



**Asset Management Investment Company
PLC**

**Annual Report
2000**



**Asset Management Investment Company
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

DIRECTORS	The Viscount Bridgeman Sir Frederick Douglas David Thomson, Bt. George Alan Robb David Lindsay Martin-Clark Norman Malcolm Marshall Riddell John William Spurdle, Jnr.	Chairman (Non-Executive) Deputy Chairman (Non-Executive) Managing Director and Chief Investment Officer (Executive) (Non-Executive) (Non-Executive) (Executive)
	Viscount Bridgeman, Mr Martin-Clark, Mr Riddell and Sir David Thomson are members of the Audit and Remuneration Committees	
SECRETARY & REGISTERED OFFICE	Nicola Jane Crickmore 32 Ludgate Hill London EC4M 7DR	
COMPANY NUMBER	918390 (Incorporated in England and Wales)	
AUDITORS	Solomon Hare Chartered Accountants Oakfield House, Oakfield Grove Bristol BS8 2BN	
BANKERS	Bank of Scotland 38 Threadneedle Street London EC2P 2EH	
REGISTRAR	Lloyds TSB Registrars Scotland 117 Dundas Street Edinburgh EH3 5ED	
SOLICITORS	Burgess Salmon Narrow Quay House Narrow Quay Bristol BS1 4AH	
STOCKBROKERS	Collins Stewart Ltd 21 New Street Bishopsgate London EC2M 4HR	
OFFICE IN THE UNITED STATES	Asset Management Investment Company Inc. 515 Madison Avenue New York, NY 10022 USA	
OFFICE IN SWITZERLAND	AMIC AG Schutzengraben 28 Postfach 1 CH 8204 Schaffhausen Switzerland	

BOARD OF DIRECTORS

Viscount Bridgeman, Chairman, Non-Executive, aged 70

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.

Sir David Thomson, Deputy Chairman, Non-Executive, aged 60

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.

George Robb, Managing Director and Chief Investment Officer, Executive, aged 58

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, Britannic Global Income Trust plc, Goshawk Insurance Holdings Plc, The Media & Income Trust Plc and of a number of the companies in which AMIC is invested.

David Martin-Clark, Non-Executive, aged 63

After qualifying as a barrister and spending a brief period with BP, David Martin-Clark 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 Senior Partner in the Thomas Miller Group and Chief Executive and then Chairman of its holding company. He retired from Millers in 1999 and now works as an independent consultant. He is a director of Bolero Development Limited.

Norman Riddell, Non-Executive, aged 53

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 a director of Life Assurance Holding Corporation plc, Clubhaus plc and Improvement Pathway Limited.

John Spurdle, Executive, aged 63

John Spurdle spent 28 years with J.P. Morgan & Company as an Executive Vice-President, Managing Director and Head of Corporate Finance in Europe, the Middle East and Africa. He is currently a director of The France Growth Fund and Chairman of Investment Management Partners. His previous directorships have included Chemfab Corporation, and a number of public and private companies in which J.P. Morgan had an interest. In July 1997 he was appointed President of Asset Management Investment Company Inc. and was responsible for opening the company's office in New York.

CHAIRMAN'S STATEMENT

I am pleased to be able to report that the year to 30 September 2000 was a further year of significant growth for your company, in terms of both revenue and capital. This reflected a year in which operating conditions for much of the asset management industry continued to be favourable, and in which there was a pronounced increase in the valuations being placed on asset management companies as evidenced by the reported transactions in the sector.

During the year total assets less current liabilities increased by 17.52% to £23,202,797 (1999: £19,743,488). The undiluted net asset value per ordinary share rose by 32.10% to 184.67p (1999: 139.80p), a rise which resulted from the net increase in the valuations which your directors felt able, following careful consideration and consultation with the auditors, to place on the investments in the portfolio.

The largest investment in the portfolio is now IFDC S.A. Group, with operating offices in London, Paris, Luxembourg and Tokyo and managing or advising mutual funds invested in a range of emerging markets and Japan. With the return of interest in the Japanese markets and the investment management record of the company, which has consistently outperformed its benchmarks, IFDC has attracted significant flows of new investment in its products, resulting in increased earnings. These have made a meaningful contribution to the dividends received by your company and to the valuation placed on the investment. In the United Kingdom portfolio, Ely Fund Managers and Thornhill Investment Management, both in London, have usefully expanded their businesses and we have been happy to have been able modestly to increase our investments in each company. In the United States Clark Capital Management Group, in Philadelphia, has significantly increased its assets under management as a result of strong investment management performance.

In the course of the year one new investment was added to the portfolio. Turnstone Holdings was the result of the management buyout of the private clients department of Granville Baird Limited, a transaction for which your company provided most of the required finance. The new company, which is the holding company of Nevile Merriam Investment Management, has approximately £165 million under management on behalf of a large number of private clients, trusts and charitable foundations. Through Ely, Thornhill and Turnstone your company has now a strategic position in the London-based independent private client asset management business.

Mention should be made of our investment in Hong Kong in iRegent.com Limited. Decisive management achieved a remarkable recovery following the turmoil in emerging markets in the autumn of 1998 which seriously affected the funds managed by the company in Russia and Eastern Europe. Your directors believe that the rating accorded to the company on the Hong Kong Stock Exchange, which recently has been adversely affected by publicity relating to the group's investment in Korea, does not give management adequate credit for accomplishing this turnaround. The iRegent group is now pursuing a strategy of building up its asset management business with particular reference to private equity in south-east Asia.

As with any business which is invested in private equity, certain investments have proved disappointing. I reported at the interim stage that Latchly Management, a company formed to provide administration services to the asset management industry, was ultimately unable to attract sufficient clients to achieve a positive cash flow and the decision was taken to cease trading. Your company has also worked closely with Midhurst Asset Management over a long period in attempting to find ways of securing sufficient assets under management to provide critical mass to enable the company to move forward as a manager in the global fixed interest sector. The decision has now been taken to sell the company and discussions with a prospective purchaser are at an advanced stage, but it is anticipated that the sale will result in the loss of substantially all of our investment. Just prior to our

CHAIRMAN'S STATEMENT

year-end Aberdeen America Inc in Boston suffered the loss of a major client, resulting in a significant reduction in the valuation your directors were able to place on that investment.

Your company again enjoyed strong growth of revenue during the year. Profit after taxation and minority interests increased by 131.07% to £1,207,752 (1999: £522,684) and revenue return per ordinary share increased by 131.01% to 13.93p (1999: 6.03p). Your board is therefore recommending a final dividend of 5.00p net per share (1999: 3.50p net per share), payable on those shares in issue prior to the Placing, referred to below, which together with the interim dividend of 2.00p net per share (1999: 1.00p net per share) paid on 3 July 2000 will make a total dividend of 7.00p net per share (1999: 4.50p net per share), an increase of 55.56% on the dividend paid in the preceding year.

The final dividend will be proposed at the Annual General Meeting on 31 January 2001 for payment on 9 February 2001 to shareholders on the register at the close of business on 22 December 2000. In addition, as proposed in the Placing memorandum, there will be a special dividend of 3.80p paid on 9 February 2001 to all shareholders on the register at the close of business on 2 February 2001.

Immediately following the year-end your company successfully completed a Placing of 10,000,000 new ordinary shares at 186p and 2,320,000 new zero dividend preference shares at 127.5p which, together with a loan facility of £10,000,000 from Bank of Scotland fixed to 27 October 2006, provided £30,889,660 net of expenses of additional funds to invest. The Placing was supported by existing shareholders, but also introduced a range of new institutional shareholders to the register. Sponsors to the issue were Collins Stewart Limited, who have been appointed stockbrokers to the company.

This additional liquidity will enable your company, which prior to the Placing was fully invested, to participate in those situations which it identifies as potential investments from the flow of deals derived from its steadily expanding international network, in addition to providing continuing financial support to its existing portfolio of investments. The global asset management industry is large and fragmented, resulting in numerous financial transactions in the sector, and your company expects to continue to obtain an adequate share in relation to its available resources.

My colleagues and I were delighted when John Spurdle accepted an invitation to become a director of your company and was formally appointed to the board on 13 November 2000. John was a founding shareholder in AMIC, and has represented your company in the United States as President of Asset Management Investment Company Inc. since opening our office in New York in 1997. The current deal flow suggests that the volume of activity of AMIC in the United States is likely to increase significantly, making his participation at board level of great importance. I have every confidence that his appointment will result in a valuable contribution to the development of your company.

Earlier this year I informed my colleagues on your board of my intention, since I achieve the age of seventy this December, to step down as chairman of directors and from the board. To have been chairman of AMIC since the inception of the company has for me been an enormously rewarding experience, and I believe that this is an appropriate stage for me to hand over at a time when I expect AMIC to be entering the next significant period of its development, following the significant injection of new funds resulting from the Placing. My colleague, Sir David Thomson, who has also been a director since the establishment of the company, will succeed me as chairman at the conclusion of the annual general meeting.

Provided financial markets continue to enjoy stability in the current year, with an absence of major economic or market upsets beyond the control of the investment management sector, your directors see continued growth ahead. A number of the companies in which AMIC is invested are well

CHAIRMAN'S STATEMENT

positioned for positive development of their businesses, and the outlook for the current year is encouraging. In the longer term the global asset management industry will continue to benefit from favourable demographic and macro-economic trends resulting from the increased longevity of the population and the accumulation of savings and surplus wealth, providing an attractive investment environment in which your company can operate.

The AMIC website is regularly updated with information regarding the company and its investments. Shareholders are invited to visit the site, which provides links to the websites of companies in the portfolio. The address is www.amicplc.com.

Bridgeman

Chairman

29 December 2000

INVESTMENT PORTFOLIO

	<i>Cost</i> <i>£'000</i>	<i>Valuation</i> <i>£'000</i>	<i>Percentage</i> <i>of</i> <i>investment</i> <i>portfolio</i>
Listed Holdings			
Integrated Asset Management	526	426	1.73
iRegent.com (HK\$)	1,435	822	3.34
iRegent.com (warrants to subscribe) (HK\$)	23	26	0.10
Stockcube *	150	177	0.72
Investments held by AMIC AG	29	106	0.43
Total Listed	2,163	1,557	6.32
Unlisted Holdings			
Aberdeen America	751	620	2.52
City of London Investment Group	1,241	1,664	6.76
Clark Capital Management			
8% Convertible Subordinated Debentures 2001	332	440	1.79
9% Convertible Subordinated Debentures 2002 **	157	330	1.34
9% Convertible Subordinated Debentures 2002 ***	155	330	1.34
Columbus Financial Services			
Ordinary Shares	411	458	1.86
10 ¹ / ₈ % Loan	50	50	0.20
Ely Fund Managers	1,856	4,320	17.54
IFDC	1,944	7,827	31.79
iRegent East European (HK\$) ****	117	119	0.48
Latchly Management Limited			
10% Unsecured Loan Note 2002	240	–	–
Ordinary Shares	10	–	–
Marque Millennium Group			
Common Stock *****	358	872	3.54
10% Loan Note 2000	180	203	0.82
9 ¹ / ₂ % Convertible Loan Note 2000	124	265	1.08
9 ¹ / ₂ % Convertible Loan Note 2001	282	265	1.08
13% Loan	214	237	0.96
Mayberry Group	702	896	3.64
Midhurst Asset Management			
Ordinary Shares	636	–	–
'A' Preference Shares	470	–	–
Thornhill Holdings			
Ordinary Shares	534	1,177	4.78
11.11% Unsecured Loan Note 2007	933	1,112	4.52
Turnstone Holdings ****			
10% Cum Conv Red Prf Shares	1,600	1,600	6.50
Ordinary Shares	280	280	1.14
Total Unlisted	13,577	23,065	93.68

INVESTMENT PORTFOLIO

<i>Capital/ Debt owned %</i>	<i>Earnings per share</i>	<i>Net dividend per share</i>	<i>Dividend cover</i>	<i>Attributable net assets '000</i>	<i>Year end</i>
11.35	(7.6p)	Nil	N/A	239	April 2000
0.87	\$0.093	\$0.042	2.21	\$1,029	March 2000
N/A	N/A	N/A	N/A	N/A	
0.86					
N/A	N/A	N/A	N/A	N/A	
19.60	\$5.06	Nil	N/A	US\$402	September 1999
11.66	41p	13.2p	1.56	£325	May 2000
100.00	N/A	N/A	N/A	N/A	December 1999
100.00	N/A	N/A	N/A	N/A	
100.00	N/A	N/A	N/A	N/A	
28.77	(0.46p)	Nil	N/A	£(2)	March 1999
100.00	N/A	N/A	N/A	N/A	
25.70	£1.49	56p	1.47	£1,335	June 2000
15.00	US\$914	US\$945.8	0.97	US\$156	December 1999
0.87					
7.50	N/A	N/A	N/A	N/A	
3.61	(3.57)	Nil	N/A	(55)	December 1998
20.50	US\$2.40	Nil	N/A	US\$(263)	December 1999
100.00	N/A	N/A	N/A	N/A	
100.00	N/A	N/A	N/A	N/A	
100.00	N/A	N/A	N/A	N/A	
100.00	N/A	N/A	N/A	N/A	
34.00	US\$(7.86)	Nil	N/A	US\$764	December 1999
20.68	(1.22)	Nil	N/A	68	August 1999
46.90	N/A	N/A	N/A	N/A	
19.00	96p	Nil	N/A	£82	December 1999
100.00	N/A	N/A	N/A	N/A	
100.00					
15.00					

Notes

- * Not yet completed first period of trading since placing and admission to AIM
- ** Debenture matures June 2002
- *** Debenture matures September 2002
- **** Not yet completed first period of trading
- ***** 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\$65 million on behalf of 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 a growth in assets under management based on a record of consistent superior performance with lower risk. AMIC holds 9,000 and AMIC AG holds 11,000 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\$500 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, Buenos Aires, Philadelphia and Singapore and manages funds on behalf of clients in the United States, the United Kingdom and Canada. Since the year end AMIC has increased its investment and now holds 214,384 ordinary shares representing 22.8% 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\$375 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 US\$1,000,000 debentures 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. Additionally the group offers a corporate finance capability specialising in corporate advice and international placement. Other subsidiaries offer insurance broking and trust management, and an associate provides independent financial advice. AMIC holds 88,556 ordinary shares, representing 28.77% of the issued ordinary share capital of the company and has provided a loan of £50,000 at 11% 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 approximately £575 million compared with £115 million when AMIC invested in the company in March 1995. AMIC holds 158,480 ordinary shares, which represent 25.7% of the issued share capital.

IFDC S.A. Group

IFDC, which has operating offices in London, Luxembourg, 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. The group has assets under management in excess of US\$500 million. Based on the expertise of the group in the creation and management of funds invested in emerging markets, IFDC plans to develop collective investment undertakings,

UNLISTED INVESTMENTS

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.

Marque Millennium Group Limited

Marque Millennium, which is based in New York, has developed a proprietary equity product which combines consistent quantitative analysis of stock price movement and 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 which have enabled the company to win a number of significant new clients. Funds under management are currently in excess of US\$230 million. AMIC has provided the company with further working capital to assist its growth and now holds 16,124 shares of Class B common stock representing 20.5% of the total equity and US\$950,000 of loan notes with conversion rights into a maximum further 14% of the equity.

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 has funds under management of US\$120 million. AMIC holds 42,755 ordinary shares, representing 34.0% of the issued share capital.

Thornhill Holdings Limited

Thornhill Holdings Limited is the holding company of Thornhill Investment Management Limited, a private client investment management company based in London with associated companies in Guernsey and Liechtenstein. The group manages in excess of £230 million of assets, principally owned by individuals, trusts, charities and small personal pension funds, both in the United Kingdom 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 18,805 ordinary shares representing 19% of the equity and £900,000 of 11.11% unsecured loan stock convertible into a further 12.4% of the equity.

Turnstone Holdings Limited

Turnstone Holdings is the holding company of Nevile Merriam Investment Management Limited, a private client investment management business based in London, established following a management buyout from the Granville Baird Group. The group has £165 million under management and provides investment management services to private individuals, charities, trusts and self administered pension schemes. AMIC holds 18,805 ordinary shares representing 15% of the equity and £1,600,000 convertible preference shares giving an ultimate total equity interest of 26%.

DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the year ended 30 September 2000.

Review of the Business

A review of the Company's activities is given in the Chairman's Statement on pages 3, 4 and 5.

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 1999. The Company intends to continue to direct its affairs so as to continue to be a qualifying trust.

Results and Dividends

The Group profit after tax for the year was £1,208,000 (Company: £748,000). An interim dividend of 2.0p per share was paid on 3 July 2000 and the Directors propose to pay a final dividend of 5.0p per share. £601,000 (Company: £141,000) 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 2000</i>		<i>At 1 October 1999</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	–
David Martin-Clark	– beneficial	7,137	–	7,137	–
	– non-beneficial	–	–	–	–
Norman Riddell	– beneficial	60,000	30,000	60,000	30,000
	– non-beneficial	–	–	–	–
George Robb	– beneficial	1,089,771	230,000	1,039,771	230,000
	– non-beneficial	209,877	100,000	209,877	100,000
Sir David Thomson, Bt.	– beneficial	33,775	53,000	33,775	53,000
	– non-beneficial	–	–	–	–

John Spurdle was appointed a director on 13 November 2000 and has a beneficial interest in the share capital of the Company of 5,004 ordinary shares.

None of the Directors holds any Zero Dividend Preference Shares.

There have been no changes in any directors' interests up to 29th December 2000, other than the grant of share options as detailed on page 14.

In accordance with the Company's Articles of Association, Norman Riddell and John Spurdle 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 2000 the Group and Company had outstanding trade creditors of £4,000. As at 30 September 2000 the Group and Company's outstanding trade creditors represented 6 (1999: 18) 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 the following shareholders owned 3% or more of the issued share capital of the Company on 22 December 2000.

<i>Name</i>	<i>Number of ordinary shares</i>	<i>Percent of issued ordinary shares</i>
Aberdeen Asset Managers Ltd	4,550,000	24.37
Exeter Asset Management Ltd	2,250,000	12.05
Majedie Investments PLC	1,390,000	7.44
George Robb	1,299,648	6.96
Aberdeen Asset Management PLC	900,000	4.82
Third Canadian Investment Trust	800,000	4.28
Close Bank (Guernsey) Private Clients	695,760	3.73
Quilter Fund Management Ltd	625,000	3.35
Credit Lyonnais Private Clients	579,393	3.10

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 17 to 37.

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 Code throughout this accounting period except where indicated below.

As permitted by the Listing Rules, the Group has complied with Code provision D.2.1 on internal control by reporting on internal financial controls in accordance with guidance for directors on internal controls and financial reporting issued by the Ruttman Working Group in December 1994.

The Board

The Board of Directors currently comprises two Executive Directors 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 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 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 information ensuring they are properly briefed on the issues for consideration in advance of meetings. In addition, all Non-Executive Directors have access to the

DIRECTORS' REPORT

Managing Director and 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 Norman Riddell (Chairman), Viscount Bridgeman, David Martin-Clark and Sir David Thomson. The Committee is responsible for determining the remuneration packages of the Executive Directors and Senior Executives and for the grant of share options.

The Audit Committee comprises David Martin-Clark (Chairman), Viscount Bridgeman, Norman Riddell and Sir David Thomson. The Committee meets twice a year, once to review the Annual Report and Accounts and once to review the effectiveness of the system of internal financial control. These meetings are 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 Code requires the Directors to review the effectiveness of the Company's system of internal controls. 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.
- There are clearly defined capital investment guidelines.

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 the year ended 30 September 2001 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.

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.

DIRECTORS' REPORT

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 26 January 2000 and remain valid until 25 March 2005. 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 30 January 2006.

The Directors will be authorised to allot relevant securities up to an aggregate nominal amount of £1,540,489, representing approximately 33 per cent of the total issued ordinary share capital as at 29 December 2000.

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 2002 in respect of shares issued pursuant to:

- (a) the terms of Company's share option schemes as previously approved by the shareholders;
- (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 933,629 ordinary shares with the nominal value of £233,407.25 representing approximately 5 per cent of the issued ordinary share capital as at 29 December 2000.

The maximum aggregate nominal value of shares which could, as at the date hereof, be issued pursuant to this disapplication would be £1,540,489 in respect of 6,161,956 ordinary shares representing approximately 33 per cent of the issued share capital as at 29 December 2000.

Post Balance Sheet Events

On 9 October 2000 the Company issued 10 million new ordinary shares at 186p per share and 2.32 million new zero dividend preference shares at 127½p per share. The Company also arranged a £10 million loan facility with Bank of Scotland. The new money raised will be invested in both listed and unlisted companies involved in the asset management industry in accordance with the Group's investment policy.

Based on the ratio of capital growth to income in recent years, the percentage of expenses charged to capital has been changed from 1 October 2000 to 75% from the previous 50%.

By Order of the Board

N J Crickmore
Secretary

London, 29 December 2000

REPORT OF THE BOARD ON REMUNERATION

The Remuneration Committee consists of all the Non-Executive Directors with Mr Riddell 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.

Mr Robb's options were cancelled on 30 September 2000 as the performance criteria which the options were subject to had not been met and those criteria were not considered to be relevant or appropriate to the ongoing interests of the Company.

On the 22 December 2000, 200,000 share options were granted to Mr Robb, 100,000 share options were granted to Mr Spurdle and 20,000 share options were granted to an employee of the Company. The options were granted at 171½p per share and are exercisable between 22 December 2003 and 22 December 2007.

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 £115,000. With effect from 1 October 2000 his basic salary has been increased to £135,000 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.

- 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 £12,750 per annum to provide the services of Viscount Bridgeman to the Company. With effect from 1 October 2000 the fee has been increased to £15,000 per annum. Viscount Bridgeman has notified the board that he will step down as chairman after the Annual General Meeting.

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 £9,750 each per annum. With effect from 1 October 2000 the fees have been increased to £12,500 per annum.

Mr Spurdle is employed as President of Asset Management Investment Company Inc. whereby he receives a fee of US\$55,000 per annum. With effect from 13 November 2000 this fee has been increased to US\$100,000 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 Norman Riddell and the election of John Spurdle as Directors are referred to in the Directors' Report.

On behalf of the Board
N M M Riddell

Chairman, Remuneration Committee

London, 29 December 2000

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 to 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 17 to 37, 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 22 to 23.

Respective Responsibilities of the Directors and the Auditors

The Company's Directors are responsible for the preparation of the annual report including, as described on page 15, the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board, the Listing Rules of the Financial Services Authority 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 pages 11 and 12 reflects the Company's compliance with those provisions of the Combined Code specified for our review by the Financial Services Authority, and we report if it does not. We are not required to consider whether the Boards' statements on internal control cover all risks and controls or form an opinion on the effectiveness of the Company's Corporate Governance procedures or its risk and controls procedures.

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 2000 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

29 December 2000

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

YEAR ENDED 30 SEPTEMBER 2000

	<i>Notes</i>	<i>Revenue £'000</i>	<i>2000 Capital £'000</i>	<i>Total £'000</i>	<i>Revenue £'000</i>	<i>1999 Capital £'000</i>	<i>Total £'000</i>
Gains on investments	2	–	4,059	4,059	–	4,033	4,033
Income	3	1,707	–	1,707	925	–	925
Administration expenses	4	394	362	756	328	321	649
Net return before finance costs and taxation		1,313	3,697	5,010	597	3,712	4,309
Interest payable	5	35	35	70	38	38	76
Interest receivable		1	–	1	–	–	–
Return on ordinary activities before taxation		1,279	3,662	4,941	559	3,674	4,233
Taxation on ordinary activities	8	72	2	74	36	2	38
Return on ordinary activities after taxation		1,207	3,660	4,867	523	3,672	4,195
Minority interests		(1)	(88)	(89)	–	26	26
Appropriation in respect of zero dividend preference shares		–	563	563	–	522	522
Return attributable to equity shareholders		1,208	3,185	4,393	523	3,124	3,647
Dividend in respect of equity shares	9	607	–	607	390	–	390
Transfer to reserves		601	3,185	3,786	133	3,124	3,257
Return per ordinary share (basic)	10	13.93p	36.73p	50.66p	6.03p	36.02p	42.05p
Return per ordinary share (diluted)	10	13.45p	35.47p	48.92p	6.03p	36.02p	42.05p
Return per zero dividend preference share	10	–	9.26p	9.26p	–	8.58p	8.58p

*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 2000

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

The notes on pages 22 to 37 form part of the financial statements.

STATEMENT OF TOTAL RETURN
(incorporating the revenue account*)

YEAR ENDED 30 SEPTEMBER 2000

	<i>Notes</i>	<i>Revenue £'000</i>	<i>2000 Capital £'000</i>	<i>Total £'000</i>	<i>Revenue £'000</i>	<i>1999 Capital £'000</i>	<i>Total £'000</i>
Gains on investments	2	–	2,699	2,699	–	3,324	3,324
Income	3	1,110	–	1,110	800	–	800
Administration expenses	4	316	316	632	268	267	535
Net return before finance costs and taxation		794	2,383	3,177	532	3,057	3,589
Interest payable	5	35	35	70	38	38	76
Return on ordinary activities before taxation		759	2,348	3,107	494	3,019	3,513
Taxation on ordinary activities	8	11	–	11	28	–	28
Return on ordinary activities after taxation		748	2,348	3,096	466	3,019	3,485
Appropriation in respect of zero dividend preference shares		–	563	563	–	522	522
Return for the financial year		748	1,785	2,533	466	2,497	2,963
Dividend in respect of equity shares	9	607	–	607	390	–	390
Transfer to reserves		141	1,785	1,926	76	2,497	2,573
Return per ordinary share (basic)	10	8.63p	20.58p	29.21p	5.37p	28.79p	34.16p
Return per ordinary share (diluted)	10	8.33p	19.88p	28.21p	5.37p	28.79p	34.16p
Return per zero dividend preference share	10	–	9.26p	9.26p	–	8.58p	8.58p

*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 2000.

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

The notes on pages 22 to 37 form part of the financial statements.

CONSOLIDATED BALANCE SHEET

AS AT 30 SEPTEMBER 2000

		2000		1999	
	Notes	£'000	£'000	£'000	£'000
Fixed asset investments					
Listed investments	11	1,557		2,779	
Unlisted investments	11	23,065		16,446	
			24,622		19,225
Tangible fixed assets	12		15		20
			24,637		19,245
Current assets					
Investments	13	415		206	
Debtors	14	345		173	
Cash		155		1,588	
		915		1,967	
Current liabilities					
Creditors:					
Amounts falling due within one year	15	2,349		1,469	
Net current (liabilities)/assets			(1,434)		498
Total assets less current liabilities			23,203		19,743
Creditors:					
Amounts falling due after one year	16		–		900
			23,203		18,843
Capital and reserves					
Called up share capital	17		7,968		7,968
Share premium account	18		5,393		5,393
Capital reserve – realised	19		(1,983)		(1,520)
Capital reserve – unrealised	20		9,139		5,427
Warrant reserve	21		327		327
Revenue reserve	22		766		94
Zero dividend appropriation reserve	23		1,465		928
Total shareholders' funds			23,075		18,617
Minority interests			128		226
			23,203		18,843
Total shareholders' funds are attributable to:					
Equity shareholders			16,015		12,120
Non-equity shareholders			7,060		6,497
			23,075		18,617
Net asset value per ordinary share (basic)	25		184.7p		139.8p
Net asset value per ordinary share (diluted)	25		175.6p		139.8p
Net asset value per zero dividend preference share	25		121.7p		112.0p

The financial statements were approved by a Committee of the Board of Directors on 29 December 2000 and signed on its behalf by:

Bridgeman
Chairman
George A Robb
Managing Director

The notes on pages 22 to 37 form part of the financial statements.

BALANCE SHEET

AS AT 30 SEPTEMBER 2000

		2000		1999	
Notes	£'000	£'000	£'000	£'000	£'000
Fixed asset investments					
Listed investments	11	1,451		2,387	
Unlisted investments	11	21,172		16,255	
			22,623		18,642
Tangible fixed assets	12		13		20
			22,636		18,662
Current assets					
Debtors	14	476		535	
Cash		9		1,535	
		485		2,070	
Current liabilities					
Creditors:					
Amounts falling due within one year	15	2,241		1,441	
Net current (liabilities)/assets			(1,756)		629
Total assets less current liabilities			20,880		19,291
Creditors:					
Amounts falling due after one year	16		–		900
			20,880		18,391
Capital and reserves					
Called up share capital	17		7,968		7,968
Share premium account	18		5,393		5,393
Capital reserve – realised	19		(1,228)		(940)
Capital reserve – unrealised	20		6,627		4,529
Warrant reserve	21		327		327
Revenue reserve	22		327		186
Zero dividend appropriation reserve	23		1,466		928
Total shareholders' funds			20,880		18,391
Total shareholders' funds are attributable to:					
Equity shareholders			13,820		11,894
Non-equity shareholders			7,060		6,497
			20,880		18,391
Net asset value per ordinary share (basic)	25		159.3p		137.1p
Net asset value per ordinary share (diluted)	25		153.0p		137.1p
Net asset value per zero dividend preference share	25		121.7p		112.0p

The financial statements were approved by a Committee of the Board of Directors on 29 December 2000 and signed on its behalf by:

Bridgeman
Chairman
George A Robb
Managing Director

The notes on pages 22 to 37 form part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

YEAR ENDED 30 SEPTEMBER 2000

		2000		1999	
	<i>Notes</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Net cash inflow from operating activities	27		890		196
Returns on investment and servicing of finance					
Interest paid		(70)		(76)	
Net cash outflow from returns on investment and servicing of finance			(70)		(76)
Taxation					
Taxation (paid)/received		(31)		10	
Taxation (paid)/received			(31)		10
Capital expenditure and financial investment					
Purchase of investments		(3,946)		(2,827)	
Sale of investments		2,736		3,678	
Purchase of tangible fixed assets		(9)		(3)	
Net cash (outflow)/inflow from capital expenditure and financial investment			(1,219)		848
Equity dividends					
Equity dividends paid		(476)		(347)	
Net cash outflow from equity dividends paid			(476)		(347)
Management of liquid resources					
Short term deposits		1,400		(1,400)	
Purchase of current asset investments		(209)		(134)	
Net cash inflow/(outflow) from management of liquid resources			1,191		(1,534)
Net cash inflow/(outflow) before financing			285		(903)
Financing					
Repayment of loan: due within one year		(1,000)		–	
Repayment of loan: due more than one year		(900)		–	
Loan		–		1,000	
Net cash (outflow)/inflow from financing			(1,900)		1,000
(Decrease)/increase in cash during the year	28		(1,615)		97

The notes on pages 22 to 37 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 for the year ended 30 September 2000 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 financial statements incorporate the financial statements 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 dividends are declared or investments are marked ex-dividend. In accordance with Financial Reporting Standard 16, Current Tax, franked investment income is shown net of notional tax credits. Comparative figures have not been restated to reflect this policy due to immateriality. Interest receivable on deposits, interest payable and administration expenses are dealt with on an accruals basis. Expenses are charged to 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 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

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 prices 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 currency 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, year-end 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**

Goodwill arising on consolidation represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired.

The Group has applied the transitional arrangements under Financial Reporting Standard No 10, Goodwill and Intangible Assets. Goodwill arising on the acquisition of subsidiaries acquired prior to the adoption of Financial Reporting Standard No 10 was written off immediately against reserves and has not been re-instated. This goodwill was eliminated as a matter of accounting policy and will be charged in the profit and loss account on any disposal of the related business.

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 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.

NOTES TO THE FINANCIAL STATEMENTS

2. Analysis of total gains on investments in the year

	<i>Listed</i>	<i>Unlisted</i>	2000	1999
	<i>£'000</i>	<i>£'000</i>	Total	Total
	<i>£'000</i>	<i>£'000</i>	£'000	£'000
Group				
Realised gains/(losses)	379	(38)	341	200
Unrealised gains	20	3,659	3,679	3,833
Realised foreign exchange gains	–	39	39	–
Total gains on investments in the year	<u>399</u>	<u>3,660</u>	<u>4,059</u>	<u>4,033</u>
Company				
Realised gains	601	–	601	197
Unrealised (losses)/gains	(215)	2,313	2,098	3,127
Total gains on investments in the year	<u>386</u>	<u>2,313</u>	<u>2,699</u>	<u>3,324</u>

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

3. Income

	2000		1999	
	Group	Company	Group	Company
	£'000	£'000	£'000	£'000
Income from listed investments				
Franked investment income	16	5	104	47
Foreign income dividends	403	79	36	32
Dealing profit in subsidiary company	245	–	32	–
	<u>664</u>	<u>84</u>	<u>172</u>	<u>79</u>
Income from unlisted investments				
Franked investment income	220	220	261	261
Unfranked investment income	742	734	389	364
Other income	46	46	47	47
	<u>1,008</u>	<u>1,000</u>	<u>697</u>	<u>672</u>
Other income				
Interest receivable	35	26	37	37
Other	–	–	19	12
	<u>35</u>	<u>26</u>	<u>56</u>	<u>49</u>
Total income	<u>1,707</u>	<u>1,110</u>	<u>925</u>	<u>800</u>
Total income comprises:				
Dividends	1,122	787	462	402
Interest	295	278	365	339
Other income	290	45	98	59
	<u>1,707</u>	<u>1,110</u>	<u>925</u>	<u>800</u>

NOTES TO THE FINANCIAL STATEMENTS

4. Administration expenses

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

	2000		1999	
	Group £'000	Company £'000	Group £'000	Company £'000
Depreciation of tangible fixed assets	7	7	5	5
Directors' remuneration	149	149	115	115
Auditors' remuneration:				
– for audit	9	7	9	8
– for other services	8	8	8	8
Exchange gains	3	3	(1)	(1)
Other expenses	218	142	192	133
	<u>394</u>	<u>316</u>	<u>328</u>	<u>268</u>

A further £362,000 (Group) and £316,000 (Company) (1999: £321,000 (Group) and £267,000 (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.

5. Interest

	2000		1999	
	Group £'000	Company £'000	Group £'000	Company £'000
Interest due on bank overdrafts repayable within 5 years, not by instalments	16	16	–	–
Interest due on bank loan repayable within five years, not by instalments	19	19	38	38
	<u>35</u>	<u>35</u>	<u>38</u>	<u>38</u>

A further £35,000 (Group) and £35,000 (Company) (1999: £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

	2000		1999	
	Group	Company	Group	Company
Average number of persons employed during the year	<u>6</u>	<u>3</u>	<u>6</u>	<u>3</u>
	£'000	£'000	£'000	£'000
Staff costs for the year (including Executive Director)				
Salaries	314	273	266	214
Social Security costs	32	32	18	18
Pension costs	23	23	23	23
Other staff costs	8	8	6	6
	<u>377</u>	<u>336</u>	<u>313</u>	<u>261</u>

NOTES TO THE FINANCIAL STATEMENTS

7. Directors' remuneration

	2000	1999
	Group and Company	Group and Company
	£'000	£'000
Directors' fees and emoluments	280	212
Pension costs	18	18
	298	230
	298	230

Included in the above is Directors' remuneration of £149,000 (1999: £115,000) which has been charged to the capital reserve (note 19).

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 service agreement is terminable by either party on 12 months 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, Mr Spurdle 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 Mr Riddell and Sir David Thomson are inclusive of VAT at 17½ per cent which is irrecoverable by the Company.

Details of remuneration

	2000	1999
	£'000	£'000
<i>Executive</i>		
Mr G A Robb		
Salary	125	120
Bonus	100	38
Benefits in kind	7	6
	232	164
Pension contributions	18	18
Total emoluments	250	182
	2000	1999
	£'000	£'000
<i>Non-executive-fees only</i>		
Viscount Bridgeman	15	15
Mr D L Martin-Clark	11	11
Mr N M M Riddell	11	11
Sir David Thomson	11	11
	48	48

At 30 September 2000, 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

	2000		1999	
	Group £'000	Company £'000	Group £'000	Company £'000
The taxation charge is based on the revenue for the year as follows:				
Current year tax charge at 20% (1999: 20.5%)	72	11	6	–
Tax credits on dividends received	–	–	29	29
Overseas taxation	–	–	2	–
Revision to prior year estimates	–	–	(1)	(1)
	72	11	36	28
	72	11	36	28

A further £2,000 (Group) and £Nil (Company) (1999: £2,000 (Group) and £Nil (Company)) has been charged to the capital reserve.

The Company has excess management expenses of approximately £Nil at 30 September 2000 (1999: £275,000) which are available to offset against future taxable income.

9. Dividends

	2000 £'000	1999 £'000
Interim dividend of 2.0p per ordinary share (1999: 1.0p)	173	87
Proposed final dividend of 5.0p per ordinary share (1999: 3.5p)	434	303
	607	390
	607	390

10. Return per share

a) Basic return per ordinary share

Basic revenue return per ordinary share for the year ended 30 September 2000 is calculated on the basis of the net revenue on ordinary activities after tax of £1,208,000 (Company: £748,000) (1999: £523,000 (Company: £466,000)) divided by 8,672,596 (1999: 8,672,596), 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 2000 is based on net capital gain of £3,185,000 (Company: £1,785,000) (1999: £3,124,000 (Company: £2,497,000)) divided by 8,672,596 (1999: 8,672,596), 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 2000 are calculated on 8,978,924 (1999: 8,672,936) shares. The dilutive effect of warrants in issue is 300,696 shares and the dilutive effect of options in issue is 5,632 shares as detailed on pages 32 and 33.

c) Return per zero dividend preference share

Return per zero dividend preference share for the year ended 30 September 2000 is calculated on the appropriation in respect of the zero dividend preference shares of £537,000 (Company: £537,000) (1999: £498,000 (Company: £498,000)) divided by 5,800,000 (1999: 5,800,000), being the number of zero dividend preference shares 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>
Cost			
At 1 October 1999	3,346	10,755	14,101
Additions	679	3,152	3,831
Disposals	(1,862)	(330)	(2,192)
At 30 September 2000	<u>2,163</u>	<u>13,577</u>	<u>15,740</u>
Unrealised capital (loss)/gain			
At 1 October 1999	(567)	5,691	5,124
Movement in year	399	3,621	4,020
Transfer to realised capital reserve	(467)	38	(429)
Exchange	29	138	167
At 30 September 2000	<u>(606)</u>	<u>9,488</u>	<u>8,882</u>
Valuation			
At 30 September 2000	<u>1,557</u>	<u>23,065</u>	<u>24,622</u>
At 30 September 1999	<u>2,779</u>	<u>16,446</u>	<u>19,225</u>

Company	<i>Subsidiary undertaking £'000</i>	<i>Listed investments £'000</i>	<i>Unlisted investments £'000</i>	<i>Total £'000</i>
Cost				
At 1 October 1999	1,913	2,742	9,458	14,113
Additions	–	887	3,034	3,921
Restructuring	–	(117)	117	–
Disposals	(497)	(1,491)	(50)	(2,038)
At 30 September 2000	<u>1,416</u>	<u>2,021</u>	<u>12,559</u>	<u>15,996</u>
Unrealised capital (loss)/gain				
At 1 October 1999	–	(355)	4,884	4,529
Movement in year	(383)	386	2,696	2,699
Transfer from realised capital reserve	–	(601)	–	(601)
At 30 September 2000	<u>(383)</u>	<u>(570)</u>	<u>7,580</u>	<u>6,627</u>
Valuation				
At 30 September 2000	<u>1,033</u>	<u>1,451</u>	<u>20,139</u>	<u>22,623</u>
At 30 September 1999	<u>1,913</u>	<u>2,387</u>	<u>14,342</u>	<u>18,642</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 2000 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	25.7	United Kingdom
IFDC Group	Ordinary	15.0	Luxembourg
Marque Millennium Group	Ordinary	20.5	United States of America
Mayberry Group	Ordinary	34.0	United States of America
Midhurst Asset Management	Ordinary	20.7	United Kingdom
Thornhill Holdings	Ordinary	19.0	United Kingdom
Turnstone 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>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>
	<i>'000</i>	<i>'000</i>	<i>'000</i>	<i>'000</i>
Columbus Financial Services	*	(7)	*	(151)
Ely Fund Managers	£5,195	£3,083	£828	£775
Marque Millennium	*	*	*	*
Midhurst Asset Management	*	£329	*	£(396)
Mayberry Group	*	US\$2,247	*	US\$(56)

*Accounts not available.

Geographic Analysis of Investments

	<i>2000</i>	<i>1999</i>
	<i>%</i>	<i>%</i>
UK	46	51
USA	19	24
Europe	32	20
Far East	3	5
	100	100

NOTES TO THE FINANCIAL STATEMENTS

12. Tangible fixed assets

Group	<i>Office equipment £'000</i>	<i>Fixtures & fittings £'000</i>	<i>Total £'000</i>
Cost			
At 1 October 1999	29	28	57
Additions	9	–	9
At 30 September 2000	<u>38</u>	<u>28</u>	<u>66</u>
Depreciation			
At 1 October 1999	23	14	37
Charge for the year	9	5	14
At 30 September 2000	<u>32</u>	<u>19</u>	<u>51</u>
Net book value			
At 30 September 2000	<u>6</u>	<u>9</u>	<u>15</u>
At 30 September 1999	<u>6</u>	<u>14</u>	<u>20</u>

Company	<i>Office equipment £'000</i>	<i>Fixtures & fittings £'000</i>	<i>Total £'000</i>
Cost			
At 1 October 1999	29	28	57
Additions	7	–	7
At 30 September 2000	<u>36</u>	<u>28</u>	<u>64</u>
Depreciation			
At 1 October 1999	23	14	37
Charge for the year	9	5	14
At 30 September 2000	<u>32</u>	<u>19</u>	<u>51</u>
Net book value			
At 30 September 2000	<u>4</u>	<u>9</u>	<u>13</u>
At 30 September 1999	<u>6</u>	<u>14</u>	<u>20</u>

13. Current asset investments

Group	<i>2000 £'000</i>	<i>1999 £'000</i>
Current asset investments – listed	<u>415</u>	<u>206</u>

14. Debtors

	<i>2000</i>		<i>1999</i>	
	<i>Group £'000</i>	<i>Company £'000</i>	<i>Group £'000</i>	<i>Company £'000</i>
Trade debtors	188	–	–	–
Prepayments and accrued income	91	91	92	77
Income tax recoverable	61	61	50	50
Other debtors	5	–	31	27
Amount due from subsidiary company	–	324	–	381
	<u>345</u>	<u>476</u>	<u>173</u>	<u>535</u>

NOTES TO THE FINANCIAL STATEMENTS

15. Creditors: amounts falling due within one year

	2000		1999	
	Group £'000	Company £'000	Group £'000	Company £'000
Trade creditors	4	4	17	17
Bank overdraft	1,582	1,582	–	–
Bank loan	–	–	1,000	1,000
Other creditors	28	1	24	2
Proposed dividend	434	434	303	303
Corporation tax	60	–	6	–
Other taxation and social security	7	7	9	9
Accruals	220	196	96	96
ACT payable	14	14	14	14
Amount due to subsidiary company	–	3	–	–
	<u>2,349</u>	<u>2,241</u>	<u>1,469</u>	<u>1,441</u>

16. Creditors: amounts falling due after one year

	2000		1999	
	Group £'000	Company £'000	Group £'000	Company £'000
Bank loan	<u>–</u>	<u>–</u>	<u>900</u>	<u>900</u>

17. Called up share capital

	2000 £'000	1999 £'000
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.

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; or
- Change the objects of the Company as set out in the Memorandum of Association; or
- Wind up the Company.

NOTES TO THE FINANCIAL STATEMENTS

17. Called up share capital (continued)

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 options were granted to Mr Robb in 1995 which were cancelled on 30 September 2000.

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. 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 and on 30 December 1999, 3,500 basic options were granted at an exercise price of 112p exercisable between 30 December 2002 and 30 December 2006. These options were granted to an employee of the Company.

18. Share premium

	2000	1999
	£'000	£'000
At 30 September 2000	<u>5,393</u>	<u>5,393</u>

19. Realised capital reserve

	Listed	Unlisted	Administration	Total
	£'000	£'000	charges	£'000
			£'000	
At 1 October 1999	1,132	(363)	(2,289)	(1,520)
Transfer from unrealised capital reserve	467	(38)	–	429
Charge for the year	–	–	(398)	(398)
Foreign exchange	5	–	–	5
Foreign exchange gain on redemption of the shares held in AMIC Inc.	–	39	–	39
Appropriation in respect of zero dividend preference shares	–	–	(563)	(563)
Issue costs of zero dividend preference shares	–	–	25	25
At 30 September 2000	<u>1,604</u>	<u>(362)</u>	<u>(3,225)</u>	<u>(1,983)</u>

Company

	Listed	Unlisted	Administration	Total
	£'000	£'000	charges	£'000
			£'000	
At 1 October 1999	1,075	116	(2,131)	(940)
Transfer from unrealised capital reserve	601	–	–	601
Charge for the year	–	–	(351)	(351)
Appropriation in respect of zero dividend preference shares	–	–	(563)	(563)
Issue costs of zero dividend preference shares	–	–	25	25
At 30 September 2000	<u>1,676</u>	<u>116</u>	<u>(3,020)</u>	<u>(1,228)</u>

NOTES TO THE FINANCIAL STATEMENTS

20. Unrealised capital reserve

Group	Listed £'000	Unlisted £'000	Total £'000
At 1 October 1999	(533)	5,960	5,427
Movement in year	399	3,621	4,020
Transfer to realised capital reserve	(467)	38	(429)
Minority interest	90	–	90
Foreign exchange	31	–	31
At 30 September 2000	<u>(480)</u>	<u>9,619</u>	<u>9,139</u>
Company	Listed £'000	Unlisted £'000	Total £'000
At 1 October 1999	(355)	4,884	4,529
Movement in year	386	2,313	2,699
Transfer to realised capital reserve	(601)	–	(601)
At 30 September 2000	<u>(570)</u>	<u>7,197</u>	<u>6,627</u>

21. Warrant reserve

On 1 October 1999 and 30 September 2000 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, Capital Instruments 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

	Group £'000	Company £'000
At 1 October 1999	94	186
Revenue return for the year	601	141
Exchange difference on net assets of foreign subsidiary	71	–
At 30 September 2000	<u>766</u>	<u>327</u>

Goodwill totalling £44,000 has been written off to revenue 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.

NOTES TO THE FINANCIAL STATEMENTS

24. Reconciliation of movement in consolidated shareholders' funds

	2000	1999
	£'000	£'000
Revenue return retained for the financial year	601	133
Capital return for the financial year	3,185	3,124
Foreign exchange	38	2
Exchange difference on net assets of foreign subsidiary	71	5
Allocation in respect of zero dividend preference shares	563	522
Net addition to shareholders' funds	4,458	3,786
Opening shareholders' funds	18,617	14,831
Closing shareholders' funds	23,075	18,617

25. Net asset value

The basic net asset value per ordinary share at 30 September 2000 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 2000 is calculated on the basis of the net assets attributable to equity shareholders divided by the number of shares that would be in issue following the exercise of the warrants and options.

The net asset value per zero dividend preference share at 30 September 2000 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.

26. Contingent liabilities

There were no contingent liabilities at 30 September 2000. (1999: £Nil)

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

	2000	1999
	£'000	£'000
Net return before finance costs and taxation	1,313	597
Depreciation charge	14	10
Increase in debtors	(158)	(78)
Increase in creditors	118	17
Administration expenses (before finance costs and taxation) charged to capital reserve	(363)	(321)
Tax on franked investment income included within income from UK companies	(34)	(29)
Net cash inflow from operating activities	890	196

NOTES TO THE FINANCIAL STATEMENTS

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

	2000	1999
	£'000	£'000
(Decrease)/Increase in cash in the period	(1,615)	97
Cash outflow/(inflow) from increase in debt	1,900	(1,000)
Cash (inflow)/outflow from (decrease)/increase in liquid resources	<u>(1,191)</u>	<u>1,534</u>
Change in net debt resulting from cash flows and movement in net debt in the year	(906)	631
Net debt at beginning of year	<u>(106)</u>	<u>(737)</u>
Net debt at end of year	<u><u>(1,012)</u></u>	<u><u>(106)</u></u>

29. Analysis of net debt

	At		At 30
	1 October	Cash	September
	1999	flows	2000
	£'000	£'000	£'000
Cash at bank and in hand	188	(33)	155
Overdrafts	–	(1,582)	(1,582)
Debt due after 1 year	(900)	900	–
Debt due within 1 year	(1,000)	1,000	–
Liquid resources	<u>1,606</u>	<u>(1,191)</u>	<u>415</u>
	<u><u>(106)</u></u>	<u><u>(906)</u></u>	<u><u>(1,012)</u></u>

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 overdraft in sterling
- Listed and unlisted securities held within the portfolio
- Zero dividend preference shares which carry predetermined payment rights as explained in note 17

The Group invests approximately 93.7 (1999: 85.5) 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.

NOTES TO THE FINANCIAL STATEMENTS

30. Analysis of financial assets and liabilities (continued)

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

As at 30 September 2000 the Group's overdraft carried a variable rate of interest of 1/4 per cent over Libor. In 1999 the Group's borrowings were at a fixed rate of interest.

Currency exposures

An analysis of the Group's fixed assets and net current assets at 30 September 2000 is:

	<i>Sterling</i> <i>£'000</i>	<i>US\$</i> <i>£'000</i>	<i>HK\$</i> <i>£'000</i>	<i>Other</i> <i>£'000</i>	<i>2000</i> <i>Total</i> <i>£'000</i>	<i>1999</i> <i>Total</i> <i>£'000</i>
Investments	11,264	12,391	967	–	24,622	19,225
Net current assets	(1,562)	137	–	(9)	(1,434)	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 2000 is:

	<i>Sterling</i> <i>£'000</i>	<i>US\$</i> <i>£'000</i>	<i>2000</i> <i>Total</i> <i>£'000</i>	<i>1999</i> <i>Total</i> <i>£'000</i>
Fixed rate investments	2,762	2,070	4,832	3,396

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

Average interest rate	10.03%	9.35%
Average period for which interest rate is fixed	5 years	3 years

Fair value of financial instruments

Financial assets and liabilities are included in the balance sheet at values which represent fair values except for 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>2000</i>		<i>1999</i>	
	<i>Carrying value</i> <i>£'000</i>	<i>Fair value</i> <i>£'000</i>	<i>Carrying value</i> <i>£'000</i>	<i>Fair value</i> <i>£'000</i>
Zero dividend preference shares	7,060	7,496	6,497	6,989
Long-term loan	–	–	1,900	1,920

Undrawn available borrowing facilities

At the end of the year there was an undrawn available overdraft facility of £1,418,000.

NOTES TO THE FINANCIAL STATEMENTS

31. Post Balance Sheet Events

On 9 October 2000 the Company issued 10 million new ordinary shares at 186p per share and 2.32 million new zero dividend preference shares at 127½p per share. The Company also arranged a £10 million loan facility with Bank of Scotland. The new money raised will be invested in both listed and unlisted companies in the asset management industry in accordance with the Group's investment policy.

On 22 December 2000, 200,000 share options were granted to Mr Robb, 100,000 share options were granted to Mr Spurdle and 20,000 share options were granted to an employee of the Company. The options were granted at 171½p per share and are exercisable between 22 December 2003 and 22 December 2007.

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 12.30 pm on Wednesday 31 January 2001 for the following purposes:

1. To receive and adopt the Directors' Report and Financial Statements for the year ended 30 September 2000, together with the Auditors' Report thereon.
2. To approve the proposed final dividend of 5.0p per ordinary share.
3. To re-elect Mr Norman Riddell, who retires by rotation, as a Director.
4. To elect Mr John Spurdle 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 30 January 2006 (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 £1,540,489 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 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) pursuant to the terms of the Company's share option schemes as approved by the shareholders;
 - (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 30 April 2002 or at the conclusion of the Annual General Meeting of the Company held in 2002, 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.

29 December 2000
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 30 January 2001 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 30 January 2001 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.



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