson, Non-Executive, aged 59**

David Thomson is Chairman of Britannia Steam Ship Insurance Association Limited, Jove Investment Trust Plc, Ptarmigan International Capital Trust Plc and Through Transport Mutual Insurance Association Limited and is actively involved in a number of other companies, both within and outside the investment field.

## CHAIRMAN'S STATEMENT

I am pleased to be able to report growth both in revenue and capital in the year to 30 September 1999, reflecting a significant recovery from the emerging market related problems which affected your company towards the end of the previous financial year.

Shareholders will recollect that, following the default in its domestic and international debt obligations by the Russian government in August 1998, world financial markets were thrown into turmoil. In the AMIC portfolio particularly badly affected were Regent Pacific Group, City of London Group and Belgrave Capital Management. The share price of Regent Pacific has recovered significantly during the current year to a level almost three times its low point last autumn. The assets managed by City of London Group rose to a level which enabled your directors to restore the previous valuation placed on the investment. The directors of Belgrave Capital Management felt that the prudent course was to seek a buyer for the company, which was sold to a European institution for a price which recovered £330,000 from our original investment of £517,336.

Elsewhere in the portfolio very useful progress was made by IFDC, where assets under management increased from US\$190 million to US\$380 million during the year, largely due to growth in the Japanese funds managed by the company, reflecting excellent performance and a return of investor interest in the Japanese market. We were happy to take advantage of the opportunity to increase our investment in IFDC by 50% towards the end of the year, since when the company has continued to make impressive progress in increasing the funds under its management. Aberdeen America, Clark Capital Management, Ely Fund Managers, Marque Millennium Group and Thornhill Investment Management also all experienced meaningful growth in their businesses.

During the year total assets less current liabilities increased by 23.8% to £19,743,488 (1998: £15,943,387). The undiluted net asset value per ordinary share rose by 36.9% to 139.8p (1998: 102.1p). This rise reflects both the recovery in the values of Regent Pacific and City of London referred to above and also increases in the valuations placed by your directors on certain other investments in the portfolio. Following the year end it was decided to repay the fixed rate loan of £900,000 and short-term borrowings of £1,000,000.

Your company again enjoyed strong growth of revenue during the year. Revenue return after taxation and minority interests increased by 11.8% to £522,684 (1998: £467,642) and revenue return per share increased by 11.3 % to 6.03p (1998: 5.42p). Your board is therefore recommending a final dividend of 3.50p (1998: 3.00p) which together with the interim dividend of 1.00p per share paid on 5 July 1999 makes a total dividend of 4.50p (1998: 4.00p), representing an increase of 12.5% on the dividend paid in the preceding year. The final dividend will be proposed at the Annual General Meeting on 26 January 2000 for payment on 28 January 2000 to shareholders on the register at the close of business on 24 December 1999.

Provided financial markets continue to enjoy stability in the current year, with an absence of major economic or market upsets outwith the control of the investment management sector, your directors see positive growth following the recovery featured in the year just ended. A number of the companies in which AMIC is invested are well positioned for the positive development of their businesses, and the outlook for the current year is encouraging.

**Bridgeman**  
Chairman

22 December 1999

## INVESTMENT PORTFOLIO

AT 30 SEPTEMBER 1999

	<i>Cost</i> <i>£'000</i>	<i>Valuation</i> <i>£'000</i>	<i>Percentage</i> <i>of</i> <i>investment</i> <i>portfolio</i>
<b>Listed Holdings</b>			
Conversion Treasury Stock 10 <sup>1</sup> / <sub>4</sub> % 1999	600	593	3.1
Integrated Asset Management	301	107	0.6
Johnson Fry	293	430	2.2
Regent Pacific Group	1,528	988	5.1
Savoy Asset Management	203	379	2.0
Investments held by: AMIC AG	128	104	0.5
AMIC Inc.	293	178	0.9
<b>Total Listed</b>	<b>3,346</b>	<b>2,779</b>	<b>14.4</b>
<b>Unlisted Holdings</b>			
Aberdeen America	751	1,230	6.4
City of London Investment Group	1,215	2,392	12.4
Clark Capital Management			
8% Convertible Subordinated Debentures 2001	332	314	1.6
9% Convertible Subordinated Debentures 2002 *	157	156	0.8
9% Convertible Subordinated Debentures 2002 **	155	152	0.8
Columbus Financial Services			
Ordinary Shares	411	458	2.4
10 <sup>1</sup> / <sub>8</sub> % Loan	100	100	0.5
Ely Fund Managers	1,320	2,775	14.4
IFDC	1,944	3,644	19.0
Latchly Management Limited			
10% Unsecured Loan Note 2002	240	240	1.3
Ordinary Shares	10	10	0.1
Marque Millennium Group			
Common Stock	358	974	5.1
10% Loan Note 2000	180	182	1.0
9 <sup>1</sup> / <sub>2</sub> % Convertible Loan Note 2000	124	238	1.2
9 <sup>1</sup> / <sub>2</sub> % Convertible Loan Note 2001	282	238	1.2
13% Loan	214	214	1.1
Mayberry Group			
8 <sup>1</sup> / <sub>2</sub> % Loan Note	153	152	0.8
6 <sup>1</sup> / <sub>2</sub> % Convertible Loan Note 2000	38	47	0.2
6 <sup>1</sup> / <sub>2</sub> % Convertible Loan Note 2000	511	609	3.2
Midhurst Asset Management			
Ordinary Shares ***	636	627	3.3
A Preference Shares	317	310	1.6
Thornhill Holdings			
Ordinary Shares	303	630	3.3
11.11% Unsecured Loan Note 2007	933	754	3.9
Investments held by: AMIC AG	71	–	–
<b>Total Unlisted</b>	<b>10,755</b>	<b>16,446</b>	<b>85.6</b>

## INVESTMENT PORTFOLIO

AT 30 SEPTEMBER 1999

<i>Capital owned %</i>	<i>Net dividend per share</i>	<i>Net Assets '000</i>	<i>1998 Valuation £'000</i>	<i>Year end</i>
N/A	N/A	N/A	N/A	
11.35	Nil	£510	142	April 1999
1.32	4.00p	£11,159	206	December 1998
0.80	0.64c	US\$107,025	504	March 1999
3.78	5.50p	£1,602	450	March 1999
N/A	N/A	N/A	N/A	
N/A	N/A	N/A	N/A	
19.60	Nil	US\$2,052	1,071	September 1999
11.64	22.5p	£2,520	1,558	May 1999
N/A	N/A	US\$(1,333)	750	December 1998
28.70	Nil	£126	868	March 1998
23.50	56p	£3,083	2,679	June 1999
15.00	Nil	US\$1,539	1,177	December 1998
2.50	Nil	US\$(1,534)	250	December 1998
20.50	Nil	US\$(1,414)	1,083	December 1998
N/A	Nil	US\$2,253	1,580	December 1998
20.68	Nil	329	627	August 1999
15.00	Nil	343	1,253	December 1998
N/A	N/A	N/A	N/A	

Notes

\* Debenture matures June 2002

\*\* Debenture matures September 2002

\*\*\* Figures based on unaudited management accounts

## UNLISTED INVESTMENTS

### **Aberdeen America Inc.**

Aberdeen America is based in Boston, Massachusetts and has funds under management of approximately US\$600 million, a substantial part of which comprises the United States investments of a major United Kingdom pension fund, the balance comprising a number of private clients, pension funds and foundations. The company is run by a small team headed by an experienced investment professional and in recent years has produced growth in assets under management based on a record of consistent superior performance with lower risk. AMIC holds 20,000 shares of class A common stock representing 19.6% of the equity of the company.

### **City of London Investment Group PLC**

City of London Investment Group was founded in 1991 and has funds under management of approximately US\$900 million invested in emerging markets through the medium of international closed-end funds listed on some twenty stock markets around the world. The company has offices in London and Philadelphia, Pennsylvania and manages funds on behalf of clients in the United States, the United Kingdom and Canada. AMIC holds 108,844 ordinary shares representing 11.64% of the equity.

### **Clark Capital Management Group, Inc.**

Clark Capital Management Group is an independent investment adviser with corporate headquarters in Philadelphia, Pennsylvania. The company has assets under management of US\$265 million. The company provides a diverse range of investment-related services and products for individuals and institutions in the United States and Europe, all of which stem from its emphasis on risk analysis and risk management. The primary goal of the firm's investment strategy is to preserve capital during periods of high risk in world-wide markets through the use of proprietary tactical, strategic and quantitative models. AMIC holds \$1,000,000 subordinated promissory notes with conversion rights into 12.5% of the equity of the company.

### **Columbus Financial Services Limited**

Columbus Financial Services, based in London, provides a comprehensive range of personal financial services to private individuals and their advisers. The investment management subsidiary, Columbus Asset Management, provides services which include investment portfolio management to individuals, companies and trusts as well as an international fixed income bond management account. Additionally the group offers a corporate finance capability specialising in corporate advice and international placement. The other subsidiaries offer insurance broking and trust management, and an associate provides independent financial advice. AMIC holds 88,556 ordinary shares, representing 28.7% of the issued ordinary share capital of the company, and has provided a loan of £100,000 at 10½% repayable in instalments by 31 August 2001.

### **Ely Fund Managers (Holdings) Limited**

Ely Fund Managers specialises in the management of investment portfolios for private clients and their families, trusts, charities and pension funds, both in the United Kingdom and overseas. The funds under the management of the company, which is headquartered in London, have steadily increased both organically and by acquisition over the years since the establishment of the company in 1983 and are now £380 million compared with £115 million when AMIC invested in the company in March 1995. AMIC holds 130,980 ordinary shares which represents 23.5% of the issued share capital.

### **IFDC S.A. Group**

IFDC, which has operating offices in London, Paris and Tokyo, has specialist expertise in the markets of Japan, the Far East, the Middle East and North Africa and has developed a range of collective investment undertakings covering these areas. Based on the expertise of the group in the creation and management of funds invested in emerging markets, IFDC plans to develop collective investment

## UNLISTED INVESTMENTS

undertakings, focusing on geographic areas in which the group already operates, as well as in new regions characterised by sound economic development and/or the emergence of financial and capital markets. This will be achieved by developing strategic and commercial relationships with distribution networks and/or launching new funds. AMIC holds 900 shares, representing 15% of the issued share capital.

### **Latchly Management Limited**

Latchly Management is an independent provider to fund managers of investment management administration services, including fund accounting. Founded in 1996, Latchly, with their 'latchkey' approach, provides managers with immediate access, via PC, to 'live' investment information on a remote basis from any location. Straight through trade processing capability, from the point of trade execution to settlement, and an in-built compliance function greatly improves managers' efficiency and reduces the potential for human error. AMIC holds 13,040 ordinary shares representing 2.5% of the equity and £240,000 of 10% loan notes redeemable in 2002.

### **Marque Millennium Group Limited**

Marque Millennium, which is based in New York and has assets under management of US\$300 million, has developed a proprietary equity product which combines quantitative analysis of stock price movement and the fundamental characteristics of individual stocks using neural networks, and qualitative analysis of fundamental factors with a strict portfolio discipline for stock selection. This model has given consistently above average returns over a five-year period. The firm has also started four hedge funds which have had an outstanding performance and have grown rapidly. AMIC holds 15,322 shares of Class B stock representing 20.5% of the equity and loans convertible into a further 10% of the equity. To assist working capital AMIC has also provided a short-term loan of US\$350,000.

### **The Mayberry Group, Inc.**

The Mayberry Group, Inc. is the holding company of Core Asset Management Company, Inc. which is based in San Rafael, California and manages funds for individual, corporate, trust and charitable foundation clients. The company has embarked upon an aggressive, structured business plan to increase significantly its business both by direct sales and by acquisition and now has funds under management of approximately US\$120 million. AMIC holds loans of US\$835,000 convertible into 25.7% of the equity together with an unsecured promissory note for US\$250,000.

### **Midhurst Asset Management Limited**

Midhurst Asset Management, which is based in London, was formed in 1992 with the aim of providing specialist global fixed income fund management services to institutional clients. The two senior fund managers have over thirty years of combined experience in fixed income markets. The company uses a proprietary approach to the investment process and seeks to deliver consistent out-performance relative to the client's chosen benchmark. Midhurst has as a shareholder UOB Global Capital Ltd, a subsidiary of the United Overseas Bank Group in Singapore, who subscribed for a 19.9% equity stake in the company with an option to increase the equity holding subject to assisting Midhurst increase assets under management. AMIC holds 83,936 ordinary shares representing 20.68% of the equity of the company, together with 510,563 preference shares.

### **Thornhill Holdings Limited**

Thornhill Holdings is the holding company of Thornhill Investment Management Limited, a private client investment house based in London with associated companies in Guernsey and Liechtenstein. The group manages £150 million of assets, principally owned by individuals, trusts, charities and small personal pension funds, both in the UK and abroad. The investment policy of the group focuses on large international blue chip stocks where the market tends to be most liquid. AMIC holds 14,805 ordinary shares representing 15% of the equity and £900,000 11.11% unsecured loan stock convertible into a further 17,766 ordinary shares.

## DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the year ended 30 September 1999.

### Review of the Business

A review of the Company's activities is given in the Chairman's Statement on page 3.

### Principal Activity and Status

The business of this Company is that of an Investment Company within the meaning of the Companies Act 1985. The Company has been approved as an Investment Trust under Section 842 of the Income and Corporation Taxes Act 1988 for the year to 30 September 1998. The Company intends to continue to direct its affairs so as to continue to be a qualifying trust.

### Results and Dividends

The Group revenue return after tax for the year was £523,000 (Company: £466,000). An interim dividend of 1.0p per share was paid on 5 July 1999 and the Directors propose to pay a final dividend of 3.5p per share. £133,000 (Company: £76,000) will be transferred to revenue reserves.

### Directors

The Directors who held office during the year and their interests in the ordinary share capital of the Company are shown below:

		<i>At 30 September 1999</i>		<i>At 1 October 1998</i>	
		<i>Number of Ordinary Shares</i>	<i>Number of Warrants</i>	<i>Number of Ordinary Shares</i>	<i>Number of Warrants</i>
Viscount Bridgeman	– beneficial	30,000	2,000	30,000	2,000
	– non-beneficial	12,500	–	12,500	–
George Robb	– beneficial	1,039,771	230,000	1,013,158	230,000
	– non-beneficial	209,877	100,000	209,877	100,000
Sir David Thomson	– beneficial	33,775	53,000	33,775	53,000
David Martin-Clark	– beneficial	7,137	–	7,137	–
Norman Riddell	– beneficial	60,000	30,000	50,000	30,000

Mr Robb acquired beneficial holdings of 50,000 ordinary shares between 4 and 5 October 1999. There have been no other changes in directors' shareholdings up to 10 December 1999.

In accordance with the Company's Articles of Association, Mr David Martin-Clark and Sir David Thomson will retire from office at the Annual General Meeting and, being eligible, offer themselves for re-election.

### Winding Up

The Company's Articles of Association include a provision that the Company shall have a fixed duration to 27 October 2006. The Company will be wound up on that date, unless within the preceding twelve months the shareholders vote to continue the Company.

### Creditors Payment Policy

It is the policy of the Company to adhere to agreed terms and conditions for its business transactions with suppliers. As at 30 September 1999 the Group's and Company had outstanding trade creditors of £17,000. As at 30 September 1999 the Group and Company's outstanding trade creditors represented 18 (1998: 3) days purchases.

## DIRECTORS' REPORT

### Contributions

In accordance with its normal practice the Company has made no contributions to political or charitable organisations during the year.

### Substantial Interests

The Board has been advised that, otherwise than disclosed on page 8, the following shareholders owned 3% or more of the issued share capital of the Company on 15 December 1999.

<i>Name</i>	<i>Number of ordinary shares</i>	<i>Percent of issued ordinary shares</i>
Majedie Investments PLC	1,390,000	16.03
Aberdeen Asset Management PLC	900,000	10.38
Alpha Trust Investment Services S.A.	872,000	10.05
Quilter Fund Management	725,000	8.35
Credit Lyonnais Private Clients	396,198	4.56
NCL Clients	340,250	3.92
Regent Pacific Group Ltd	334,058	3.85

### Year 2000 Compliance

The Company has reviewed its computer systems and is confident that they are Year 2000 compliant. The costs associated with this exercise have been minimal. The Company has also completed a programme of review of the implications of the Year 2000 problem for the investee companies. Given the complexity of the problem, it is not possible for any company to give an absolute guarantee that no Year 2000 problems will remain, because at least some level of failure may occur. However, the Directors do not consider the risks and uncertainties to be significant in the context of the Company.

### Economic and Monetary Union

The Directors continue to review the implications of economic and monetary union and of the introduction of the Euro. No material revenue costs are anticipated at present.

### Statement of Recommended Practice ("SORP")

In December 1995 the Association of Investment Trust Companies published its Statement of Recommended Practice, applicable to investment trust companies, which has been confirmed by the Accounting Standards Board.

The Company has complied with the recommendations of the SORP in presenting the annual accounts on pages 16 to 36.

### Corporate Governance

The Company is committed to practising the highest standards of corporate governance. The board is accountable to the Company's shareholders for good corporate governance. This statement describes how the principles of corporate governance set out in Section 1 of the Combined Code ("The Code"), prepared by the Committee on Corporate Governance chaired by Sir Ronald Hampel, have been applied.

The board considers that the Company has complied with the provisions contained within the Combined Code throughout this accounting period except where indicated below.

### The Board

The Board of Directors currently comprises one executive director and four non-executive directors, all non-executive directors being regarded as independent directors. Viscount Bridgeman is the senior independent director. The biographies of the Directors appear on page 2. These demonstrate a range

## DIRECTORS' REPORT

of experience, skills and personal standing sufficient to bring independent judgement on issues of strategy, performance, resources and standards of conduct which are vital to the success of the Company. All Directors have access to the advice and services of the company secretary, who is responsible to the board for ensuring that board procedures are followed and that applicable rules and regulations are complied with. The board meets at least six times a year and is responsible for the objectives and policies of the Group. The board focuses mainly on strategy and on investment and financial performance. To enable the board to discharge its duties, all Directors receive appropriate and timely written information ensuring they are properly briefed on the issues for consideration in advance of meetings. In addition, all non-executive directors have access to independent advisers, the Managing Director and the General Manager and can request, either during meetings or at other appropriate times, further explanation or written papers on matters as they see fit. Formal training is not undertaken by the Directors as they are all considered to bring considerable knowledge and experience to the board in their roles within the Company.

The Company's Memorandum and Articles of Association do not require the Managing Director to retire by rotation. Other than this, one-third of the board is required to retire by rotation each year.

### **Board Committees**

The board has appointed two committees, the remuneration committee and the audit committee, which have written terms of reference. The remuneration committee comprises Viscount Bridgeman (Chairman), David Martin-Clark, Norman Riddell and Sir David Thomson. The committee is responsible for determining the remuneration package of the managing director and for the grant of share options.

The audit committee comprises Viscount Bridgeman (Chairman), David Martin-Clark, Norman Riddell and Sir David Thomson. The committee meets once a year to review the Annual Report and Accounts. This meeting is also attended by a senior partner of the Company's auditors, Solomon Hare, together with senior management.

The Company has not constituted a nominations committee as it intends to continue with past practice under which nomination to the board is considered by the board as a whole.

### **Internal Controls**

The Combined Code require the Directors to review the effectiveness of the Company's system of internal controls. The Directors report on internal controls under the guidance provided by the Ruttman Working Group. The framework provides reasonable, but not absolute, assurance that:

- There is a periodic review of budgets.
- Transactions are recorded to permit the preparation of reliable financial statements.
- The Company is managed effectively and efficiently in accordance with the directions of the board.

The Directors confirm that they have reviewed the effectiveness of the systems of internal financial control. The Directors do not consider it appropriate for the Company to have an internal audit function.

### **Going Concern**

After reviewing the Company's budget for 2000 and its medium term plans the Directors have a reasonable expectation that the Company has adequate resources to continue its operations for the foreseeable future. Accordingly they adopt the going concern basis in preparing the accounts.

### **Relations with Shareholders**

The management maintains a regular dialogue with institutional shareholders, the feedback from which is reported to the board. In addition, board and the management are available to answer shareholders' questions at the Annual General Meeting of the Company.

## DIRECTORS' REPORT

### **Auditors**

In accordance with section 385 of the Companies Act 1985 a resolution to reappoint Solomon Hare as auditors to the Company will be proposed at the Annual General Meeting.

### **Annual General Meeting**

In addition to the ordinary business to be transacted at the meeting, there are two items of special business.

### **Resolution 6: Authority to allot Relevant Securities**

The Companies Act 1985 provides that the Directors may not allot relevant securities unless authorised to do so by the shareholders. The board's existing powers in respect of unissued securities derive from the Annual General Meeting held on 24 March 1999 and remain valid until 24 March 2004. However, it is proposed that the Directors be granted a renewal of that general authority to allot the authorised but unissued share capital at any time within the next 5 years and unless renewed the authority will expire on 25 January 2005.

The Directors will be authorised to allot relevant securities up to an aggregate nominal amount of £715,489, representing approximately 33 per cent of the total issued ordinary share capital as at 22 December 1999.

There is no present intention to use the authority other than, as required in connection with exploiting investment opportunities or for the implementation of the Company's executive share option scheme.

### **Resolution 7: Authority to Disapply Pre-emption Rights**

Section 89 of the Companies Act 1985 prohibits the allotment for cash of equity securities unless they have first been offered to holders of existing equity securities for subscription pro rata to their existing holdings. Section 95 of that Act permits the Directors in certain circumstances, and if so authorised by the Company's Articles of Association or by special resolution, to exclude or modify the pre-emption rights conferred by Section 89. Resolution 7, which will be proposed as a special resolution, would disapply pre-emption rights until the next Annual General Meeting to be held in 2001 in respect of shares issued pursuant to:

- (a) the terms of the Company's Executive Share Option Scheme;
- (b) the exercise of the Share Warrants constituted by a deed poll dated 28 November 1994;
- (c) a rights issue;
- (d) other than as set out above for cash up to an aggregate nominal amount equal to 5 per cent of the nominal value of the issued ordinary share capital of the Company from time to time. The maximum nominal value of equity securities which could, as at the date hereof, be issued pursuant to the disapplication in this paragraph (d) would be in respect of 433,629 ordinary shares with the nominal value of £108,407.25 representing approximately 5 per cent of the issued ordinary share capital as at 22 December 1999.

The maximum aggregate nominal value of shares which could, as at the date hereof, be issued pursuant to this disapplication would be £715,489 in respect of 2,861,956 ordinary shares representing approximately 33 per cent of the issued share capital as at 22 December 1999.

By Order of the Board

N J Crickmore  
Secretary  
London, 22 December 1999

## REPORT OF THE BOARD ON REMUNERATION

The Remuneration Committee consists of all the non-executive directors with Viscount Bridgeman as Chairman.

In designing remuneration policy and practices, the Committee has had regard to the provisions of Schedule A to the Combined Code. The Committee has followed Schedule B to the Combined Code in preparing this report.

On 20 February 1995 the Managing Director, Mr Robb, was granted basic options over 151,110 shares of the Company and additional options over a further 151,110 shares of the Company pursuant to the Company's Share Option Scheme.

The basic options are exercisable between 20 February 1998 and 20 February 2002 at a price of 99.5p per share. The further options are exercisable between 20 December 1999 and 20 February 2002 at a price of 99.5p per share. The highest price during the period was 98p per share, the lowest price during the period was 56p per share and the price at 30 September 1999 was 92p per share.

On 6 December 1995 Mr Robb was granted a further 37,778 basic options and 37,778 additional options pursuant to the Company's Share Option Scheme. The exercise price of these further options is 93p, being the middle market price at the close on that day. The basic options are exercisable between 6 December 1998 and 6 December 2002. The additional options are exercisable between 6 December 2000 and 6 December 2002.

Both basic options and additional options are subject to conditions relating to performance by the Company; the increase in net asset value per share over a three year period (for basic options) and a five year period (for additional options) is measured against the increase in net asset value per share of a "basket" of nine selected comparable companies, over their most recently reported comparable three or five year periods. A basic option may only be exercised if such comparison places the Company in the top 75 per cent, and an additional option may only be exercised if such comparison places the Company in the top 25 per cent of those comparable companies.

The Company has entered into the following service agreements: -

- a) A service agreement with Mr Robb. Mr Robb's basic salary for the period under review was £110,000. With effect from 1 October 1999 his basic salary has been increased to £115,000 per annum. It is subject to annual review with a minimum increase in line with the increase in RPI.

The service agreement is terminable by either party on 12 months' notice.

The service agreement also provides for a contractual performance bonus to be paid to him of an amount equal to 1 per cent of the year on year increase in net assets of the Company (save that no bonus shall be paid on any increase in net assets already taken into account in calculation of a previous bonus) and for payment of a bonus at the discretion of the Remuneration Committee of the Board from time to time. In addition, Mr Robb is entitled to a car allowance of £10,000 per annum, pension contributions not exceeding the maximum permitted to an Inland Revenue approved personal pension plan, death in service cover of £250,000, BUPA cover for himself, his wife and children under the age of 18 and permanent health insurance to provide £33,000 per annum, increased in line with the National Average Earnings Index.

## REPORT OF THE BOARD ON REMUNERATION

- b) The non-executive directors of the Company have entered into agreements to provide services to the Company. The agreements are terminable on three months' notice.

The services of Viscount Bridgeman are provided to the Company through a consultancy agreement with R B Consultancy under which R B Consultancy undertakes for a fee of £12,500 per annum to provide the services of Viscount Bridgeman to the Company. With effect from 1 October 1999 the fee has been increased to £12,750 per annum. R B Consultancy can upon three months' notice seek to substitute an alternative consultant to replace Viscount Bridgeman. In this event the Company would have the option to terminate the agreement by three months' notice to R B Consultancy.

The services of Mr Martin-Clark, Mr Riddell and Sir David Thomson are provided to the Company pursuant to the terms of engagement letters for fees of £9,500 each per annum. With effect from 1 October 1999 the fees have been increased to £9,750 per annum.

Apart from these there are no other contracts in which the Directors have an interest.

Details of Directors' remuneration are shown in note 7 to the financial statements.

The non-executive directors serve on the Audit and Remuneration Committees.

Resolutions for the re-election of Mr David Martin-Clark and Sir David Thomson as Directors are referred to in the Directors' Report.

London, 22 December 1999

On behalf of the Board  
Bridgeman  
Chairman, Remuneration Committee

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS**

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss for that period. In preparing those financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departure disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. The Directors are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **REPORT OF THE AUDITORS TO THE MEMBERS OF ASSET MANAGEMENT INVESTMENT COMPANY PLC**

We have audited the financial statements on pages 16 to 36, which have been prepared under the historical cost convention, as modified by the revaluation of fixed asset investments, and the accounting policies set out on pages 21 and 22. We have also examined the disclosures relating to share options and the bonus scheme which form part of the Report of the Board on Remuneration.

### **Respective Responsibilities of the Directors and the Auditors**

As described on page 14, the Company's Directors are responsible for the preparation of financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board, the Listing Rules of the London Stock Exchange and by our profession's ethical guidance.

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 the information specified by law or the Listing Rules regarding Directors' remuneration and transactions with the Company is not disclosed.

We review whether the statement on page 9 and 10 reflects the Company's compliance with those provisions of the Combined Code specified for our review by the Stock Exchange, and we report if it does not. We are not required to form an opinion on the effectiveness of either the Company's corporate governance procedures or its internal controls.

We read the other information contained in the Annual Report, including the corporate governance statement, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### **Basis of 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 circumstances of the Group and the Company, 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.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the Group and the Company as at 30 September 1999 and of the total return of the Group and the Company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Solomon Hare  
Chartered Accountants & Registered Auditors  
Bristol

22 December 1999

**CONSOLIDATED STATEMENT OF TOTAL RETURN**  
(incorporating the revenue account\*)

YEAR ENDED 30 SEPTEMBER 1999

	<i>Notes</i>	<i>Revenue £'000</i>	<i>1999 Capital £'000</i>	<i>Total £'000</i>	<i>Revenue £'000</i>	<i>1998 Capital £'000</i>	<i>Total £'000</i>
Gains/(Losses) on investments	2	–	4,033	4,033	–	(189)	(189)
Income	3	925	–	925	872	–	872
Administration expenses	4	328	321	649	311	306	617
<b>Net return/(loss) before finance costs and taxation</b>		597	3,712	4,309	561	(495)	66
Interest	5	38	38	76	38	38	76
<b>Return/(loss) on ordinary activities before taxation</b>		559	3,674	4,233	523	(533)	(10)
Taxation on ordinary activities	8	36	2	38	53	25	78
<b>Return/(loss) on ordinary activities after taxation</b>		523	3,672	4,195	470	(558)	(88)
Minority interests		–	26	26	2	(55)	(53)
Appropriation in respect of zero dividend preference shares		–	522	522	–	451	451
<b>Return/(loss) attributable to equity shareholders</b>		523	3,124	3,647	468	(954)	(486)
<b>Dividend in respect of equity shares</b>	9	390	–	390	347	–	347
<b>Transfer to/(from) reserves</b>		133	3,124	3,257	121	(954)	(833)
Return per ordinary share (basic)	10	6.03p	36.02p	42.05p	5.42p	(11.05p)	(5.63p)
Return per ordinary share (diluted)	10	6.03p	36.02p	42.05p	5.42p	(11.05p)	(5.63p)
Return per zero dividend preference share	10	–	8.58p	8.58p	–	7.42p	7.42p

\*The revenue column of this statement is the profit and loss account of the Group.

None of the Group's activities was acquired or discontinued during the year ended 30 September 1999

Movements in reserves are set out in notes 18 to 23.

The notes on pages 21 to 36 form part of the financial statements.

**STATEMENT OF TOTAL RETURN**  
(incorporating the revenue account\*)

YEAR ENDED 30 SEPTEMBER 1999

	<i>Notes</i>	<i>Revenue £'000</i>	<i>1999 Capital £'000</i>	<i>Total £'000</i>	<i>Revenue £'000</i>	<i>1998 Capital £'000</i>	<i>Total £'000</i>
Gains on investments	2	–	3,324	3,324	–	183	183
Income		800	–	800	771	–	771
Administration expenses	4	268	267	535	258	258	516
<b>Net return/(loss) before finance costs and taxation</b>		532	3,057	3,589	513	(75)	438
Interest	5	38	38	76	38	38	76
<b>Return/(loss) on ordinary activities before taxation</b>		494	3,019	3,513	475	(113)	362
Taxation on ordinary activities	8	28	–	28	44	–	44
<b>Return/(loss) on ordinary activities after taxation</b>		466	3,019	3,485	431	(113)	318
Appropriation in respect of zero dividend preference shares		–	522	522	–	451	451
<b>Return/(loss) for the financial year</b>		466	2,497	2,963	431	(564)	(133)
<b>Dividend in respect of equity shares</b>	9	390	–	390	347	–	347
<b>Transfer to/(from) reserves</b>		76	2,497	2,573	84	(564)	(480)
Return per ordinary share (basic)	10	5.37p	28.79p	34.16p	5.00p	(6.52p)	(1.52p)
Return per ordinary share (diluted)	10	5.37p	28.79p	34.16p	5.00p	(6.52p)	(1.52p)
Return per zero dividend preference share	10	–	8.58p	8.58p	–	7.42p	7.42p

\*The revenue column of this statement is the profit and loss account of the Company.

None of the Company's activities was acquired or discontinued during the year ended 30 September 1999.

Movements in reserves are set out in notes 18 to 23.

The notes on pages 21 to 36 form part of the financial statements.

## CONSOLIDATED BALANCE SHEET

AS AT 30 SEPTEMBER 1999

		1999		1998	
	Notes	£'000	£'000	£'000	£'000
<b>Fixed asset investments</b>					
Listed investments	11	2,779		3,431	
Unquoted investments	11	16,446		12,618	
			19,225		16,049
<b>Tangible fixed assets</b>	12		20		27
			19,245		16,076
<b>Current assets</b>					
Investments	13	206		72	
Debtors	14	173		106	
Cash		1,588		158	
		1,967		336	
<b>Current liabilities</b>					
Creditors:					
Amounts falling due within one year	15	1,469		469	
<b>Net current assets/(liabilities)</b>			498		(133)
<b>Total assets less current liabilities</b>			19,743		15,943
Creditors:					
Amounts falling due after one year	16		900		900
			18,843		15,043
<b>Capital and reserves</b>					
Called up share capital	17		7,968		7,968
Share premium account	18		5,393		5,393
Capital reserve – realised	19		(1,520)		(466)
Capital reserve – unrealised	20		5,427		1,223
Warrant reserve	21		327		327
Revenue reserve	22		94		(44)
Zero dividend appropriation reserve	23		928		430
<b>Total shareholders' funds</b>			18,617		14,831
Minority interests			226		212
			18,843		15,043
<b>Total shareholders' funds are attributable to:</b>					
<b>Equity shareholders</b>			12,120		8,856
<b>Non-equity shareholders</b>			6,497		5,975
			18,617		14,831
<b>Net asset value per ordinary share (basic)</b>	25		139.8p		102.1p
<b>Net asset value per ordinary share (diluted)</b>	25		139.8p		102.1p
<b>Net asset value per zero dividend preference share</b>	25		112.0p		103.0p
<b>Net asset value per zero dividend preference share (before issue costs)</b>	25		116.0p		107.8p

The financial statements were approved by a Committee of the Board of Directors on 22 December 1999 and signed on its behalf by:

**Bridgeman**  
Chairman  
**George A Robb**  
Managing Director

The notes on pages 21 to 36 form part of the financial statements.

## BALANCE SHEET

AS AT 30 SEPTEMBER 1999

		<i>1999</i>		<i>1998</i>	
<i>Notes</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<b>Fixed asset investments</b>					
Listed investments	11	2,387		1,899	
Unlisted investments	11	16,255		14,384	
			18,642		16,283
<b>Tangible fixed assets</b>	12		20		27
			18,662		16,310
<b>Current assets</b>					
Debtors	14	535		152	
Cash		1,535		103	
		2,070		255	
<b>Current liabilities</b>					
Creditors:					
Amounts falling due within one year	15	1,441		368	
<b>Net current assets/(liabilities)</b>			629		(113)
<b>Total assets less current liabilities</b>			19,291		16,197
Creditors:					
Amounts falling due after one year	16		900		900
			18,391		15,297
<b>Capital and reserves</b>					
Called up share capital	17		7,968		7,968
Share premium account	18		5,393		5,393
Capital reserve – realised	19		(940)		(334)
Capital reserve – unrealised	20		4,529		1,403
Warrant reserve	21		327		327
Revenue reserve	22		186		110
Zero dividend appropriation reserve	23		928		430
<b>Total shareholders' funds</b>			18,391		15,297
<b>Total shareholders' funds are attributable to:</b>					
<b>Equity shareholders</b>			11,894		9,322
<b>Non-equity shareholders</b>			6,497		5,975
			18,391		15,297
<b>Net asset value per ordinary share (basic)</b>	25		137.1p		107.5p
<b>Net asset value per ordinary share (diluted)</b>	25		137.1p		107.5p
<b>Net asset value per zero dividend preference share</b>	25		112.0p		103.0p
<b>Net asset value per zero dividend preference share (before issue costs)</b>	25		116.0p		107.8p

The financial statements were approved by a Committee of the Board of Directors on 22 December 1999 and signed on its behalf by:

**Bridgeman**  
Chairman  
**George A Robb**  
Managing Director

The notes on pages 21 to 36 form part of the financial statements.

## CONSOLIDATED CASH FLOW STATEMENT

YEAR ENDED 30 SEPTEMBER 1999

	Notes	1999		1998	
		£'000	£'000	£'000	£'000
<b>Net cash inflow from operating activities</b>	27		196		213
<b>Returns on investment and servicing of finance</b>					
Interest paid		(76)		(76)	
<b>Net cash outflows from returns on investment and servicing of finance</b>			(76)		(76)
<b>Taxation</b>					
Taxation received/(paid)		10		(16)	
<b>Taxation received/(paid)</b>			10		(16)
<b>Capital expenditure and financial investment</b>					
Purchase of investments		(2,827)		(9,076)	
Sale of investments		3,678		3,402	
Purchase of tangible fixed assets		(3)		(4)	
<b>Net cash inflow/(outflow) from capital expenditure and financial investment</b>			848		(5,678)
<b>Equity dividends</b>					
Equity dividends paid		(347)		(215)	
<b>Net cash outflow from equity dividends paid</b>			(347)		(215)
<b>Management of liquid resources</b>					
Short term deposits		(1,400)		323	
Purchase of current asset investments		(134)		–	
<b>Net cash (outflow)/inflow from management of liquid resources</b>			(1,534)		323
<b>Net cash outflow before financing</b>			(903)		(5,449)
<b>Financing</b>					
Issue of zero dividend preference shares		–		5,800	
Issue costs		–		(275)	
Debt due within one year:					
Loan		1,000		–	
<b>Net cash inflow from financing</b>			1,000		5,525
<b>Increase in cash during the year</b>	28		97		76

The notes on pages 21 to 36 form part of the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Accounting policies

The principal accounting policies applied by the Group in the preparation of the financial statements to 30 September 1999 are as follows:

#### a) Accounting convention

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of fixed asset investments and, in accordance with applicable Accounting Standards, with due regard for the Statement of Recommended Practice ('SORP') issued by the Association of Investment Trust Companies.

#### b) Basis of consolidation

The consolidated accounts incorporate the accounts of the Company and each of its subsidiaries. The results of subsidiary undertakings acquired or disposed of during the year are included in the consolidated statement of total return from the date of acquisition or up to the date of disposal.

#### c) Revenue account and capital reserves

Income and expenditure of a revenue nature are included in the revenue account. Gains and losses of a capital nature are dealt with in non-distributable capital reserves as required by the Articles of Association and the Companies Act 1985. Increases and decreases in the valuation of investments held are dealt with in the unrealised capital reserve.

Dividend and other investment income is included in revenue on the date investments are marked ex-dividend. Franked income includes imputed tax credits. Interest receivable on deposits, interest payable and administration expenses are dealt with on an accruals basis. Expenses are charged to realised capital reserve (net of tax) where a connection with the maintenance or enhancement of the value of the investments can be demonstrated. In this respect all expenses have been allocated 50 per cent to the realised capital reserve and 50 per cent to the revenue account, in line with the Board's relative expected long-term returns in the form of capital gains and income respectively from the investment portfolio of the Group. Expenses of the Company's dealing subsidiary have been allocated to the revenue account.

#### d) Taxation

Advance Corporation Tax (ACT) was abolished on dividends paid after 5 April 1999. Prior to that date ACT was written off except when, in the opinion of the Directors, it was recoverable within the following year.

Deferred tax is provided at the anticipated rates on timing differences arising, to the extent that it is probable that the tax will be payable in the foreseeable future.

#### e) Listed investments

Listed investments are valued at closing middle-market price at the balance sheet date.

#### f) Unlisted investments

Other investments are valued by the Directors having regard to the Guidance Notes issued by the British Venture Capital Association on the Principles for the Valuation of Venture Capital Portfolios. They are valued at cost unless subsequent financings or other circumstances indicate a different valuation is appropriate. When a valuation is undertaken consideration is given to the most recent information available, including the latest trading figures, performance against forecast, management's view of prospects and the price of any transactions in the security. Realisable value in the short term could differ materially from the amount at which these investments are included in the financial statements.

#### g) Subsidiary undertakings

Investments in subsidiary undertakings are stated at cost less provision for any impairment in value.

## NOTES TO THE FINANCIAL STATEMENTS

**h) Foreign exchange**

Assets and liabilities in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are dealt with in the capital reserve.

On consolidation, closing exchange rates are used to translate the results of overseas subsidiaries in the consolidated statement of total return. The assets and liabilities of overseas subsidiaries are translated into sterling at year-end rates. Exchange differences arising from the retranslation at year-end exchange rates of the opening net investment in overseas subsidiaries are dealt with in Group reserves.

**i) Tangible fixed assets**

Depreciation is provided on a straight line basis on all tangible fixed assets at rates calculated to write off each asset over its expected useful life as follows: -

Office equipment           – over 3 years  
Fixtures and fittings      – over 6 years

**j) Goodwill**

Purchased goodwill arising on the acquisition of, or further investment in, subsidiary undertakings has been written off directly to consolidated reserves in the period in which the acquisition occurs. The Company has taken advantage of the transitional provisions of Financial Reporting Standard No. 10.

**k) Capital instruments**

The ordinary shares are classified as equity share capital, whilst the zero dividend preference shares are classified as non-equity share capital. The financial cost of providing for the accrued premium payable on the non-equity share capital is recognised as an appropriation to non-equity shareholders in the Consolidated Statement of Total Return. Issue costs are spread over the life of the instrument.

**l) Pension costs**

Contributions made by the Company to personal pension plans held by employees are charged to the profit and loss account as incurred.

**2. Analysis of total gains on investments in the year**

	<i>Listed</i>	<i>Unlisted</i>	<i>Total</i>	<i>1998</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>Total</i>
				<i>£'000</i>
<b>Group</b>				
Realised gains/(losses)	11	189	200	(334)
Unrealised gains	913	2,920	3,833	145
Total gains/(losses) on investments in the year	<u>924</u>	<u>3,109</u>	<u>4,033</u>	<u>(189)</u>
	<i>Listed</i>	<i>Unlisted</i>	<i>Total</i>	<i>1998</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>Total</i>
				<i>£'000</i>
<b>Company</b>				
Realised gains/(losses)	81	116	197	(415)
Unrealised gains	723	2,404	3,127	598
Total gains on investments in the year	<u>804</u>	<u>2,520</u>	<u>3,324</u>	<u>183</u>

The calculation of realised gains and losses is based on the historical cost of investments sold.

## NOTES TO THE FINANCIAL STATEMENTS

### 3. Income

	1999		1998	
	<i>Group</i> £'000	<i>Company</i> £'000	<i>Group</i> £'000	<i>Company</i> £'000
<b>Income from listed investments</b>				
Franked investment income	104	47	150	76
Foreign income dividends	36	32	170	162
Dealing profit in subsidiary company	32	–	1	–
	<u>172</u>	<u>79</u>	<u>321</u>	<u>238</u>
<b>Income from unlisted investments</b>				
Franked investment income	261	261	202	202
Unfranked investment income	389	364	151	148
Other income	47	47	49	49
	<u>697</u>	<u>672</u>	<u>402</u>	<u>399</u>
<b>Other income</b>				
Interest receivable	37	37	137	132
Other	19	12	12	2
	<u>56</u>	<u>49</u>	<u>149</u>	<u>134</u>
<b>Total income</b>	<u>925</u>	<u>800</u>	<u>872</u>	<u>771</u>
Total income comprises:				
Dividends	462	402	361	312
Interest	365	339	449	408
Other income	98	59	62	51
	<u>925</u>	<u>800</u>	<u>872</u>	<u>771</u>

### 4. Administration expenses

The following have been charged/(credited) to revenue in arriving at return on ordinary activities.

	1999		1998	
	<i>Group</i> £'000	<i>Company</i> £'000	<i>Group</i> £'000	<i>Company</i> £'000
Depreciation of tangible fixed assets	5	5	7	7
Directors' remuneration	115	115	104	104
Auditors' remuneration:				
– for audit	9	8	9	8
– for other services	8	8	2	2
Exchange gains	(1)	(1)	(1)	(2)
Other expenses	192	133	190	139
	<u>328</u>	<u>268</u>	<u>311</u>	<u>258</u>

A further £321,000 (Group) and £267,000 (Company) (1998: £306,000 (Group) and £258,000 (Company)) of administration expenses have been charged to the capital reserve (note 19).

The amounts shown above represent expenses allocated to the revenue account. A full analysis of Directors' remuneration is shown in note 7.

## NOTES TO THE FINANCIAL STATEMENTS

### 5. Interest

	<i>1999</i>		<i>1998</i>	
	<i>Group £'000</i>	<i>Company £'000</i>	<i>Group £'000</i>	<i>Company £'000</i>
Interest due on bank overdrafts repayable within 5 years, not by instalments	–	–	1	–
Interest due on bank loan repayable within five years, not by instalments	38	38	37	38
	<u>38</u>	<u>38</u>	<u>38</u>	<u>38</u>

A further £38,000 (Group) and £38,000 (Company) (1998: £38,000 (Group) and £38,000 (Company)) of interest payable have been charged to the capital reserve (note 19).

### 6. Staff costs

#### Group and Company

	<i>1999</i>		<i>1998</i>	
	<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>
Average number of persons employed during the year	<u>6</u>	<u>3</u>	<u>6</u>	<u>3</u>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Staff costs for the year (including Executive Director)				
Salaries	266	214	223	182
Social Security costs	18	18	18	18
Pension costs	23	23	24	24
Other staff costs	6	6	12	12
	<u>313</u>	<u>261</u>	<u>277</u>	<u>236</u>

### 7. Directors' remuneration

	<i>1999</i>	<i>1998</i>
	<i>Group and Company £'000</i>	<i>Group and Company £'000</i>
Directors' fees and emoluments	212	189
Pension costs	18	19
	<u>230</u>	<u>208</u>

Included in the above is Directors' remuneration of £115,000 (1998: £104,000) which has been charged to the capital reserve (note 19).

## NOTES TO THE FINANCIAL STATEMENTS

Under the terms of the service contract with Mr Robb, the Company pays him an annual salary agreed by the Remuneration Committee and a 1 per cent bonus on the annual growth in the net assets of the Group. The term of the service contract was initially three years from the date of flotation, thereafter terminable by either party on one year's notice. Mr Robb may also receive a discretionary bonus of such amount as the Remuneration Committee think suitable.

The contract with Viscount Bridgeman was initially for 12 months and thereafter continuing until either party gives three months' notice. The amounts paid to him are inclusive of VAT at 17½ per cent which is irrecoverable by the Company.

The services of Mr Martin-Clark, Mr Riddell and Sir David Thomson are provided to the Company pursuant to the terms of engagement letters, terminable by either party on three months' notice. The amounts paid to them are inclusive of VAT at 17½ per cent which is irrecoverable by the Company.

### Details of remuneration

	<b>1999</b>	<b>1998</b>
	<b>£'000</b>	<b>£'000</b>
<i>Executive</i>		
Mr G A Robb		
Salary	120	100
Bonus	38	30
Benefits in kind	6	12
	164	142
Pension contributions	18	19
Total emoluments	182	161
	<b>1999</b>	<b>1998</b>
	<b>£'000</b>	<b>£'000</b>
<i>Non-executive-fees only</i>		
Viscount Bridgeman	15	14
Mr D L Martin-Clark	11	11
Mr N M M Riddell	11	11
Sir David Thomson	11	11
	48	47

At 30 September 1999, the Company had agreed to make contributions to the personal pension plan of the Managing Director. No pension contributions were made in respect of any other Director.

## NOTES TO THE FINANCIAL STATEMENTS

### 8. Taxation Group and Company

	<i>1999</i>		<i>1998</i>	
	<i>Group £'000</i>	<i>Company £'000</i>	<i>Group £'000</i>	<i>Company £'000</i>
The taxation charge is based on the revenue for the year as follows:				
Current year tax charge at 20.5% (1998: 21.0%)	6	–	–	–
Tax credits on dividends received	29	29	32	30
Overseas taxation	2	–	7	–
Advance Corporation Tax written off	–	–	14	14
Revision to prior year estimates	(1)	(1)	–	–
	<u>36</u>	<u>28</u>	<u>53</u>	<u>44</u>

A further £2,000 (Group) and £ Nil (Company) (1998: £25,000 (Group) and £Nil (Company)) has been charged to the capital reserve.

The Company has excess management expenses of approximately £275,000 at 30 September 1999 (1998: £320,000) which are available to offset against future taxable income.

### 9. Dividends

	<i>1999 £'000</i>	<i>1998 £'000</i>
Interim dividend of 1.0p per ordinary share (1998: 1.0p)	87	87
Proposed final dividend of 3.5p per ordinary share (1998: 3.0p)	303	260
	<u>390</u>	<u>347</u>

### 10. Return per share

#### a) Basic return per ordinary share

Basic revenue return per ordinary share for the year ended 30 September 1999 is calculated on the basis of the net revenue on ordinary activities after tax of £523,000 (Company: £466,000) (1998: £468,000 (Company: £431,000)) divided by 8,672,596 (1998: 8,635,332), being the weighted average number of ordinary shares of 25p each in issue during the year, stated in accordance with Financial Reporting Standard No 14.

Basic capital return per ordinary share for the year ended 30 September 1999 is based on net capital gain of £3,124,000 (Company: £2,497,000) (1998: loss £954,000 (Company: loss £564,000)) divided by 8,672,596 (1998: 8,635,332), being the weighted average number of ordinary shares of 25p each in issue during the year.

#### b) Diluted return per ordinary share

Diluted revenue and capital returns per ordinary share for the year ended 30 September 1999 are calculated on 8,672,936 (1998: 8,635,332) shares.

#### c) Return per zero dividend preference share

Return per zero dividend preference share for the year ended 30 September 1999 is calculated on the appropriation in respect of the zero dividend preference shares of £498,000 (Company: £498,000) (1998: £430,000 (Company: £430,000)) divided by 5,800,000 (1998: 5,800,000), being the number of zero dividend preference share of £1 each in issue during the year.

## NOTES TO THE FINANCIAL STATEMENTS

### 11. Fixed asset investments

Group	<i>Listed investments £'000</i>	<i>Unlisted investments £'000</i>	<i>Total £'000</i>
<b>Cost</b>			
At 1 October 1998	4,936	10,229	15,165
Additions	1,566	1,248	2,814
Disposals	(3,156)	(722)	3,878
At 30 September 1999	<u>3,346</u>	<u>10,755</u>	<u>14,101</u>
<b>Unrealised capital (loss)/gain</b>			
At 1 October 1998	(1,505)	2,389	884
Movement in year	924	3,109	4,033
Transfer to realised capital reserve	11	189	200
Exchange	3	4	7
At 30 September 1999	<u>(567)</u>	<u>5,691</u>	<u>5,124</u>
<b>Valuation</b>			
At 30 September 1999	<u>2,779</u>	<u>16,446</u>	<u>19,225</u>
At 30 September 1998	<u>3,431</u>	<u>12,618</u>	<u>16,049</u>

Company	<i>Subsidiary undertaking £'000</i>	<i>Listed investments £'000</i>	<i>Unlisted investments £'000</i>	<i>Total £'000</i>
<b>Cost</b>				
At 1 October 1998	1,913	2,977	9,990	14,880
Additions	–	1,100	1,082	2,182
Disposals	–	(1,335)	(1,614)	(2,949)
At 30 September 1999	<u>1,913</u>	<u>2,742</u>	<u>9,458</u>	<u>14,113</u>
<b>Unrealised capital (loss)/gain</b>				
At 1 October 1998	–	(1,078)	2,481	1,403
Movement in year	–	804	2,519	3,323
Transfer from realised capital reserve	–	(81)	(116)	(197)
At 30 September 1999	<u>–</u>	<u>(355)</u>	<u>4,884</u>	<u>4,529</u>
<b>Valuation</b>				
At 30 September 1999	<u>1,913</u>	<u>2,387</u>	<u>14,342</u>	<u>18,642</u>
At 30 September 1998	<u>1,913</u>	<u>1,899</u>	<u>12,471</u>	<u>16,283</u>

## NOTES TO THE FINANCIAL STATEMENTS

### Details of investments in subsidiaries

<i>Name of company</i>	<i>Class of capital</i>	<i>Percentage of class held</i>	<i>Country of incorporation and operation</i>	<i>Principal activity</i>
AMIC AG	Ordinary	70.13	Switzerland	Investment Company
AMIC Securities Limited	Ordinary	100.00	United Kingdom	Dealing Company
Asset Management Investment Company Inc.	Ordinary	100.00	United States of America	Investment Company

### Significant holdings

At 30 September 1999 the Group had the following holdings of more than 10 per cent of the ordinary capital of the investee company:

<i>Name of company</i>	<i>Class of capital</i>	<i>Percentage of equity held</i>	<i>Country of incorporation</i>
Aberdeen America	Ordinary	19.6	United States of America
City of London Investment Group	Ordinary	11.6	United Kingdom
Columbus Financial Services	Ordinary	28.7	United Kingdom
Ely Fund Managers	Ordinary	23.5	United Kingdom
IFDC Group	Ordinary	15.0	Luxembourg
Marque Millennium Group	Ordinary	20.5	United States of America
Midhurst Asset Management	Ordinary	20.7	United Kingdom
Thornhill Holdings	Ordinary	15.0	United Kingdom

The investments in Columbus Financial Services, Ely Fund Managers, Marque Millenium Group, and Midhurst Asset Management are not accounted for as associate undertakings as no significant influence is exercised over the activities of the companies. Further information relating to investee companies in which the Company held more than 20 per cent of the ordinary share capital is disclosed below.

	<i>Aggregate Capital and Reserves</i>		<i>Profit/(Loss) before dividend</i>	
	<i>1999</i>	<i>1998</i>	<i>1999</i>	<i>1998</i>
	<i>'000</i>	<i>'000</i>	<i>'000</i>	<i>'000</i>
Columbus Financial Services	N/A	£(38)	N/A	£(15)
Ely Fund Managers	£3,083	£3,026	£775	£681
Marque Millennium	N/A	US\$(1,414)	N/A	US\$(299)
Midhurst Asset Management	£329	£100	£(396)	£(369)

### Geographic Analysis of Investments

	<i>1999</i>	<i>1998</i>
	<i>%</i>	<i>%</i>
UK	51	57
USA	24	28
Europe	20	12
Far East	5	3
	100	100
	100	100

## NOTES TO THE FINANCIAL STATEMENTS

### 12. Tangible fixed assets Group and Company

	<i>Office equipment £'000</i>	<i>Fixtures &amp; fittings £'000</i>	<i>Total £'000</i>
<b>Cost</b>			
At 1 October 1998	26	28	54
Additions	3	–	3
At 30 September 1999	29	28	57
<b>Depreciation</b>			
At 1 October 1998	18	9	27
Charge for the year	5	5	10
At 30 September 1999	23	14	37
<b>Net book value</b>			
At 30 September 1999	6	14	20
At 30 September 1998	8	19	27

### 13. Current asset investments Group

	<i>1999 £'000</i>	<i>1998 £'000</i>
Current asset investments	206	72

Current asset investments are valued at mid-market price on 30 September 1999.

### 14. Debtors

	<i>1999</i>		<i>1998</i>	
	<i>Group £'000</i>	<i>Company £'000</i>	<i>Group £'000</i>	<i>Company £'000</i>
Prepayments and accrued income	92	77	93	84
Corporation tax recoverable	–	–	12	12
Income tax recoverable	50	50	–	–
Other debtors	31	27	1	1
Amount due from subsidiary company	–	381	–	55
	173	535	106	152

## NOTES TO THE FINANCIAL STATEMENTS

### 15. Creditors: amounts falling due within one year

	<i>1999</i>		<i>1998</i>	
	<i>Group £'000</i>	<i>Company £'000</i>	<i>Group £'000</i>	<i>Company £'000</i>
Trade creditors	17	17	12	10
Bank overdraft	–	–	67	–
Bank loan	1,000	1,000	–	–
Other creditors	24	2	1	1
Proposed dividend	303	303	260	260
Corporation tax	6	–	–	–
Other taxation and social security	9	9	5	5
Accruals	96	96	110	78
ACT payable	14	14	14	14
	<u>1,469</u>	<u>1,441</u>	<u>469</u>	<u>368</u>

The bank loan, which is unsecured, was repayable in full on 6 October 1999. Since the year end, the bank loan has been repaid.

### 16. Creditors: amounts falling due after one year

	<i>1999</i>		<i>1998</i>	
	<i>Group £'000</i>	<i>Company £'000</i>	<i>Group £'000</i>	<i>Company £'000</i>
Bank loan	<u>900</u>	<u>900</u>	<u>900</u>	<u>900</u>

The bank loan, which is unsecured, is a five-year 8.3 per cent fixed rate loan and is repayable in full on 31 October 2001.

Since the year end the bank loan has been repaid.

### 17. Called up share capital

	<i>1999 £'000</i>	<i>1998 £'000</i>
Authorised		
11,500,000 ordinary shares of 25p each	2,875	2,875
5,800,000 zero dividend preference shares of £1 each	<u>5,800</u>	<u>5,800</u>
	<u>8,675</u>	<u>8,675</u>
Allotted, issued and fully paid		
8,672,596 ordinary shares of 25p each	2,168	2,168
5,800,000 zero dividend preference shares of £1 each	<u>5,800</u>	<u>5,800</u>
	<u>7,968</u>	<u>7,968</u>

The zero dividend preference shares have no rights to dividends, as they will be redeemed for 199.90p each in October 2006, providing a premium of 99.90p per share.

On a winding up or other return of assets of the Company, zero dividend preference shares rank first. In these circumstances £1 per share would be due, plus 8 per cent per annum compounded annually from October 1997 to October 2006, accruing on a monthly basis. All further surplus assets of the Company available for distribution would be paid to the holders of the ordinary shares.

## NOTES TO THE FINANCIAL STATEMENTS

### 17. Called up share capital (continued)

The holders of the zero dividend preference shares have the right to attend and vote at a general meeting of the Company only if the meeting includes the consideration of any resolution to:

- Change the special rights or privileges attached to the zero dividend preference shares;
- Change the objects of the Company as set out in the Memorandum of Association; or
- Wind up the Company.

In these circumstances each holder of zero dividend preference shares is entitled to one vote per zero dividend preference share held.

Under the Company's Share Option Scheme the following options were granted to Mr Robb:

	<i>No of shares</i>	<i>Exercise price</i>
<b>At 20 February 1995</b>		
Basic	151,110	99.5p
Additional	151,110	99.5p

The basic options are exercisable between 20 February 1998 and 20 February 2002.

The additional options are exercisable between 20 December 1999 and 20 February 2002.

	<i>No of shares</i>	<i>Exercise price</i>
<b>At 6 December 1995</b>		
Basic	37,778	93.0p
Additional	37,778	93.0p

The basic options are exercisable between 6 December 1998 and 6 December 2002.

The additional options are exercisable between 6 December 2000 and 6 December 2002.

On 30 December 1997, 7,000 basic options were granted at an exercise price of 82.0p exercisable between 30 December 2000 and 30 December 2004 and on 30 December 1998 3,500 basic options were granted at an exercise price of 62p exercisable between 30 December 2001 and 30 December 2005.

### 18. Share premium

	<i>1999</i>	<i>1998</i>
	<i>£'000</i>	<i>£'000</i>
At 1 October 1998	5,393	5,547
Received on issue of shares	–	121
Issue costs for zero dividend preference shares written off	–	(275)
	5,393	5,393
At 30 September 1999	5,393	5,393

## NOTES TO THE FINANCIAL STATEMENTS

### 19. Realised capital reserve

<b>Group</b>	<b>Listed £'000</b>	<b>Unlisted £'000</b>	<b>Administration charges £'000</b>	<b>Total £'000</b>
At 1 October 1998	1,138	(174)	(1,430)	(466)
Transfer from unrealised capital reserve	(11)	(189)	–	(200)
Charge for the year	–	–	(361)	(361)
Foreign exchange	5	–	–	5
Appropriation in respect of zero dividend preference shares	–	–	(522)	(522)
Issue costs of zero dividend preference shares	–	–	24	24
At 30 September 1999	<u>1,132</u>	<u>(363)</u>	<u>(2,289)</u>	<u>(1,520)</u>

### Company

	<b>Listed £'000</b>	<b>Unlisted £'000</b>	<b>Administration charges £'000</b>	<b>Total £'000</b>
At 1 October 1998	994	–	(1,328)	(334)
Transfer from unrealised capital reserve	81	116	–	197
Charge for the year	–	–	(305)	(305)
Appropriation in respect of zero dividend preference shares	–	–	(522)	(522)
Issue costs of zero dividend preference shares	–	–	24	24
At 30 September 1999	<u>1,075</u>	<u>116</u>	<u>(2,131)</u>	<u>(940)</u>

### 20. Unrealised capital reserve

<b>Group</b>	<b>Listed £'000</b>	<b>Unlisted £'000</b>	<b>Total £'000</b>
At 1 October 1998	(1,439)	2,662	1,223
Movement in year	924	3,109	4,033
Transfer to realised capital reserve	11	189	200
Minority interest	(26)	–	(26)
Foreign exchange	(3)	–	(3)
At 30 September 1999	<u>(533)</u>	<u>5,960</u>	<u>5,427</u>

### Company

	<b>Listed £'000</b>	<b>Unlisted £'000</b>	<b>Total £'000</b>
At 1 October 1998	(1,078)	2,481	1,403
Movement in year	804	2,519	3,323
Transfer from realised capital reserve	(81)	(116)	(197)
At 30 September 1999	<u>(355)</u>	<u>4,884</u>	<u>4,529</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 21. Warrant reserve

On 1 October 1998 and 30 September 1999 the amount of the warrant reserve was £327,000.

On 1 December 1994 5,037,017 ordinary shares of 25p each were allotted, issued and fully paid at 100p, with warrants of 1 for 5 ordinary shares attached. In accordance with Financial Reporting Standard No. 4, the net proceeds attributable to these warrants were transferred to this reserve. A registered holder of a warrant has rights to subscribe on 31 January in any of the years 1995 to 2002 inclusive for all or any number of ordinary shares of 25p each in the Company in respect of which he/she is registered as a warrant holder, at the price of 99.18p per ordinary share, payable in cash, in full, on subscription. 1,007,403 warrants were issued in December 1994 and no warrants have been exercised during the life of the issue.

### 22. Revenue reserve

	<i>Group £'000</i>	<i>Company £'000</i>
At 1 October 1998	(44)	110
Revenue return for the year	133	76
Exchange difference on net assets of foreign subsidiary	5	–
At 30 September 1999	94	186

Goodwill totalling £44,000 has been written off to revenue reserves in prior years.

### 23. Zero dividend appropriation reserve

This reserve represents the amount due to zero dividend preference shareholders, which as explained in note 17 represents a premium on redemption payable in October 2006, and is accruing at an annual rate of 8 per cent.

### 24. Reconciliation of movement in consolidated shareholders' funds

	<i>1999 £'000</i>	<i>1998 £'000</i>
Revenue return retained for the financial year	133	121
Capital return for the financial year	3,124	(954)
Shares issued	–	5,683
Foreign exchange	2	8
Exchange difference on net assets of foreign subsidiary	5	(47)
Allocation in respect of zero dividend preference shares	522	451
Net addition to shareholders' funds	3,786	5,262
Opening shareholders' funds	14,831	9,569
Closing shareholders' funds	18,617	14,831

### 25. Net asset value

The basic net asset value per ordinary share at 30 September 1999 is calculated on the basis of the net assets attributable to equity shareholders divided by the number of ordinary shares in issue at that date.

The diluted net asset value per ordinary share at 30 September 1999 is calculated on the basis of the net assets attributable to equity shareholders divided by the number of shares determined in accordance with Financial Reporting Standard No 14.

The net asset value per zero dividend preference share at 30 September 1999 is calculated on the basis of the net assets attributable to zero dividend preference shareholders, less the issue costs, divided by the number of zero dividend preference shares in issue at that date.

The respective numbers of shares are as detailed in note 10.

## NOTES TO THE FINANCIAL STATEMENTS

### 26. Contingent liabilities

There were no contingent liabilities at 30 September 1999. (1998: £Nil)

### 27. Reconciliation of net return before finance costs and taxation to net cash inflow from operating activities

	<b>1999</b>	<b>1998</b>
	<b>£'000</b>	<b>£'000</b>
Net return before finance costs and taxation	597	561
Depreciation charge	10	13
Increase in debtors	(78)	(75)
Increase in creditors	17	51
Administration expenses (before finance costs and taxation) charged to capital reserve	(321)	(306)
Tax on franked investment income included within income from UK companies	(29)	(31)
Net cash inflow from operating activities	196	213

### 28. Reconciliation of net cash flow to movement in net debt

	<b>1999</b>	<b>1998</b>
	<b>£'000</b>	<b>£'000</b>
Increase in cash in the period	97	76
Cash inflow from increase in debt	(1,000)	–
Cash (inflow)/outflow from (decrease)/increase in liquid resources	1,534	(323)
Change in net debt resulting from cash flows and movement in net debt in the year	631	(247)
Net debt at beginning of year	(737)	(490)
Net debt at end of year	(106)	(737)

### 29. Analysis of net debt

	<b>At 1 October 1998 £'000</b>	<b>Cash flows £'000</b>	<b>At 30 September 1999 £'000</b>
Cash at bank and in hand	158	30	188
Overdrafts	(67)	67	–
Debt due after 1 year	(900)	–	(900)
Debt due within 1 year	–	(1,000)	(1,000)
Liquid resources	72	1,534	1,606
	(737)	631	(106)

### 30. Analysis of financial assets and liabilities

The Group's financial instruments comprise:

- Cash and short term debtors and creditors which arise from investment activities
- Bank loans in sterling
- Listed and unlisted securities held within the portfolio
- Zero dividend preference shares which carry predetermined payment rights as explained in note 17

## NOTES TO THE FINANCIAL STATEMENTS

### 30. Analysis of financial assets and liabilities (continued)

The Group invests approximately 85.50 per cent of the portfolio in unlisted asset management companies with the remainder principally in United Kingdom and Hong Kong listed asset management companies.

The Group's principal risks are:

- Market price risk
- Liquidity risk
- Foreign currency risk
- Interest rate risk

Market price risk arises mainly from uncertainty about future prices of investments held in its portfolio.

It represents the potential loss the Group might suffer through holding market positions in the face of price movements. The management constantly monitors the price of listed investments held by the Group on a real-time basis. The managing Director reports to the Board on the unlisted investments and constantly monitors their carrying values.

Liquidity risk arises as the investment portfolio comprises mainly unlisted securities, which represent a potential delay in realising funding commitments. The Group does maintain quoted securities which are readily realisable to meet funding requirements if necessary.

Foreign currency risk arises as the income and capital value of the Group's investments can be affected by exchange rate movements as some of the Group's assets and income are denominated in currencies other than sterling which is the Group's reporting currency.

The Board has identified two principal areas where foreign currency risk could impact the Group:

- Movements in rates affect the value of investments
- Movements in rates affect the income received

The Group's borrowings are at a fixed rate of interest and at present has no material exposure to interest rate risks.

#### Currency exposures

An analysis of the Group's fixed assets and net current assets at 30 September 1999 is:

	<i><b>Sterling</b></i> <i><b>£'000</b></i>	<i><b>US\$</b></i> <i><b>£'000</b></i>	<i><b>HK\$</b></i> <i><b>£'000</b></i>	<i><b>Other</b></i> <i><b>£'000</b></i>	<i><b>Total</b></i> <i><b>£'000</b></i>
Investments	13,553	4,684	988	–	19,225
Net current assets	452	61	–	(15)	498

#### Interest rate risk profile of financial assets and financial liabilities

The majority of the Group's financial assets are equity shares or other investments which neither pay interest nor have maturity dates. However, the portfolio does contain certain investments which exhibit one or both of these characteristics. The analysis of such investments at 30 September 1999 is:

	<i><b>Sterling</b></i> <i><b>£'000</b></i>	<i><b>US\$</b></i> <i><b>£'000</b></i>	<i><b>Total</b></i> <i><b>£'000</b></i>
Fixed rate investments	1,094	2,302	3,396

## NOTES TO THE FINANCIAL STATEMENTS

### 30. Analysis of financial assets and liabilities (continued)

The interest characteristics of the fixed rate investments are as follows:

Interest rate on fixed rate investments	9.35%
Average period for which interest rate is fixed	3 years

#### Liabilities

The analysis of the Group's financial liabilities at 30 September 1999 is:

	<i><b>Sterling £'000</b></i>	<i><b>Total £'000</b></i>
Fixed rate liabilities	1,900	1,900

Short term creditors have been excluded from these disclosures with the exception of the short term loan.

The interest characteristics of the fixed rate liabilities are as follows:

Interest rate on fixed rate liabilities	7.4%
Average period for which interest rate is fixed	1 year

The maturity profile of the Group's financial liabilities at 30 September 1999 is:

	<i><b>£'000</b></i>
In one year or less	1,000
In two to five years	900

#### Fair value of financial instruments

Financial assets and liabilities are included in the balance sheet at values which represent fair values except in respect of the items disclosed below. The fair values of the loans have been calculated by estimating the costs of breaking the loans. Market values have been used to determine the fair value of the zero dividend preference shares.

	<i><b>Carrying value £'000</b></i>	<i><b>Fair value £'000</b></i>
Long term loan	1,900	1,920
Zero dividend preference shares	6,497	6,989

### 31. Related party transactions

Asset Management Investment Company PLC has an investment in Savoy Asset Management Plc, a company listed on the Alternative Investment Market of which Norman Riddell is non-executive chairman and a shareholder. Dividends of £8,000 (1998: £8,000) were received from this company during the year.

### 32. Post Balance Sheet Event

All the Company loans were repaid during the month of October 1999.

## NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of Asset Management Investment Company PLC will be held at 32 Ludgate Hill, London EC4M 7DR at 12 noon on Wednesday 26 January 2000 for the following purposes:

1. To receive and adopt the Directors' Report and Financial Statements for the year ended 30 September 1999, together with the Auditors' Report thereon.
2. To approve the proposed final dividend of 3.50p per ordinary share.
3. To re-elect Sir David Thomson, Bt., who retires by rotation, as a Director.
4. To re-elect Mr David Martin-Clark, who retires by rotation, as a Director.
5. To approve the reappointment of Solomon Hare as Auditors and to authorise the Directors to agree their remuneration.

### **Special Business**

To consider and, if thought fit, pass the following resolutions as Ordinary and Special Resolutions as indicated:

## ORDINARY RESOLUTION

6. THAT the Directors shall be and are hereby generally and unconditionally authorised in accordance with Section 80 Companies Act 1985 (as amended) ("the Act") until 25 January 2005 (and in substitution of any existing power to allot relevant securities) to exercise all the powers of the Company to allot and to make offers or agreements to allot relevant securities (as defined in Section 80(2)) up to an aggregate nominal amount of £715,489 but so that this authority shall allow the Company to make, before the expiry of this authority, offers or agreements which would or might require relevant securities to be allotted after such expiry and notwithstanding such expiry the Directors may allot relevant securities in pursuance of such offers or agreements.

## SPECIAL RESOLUTION

7. THAT, subject to the passing of Resolution 6 above, the Directors be and are hereby empowered pursuant to Section 95 of the Act to allot for cash equity securities (as defined in Section 94 of the Act) pursuant to the authority conferred by Resolution 6 above as if Sections 89(1) and 90(1) – (6) inclusive of the Act did not apply to any such allotment, provided that such power is limited to the allotment of equity securities:
  - (i) up to 604,440 ordinary shares of 25p each pursuant to the terms of the Company's Executive Share Option Scheme;
  - (ii) up to 1,007,403 ordinary shares of 25p each on exercise of the Share Warrants as described in the Listing Particulars as approved by the Board of the Company and filed with the Registrar of Companies on 28 November 1994;
  - (iii) in connection with or the subject of an offer or invitation of securities, open for acceptance for a period fixed by the Directors, by way of rights to holders of ordinary shares on the register of the Company in proportion (as nearly as may be) to their holdings on a date fixed by the Directors (but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with problems under the laws of any territory or in connection with fractional entitlements or otherwise howsoever); and

## NOTICE OF MEETING

- (iv) otherwise than pursuant to (i), (ii) and (iii) above up to an aggregate nominal amount equal in nominal value to 5 per cent of the nominal value of the issued share capital of the Company provided always that the authority conferred by this Resolution 7 shall expire on 25 April 2001 or at the conclusion of the Annual General Meeting of the Company held in 2001, whichever is the earlier, and the Company may before such expiry make offers or arrangements which would or might require equity securities to be allotted after such expiry and notwithstanding such expiry the Directors may allot equity securities in pursuance of such offers or agreements.

22 December 1999  
Registered Office:  
32 Ludgate Hill  
London EC4M 7DR

By Order of the Board  
N J Crickmore  
Secretary

### Notes:

1. Pursuant to regulation 34 of the Uncertificated Securities Regulations 1995, the Company specifies that only those holders of shares registered in the register of members as at 9 am on Tuesday 25 January 1999 shall be entitled to attend or vote at the Meeting in respect of the number of shares registered in their names at that time. Changes to entries on the register after 9.00 am on Tuesday 25 January 1999 shall be disregarded in determining the rights of any person to attend or vote at the Meeting.
2. A member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and, on a poll, to vote instead of him/her. A proxy need not be a member of the Company. A form of proxy is enclosed. The appointment of a proxy will not prevent a shareholder from subsequently attending and voting at the Meeting in person. To be effective, the instruments of proxy and the power of attorney or other authority, if any, under which they are signed or a notarially certified copy of that power or authority should be sent to the Company's Registrars so as to arrive not less than 48 hours before the time fixed for the meeting.
3. Copies of the Directors' service contracts and the Register of Directors' interests are available for inspection at the registered office of the Company during normal business hours from the date of this notice until the close of the Annual General Meeting and at the place of the Annual General Meeting for 15 minutes prior to and during the meeting.

Asset Management Investment Company PLC  
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