



Asset Management Investment Company PLC

Annual Report 2003

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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 industry. AMIC believes that the sector will benefit from economic and demographic trends in the years ahead to out-perform many other areas of the market.

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

Corporate Information

Directors	Sir Frederick Douglas David Thomson, Bt. Non-Executive Chairman George Alan Robb Managing Director and Chief Investment Officer David Lindsay Martin-Clark Non-Executive Director Norman Malcom Marshall Riddell Non-Executive Director John William Spurdle Executive Director Sir David Thomson and Mr Martin-Clark are members of the Audit and Remuneration Committees
Secretary and Registered Office	Alessio Corbo 32 Ludgate Hill London EC4M 7DR
Company Number	2918390 (Incorporated in England and Wales)
Auditors	Solomon Hare LLP Oakfield House, Oakfield Grove Bristol BS8 2BN
Bankers	Bank of Scotland Corporate Banking 155 Bishopsgate London EC2M 3YB
Registrars	Lloyds TSB Registrars Scotland Finance House, Orchard Brae Edinburgh EH4 1WQ
Solicitors	Burges Salmon Narrow Quay House Bristol BS1 4AH Salans Rockefeller Center 620 Fifth Avenue New York NY 10020 USA
Stockbrokers	Collins Stewart Limited 88 Wood Street London EC2V 7QR
Office in the United States	Asset Management Investment Company Inc 515 Madison Avenue New York, NY 10022 USA
Office in Canada	AMIC Canada Limited Suite 1300 4 King Street West Toronto ON M5H 1B6 Canada
Office in Australia	AMIC Australia Pty Ltd Level 42 MLC Centre 19-29 Martin Place Sydney, NSW 2000 Australia

Board of Directors

Sir David Thomson *Chairman, Non-Executive, aged 64*

David Thomson is Chairman of Britannia Steam Ship Insurance Association Limited, Danae Investment Trust PLC, Jove Investment Trust Plc, Private Investors 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, aged 61*

After qualifying as a solicitor George Robb began a career in investment management in 1971. 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 a director of Aberdeen Development Capital PLC, Britannic Global Income Trust plc and Goshawk Insurance Holdings Plc, and of a number of the companies in which AMIC is invested.

David Martin-Clark *Non-Executive, aged 66*

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 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 and Christopher Insurance Company Limited.

Norman Riddell *Non-Executive, aged 56*

Norman Riddell is Chairman of Norman Riddell & Associates Limited, a 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 Pathway One VCT PLC and a director of Life Assurance Holding Corporation Ltd and Clubhaus plc.

John Spurdle *Executive, aged 66*

John Spurdle spent 28 years with J.P. Morgan as an Executive Vice-President, Managing Director and Head of Corporate Finance in Europe, the Middle East and Africa. He is a director of The France Growth Fund and 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

Following a lengthy period of substantial weakening in markets and difficult operating conditions for the asset management industry a degree of confidence has returned since last spring. There has been a recovery in the market prices of quoted companies in the sector from the lows recorded in 2003 and signs that companies are once again looking ahead positively and considering ways and means of growing their businesses in this new, more confident, environment.

As predicted in my last statement these difficult market conditions have been reflected via prudent re-valuations in accordance with our investment valuation methodology. Many of the companies in our portfolio experienced difficult operating conditions during the downturn, as falling markets affected revenues and cash flows. However, I am happy to say that all companies responded positively by examining the cost structures of their businesses and where appropriate making the necessary adjustments. In several cases it proved necessary for us to arrange a financial restructuring of investments, exchanging revenue for greater shares in the equity, which preserved value but at the expense of revenue. As the revenue performance of the companies improves and the pressures on their cash flows reduce, our revenue from them will gradually be restored.

Your Company is pleased to announce that on 15 January 2004 it sold its entire 76% shareholding in P.J. Doherty and Associates Co. Ltd, an investment management firm based in Ottawa, Canada, which provides investment services to high net worth individuals and institutions. The consideration was C\$11,700,000, approximately equal to the carrying value of the investment.

During the year total assets less current liabilities decreased by 17.40% to £40,054,000 (2002: £48,490,000). The net asset value per ordinary share fell by 41.45% to 68.57p (2002: 117.12p). This compared with a rise in the FTSE-100 Index of 6.8% and in the Dow Jones Industrial Average of 16.8% over the same period. Directors also took the decision to repay US\$1,500,000 of existing bank borrowings from Bank of Scotland.

As indicated in my statement in the Annual Report for 2002, difficult operating conditions have resulted in lower revenue receipts from certain of the companies in which AMIC is invested. This factor, together with the restructuring of investments referred to above and the absence of several non-recurring revenue items received in the year to 30 September 2002, has resulted in the revenue received in the current year being lower than in the previous year. I also advised that the previous level of dividend was not sustainable and subsequently your Directors issued a forecast that the dividend for the financial year to 30 September 2003 would not be less than 4p net per share.

Revenue profit before tax and minority interests for the year is £2,109,000 (2002: £3,490,000), a decrease of 39.57%. Profit after taxation and minority interests decreased by 44.41% to £1,273,000 (2002: £2,290,283) and revenue return per ordinary share decreased by 49.37% to 6.01p (2002: 11.87p). Your Board is recommending payment of a final dividend of 3.0p net per share (2002: 9.0p net per share), which together with the interim dividend of 1.0p net per share (2002: 7.0p net per share) paid on 3 September 2003 will make a total dividend of 4.0p net per share (2002: 16.0p net per share). The final dividend will be proposed at the Annual General Meeting on 18 March 2004 for payment on 22 March 2004 to shareholders on the register at the close of business on 13 February 2004.

Chairman's Statement *continued*

Your Company is largely fully invested and management is therefore concentrating on working with the investee companies in the interests of maximising shareholder value. As a shareholder AMIC seeks to play a pro-active, supportive and responsible role and is always alert for opportunities to assist investee companies and in turn to add value to our holdings.

Your Board is mindful of the fact that the zero dividend preference shares are due to be redeemed in 2006. Meanwhile your Board and Management will continue to concentrate on the prudent management of your Company's resources and to work closely with the companies in the portfolio. We are confident that the portfolio is well positioned to add value for shareholders.

David Thomson *Chairman*

20 February 2004

Management Review

After the difficult markets of 2002 to 2003, during which the portfolio companies responded well to the problems facing the asset management industry, signs of improved conditions are emerging. As a result of prudent restructuring, cost cutting and strategic planning our investee companies are benefiting from the upturn now being seen in operating conditions.

The efforts of your management have focused on working closely with the companies in the portfolio to give maximum assistance to their businesses and hence to the value of your Company's investments. Initiatives have included financial restructuring, mergers, providing management assistance, injecting working capital and, where opportune, investment disposals.

In the course of the year the investment in Hillview Capital Advisors in Philadelphia was restructured to assist a promising young company through a difficult growth period by shifting the focus from revenue generation to equity enhancement. Your Company also assisted with the merger of Valenzuela Capital Partners, an Hispanic owned firm based in New York, with CIC Inc, also an Hispanic manager, based in California. The firm becomes the largest Hispanic owned firm in North America and is well positioned to capitalise on the minority status. To maximise the benefits of the merger AMIC has negotiated a temporary restructuring of its investment which will allow the company to focus on consolidating and growing the business.

In October 2003 Turnstone Holdings of London merged with Principal Investment Holdings of Sevenoaks, Kent. Your management accepted securities in Principal in exchange for the holding in Turnstone and is confident of a promising future for the enlarged and financially stronger firm. Clark Capital Management made a first repayment early in February 2004 of US\$125,000 of the debenture held by your Company and the holding in Charlemagne Capital has also been disposed of for settlement in February 2004.

The proposed merger between MMCM Holdings of New York and Haven Capital Management, also of New York will no longer take place. The structure that was put in place to facilitate the merger has been unwound and your Company has been repaid in full the working capital loan of US\$550,000 extended to Haven.

Your Company has been able to increase its investment in New Star Asset Management in London, which is going through an exciting period of rapid expansion and has alluded to a possible listing in 2004.

A strategic investment was made in June 2003 with the acquisition of a 49% holding in Norman Riddell & Associates Limited ('NRAL'), a company controlled by Norman Riddell, a Non-Executive director of AMIC. NRAL, which was established by Norman Riddell and Jenny Prince in 1997, provides consultancy and advisory services to the financial services sector with an emphasis on advice to asset management businesses. The directors of AMIC and NRAL perceive significant synergies between the businesses of the two companies.

As referred to in the Chairman's statement, in January 2004 an exit from the investment was achieved from P. J. Doherty and Associates Co. Ltd ('PJD'). The holding of 76% along with the remaining 24% of shareholdings was acquired by Canadian based AGF Management Limited for a consideration of C\$11,700,000. AMIC acquired PJD in December 2001 through its acquisition of InterUnion Asset Management Limited, subsequently renamed AMIC Canada Limited. PJD has been a rewarding investment in the two years AMIC has been an investor, the company successfully increasing assets under management and profitability during difficult and declining markets.

International Foreign Exchange Concepts Inc. ('FXC'), a manager of currency overlay and total return currency programs based in New York, has performed exceptionally well since the initial investment in May 2001 at both investment and operational levels, increasing assets from US\$3.7 billion at the time of investment to US\$8.8 billion

Management Review *continued*

by February 2004. AMIC invested via a US\$5,000,000 convertible note yielding a 10% coupon with an attached revenue share which is activated upon certain revenue targets being achieved. During 2003 AMIC received a first payment of US\$250,000 from this source.

AMIC's philosophy is to be actively involved with the investee companies, including at management level when required. An example of this was the secondment of a member of the AMIC management team as chief executive officer to Leon Frazer and Associates in Toronto, Canada. The company has since increased its assets under management to C\$657 million from C\$490 million in September 2002 and has moved from a loss making position into profitability.

A general trend of increases in assets under management and ultimately profits for companies within the AMIC portfolio is emerging. Strong growth has been seen by emerging markets manager, City of London Investment Group, whose assets under management have increased from US\$320 million in September 2002 to over US\$700 million today. IFDC, which specialises in the Japanese market, has also seen a significant improvement in its assets under management over the same period.

Your management will continue to focus its efforts on helping portfolio companies to improve and develop their businesses and is confident that the initiatives which have been undertaken will add to shareholder value.

20 February 2004

Investment Portfolio *as at 30 September 2003*

	Cost £'000	Valuation £'000	% of portfolio
Listed Investments			
Integrated Asset Management			
Ordinary Shares	1,428	1,083	3.3
12% Convertible Loan Note 2006	2,000	2,000	6.0
Stockcube Ordinary Shares	150	45	0.1
Investment in own shares	89	72	0.2
Total Listed Investments	3,667	3,200	9.6
Unlisted Investments			
AMIC Distribution Partners			
Common Shares	377	169	0.5
10% Non-Convertible Promissory Loan Note 2011	656	289	0.9
10% Convertible Promissory Loan Note 2011	711	219	0.6
10% Loan	1,070	518	1.5
Charlemagne Capital Ordinary Shares	117	161	0.5
City of London Investment Group Ordinary Shares	2,742	1,743	5.2
Clark Capital Management 11% Convertible Subordinated Debentures 2002	644	602	1.8
Columbus Financial Services			
Ordinary Shares	411	207	0.6
12% Loan	170	170	0.5
Financial Management Advisors			
Common Shares	4,660	1,641	4.9
10% Convertible Loan Note 2012	1,553	1,354	4.0
Haven Capital 10% Loan	344	331	1.0
Hillview			
10% Convertible Loan Note 2011	2,911	1,167	3.5
10% Non-Convertible Loan Note 2011	1,224	1,056	3.2
10% Loan	307	272	0.8
IFDC Ordinary Shares	2,166	3,200	9.6
International Foreign Exchange Concepts			
Common Stock	1,558	2,829	8.5
7.5% Loan	186	181	0.5
10% Convertible Loan Note 2011	3,567	5,778	17.3
MMCM Holdings			
Common Stock	2,411	1,196	3.6
10% Convertible Promissory Note	644	764	2.3
10% Loan	304	295	0.9
New Star Asset Management Ordinary Shares	708	534	1.6
Norman Riddell and Associates Limited Ordinary Shares	603	603	1.8
The Mayberry Group Common Stock	702	165	0.5
Turnstone Holdings			
Ordinary Shares	280	486	1.4
10% Cumulative Convertible Redeemable Preference Shares 2008	1,600	1,296	3.9
Valenzuela Capital Partners 10% Convertible Loan Note 2011	3,459	3,010	9
Investments held by AMIC Canada Limited	3	3	0.0
Total Unlisted Investments	36,088	30,239	90.4
Total Investments	39,755	33,439	100.0

% Capital/Debt owned	Earnings/(loss) per share	Net dividend per share	Dividend cover	Attributable net assets/(liabilities) £'000	Year end
27.80	(17.85)p	Nil	N/A	£177	Dec 02
100.00	N/A	N/A	N/A	N/A	Dec 02
0.86	(2.10)p	Nil	N/A	£34	Dec 02
0.57	6.01p	4.00p	1.5	£97	Sep 03
<hr/>					
					Dec 02
31.25	US\$(471.95)	Nil	N/A	US\$(912)	
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	
0.87	US\$0.00265	US\$0.001	2.65	£24	Dec 02
22.72	(22.70)p	Nil	N/A	£571	Mar 03
100.00	N/A	N/A	N/A	N/A	Dec 02
					Mar 02
25.50	99.70p	Nil	N/A	£(69)	
100.00	N/A	N/A	N/A	N/A	
					Dec 02
18.75	US\$(3.46)	Nil	N/A	US\$1,100	
100.00	N/A	N/A	N/A	N/A	
100.00	N/A	N/A	N/A	N/A	Dec 02
					Dec 02
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	
15.00	US\$503.06	US\$1,112	0.45	US\$200	Dec 02
					May 03
16.32	US\$3.90	Nil	Nil	US\$(11)	
100.00	N/A	N/A	N/A	N/A	
100.00	N/A	N/A	N/A	N/A	
					Dec 02
47.94	US\$(0.55)	Nil	N/A	US\$1,975	
100.00	N/A	N/A	N/A	N/A	
100.00	N/A	N/A	N/A	N/A	
0.003	(55)p	Nil	N/A	£0.87	Dec 02
49.00	£8.74	£7.18	1.22	£38	Dec 02
33.95	US\$(1.50)	Nil	N/A	US\$(309)	Dec 02
					Dec 02
13.37	(0.91)p	Nil	N/A	£317	
100.00	N/A	N/A	N/A	N/A	
100.00	N/A	N/A	N/A	N/A	Dec 02
N/A	N/A	N/A	N/A	N/A	

Unlisted Investments *as at 30 September 2003*

AMIC Distribution Partners, Inc.

AMIC Distribution Partners Inc. ('ADPI'), based in New York City, provides specialised sales and support services in the managed account, institutional and mutual fund markets. AMIC was instrumental in establishing ADPI in October 2001 to assist, where appropriate, the companies in which AMIC is invested and also to offer services to other asset management companies. AMIC holds 2,000 common shares representing 31.25% of the equity, a US\$960,000 non convertible promissory note and a US\$1,040,000 convertible promissory note converting into common stock at the rate of US\$400 principal amount per share for a further 14.75% of the total equity. AMIC has made a working capital loan to the company for US\$1.72m.

Charlemagne Capital Limited

Charlemagne Capital Limited has been managing investments in Eastern Europe since 1993 and has funds under management of over US\$450m. The company manages a wide range of regional and country funds, as well as hedge funds, using a fundamental bottom up investment approach, with a macroeconomic overlay. The company also has a private equity team, dedicated to identifying opportunities for investment in private companies, and a real estate development and investment team operating in South-Eastern Europe and focussing on the retail services sector. The company's operations are co-ordinated from their office in the Isle of Man, with a base in London and regional offices in Sofia and Zagreb.

City of London Investment Group PLC

City of London Investment Group was founded in 1991 and has funds under management of approximately US\$416 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, Philadelphia, New Jersey and Singapore and manages funds on behalf of clients in the United States, the United Kingdom and Canada. AMIC holds 214,384 ordinary shares representing 22.72% 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 funds under management of approximately US\$310 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 worldwide markets through the use of proprietary tactical, strategic and quantitative models. AMIC holds a convertible debenture for US\$1,000,000.

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. AMIC holds 88,556 ordinary shares, representing 25.50% of the ordinary share capital of the company and has provided a loan of £170,000 at 12.00% repayable in March 2006.

Financial Management Advisors, LLC

Financial Management Advisors ('FMA'), headquartered in Los Angeles, is a registered investment advisor with US\$1.6 billion in funds under management. The bulk of these assets are in the high yield sector. The investment team actively creates and manages investment programs for corporations, pension funds, endowments, foundations, families and individuals. FMA manages a range of investment disciplines: large cap growth equities,

Unlisted Investments *continued*

intermediate and core investment grade fixed income, high yield and opportunistic fixed income, tax exempt and balanced portfolios. The firm is under the management of its founder, Ken Malamed. AMIC holds 18.75% of the equity and a 10-year, US\$2,250,000 convertible note with a 10% coupon, converting into a further 6.25% of the equity.

Guardian Timing Services, Inc.

Guardian Timing Services was established in 1983, as a Canadian investment management company and limited market dealer based in Toronto, engaged in portfolio management through the use of alternative asset strategies. The company specialises in market timing strategies designed to keep pace with rising equity markets and outperform declining equity markets. Total assets under management are approximated C\$100 million. AMIC holds all the equity of the company.

Haven Capital Management, Inc.

Haven Capital Management ('Haven') headquartered in New York City, was founded in 1983. Haven, with funds under management of US\$309 million, is an active investment manager of client portfolios applying a bottom up approach to equities and a top down approach to fixed income. The firm is under the joint management of founders Stephen Ely and Denis Turko. AMIC has provided a US\$550,000 working capital loan to the company.

Hillview Capital Advisors, LLC

Hillview Capital Advisors ('Hillview') was founded in 1999 to provide solutions that preserve capital and explore creative ways to enhance wealth. The company's advisory services cater to unique groups of successful families in need of financial guidance. The company manages approximately US\$626 million in assets and advises families and related institutions. The firm is headquartered in Philadelphia, Pennsylvania. AMIC holds a US\$4,095,000 convertible note giving an ultimate equity stake of 49.00% and a US\$1,755,000 non-convertible promissory note. AMIC also provides Hillview with a working capital loan of US\$450,000.

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\$400 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, 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 15.00% of the issued share capital.

International Foreign Exchange Concepts, Inc.

International Foreign Exchange Concepts established in 1981, is headquartered in New York City with offices in Rochester NY, Paris, Sydney and a representative in Dubai. The company was founded as a specialist in foreign exchange and interest rate research, which it now provides to a list of clients including a variety of banks, international corporations and financial institutions, totalling 250 throughout the world. Since 1987 the company has been providing a wide selection of currency overlay and currency management solutions. The company has over US\$7 billion under management. AMIC holds 40,029 ordinary shares representing 16.32% of the equity, and a US\$5 million convertible note giving an ultimate total equity interest of 25.00%.

Leon Frazer & Associates, Inc.

Leon Frazer & Associates is a Toronto based investment manager, which was established in 1939 and is presently the second oldest independent investment management firm in Canada. The company manages approximately

Unlisted Investments *continued*

C\$603 million on a fully discretionary basis for high net worth individuals, corporations, pension funds and mutual fund companies. AMIC holds 76.50% of the equity.

MMCM Holding, Inc.

MMCM Holdings is a New York based manager of US equity stocks. The firm uses a proprietary equity product combining quantitative analysis of stock price movements with fundamental analysis. This model has given consistently above average returns. The firm manages approximately US\$254 million in assets. A capital restructuring on 1 October 2002 resulted in AMIC holding 4,623 ordinary shares representing 47.94% of the issued share capital as well as a convertible note, converting into a further 3,025 ordinary shares. AMIC has made available a working capital facility of up to US\$1 million to MMCM Holdings.

New Star Asset Management Limited

John Duffield, formerly founder and chief executive of Jupiter Asset Management, established New Star Asset Management in June 2000. The company has approximately £4.9 billion under management, and has had considerable success in building a retail brand in a short time. It has established itself in a leading United Kingdom retail market position and has made excellent progress in marketing alternative investment products, both onshore and offshore. AMIC holds 5,934 ordinary shares.

Norman Riddell & Associates Limited

Norman Riddell & Associates Limited provides management consultancy and corporate finance services to the financial services sector, with an emphasis on advice to asset management businesses. The company seeks to improve the strength, quality and profitability of its clients through the provision of creative and custom tailored practical advice on issues of strategy, management and mergers and acquisitions. Norman Riddell, who is a Non-Executive Director of AMIC, established the business in 1996. AMIC holds 49.00% of the equity.

P.J. Doherty & Associates Co. Limited

P.J. Doherty & Associates was established in 1979 to provide discretionary investment management services to individuals, foundations and endowments. The company is based in Ottawa, Canada and manages in excess of C\$903 million on a fully discretionary basis. AMIC holds 76.00% of the equity of the company.

The Mayberry Group, Inc.

The Mayberry Group 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 assets under management of approximately US\$57 million. AMIC holds 42,755 ordinary shares representing 33.95% of the issued share capital.

Turnstone Holdings Limited

Turnstone Holdings is the holding company of Neville Merriam Investment Management Limited, a private client investment management business based in London. The company was established following a management buyout from the Granville Baird Group. The group has £142 million under management and provides investment management services to private individuals, charities, trusts and self-administered pension schemes. AMIC holds 600,000 ordinary shares representing 13.37% of the equity and £1,600,000 convertible preference shares giving an ultimate total equity interest of 21.32%.

Valenzuela Capital Partners, LLC

Valenzuela Capital Partners, located in New York and established in 1989, is an Hispanic owned firm with approximately US\$1.3 billion in assets under management. The company adopts a value approach and is one of the larger managers in the United States specialising in small-cap and mid-cap stocks.

Directors' Report

The Directors present their report and the audited financial statements for the year ended 30 September 2003.

Review of the Business

A review of the Company's activities is contained in the Chairman's Statement on pages 4 and 5, and in the Management Review on pages 6 and 7.

Principal Activity and Status

The business of this Company is that of an Investment Company as defined by Section 266 of the Companies Act 1985 investing in worldwide private asset management companies. The Company is a member of the Association of Investment Trust Companies ('AITC').

The Company has been approved by the Inland Revenue as an investment trust for the purposes of Section 842 of the Income and Corporation Taxes Act 1988 for the year ended 30 September 2002.

The Directors are of the opinion, under advice, that the Company has conducted its affairs for the year ended 30 September 2003 so as to be able to obtain approval as an investment trust.

Results and Dividends

The Group profit after tax for the year was £1,364,000 (company: £1,177,000). An interim dividend of 1.0p per share was paid on 3 September 2003. The Directors propose to pay a final dividend of 3.0p per share on 22 March 2004, subject to approval by shareholders at the Annual General Meeting to be held on 18 March 2004. A consolidated profit of £429,000 (Company profit: £333,000) 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:

		At 30 September 2003		At 1 October 2002	
		Number of Ordinary Shares	Number of Options	Number of Ordinary Shares	Number of Options
Sir David Thomson	beneficial	86,775	–	86,775	–
	non-beneficial	–	–	–	–
George Robb	beneficial	1,432,923	387,822	1,349,771	300,000
	non-beneficial	219,818	–	309,877	–
David Martin-Clark	beneficial	11,667	–	11,667	–
	non-beneficial	–	–	–	–
Norman Riddell	beneficial	90,000	–	90,000	–
	non-beneficial	–	–	–	–
John Spurdle	beneficial	8,529	250,000	8,892	250,000
	non-beneficial	–	–	–	–

Mr Robb participates in the Company's Save As You Earn Share Option scheme ('SAYE') and All Employee Share Ownership Plan ('AESOP'). Mr Spurdle Participates in the AESOP. Details of these are shown in Note 18 to the financial statements.

None of the Directors holds any zero dividend preference shares.

Mr Riddell also holds £273,375 of 9.50% convertible loan note 2005/8.

There have been no changes in any Directors' interest up to 18 February 2004.

Directors' Report *continued*

In accordance with the Company's Articles of Association, Sir David Thomson and Mr David Martin-Clark 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 2003 the Group and Company had outstanding trade creditors of £8,000. As at 30 September 2003 the Group's and Company's outstanding trade creditors represented 1 days purchases (2002 Group: 8 and Company: 18).

Contributions

During the year the Company made a charitable donation of £150. It is the Company's policy not to make political donations and no political donations were made in 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 18 February 2004.

	Number of Ordinary Shares Held	% Held
Exeter Asset Management Limited	2,756,500	12.77
New Star Asset Managers Limited	1,910,000	8.85
George Robb	1,648,542	7.64
John Taylor	1,568,422	7.27
Charles Stanley Private Clients	1,390,166	6.44
Majedie Investments PLC	1,390,000	6.44
Armstrong Investment Company Limited	1,340,000	6.21
Royal Bank of Scotland International Plc	1,087,378	5.04
Third Canadian Investment Trust Limited	800,000	3.71
Britannic Asset Management Limited	750,000	3.47

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 Principles of Good Governance and Code of Best Practice ('the Combined Code') prepared by the Committee on Corporate Governance, published in June 1999, were implemented as at 1 July 2000.

The Board

The Board considers that the Company has complied with the code provisions set out in Section 1 of the Combined Code throughout this accounting period except where noted below. The following statement describes how the relevant principles of governance are applied to the Company.

Directors' Report *continued*

The Board of Directors currently comprises two Executive Directors and three Non-Executive Directors, of whom two, Sir David Thomson and David Martin-Clark, are regarded as independent directors. Sir David Thomson is the Senior Independent Director. The biographies of the Directors appear on page 3. 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.

The Directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring board procedures are followed and the Board complies with the applicable rules and regulations. Board Meetings are held at least six times a year and the Board 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 management and to independent professional advice 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 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. The Remuneration Committee comprises Sir David Thomson (Chairman) and David Martin-Clark. The Committee meets at least twice a year and is responsible for determining the remuneration package of the Executive Directors and for the grant of share options.

The Audit Committee comprises David Martin-Clark (Chairman), and Sir David Thomson. The Committee meets at least 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 the Managing Director, Financial Controller, Company Secretary and by a senior partner of the Company's Auditors, Solomon Hare LLP.

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 controls. The Directors do not consider it appropriate for the Company to have an internal audit function. They have reviewed and updated the process for identifying and evaluating the significant risks affecting the Company and the policies by which these risks are managed.

Directors' Report *continued*

New Combined Code

In July 2003 the Financial Reporting Council issued a revised Combined Code which incorporates recommendations made by the Higgs Review and the Smith Report. These revisions will come into effect for the reporting years beginning on or after 1 November 2003. During the financial year to 30 September 2004 the Board will review the revised Combined Code along with the recently published AITC Code of Corporate Governance and will amend the Company's procedures as it considers appropriate.

Going Concern

After reviewing the Company's budget for the year ended 30 September 2004 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 financial statements.

Relations with Shareholders

The management maintains a regular dialogue with institutional shareholders, the feedback from which is reported to the Board. In addition, the 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 re-appoint Solomon Hare LLP as the Company's auditor 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 the following 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 19 February 2003 and remain valid until 18 February 2008. It is proposed that the Directors be granted a 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 17 March 2009, or at the date at which the Company shall be wound up if earlier.

The Directors will be authorised to allot relevant securities up to an aggregate nominal amount of £2,483,643.50, apportioned as to £1,603,643.50 to ordinary shares and as to £880,000 to zero dividend preference shares, representing approximately 29.72% and 10.80% of the issued ordinary and zero dividend preference shares capital respectively as at 18 February 2004.

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 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 conclusion of the next Annual General Meeting in respect of shares issued pursuant to:

- (a) the terms of Company's share option schemes as previously approved by the shareholders;
- (b) a rights issue; and

Directors' Report *continued*

- (c) other than as set out above, for cash up to 1,079,271 ordinary shares with an aggregate nominal amount of £269,817.75 equal to 5.00% of the nominal value of the issued ordinary share capital of the Company at 18 February 2004.

Resolution 8: Authority to Purchase Own Shares

Resolution 8, which will be proposed as an ordinary resolution, will give authority to the Company under section 166 of the Companies Act 1985 to make market purchases of its own zero dividend preference shares of £1 each up to a maximum of 14.99% of the issued zero dividend preference shares of the Company, subject to specified conditions. There are currently 8,120,000 zero dividend preference shares of £1 each in issue and accordingly, 14.99% amounts to 1,217,188 zero dividend preference shares.

Restrictions in the Company's Articles of Association mean that it is necessary for the prior approval of a requisite majority of both the ordinary shareholders and zero dividend preference shareholders to be obtained at separate class meetings, which will be held immediately prior to the Annual General Meeting.

Resolution 9: Directors' Remuneration Report

The Directors' Remuneration Report contains information about the Company's remuneration policy, details of the Remuneration Committee, a performance graph showing the Company's total shareholder return ('TSR') compared with the TSR of the Putnam Lovell Money Manager US index over a period of the five most recent financial years, details of Directors' service contracts and details of Directors' remuneration.

This resolution is an ordinary resolution that allows shareholders the opportunity to consider the Company's remuneration policies and the remuneration actually paid to Directors in the previous financial year. No entitlement of a Director to remuneration is conditional on the passing of this resolution.

Capital

Included in the financial statements is a balance of £72,190 (2002: £32,196) relating to 123,932 (2002: 33,192) ordinary shares in Asset Management Investment Company PLC, held on behalf of the AESOP. This represents a holding of less than 1.00% of the issued ordinary share capital of the Company.

Post Balance Sheet Events

On 1 October 2003 Turnstone Holdings Limited merged with Principal Investment Holdings Limited. AMIC exchanged its preference and ordinary shares in Turnstone Holdings Limited for preference and ordinary shares in Principal Investment Holdings Limited.

On the 30 October 2003 the Company announced that, in view with the changes in the UK Listing Rules, the Company will not invest more than 15.00% of its gross assets in other listed investment companies.

On 15 January 2004 the Company sold its entire stake in P.J. Doherty and Associates Co Limited.

The Company announced on 19 January 2004, a correction to the outstanding options in the AMIC Executive Share Option Scheme. The amended details are listed on page 20 of this report.

On 27 January 2004 the Company announced an amendment to the payment of dividends in relation to the ordinary shares issued to Mr J Taylor and Mr J Clark in exchange for 40,029 ordinary shares in International Foreign Exchange Concepts, Inc. Having met prespecified conditions, the ordinary shares will rank in full for the final dividend declared in respect of the year ended 30 September 2003. Conditional on further criteria being met, the ordinary shares will be eligible to rank for any interim dividend for the period ending 31 March 2004.

By order of the Board

A Corbo *Secretary*

London, 20 February 2004

Report of the Board on Remuneration

This report has been prepared in accordance with the Directors' Remuneration Report Regulations 2002 (the 'Regulations'), which introduced new statutory requirements for the disclosure of Directors' remuneration in respect of periods ending on or after 31 December 2002. It has been approved by the Directors on 27 November 2003 and will be put to the shareholders for approval at the Annual General Meeting on 18 March 2004.

The Regulations require the auditors to report to the members of the Company on the "auditable part" of the Directors' Remuneration Report and to state whether in their opinion that part of the report has been properly prepared in accordance with the Companies Act 1985 (as amended by the Regulations). The report has therefore been divided into separate sections for audited and unaudited information.

Information not Subject to Audit

The remuneration of Executive Directors is determined by the Remuneration Committee, which consists of the independent Non-Executive Directors, Sir David Thomson, Chairman, and David Martin-Clark. Norman Riddell was a member of the Committee until 3 June 2003. The members of the Remuneration Committee attend the Annual General Meeting of the Company and are available to answer questions from shareholders about the remuneration of Directors.

Remuneration Policy

In designing remuneration policy and practices, the Committee has had regard to the provisions of Schedule A to the Combined Code. In preparing this report, the Board has followed the provisions of Schedule B to the Combined Code, and SI 2002/1986.

The principal function of the Committee is to determine the policy on executive remuneration, including that of Executive Directors. The Committee has access to external advisers when required. During the year the Committee sought the advice of the Company's solicitor and the Company Secretary about its proposals where appropriate.

The main aim of the policy of the Committee is to attract, retain and motivate high calibre individuals with a competitive package of basic salary, incentives and rewards that are linked to the overall performance of the group and in turn, to the interests of shareholders.

The overall package, which will be reviewed on a regular basis, may contain the following elements:

Basic Salaries

The basic salary for each Director is fixed and is reviewed annually by the Committee.

Annual Bonus Payments

The Company operates an annual bonus scheme to provide an incentive for Executives. The Remuneration Committee awards an annual bonus on a discretionary basis after consideration of individual performance for the year. Bonus payments are not pensionable.

Pension benefits

Pension benefit is provided and is based on basic salary. A contribution of £23,250 per annum was paid to the Managing Director, which represents 15% of basic salary.

Report of the Board on Remuneration *continued*

Executive Share Option Scheme

The Executive Share Option Scheme is an unapproved scheme. Options to Executive Directors are awarded at the discretion of the Remuneration Committee. An Executive may receive options with an exercise price equal to the market value at the time of grant, exercisable between three and ten years after grant. The options can only be exercised if the criteria are achieved based on the following principles:

- 1) The performance yardstick is the total return, as defined in the Consolidated Statement of Total Return in the annual financial statements as 'Return on ordinary activities before taxation';
- 2) The target to be set will be a minimum of the Retail Price Index plus 3% during the annual period, and
- 3) This minimum target requires to be achieved in three separate financial years of the Company during the period between the grant of the options and the final date on which the options can be exercised.

Employee Benefit Trust

The Employee Benefit Trust ('EBT') was set up in June 2004 to encourage the employees of the group to participate in the ownership and development of the Group. A contribution of £50,000 was transferred to the EBT in July 2004. No share distribution arrangements have been made.

Service Contracts

The Company has entered into the following service agreements:

- (a) A service agreement with Mr Robb dated 12 September 2001. Mr Robb's basic salary for the period under review was £155,000. The service agreement is terminable by either party on 12 months' notice. The service agreement also provides for payment of a bonus at the discretion of the Remuneration Committee of the Board from time to time. No discretionary bonus was paid in respect of the year to 30 September 2003 (2002: £nil). 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, health cover for himself, his wife and children under the age of 18 and permanent health insurance to provide £33,000 per annum.
- (b) A service agreement with Mr Spurdle dated 15 May 2001. The service agreement is terminable by either party on 12 months' notice. Mr Spurdle is employed as President of Asset Management Investment Company Inc. and his basic salary for the period under review was US\$250,000, which is paid through a consultancy agreement with Spurdle & Co, Inc. under which Spurdle & Co, Inc. undertakes to provide services of Mr Spurdle to the Company. He may receive payment of a bonus at the discretion of the Remuneration Committee of the Board from time to time. No discretionary bonus was paid in respect of the year to 30 September 2003 (2002: US\$ nil). During the period under review, the wife of Mr Spurdle, Executive Director, received US\$12,000 payment in respect of furniture rented to AMIC Inc.
- (c) 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 Sir David Thomson are provided to the Company pursuant to the terms of an engagement letter for a Director's fee of £4,000 per annum and a consultancy fee of £21,000 per annum.

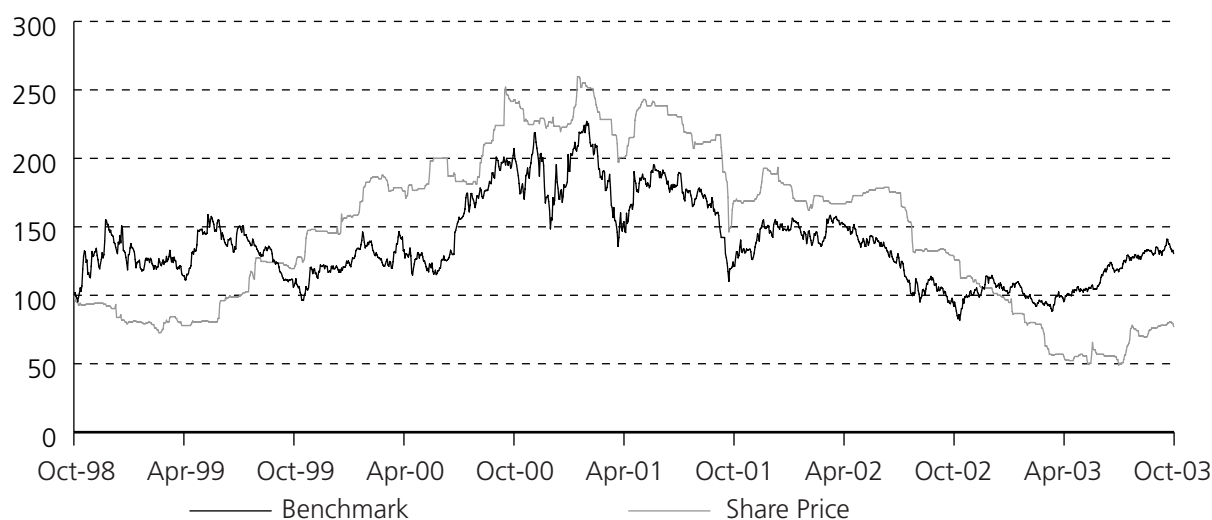
The services of Mr Martin-Clark and Mr Riddell are provided to the Company pursuant to the terms of engagement letters. Mr Martin-Clark received £17,500 per annum and Mr Riddell received £20,000 per annum.

Report of the Board on Remuneration *continued*

Total shareholder Return

The regulations require the presentation of a performance graph of the total shareholder return (TSR) compared to a comparator for a period of five years.

The following graph charts the total return index of the Company since 1 October 1998 against the Putnam Lovell Money Manager US index which is regarded as the most direct comparator for this purpose.



Source: Bloomberg, Putnam Lovell NBF research

Information Subject to Audit

Details of Directors' remuneration are given in Note 7 to the financial statements.

Share Options

Details of share options in the Company held by the Directors are as follows:

	As at 1 October 2002 number	Date of grant	Number of shares	As at 30 September 2003 number	Option price	Earliest exercise	Latest exercise
Mr Robb	300,000	22.12.2000	200,000	387,822	171½p	Dec 2003	May 2008
		10.12.2001	100,000		142½p	Dec 2004	May 2008
		21.01.2003	87,822		65½p	Jan 2006	Jan 2013
Mr Spurdle	250,000	22.12.2000	100,000	250,000	171½p	Dec 2003	Dec 2010
		10.12.2001	150,000		142½p	Dec 2004	Dec 2011

At 30 September 2003, the market price of the Company's shares was 58.25p. The maximum share price during the year was 97.00p and the minimum price was 37.00p. Mr Robb participates in the SAYE and the AESOP. Mr Spurdle participates in the AESOP. Details of these are shown in Note 18 to the financial statements.

On behalf of the Board

David Thomson *Chairman, Remuneration Committee*

London, 20 February 2004

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.

Independent Auditors' Report *to the shareholders of Asset Management Investment Company PLC*

We have audited the financial statements of Asset Management Investment Company PLC for the year ended 30 September 2003, which comprise the Statements of Total Return, the Balance Sheets, the Cash Flow Statement and the related Notes. These financial statements have been prepared under the historical cost convention, as modified by the revaluation of the fixed asset investments and the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Directors and the Auditors

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and the United Kingdom Accounting standards that are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards and the Listing Rules of the Financial Services Authority.

Independent Auditors' Report *continued*

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been 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 regarding Directors' remuneration and transactions with the Company and other members of the Group is not disclosed.

We review whether the Corporate Governance Statement reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statement 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 control procedures.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report, the Management Review, unaudited part of the Directors' Remuneration Report, the Chairman's Statement, the Investment Portfolio and the Corporate Governance Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of Audit Opinion

We conducted our audit in accordance with United Kingdom 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 and the part of the Directors' Remuneration Report to be audited. 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 and the part of the Directors' Remuneration Report to be audited.

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the Company's affairs as at 30 September 2003 and of the total return of the Group and the Company for the year then ended; and
- the financial statements and the parts of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985.

Solomon Hare LLP *Chartered Accountants & Registered Auditors*

Bristol, 20 February 2004

Consolidated Statement of Total Return *incorporating the revenue account**

Year ended 30 September 2003

	Notes	Revenue £'000	2003 Capital £'000	Total £'000	Revenue £'000	2002 Capital £'000	Total £'000
Return on investments	2	–	(7,687)	(7,687)	–	(1,961)	(1,961)
Income	3	5,234	–	5,234	5,596	–	5,596
Administration expenses	4	(3,076)	(1,638)	(4,714)	(1,993)	(1,403)	(3,396)
Net return before finance costs and taxation		2,158	(9,325)	(7,167)	3,603	(3,364)	239
Loss on disposal of subsidiary		–	–	–	(58)	(31)	(89)
Interest payable	5	(93)	(281)	(374)	(118)	(355)	(473)
Interest receivable		44	–	44	63	–	63
Return on ordinary activities before taxation		2,109	(9,606)	(7,497)	3,490	(3,750)	(260)
Taxation on ordinary activities	8	(745)	412	(333)	(1,117)	474	(643)
Return on ordinary activities after taxation		1,364	(9,194)	(7,830)	2,373	(3,276)	(903)
Minority interests		(91)	–	(91)	(83)	32	(51)
Appropriation in respect of zero dividend preference shares		–	(977)	(977)	–	(880)	(880)
Return attributable to equity shareholders		1,273	(10,171)	(8,898)	2,290	(4,124)	(1,834)
Dividend in respect of equity shares	9	(844)	–	(844)	(3,081)	–	(3,081)
Transfer from reserves		429	(10,171)	(9,742)	(791)	(4,124)	(4,915)
Return per ordinary share (basic)	10	6.01p	(48.02p)	(42.01p)	11.87p	(21.37p)	(9.50p)
Return per ordinary share (diluted)	10	6.01p	(48.02p)	(42.01p)	11.87p	(21.37p)	(9.50p)
Return per zero dividend preference share	10	–	12.03p	12.03p	–	10.84p	10.84p

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

None of the Group's activities were acquired or discontinued during the year ended 30 September 2003.

Movements in reserves are set out in notes 19 to 23.

The notes on pages 28 to 45 form part of the financial statements.

Company Statement of Total Return *incorporating the revenue account**

Year ended 30 September 2003

	Notes	Revenue £'000	2003 Capital £'000	Total £'000	Revenue £'000	2002 Capital £'000	Total £'000
Return on investments	2	–	(7,870)	(7,870)	–	(878)	(878)
Income	3	2,625	–	2,625	4,619	–	4,619
Administration expenses	4	(767)	(1,594)	(2,361)	(347)	(1,040)	(1,387)
Net return before finance costs and taxation		1,858	(9,464)	(7,606)	4,272	(1,918)	2,354
Interest payable	5	(93)	(281)	(374)	(118)	(355)	(473)
Interest receivable		44	–	44	63	–	63
Return on ordinary activities before taxation		1,809	(9,745)	(7,936)	4,217	(2,273)	1,944
Taxation on ordinary activities	8	(632)	547	(85)	(942)	420	(522)
Return on ordinary activities after taxation		1,177	(9,198)	(8,021)	3,275	(1,853)	1,422
Appropriation in respect of zero dividend preference shares		–	(977)	(977)	–	(880)	(880)
Return attributable to equity shareholders		1,177	(10,175)	(8,998)	3,275	(2,733)	542
Dividend in respect of equity shares	9	(844)	–	(844)	(3,081)	–	(3,081)
Transfer from reserves		333	(10,175)	(9,842)	194	(2,733)	(2,539)
Return per ordinary share (basic)	10	5.55p	(48.05p)	(42.50p)	16.97p	(14.17p)	2.8p
Return per ordinary share (diluted)	10	5.55p	(48.05p)	(42.50p)	16.97p	(14.17p)	2.8p
Return per zero dividend preference share	10	–	12.03p	12.03p	–	10.84p	10.84p

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

None of the Company's activities were acquired or discontinued during the year ended 30 September 2003.

Movements in reserves are set out in notes 19 to 23.

The notes on pages 28 to 45 form part of the financial statements.

Consolidated Balance Sheet

As at 30 September 2003

	Notes	£'000	2003 £'000	£'000	2002 £'000
Intangible fixed assets	11		4,685		5,010
Tangible fixed assets	12		122		125
Fixed asset investments					
Listed investments	13	3,200		7,120	
Unlisted investments	13	30,239		37,045	
			33,439		44,165
			38,246		49,300
Current assets					
Investments	14	145		322	
Debtors	15	1,266		1,878	
Cash and bank		1,507		248	
			2,918	2,448	
Current Liabilities					
Creditors: Amounts falling due within one year	16	(1,110)		(3,258)	
Net current assets/(liabilities)			1,808		(810)
Total assets less current liabilities			40,054		48,490
Creditors: Amounts falling due after one year	17		(12,403)		(13,662)
			27,651		34,828
Capital and reserves					
Called up share capital	18		13,516		13,026
Share premium account	19		23,588		22,520
Capital reserve – realised	20		(8,336)		(2,691)
Capital reserve – unrealised	21		(5,537)		(1,038)
Revenue reserve	22		218		(211)
Zero dividend appropriation reserve	23		4,107		3,157
Total shareholders' funds			27,556		34,763
Minority interests			95		65
			27,651		34,828
Total shareholders' funds are attributable to:					
Equity shareholders			14,801		22,985
Non-equity shareholders			12,755		11,778
			27,556		34,763
Net asset value per ordinary share (basic)	25		68.57p		117.12p
Net asset value per ordinary share (diluted)	25		68.57p		117.12p
Net asset value per zero dividend preference share	25		157.08p		145.00p

The financial statements were approved by a Committee of the Board of Directors on 20 February 2004 and signed on its behalf by:

David Thomson *Chairman* **George Robb** *Managing Director*

The notes on pages 28 to 45 form part of the financial statements.

Company Balance Sheet

As at 30 September 2003

	Notes	£'000	2003 £'000	£'000	2002 £'000
Tangible fixed assets	12		4		3
Fixed asset investments					
Listed investments	13	3,200		7,120	
Unlisted investments	13	37,404		44,392	
			40,604		51,512
			40,608		51,515
Current assets					
Debtors	15	1,214		2,204	
Bank and Cash		1,045		48	
			2,259	2,252	
Current liabilities					
Creditors: Amounts falling due within one year	16	(738)		(3,072)	
Net current assets/(liabilities)			1,521		(820)
Total assets less current liabilities			42,129		50,695
Creditors: Amounts falling due after one year	17		(12,403)		(13,662)
			29,726		37,033
Capital and reserves					
Called up share capital	18		13,516		13,026
Share premium account	19		23,588		22,520
Capital reserve – realised	20		(7,458)		(2,462)
Capital reserve – unrealised	21		(4,739)		413
Revenue reserve	22		712		379
Zero dividend appropriation reserve	23		4,107		3,157
Total shareholders' funds			29,726		37,033
Total shareholders' funds are attributable to:					
Equity shareholders			16,971		25,255
Non-equity shareholders			12,755		11,778
			29,726		37,033
Net asset value per ordinary share (basic)	25		78.62p		128.70p
Net asset value per ordinary share (diluted)	25		78.62p		128.70p
Net asset value per zero dividend preference share	25		157.08p		145.00p

The financial statements were approved by a Committee of the Board of Directors on 20 February 2004 and signed on its behalf by:

David Thomson *Chairman* **George Robb** *Managing Director*

The notes on pages 28 to 45 form part of the financial statements.

Consolidated Cash Flow Statement

Year ended 30 September 2003

	Notes	2003 £'000	2002 £'000
Net cashflow from operating activities	27	1,357	588
Returns on investment and servicing of finance			
Interest paid		(374)	(379)
Interest received		44	63
Dividends paid to minority interests		(61)	–
Net cashflow from returns on investment and servicing of finance		(391)	(316)
Taxation paid		(442)	(502)
Capital expenditure and financial investment			
Purchase of investments		(2,688)	(28,213)
Purchase of own shares		(42)	(28)
Sale of investments		7,152	28,115
Purchase of tangible fixed assets		(48)	(39)
Net cashflow from capital expenditure and financial investment		4,374	(165)
Acquisitions and disposals			
Sale of subsidiary		–	88
Acquisition of subsidiaries		–	(6,317)
Cash acquired with subsidiaries		–	397
Net cashflow from acquisitions and disposals		–	(5,832)
Equity dividends paid		(1,967)	(2,843)
Management of liquid resources			
Short term deposits		(695)	217
Purchase of current asset investments		(1,254)	–
Sale of current asset investments		1,314	923
Net cashflow from management of liquid resources		(635)	1,140
Net cashflow before financing		2,296	(7,930)
Financing			
New loan		–	4,916
Repayment of Loan		(983)	–
Issue of ordinary share capital		–	226
Premium on issue of ordinary share capital		–	660
Net cashflow from financing		(983)	5,802
Change in cash during the year	28	1,313	(2,128)

The notes on pages 28 to 45 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 2003 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 "Financial Statements of Investment Trust Companies" ('SORP') issued in January 2003.

(b) Basis of consolidation

The consolidated accounts incorporate the accounts of the Company and each of its principal 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. In accordance with Financial Reporting Standard No. 16, franked investment income is shown net of notional tax credits. 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 75% to the capital reserve and 25% 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 and fund management subsidiaries have been allocated to the revenue account.

(d) Taxation

Taxation is charged against profit only in so far as payment has been made or is likely to be made in the foreseeable future.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Balance Sheet date where transactions or events that result in an obligation to pay more, or a right to pay less, tax in future have occurred at the balance sheet date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences arising between the Company's taxable profits and its results as stated in the financial statements which are capable of reversal in one or more subsequent periods.

(e) Fixed assets – Listed investments

Listed investments are valued at closing middle-market price at the balance sheet date. The unrealised gain or loss on current asset investments is taken to the Statement of Total Return.

(f) Fixed assets – Unlisted investments

Unlisted 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.

The Board of Directors normally review the formula basis of the unlisted investments twice each year, in March and September, and will have regard to all available information, both general to the sector and pertinent to any individual investment. Unlisted investments under six months old are carried at cost unless exceptional circumstances require a change in valuation. Other unlisted investments are valued principally either in relation to revenues or the level of assets under management as appropriate.

Due diligence in connection with the making of new or additional investments is undertaken by the Company's Executives, except where specialist legal, financial or commercial due diligence requires this to be undertaken by appropriate advisors.

Notes to the Financial Statements *continued*

(g) Subsidiary undertakings

Investments in subsidiary undertakings are stated at valuation in the Balance Sheet of AMIC PLC. The most up to date information available is used when valuing these entities.

(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 reserves via the Statement of Total Return.

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 charged or credited to Group reserves depending on movements in exchange rates between balance sheet dates.

(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.

Goodwill arising from 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 has been charged in the statement of total return on disposal of the related business. Goodwill arising subsequent to the adoption of Financial Reporting Standard No. 10 is capitalised and amortised over its useful economic life of up to 20 years.

(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 *continued*

2 Analysis of total gains on investments in the year

Group			2003	2002
	Listed £'000	Unlisted £'000	Total £'000	Total £'000
Realised (losses)	(2,889)	(330)	(3,219)	(2,026)
Unrealised gains/(losses)	2,464	(7,586)	(5,122)	(930)
Gains on foreign exchange	–	654	654	995
Total losses on investments in the year	(425)	(7,262)	(7,687)	(1,961)

Company			2003	2002
	Listed £'000	Unlisted £'000	Total £'000	Total £'000
Realised (losses)/gains	(2,889)	133	(2,756)	(2,895)
Unrealised gains/(losses)	2,451	(8,219)	(5,768)	763
Gains on foreign exchange	–	654	654	1,254
Total losses on investments in the year	(438)	(7,432)	(7,870)	(878)

The calculation on realised gains and losses is based on the historical cost of investments sold. The calculation of unrealised gains and losses includes movement on amounts recognised as unrealised in previous years.

3 Income

	Group £'000	2003 Company £'000	Group £'000	2002 Company £'000
Income from listed investments				
Franked investment income	37	37	1,587	1,587
Unfranked investment income	220	220	190	190
Foreign income dividends	–	–	6	6
Dealing (loss)/profit in subsidiary companies	(21)	–	140	–
	236	257	1,923	1,783
Income from unlisted investments				
Franked investment income	–	–	–	–
Unfranked investment income	1,663	1,663	1,290	1,290
Foreign income dividends	233	476	1,137	1,137
Other income	3,102	229	1,246	409
	4,998	2,368	3,673	2,836
Total income	5,234	2,625	5,596	4,619
Total income comprises:				
Dividends	270	513	2,036	2,036
Interest	1,883	1,883	2,191	2,191
Other investment income	3,081	229	1,369	392
Income from investments	5,234	2,625	5,596	4,619
Other net income	–	–	–	–
	5,234	2,625	5,596	4,619
Income from investments				
Listed UK	236	257	1,627	1,627
Listed overseas	–	–	41	6
Unlisted	2,124	2,368	2,985	2,986
Other	2,874	–	943	–
	5,234	2,625	5,596	4,619

Notes to the Financial Statements *continued*

4 Administration expenses

The following have been charged to revenue in arriving at return on ordinary activities.

	Group £'000	2003 Company £'000	Group £'000	2002 Company £'000
Depreciation of tangible fixed assets	12	–	12	2
Amortisation of intangibles	81	–	44	–
Provision for bad and doubtful debts	236	236	–	–
Directors' remuneration	104	104	101	101
Auditors' remuneration:				
for audit	12	5	7	3
for other services	5	5	2	2
Exchange losses	9	9	–	–
Other expenses	2,617	408	1,827	239
	3,076	767	1,993	347

Auditors' remuneration for the period in respect of UK audit services amounted to £19,500 (2002: £18,500). Total fees in respect of non-audit services amounted to £20,000. These fees have been recognised in the Statement of Total Return.

A further £1,638,000 (Group) and £1,594,000 (Company) (2002: £1,403,000 (Group) and £1,040,000 (Company)) of administration expenses have been charged to the capital reserve (Note 20).

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

5 Interest

	Group £'000	2003 Company £'000	Group £'000	2002 Company £'000
Interest due on bank overdrafts repayable within 5 years, not by instalments	–	–	8	8
Interest due on bank loans repayable, within 5 years not by instalments	93	93	–	–
Interest due on bank loans repayable after more than 5 years, not by instalments	–	–	110	110
	93	93	118	118

A further £281,000 (Group) and £281,000 (Company) (2002: £355,000 (Group) and £355,000 (Company)) of interest payable have been charged to the capital reserve (Note 20).

6 Staff costs

	Group	2003 Company	Group	2002 Company
Average number of persons employed during the year	49	4	50	4
	Group £'000	Company £'000	Group £'000	Company £'000
Staff costs for the year (including Executive Directors)				
Salaries and commissions	2,451	499	1,813	513
Social security costs	80	40	76	33
Pension costs	53	50	48	46
Other staff costs	57	57	70	10
	2,641	646	2,007	602

Notes to the Financial Statements *continued*

7 Directors' remuneration

	2003 Group and Company £'000	2002 Group and Company £'000
Directors' fees and emoluments	392	382
Pension costs	23	23
	415	405

Included in the above are Directors' remuneration of £311,000 (Company: £311,000) (2002: £304,000) which has been charged to capital reserve (Note 20).

Under the terms of the service contract with Mr Robb, the Company pays him an annual salary agreed by the Remuneration Committee. 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 see fit.

Under the service contract with Mr Spurdle, the Company pays him an annual salary agreed by the Remuneration Committee. The service agreement is terminable by either party on 12 months' notice. Mr Spurdle may also receive a discretionary bonus of such amount as the Remuneration Committee see fit.

The services of Sir David Thomson, Mr Martin-Clark and Mr Riddell are provided to the Company pursuant to the terms of engagement letters, terminable by either party on three months' notice. The Director's fees paid to Sir David Thomson and Mr Riddell suffer VAT at 17.5% which is partially recoverable by the Company.

Details of remuneration

	Salary and fees £'000	Bonus payments £'000	Other benefits £'000	Total before pension £'000	Pension costs £'000	2003 Total £'000	2002 Total £'000
Executive							
G A Robb	155	–	19	174	23	197	197
J W Spurdle	160	–	7	167	–	167	160
Non –Executive							
Sir David Thomson	20	–	–	20	–	20	20
D L Martin-Clark	14	–	–	14	–	14	14
N M M Riddell	17	–	–	17	–	17	14
	366	–	26	392	23	415	405

At 30 September 2003, the Company had agreed to make contributions to the personal pension plan of the Managing Director.

Details of Directors' share options are given in the Report of the Board on Remuneration.

Notes to the Financial Statements *continued*

8 Taxation

	£'000	Group £'000	£'000	2003 Company £'000	£'000	Group £'000	£'000	2002 Company £'000
UK corporation tax								
Current tax on income for the period	–		–		602		602	
Double taxation relief	–		–		(149)		(149)	
Adjustments in respect of prior periods	60		60		–		–	
		60		60		453		453
Overseas taxation								
Current tax on income for the period		273		25		190		69
Tax on profit on ordinary activities		333		85		643		522
Allocated:								
Revenue		745		632		1,117		942
Capital (Note 20)		(412)		(547)		(474)		(420)
		333		85		643		522

Factors affecting the tax charge for the year

The effective rate of tax assessed in the revenue account for the period is different from the UK standard rate of 30% (2002: 30%). The differences are explained below.

	Group %	2003 Company %	Group %	2002 Company %
Standard rate of tax for the period	30.0	30.0	30.0	30.0
Non-taxable income	(0.5)	(0.6)	(7.7)	(6.4)
Expenses not deductible	0.7	0.8	0.2	0.1
Irrecoverable withholding tax	1.1	1.3	–	–
Adjustments to prior year provision	2.9	3.4	–	–
Overseas tax rate differences	0.7	–	(5.5)	(1.4)
Consolidation adjustments	0.4	–	15.0	–
	35.3	34.9	32.0	22.3

9 Dividends

	2003 £'000	2002 £'000
Interim dividend of 1.0p per ordinary share (2001: 7.0p)	196	1,310
Proposed final dividend of 3.0p per ordinary share (2001: 9.0p)	648	1,771
	844	3,081

10 Return per share

(a) Basic return per ordinary share

Basic revenue return per ordinary share for the year ended 30 September 2003 is calculated on the basis of the net revenue on ordinary activities after tax and minority interest of £1,273,000 (Company: £1,177,000) ((2002: £2,290,283) (Company: £3,274,514)) divided by 21,177,207 (2002: 19,293,021), being the weighted average number of ordinary shares of 25p each in issue during the year, stated in accordance with Financial Reporting Standard (FRS) 14.

Basic capital return per ordinary share for the year ended 30 September 2003 is based on net capital losses of £10,171,000 (Company: £10,175,000) (2002: £4,124,255 (Company: £2,733,715)) divided by 21,177,207 (2002: 19,293,021), 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 2003 are calculated on 21,177,207 (2002: 19,296,521) shares. The dilutive effect of share options in issue is nil. Details of share options are given in Note 18.

(c) Return per zero dividend preference share

Return per zero dividend preference share for the year ended 30 September 2003 is calculated on the appropriation in respect of the zero dividend preference shares of £977,000 (Company: £977,000) (2002: £879,600 (Company: £879,600)) divided by 8,120,000 (2002: 8,120,000), being the number of zero dividend preference share of £1 each in issue during the year.

11 Intangible fixed assets

	Goodwill £'000	*Management contracts £'000	Total £'000
Cost			
At 1 October 2002	4,709	622	5,331
Additions	–	–	–
At 30 September 2003	4,709	622	5,331
Amortisation			
At 1 October 2002	177	144	321
Amortisation charge in year	236	89	325
At 30 September 2003	413	233	646
Valuation			
At 30 September 2003	4,296	389	4,685
At 30 September 2002	4,532	478	5,010

*Management contracts represent non-competition agreements with the executive management of PJ Doherty and Associates, acquired with subsidiaries during the year to 30 September 2002. These are being amortised over 7 years.

Notes to the Financial Statements *continued*

12 Tangible fixed assets

Group	Office equipment £'000	Fixtures and fittings £'000	Total £'000
Cost			
At 1 October 2002	154	80	234
Additions	47	–	47
At 30 September 2003	201	80	281
Depreciation			
At 1 October 2002	73	36	109
Charge for the year	33	17	50
At 30 September 2003	106	53	159
Net book value			
At 30 September 2003	95	27	122
At 30 September 2002	81	44	125
Company			
	Office equipment £'000	Fixtures and fittings £'000	Total £'000
Cost			
At 1 October 2002	42	30	72
Additions	3	–	3
At 30 September 2003	45	30	75
Depreciation			
At 1 October 2002	39	30	69
Charge for the year	2	–	2
At 30 September 2003	41	30	71
Net book value			
At 30 September 2003	4	–	4
At 30 September 2002	3	–	3

Notes to the Financial Statements *continued*

13 Fixed asset investments

Group	Own shares £'000	Listed investments £'000	Unlisted investments £'000	Total £'000	
Cost					
At 1 October 2002	47	10,004	36,826	46,877	
Transfers	–	2,000	(2,000)	–	
Additions	42	117	4,610	4,769	
Disposals	–	(8,543)	(1,830)	(10,373)	
At 30 September 2003	89	3,578	37,606	41,273	
Unrealised capital loss					
At 1 October 2002	(15)	(2,916)	219	(2,712)	
Movement in year	(2)	(423)	(7,916)	(8,341)	
Transfer to realised capital reserve	–	2,889	330	3,219	
At 30 September 2003	(17)	(450)	(7,367)	(7,834)	
Valuation					
At 30 September 2003	72	3,128	30,239	33,439	
At 30 September 2002	32	7,088	37,045	44,165	
Company					
	Own shares £'000	Subsidiary undertaking £'000	Listed investments £'000	Unlisted investments £'000	Total £'000
Cost					
At 1 October 2002	47	5,943	9,991	36,373	52,354
Transfers	–	–	2,000	(2,000)	–
Additions	42	–	130	4,610	4,782
Disposals	–	–	(8,543)	(1,379)	(9,922)
At 30 September 2003	89	5,943	3,578	37,604	47,214
Unrealised capital loss					
At 1 October 2002	(15)	1,395	(2,903)	681	(842)
Movement in year	(2)	(170)	(436)	(7,916)	(8,524)
Transfer to realised capital reserve	–	–	2,889	(133)	2,756
At 30 September 2003	(17)	1,225	(450)	(7,368)	(6,610)
Valuation					
At 30 September 2003	72	7,168	3,128	30,236	40,604
At 30 September 2002	32	7,338	7,088	37,054	51,512

The Company's investment in its own shares consists of shares held by the Trustees of the AESOP. The Trustees of the AESOP have purchased 123,932 ordinary shares at a cost of £88,866 to be retained in the Trust for the employees. The market value of those shares as at 30 September 2003 was £72,190.

Notes to the Financial Statements *continued*

13 Fixed asset investments *continued*

Material movements on valuation of unlisted investments

	Valuation 2003 £'000	Valuation 2002 £'000
AMIC Distribution Partners – Common Shares	169	793
AMIC Distribution Partners – 10% Non-Convertible Promissory Loan Note 2011	289	610
AMIC Distribution Partners – 10% Convertible Promissory Loan Note 2011	219	1,030
Financial Management Advisors – Common Shares	1,641	4,292
Hillview – 10% Convertible Loan Note 2011	1,167	2,656
IFDC – Ordinary Shares	3,200	3,815
International Foreign Exchange Concepts – Common Stock	2,829	591
MMCM Holdings – Common Stock	1,196	1,942
Valenzuela Capital Partners – 10% Convertible Loan Note 2011	3,010	3,909

All unlisted investments have been valued on the basis detailed in Note 1(f). Where this method has determined that the valuations of these investments should materially change, this has resulted in a movement on unrealised gains or losses reflected above.

Details of investments in subsidiaries

Name of company	Class of capital	% held	Country of incorporation and operation	Principal activity
AMIC Australia	Equity	100.00	Australia	Holding Company
AMIC Canada	Equity	100.00	Canada	Holding Company
AMIC Holdings	Equity	100.00	United States of America	Dormant
AMIC Securities	Equity	100.00	United Kingdom	Dealing Company
Asset Management Investment Company Inc.	Equity	100.00	United States of America	Investment Company
Guardian Timing Services*	Equity	100.00	Canada	Fund Management
Leon Frazer and Associates*	Equity	76.50	Canada	Fund Management
PJ Docherty and Associates*	Equity	76.00	Canada	Fund Management

*Indirect holdings

Significant holdings

At 30 September 2003 the Group had holdings of more than 10% of the ordinary share capital of the following companies:

Name of company	% held	Country of incorporation
AMIC Distribution Partners	31.25	United States of America
City of London Investment Group	22.72	United Kingdom
Columbus Financial Services	25.50	United Kingdom
Financial Management Advisors	18.75	United States of America
IFDC Group	15.00	Luxembourg
Integrated Asset Management	19.08	United Kingdom
International Foreign Exchange Concepts	16.32	United States of America
MMCM Holdings	47.94	United States of America
Norman Riddell and Associates	49.00	United Kingdom
The Mayberry Group	33.95	United States of America
Turnstone Holdings	13.37	United Kingdom

The investments in AMIC Distribution Partners, City of London Investment Group, Columbus Financial Services, Integrated Asset Management, MMCM Holdings, Norman Riddell and Associates and The Mayberry Group are not accounted for as associate undertakings. This treatment is consistent with that prescribed in the SORP.

Notes to the Financial Statements *continued*

13 Fixed asset investments *continued*

Further information relating to the investee companies in which the Company held more than 20% of the ordinary share capital is disclosed below.

	Aggregate capital and reserves		Profit/(loss) before dividend	
	2003 '000	2002 '000	2003 '000	2002 '000
AMIC Distribution Partners	*	US\$(2,919)	*	US\$(3,020)
City of London Investment Group	£2,515	£2,729	£(214)	£(78)
Columbus Financial Services	*	£(269)	*	£(306)
MMCM Holdings	*	\$4,119	*	US\$(5)
Norman Riddell and Associates	*	£77	*	£87
The Mayberry Group	*	US\$(911)	*	US\$(189)

*Accounts not available

Geographic analysis of investments

	2003 %	2002 %
UK	22	25
North America	70	66
Europe	8	8
Far East	–	1
	100	100

14 Current asset investments

	2003 Group £'000	2002 Group £'000
Current asset investments – listed	145	322

15 Debtors

	Group £'000	2003 Company £'000	Group £'000	2002 Company £'000
Trade debtors	–	–	24	24
Prepayments and accrued income	1,190	954	1,722	1,531
Income tax recoverable	–	–	125	125
Other debtors	76	71	7	2
Amount due from subsidiary companies	–	189	–	522
	1,266	1,214	1,878	2,204

Included in amounts due from subsidiary companies is an amount of £175,000 due from AMIC Canada that is not anticipated to be received within the next 12 months.

Notes to the Financial Statements *continued*

16 Creditors: amounts falling due within one year

	Group £'000	2003 Company £'000	Group £'000	2002 Company £'000
Trade creditors	8	8	71	71
Bank overdraft	–	–	749	749
Other creditors	9	4	4	–
Proposed dividend	648	648	1,771	1,771
Corporation tax	27	27	224	223
Other taxation and social security	14	14	14	14
Accruals and deferred income	404	37	425	225
Amount due to subsidiary company	–	–	–	19
	1,110	738	3,258	3,072

17 Creditors: amounts falling due after one year

	Group £'000	2003 Company £'000	Group £'000	2002 Company £'000
Bank loans	12,038	12,038	13,662	13,662
9.5% convertible loan notes 2005/8	365	365	–	–
	12,403	12,403	13,662	13,662

At the year end the Company had outstanding bank loans of US\$20 million, repayable in three tranches no later than 27 October 2006, and bearing interest at rates between 1.25% and 1.75% over LIBOR. The loans are secured by a debenture over the Company's assets.

The loan notes are repayable by the Company on or after 9 June 2005. They are convertible by the loan note holders between 9 December 2005 and 9 June 2008 at a rate of 72.68p of loan note per 25p ordinary share.

18 Called up share capital

	2003 £'000	2002 £'000
Authorised		
28,000,000 (2002: 28,000,000) ordinary shares of 25p each	7,000	7,000
9,000,000 (2002: 9,000,000) zero dividend preference shares of £1 each	9,000	9,000
	16,000	16,000
Allotted, issued and fully paid		
21,585,426 (2002: 19,624,899) ordinary shares of 25p each	5,396	4,906
8,120,000 (2002: 8,120,000) zero dividend preference shares of £1 each	8,120	8,120
	13,516	13,026

During the year 1,960,527 ordinary shares with an aggregate nominal value of £490,131.75 were issued in part consideration for common shares acquired in International Foreign Exchange Concepts, Inc.

The zero dividend preference shares have no rights to dividends, as they are due to be redeemed for 199.90p each on 27 October 2006, providing a premium of 99.90p per share.

On a winding up or other return of assets of the Company, the zero dividend preference shares rank before the ordinary shares. In these circumstances £1 per share would be due, plus 8% 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 *continued*

18 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 the zero dividend preference shares; or
- Change the objects of the Company as set out in the Memorandum and Articles of Association; or
- Wind up the Company.

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

At 30 September 2003, options granted under the Company's Executive Share Option Scheme were as follows:

Date of grant	Number of shares	Exercise price	Earliest exercise	Latest exercise
30.12.1998	3,500	62p	Dec 2001	Dec 2008
30.12.1999	3,500	112p	Dec 2002	Dec 2009
30.12.2000	320,000	171 ¹ / ₂ p	Dec 2003	Dec 2010
10.12.2001	303,000	142 ¹ / ₂ p	Dec 2004	Dec 2011
21.01.2003	165,397	65 ¹ / ₂ p	Jan 2006	Jan 2013

Employee share ownership

Options were granted under the Company's SAYE Scheme on 4 February 2002 at an exercise price of 100p per ordinary share. Employees pay monthly contributions into a savings contract for five years. At the end of this period, the savings, together with a tax-free bonus, may be used to purchase shares at the exercise price. The number of shares the subject of an option is determined by dividing the sum due on completion of the savings contract (inclusive of the tax-free bonus) by the subscription price.

On 6 June 2001, the Company implemented its AESOP scheme to reward employees and enable them to acquire shares in the Company. A number of free ordinary shares of an aggregate market value of £3,000 per employee were awarded to participating employees. The trustees of the AESOP have purchased 123,932 ordinary shares at a cost of £88,866 to be retained in the Trust for the employees. Employees may also contribute up to a maximum of £1,500 per year to acquire partnership shares. The Company will award two matching shares for each partnership share acquired. All dividends in respect of the shares held in AESOP are paid to the participating employees. All costs incurred with respect to the AESOP were dealt with in the Group's Statement of Total Return.

19 Share premium account

	£'000
At 1 October 2002	22,520
Received on issue of new shares	1,068
At 30 September 2003	23,588

Notes to the Financial Statements *continued*

20 Realised capital reserve

Group	Listed	Unlisted	Administration	Total
	£'000	£'000	charges £'000	£'000
At 1 October 2002	(1,369)	5,974	(7,296)	(2,691)
Transfer from unrealised capital reserve	(2,889)	(330)	–	(3,219)
Charge for the year	–	–	(1,507)	(1,507)
Foreign exchange	–	–	(7)	(7)
Appropriation in respect of zero dividend preference shares	–	–	(950)	(950)
Foreign exchange on debt instruments	–	38	–	38
At 30 September 2003	(4,258)	5,682	(9,760)	(8,336)

Company	Listed	Unlisted	Administration	Total
	£'000	£'000	charges £'000	£'000
At 1 October 2002	(1,264)	5,423	(6,621)	(2,462)
Transfer from unrealised capital reserve	(2,889)	133	–	(2,756)
Charge for the year	–	–	(1,328)	(1,328)
Appropriation in respect of zero dividend preference shares	–	–	(950)	(950)
Foreign exchange on debt instruments	–	38	–	38
At 30 September 2003	(4,153)	5,594	(8,899)	(7,458)

The charge for the year represents net transfer of administration costs, interest payable and taxation to capital in the Statement of Total Return. This is made in line with the Group's accounting policy 1(c).

21 Unrealised capital reserve

Group	Listed	Unlisted	Total
	£'000	£'000	£'000
At 1 October 2002	(2,740)	1,702	(1,038)
Movement in year	(425)	(7,916)	(8,341)
Transfer to capital reserve	2,889	330	3,219
Foreign exchange	–	7	7
Foreign exchange on debt instruments	–	616	616
At 30 September 2003	(276)	(5,261)	(5,537)

Company	Listed	Unlisted	Total
	£'000	£'000	£'000
At 1 October 2002	(2,916)	3,329	413
Movement in year	(438)	(8,086)	(8,524)
Transfer to capital reserve	2,889	(133)	2,756
Foreign exchange on debt instruments	–	616	616
At 30 September 2003	(465)	(4,274)	(4,739)

Notes to the Financial Statements *continued*

22 Revenue reserve

	Group £'000	Company £'000
At 1 October 2002	(211)	379
Profit for the year	429	333
At 30 September 2003	218	712

23 Zero dividend appropriation

	£'000
At 1 October 2002	3,157
Appropriation for the year	950
At 30 September 2003	4,107

This reserve represents the amount due to the zero dividend preference shares, which as explained in Note 18 represents a premium on redemption payable on 27 October 2006, and is accruing at an annual rate of 8%.

The net asset value per zero dividend preference share stated on the Balance Sheet as at 30 September 2003 is 157.08p. This differs from that reported to the AITC. This difference is created by the treatment of issue costs associated with the zero dividend preference shares that, in accordance with FRS 4 (Capital Instruments), are written off over the life of the zero dividend preference shares.

The redemption value on the 27 October 2006 is the same as that reported in Note 18.

24 Reconciliation of movement in shareholders' funds

	Group £'000	2003 Company £'000	Group £'000	2002 Company £'000
Revenue return retained for the financial year	429	333	(791)	194
Capital return for the financial year	(10,171)	(10,175)	(4,124)	(2,733)
Goodwill realised	–	–	44	–
Allocation in respect of zero dividend preference shares	977	977	880	880
Proceeds of share issues	1,558	1,558	886	886
Net change in shareholders' funds	(7,207)	(7,307)	(3,105)	(773)
Opening shareholders' funds	34,763	37,033	37,868	37,806
Closing shareholders' funds	27,556	29,726	34,763	37,033

25 Net asset value

The basic net asset value per ordinary share at 30 September 2003 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 2003 is calculated on the basis of the net assets attributable to equity shareholders divided by the number of shares in issue at that date. The dilutive effect of share options at 30 September 2003 is nil.

The net asset value per zero dividend preference shares at 30 September 2003 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.

26 Contingent liabilities

There were no contingent liabilities in the Group at 30 September 2003 (2002: Nil).

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

	2003 £'000	2002 £'000
Net return before finance costs and taxation	2,158	3,603
Depreciation of tangible fixed assets	50	48
Amortisation of intangibles	325	267
Foreign exchange	–	(66)
Movement in debtors	499	(614)
Movement in creditors	(37)	(1,247)
Administration expenses (before finance costs and taxation) charged to capital reserve	(1,638)	(1,403)
Net cash inflow from operating activities	1,357	588

28 Reconciliation of net cash flow to movement in net debt

	2003 £'000	2002 £'000
Cash movement in the year	1,313	(2,128)
Cashflow from movement in debt	983	(4,916)
Cashflow from movement in liquid resources	695	(1,238)
Loan notes issued for non-cash consideration	(365)	–
Change in net debt resulting from cash flows and movement in net debt in the year	2,626	(8,282)
Liquid resources acquired with subsidiaries	–	1,021
Non cash movement on debt instruments	641	1,254
Net debt at 30 September 2002	(14,163)	(8,156)
Net debt at 30 September 2003	(10,896)	(14,163)

29 Analysis of net debt

	At 1 October 2002 £'000	Cash flows £'000	Non cash movement £'000	At 30 September 2003 £'000
Cash at bank and in hand	248	564	–	812
Overdraft	(749)	749	–	–
	(501)	1,313	–	812
Debt due after 1 year	(13,662)	983	276	(12,403)
Liquid resources	–	695	–	695
	(14,163)	2,991	276	(10,896)

The cash and bank figure on the Consolidated Balance Sheet is made up of both the cash at bank and in hand, and liquid resources figures. The latter represents cash held on term deposit.

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 US Dollars
- Listed and unlisted investments held within the portfolio
- the zero dividend preference shares which carry predetermined payment rights as explained in Note 18

At 30 September 2003, the Group had invested 90.4% (2002: 83.9%) of the portfolio in unlisted investments and the balance of the portfolio, 9.6% (2002: 16.1%), in listed investments.

Notes to the Financial Statements *continued*

30 Analysis of financial assets and liabilities *continued*

At the year end the Company had outstanding bank loans of US\$20 million with Bank of Scotland, repayable at notice but not later than 27 October 2006, and bearing interest at rates between 1.25% and 1.75% over LIBOR.

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 the portfolio and represents the potential loss the group might suffer through holding market positions in the face of price movements. 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. A list of the main investments held by the Group is shown in the Investment Portfolio on pages 8 and 9.

Liquidity risk arises as the investment portfolio will comprise mainly unlisted securities, which may give rise to delay in realising funding commitments. The Group may hold listed securities, which are readily realisable to meet funding requirements if necessary.

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

- Movements in rates affecting the value of investments
- Movement in rates affecting the income received

Foreign currency risk arises as the income and capital value of the Group's investments can be affected by exchange rate movements, some of the Group's assets and income being denominated in currencies other than sterling which is the Group's reporting currency. The effect of exchange rate movements on US Dollar investments is partially hedged by the Group's loans being denominated in US Dollars.

Interest rate risk arises in respect of the Group's bank loans. As at 30 September 2003 the Group's bank loans carried variable rates of interest between 1.25% and 1.75% over LIBOR.

Currency exposures

An analysis of the Group's fixed assets and net current assets/(Liabilities) at 30 September 2003 is:

	Sterling £'000	US\$ £'000	C\$ £'000	Other £'000	Total £'000
Investments	7,862	25,573	4	–	33,439
Net current assets	1,470	14	324	–	1,808
Net assets	25,324	30	2,297	–	27,651

2002

Investments	14,220	29,940	5	312	44,165
Net current (liabilities)/assets	(1,193)	25	358	–	(810)
Net assets	32,812	(303)	2,319	–	34,828

The above currency analysis equates to the geographical analysis of net assets.

Interest rate risk profile of financial assets and financial liabilities

Financial assets

The portfolio contains certain instruments which pay interest and/or have maturity dates. The analysis of such investments at 30 September 2003 is:

	Sterling £'000	US\$ £'000	Total £'000
Fixed rate investments	3,466	13,475	16,941
Weighted average interest rate	11.25%	10.04%	10.29%
Weighted average period for which interest rate is fixed	4.8 Years	7.7 Years	7.1 Years

2002

Fixed rate investments	3,720	12,799	16,519
Weighted average interest rate	11.1%	10.0%	10.3%
Weighted average period for which interest rate is fixed	5 Years	9 Years	8 Years

Notes to the Financial Statements *continued*

30 Analysis of financial assets and liabilities *continued*

Financial liabilities

As at 30 September 2003, the Company's bank loans of US\$20 million carried variable rates of interest of between 1.25% and 1.75% over LIBOR. Details are given in Note 17 of the maturity of the bank loans.

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 value has been used to determine the fair value of the zero dividend preference shares. The carrying value represents issue proceeds plus a notional coupon rate of 8% attached to the instrument at the balance sheet date.

	Carrying value £'000	2003 Fair value £'000	Carrying value £'000	2002 Fair value £'000
Zero dividend preference shares	12,755	11,307	11,778	9,582
Bank loans	12,038	12,043	13,662	13,667

31 Related party transactions

Where 90% or more of subsidiary companies' voting rights are controlled within the group, disclosure of transactions between these entities eliminated on consolidation has not been made in these accounts, as permitted by FRS No. 8.

During the year US\$12,000 was paid to the wife of John Spurdle, an Executive Director of the Company in respect of furniture rental (2002: US\$12,000). No amounts were outstanding at the balance sheet date.

On 14 May 2003 AMIC exchanged contracts for the acquisition of a 49% interest in NRAL, a company of which Norman Riddell, a Non-Executive Director of the Company, is chairman and majority shareholder. NRAL, which is regulated by the Financial Services Authority, provides consultancy and advisory services to the financial services sector with an emphasis on advice to asset management businesses. The consideration for the acquisition of £514,500 has been satisfied by the payment of £150,000 in cash and the balance by the issue of convertible loan notes. Mr Riddell received 75% of the cash and loan note consideration. At 30 September 2003, interest accrued but not paid in respect of the loan notes due to Mr Riddell was £1,921.

32 Post balance sheet events

On 1 October 2003 Turnstone Holdings Limited merged with Principal Investment Holdings Limited. AMIC exchanged its preference and ordinary shares in Turnstone Holdings Limited for preference and ordinary shares in Principal Investment Holdings Limited.

On 30 October 2003 the Company announced that, in view of the changes in the UK Listing Rules, the Company will not invest more than 15.00% of its gross assets in other listed investment companies.

On 15 January 2004 the Company sold its entire stake in P.J. Doherty and Associates Co Limited.

The Company announced on 19 January 2004, a correction to the outstanding options in the AMIC Executive Share Option Scheme. The amended details are listed on page 20 of this report.

On 27 January 2004 the Company announced an amendment to the payment of dividends in relation to the ordinary shares issued to Mr J Taylor and Mr J Clark in exchange for 40,029 ordinary shares in International Foreign Exchange Concepts, Inc. Having met prespecified conditions, the ordinary shares will rank in full for the final dividend declared in respect of the year ended 30 September 2003. Conditional on further criteria being met, the ordinary shares will be eligible to rank for any interim dividend for the period ending 31 March 2004.

Notice of Class Meeting of Ordinary Shareholders

NOTICE is hereby given that an Extraordinary General Meeting of ordinary shareholders of the Company will be held at 32 Ludgate Hill, London, EC4M 7DR on 18 March 2004 at 4.20 pm to consider and, if thought fit, to pass the following resolution as extraordinary resolution:

THAT, this meeting hereby consents to and sanctions the Company proposing an ordinary resolution to authorise the Directors to make market purchases (within the meaning of Section 163(3) of the Companies Act 1985) of zero dividend preference shares in the capital of the Company by way of resolution 7 to be proposed at the Annual General Meeting of the Company convened for 4.30 pm on 18 March 2004 or at any adjournment thereof.

By Order of the Board

Alessio Corbo *Secretary*

20 February 2004

Registered Office:

32 Ludgate Hill

London EC4M 7DR

Notes:

1. Pursuant to Regulation 41 of the Uncertified Securities Regulations 2001, the Company specifies that to be entitled to attend and vote at the meeting (and for the purposes of determination by the Company of the number of votes they may cast) holders of ordinary shares must be entered in the relevant register of securities by 6.00 pm on 16 March 2004. Changes to entries on the Register after 6.00 pm on 16 March 2004 shall be disregarded in determining the rights of any person to attend or vote at the meeting.
2. A member or the duly authorised representative of the corporation entitled to attend and vote at the meeting may appoint one or more proxies to attend and (on a poll) to vote instead of him/her. The proxy need not be a member of the Company. A white 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.
3. To be effective, the form of proxy and the power of attorney or other authority, if any, under which they are signed, must be sent to the Companies Registrar, Lloyds TSB Registrars, The Causeway, Worthing BN99 6ZR so as to arrive no later than 4.20 pm on 16 March 2004.

Notice of Class Meeting of Zero Dividend Preference Shareholders

NOTICE is hereby given that an Extraordinary General Meeting of zero dividend preference shareholders of the Company will be held at 32 Ludgate Hill, London, EC4M 7DR on 18 March 2004 at 4.25 pm to consider and, if thought fit, to pass the following resolution as extraordinary resolution:

THAT, this meeting hereby consents to and sanctions the Company proposing an ordinary resolution to authorise the Directors to make market purchases (within the meaning of Section 163(3) of the Companies Act 1985) of zero dividend preference shares in the capital of the Company by way of resolution 8 to be proposed at the Annual General Meeting of the Company convened for 4.30 pm on 18 March 2004 or at any adjournment thereof.

By Order of the Board

Alessio Corbo *Secretary*

20 February 2004

Registered Office:

32 Ludgate Hill

London EC4M 7DR

Notes:

1. Pursuant to Regulation 41 of the Uncertified Securities Regulations 2001, the Company specifies that to be entitled to attend and vote at the meeting (and for the purposes of determination by the Company of the number of votes they may cast) holders of ordinary shares must be entered in the relevant register of securities by 6.00 pm on 16 March 2004. Changes to entries on the Register after 6.00 pm on 16 March 2004 shall be disregarded in determining the rights of any person to attend or vote at the meeting.
2. A member or the duly authorised representative of the corporation entitled to attend and vote at the meeting may appoint one or more proxies to attend and (on a poll) to vote instead of him/her. The proxy need not be a member of the Company. A white 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.
3. To be effective, the form of proxy and the power of attorney or other authority, if any, under which they are signed, must be sent to the Companies Registrar, Lloyds TSB Registrars, The Causeway, Worthing BN99 6ZR so as to arrive no later than 4.25 pm on 16 March 2004.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting (the 'AGM') of Asset Management Investment Company PLC will be held at 32 Ludgate Hill, London EC4M 7DR at 4.30 pm (or, if later, at the conclusion or adjournment of the class meetings of the ordinary and zero dividend preference shareholders) on 18 March 2004 for the following purposes:

- 1 To receive and adopt the Directors' Report and Financial Statements for the year ended 30 September 2003, together with the Auditors' Report thereon.
- 2 To approve the proposed final dividend of 3.0p per ordinary share.
- 3 To re-elect Sir David Thomson, who retires by rotation, as a Director.
- 4 To re-elect David Martin-Clark, who retires by rotation, as a Director.
- 5 To approve the reappointment of Solomon Hare LLP 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 Resolution 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 17 March 2009 (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 £2,483,643 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 361,659 ordinary shares of 25p each pursuant to the terms of the Company's Executive Share Option Scheme;
 - (ii) 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 or any territory or in connection with fractional entitlements or otherwise howsoever); and
 - (iii) otherwise than pursuant to (i) and (ii) above, up to 1,079,271 ordinary shares with an aggregate nominal amount of £269,817.75;

Notice of Annual General Meeting *continued*

provided always that the authority conferred by this resolution 7 shall expire on 17 June 2005 or at the conclusion of the next AGM of the Company if 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.

ORDINARY RESOLUTION

- 8 THAT, subject to the passing of the resolution 1 to be proposed at the class meetings of each of the ordinary shareholders and zero dividend preference shareholders convened to be held immediately prior to the AGM at which this resolution is proposed (or at any such class meeting as reconvened following adjournment), the Company be and is hereby generally and unconditionally authorised in accordance with Section 166 of the Act to make market purchases (within the meaning of Section 163(3) of the Act) of any zero dividend preference shares in issue in the capital of the Company provided that:
- (i) the maximum number of zero dividend preference shares hereby authorised to be purchased shall not exceed 14.99% of the Company's issued share capital of that class, namely 1,217,188 zero dividend preference shares;
 - (ii) the minimum price (exclusive of expenses) which may be paid for any zero dividend preference share to be purchased is an amount equal to 95% of the average of the middle market quotations for the relevant class of share as derived from the London Stock Exchange Daily Official List for the five business days immediately proceeding the day on which the share is contracted to be purchased;
 - (iii) the maximum price (exclusive of expenses) which may be paid for any zero dividend preference share to be purchased is an amount equal to 105% of the average of the middle market quotations for the relevant class of share as derived from the London Stock Exchange Daily Official List for the five business days immediately proceeding the day on which the share is contracted to be purchased; and
 - (iv) the authority conferred by this resolution shall expire on 17 September 2005 or at the conclusion of the next AGM of the Company whichever is the earlier, except that the Company may make a contract to purchase shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of shares in pursuance of any such contract as if the authority hereby conferred had not expired.

Notice of Annual General Meeting *continued*

ORDINARY RESOLUTION

9 THAT, the Directors' Remuneration Report set out on pages 18 to 20 of the Directors' Report and Accounts 2003 which accompanies this notice be and it is hereby approved.

By Order of the Board

Alessio Corbo *Secretary*

20 February 2004

Registered Office:

32 Ludgate Hill

London EC4M 7DR

Notes:

1. Pursuant to Regulation 41 of the Uncertified Securities Regulations 2001, the Company specifies that to be entitled to attend and vote at the meeting (and for the purposes of determination by the Company of the number of votes they may cast) holders of ordinary shares must be entered in the relevant register of securities by 6.00 pm on 16 March 2004. Changes to entries on the Register after 6.00 pm on 16 March 2004 shall be disregarded in determining the rights of any person to attend or vote at the meeting.
2. A member or the duly authorised representative of the corporation entitled to attend and vote at the meeting may appoint one or more proxies to attend and (on a poll) to vote instead of him/her. The proxy need not be a member of the Company. A white 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.
3. To be effective, the form of proxy and the power of attorney or other authority, if any, under which they are signed, must be sent to the Companies Registrar, Lloyds TSB Registrars, The Causeway, Worthing BN99 6ZR so as to arrive no later than 4.30 pm on 16 March 2004.
4. The copies of the following documents will be available for inspection at the registered office of the company during normal business hours from the date of this notice until the conclusion of the AGM:
 - (i) The register of the interests of Directors and their families in the share capital of the Company;
 - (ii) The contracts of service of the Directors with the Company or any of its subsidiary undertakings;



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