AMIC

Asset Management Investment Company PLC

Annual Report 2004

Contents

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 stock market quoted 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 David Lindsay Martin-Clark Non-Executive Director Hugh Roderick Ward Non-Executive Director Norman Malcolm Marshall Riddell Executive Director Sir David Thomson, Mr Martin-Clark and Mr Ward are members of the Audit and Remuneration Committees
Secretary and Registered Office	Michael Andrew Pritchard Gainsborough House 33 Throgmorton Street London EC2N 2BR
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 Narrow Quay Bristol BS1 4AH Salans Rockefeller Center 620 Fifth Avenue New York NY 10020 USA
Stockbrokers	Collins Stewart Limited 88 Wood Street London EC2V 7QR

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, SA Meacock and Co Limited and Through Transport Mutual Insurance Association Limited and is actively involved in a number of other companies, both within and outside the Investment field.

David Martin-Clark *Non-Executive, aged 67*

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 Christopher Insurance Company Limited.

Norman Riddell *Executive, aged 57*

Norman Riddell is Chairman and founder of Norman Riddell & Associates Limited, an independent firm providing corporate finance and strategic consultancy services since 1996. Prior to this he was Chief Executive of INVESCO Europe Limited and a director of AMVESCAP plc. Previously he formed and was Chief Executive of Capital House Investment Management Limited and has spent over twenty years at the helm of investment management businesses. He is Chairman of Independent Risk Monitoring Limited and is a non-executive director of other companies. He became an Executive Director of AMIC on 1 July 2004.

Hugh Ward *Non-Executive, aged 52*

Hugh Ward has been actively involved in the financial services industry for the past 30 years and was until 2002 Chief Executive of INVESCO UK and a member of the Executive Board of AMVESCAP plc, a leading quoted asset management group. He is a Member of the Securities Institute, and now acts as an adviser to or non executive director of a number of companies including Wichford plc, Performa Global, Forsyth Partners, Old Mutual (Guernsey), CSTIM and Coriolis Capital.

Chairman's Statement

Market Backdrop

During the year under review financial markets showed resilience to a number of uncertainties and generally managed to record upward progress. The FTSE All Share Index advanced by 11% over the year whilst the Dow Jones Index rose by more than 9% over the same period. However, such appreciation camouflages a wide disparity of performance between sectors and indeed stocks.

Investment management stocks generally underperformed the indices and although such underperformance was most marked amongst the larger companies in the sector, such as AMVESCAP plc which fell by one third, there were also substantial declines in the share prices of certain of the smaller specialist firms such as Liontrust Asset Management plc which fell by 43% over the period. Even Man Group, operating in the fashionable hedge fund area, saw its share price decline by 10% over the period.

Operating conditions for the industry continued to prove challenging and cost pressures particularly in the form of personnel and regulation have been compounded by significant declines in investor activity, especially in the retail sector. Investor demand for conventional product has generally declined and current preference for risk adverse product attracts very low margin for the providers. Companies specialising in hedge funds, an area of substantial growth in previous years, also found 2003/2004 a much more difficult environment to achieve performance. However, sectors of the industry which did attract strong investor attention included emerging markets and Japan.

In the currency markets, the weakness of the US $, caused by its huge twin deficits on current account and the Government's budget, is a considerable cause for concern if it is sustained, whilst the strength of the Euro is perhaps less easy to explain, given the lacklustre economies of France and Germany.

Business Performance

Against this difficult background your Group has achieved a creditable performance, with shareholders' funds recovering to £33.41 million from £27.48 million at each year end. Consolidated net asset value over the year grew to 92.19p from 68.24p per share, a rise of 35%.

Whilst the weakness of the US dollar has impacted adversely on the value of the US stocks held in the portfolio, it has had a positive impact on the Company's borrowings as bank loans are denominated in US dollars.

Your Directors propose to pay a final dividend of 3.0p net per share which, together with the interim dividend of 1.0p net per share will make a total dividend of 4.0p per share, unchanged from last year. The final dividend will be proposed at the Annual General Meeting on 3rd February 2005 for payment on 8th February 2005.

As I mentioned at the interim stage, your Company continues to play an active and supportive role with its investee companies and with the exception of the previously announced sales of your Company's two Canadian investments, PJ Doherty and Associates and Leon Frazer, additional commitments to AMIC Distribution Partners and further reorganisation of its investment in Hillview Capital Advisors, there have been no significant changes to the portfolio since my last report.

The continued dramatic growth of New York based FX Concepts, a currency overlay manager, has resulted in this investment accounting for 43% of the consolidated portfolio, despite a small part of the investment having been sold earlier in the year.

City of London Investment Management, Integrated Asset Management, FX Concepts and IFDC, each of which is a specialist business, all reported good growth in business whilst AMIC Distribution Partners, MMCM Holding and Valenzuela Capital Partners were faced with particularly challenging operating conditions, including a depressed environment for mutual fund sales in the United States. The Board is nearing a resolution of its investment in AMIC Distribution Partners, and does not intend to provide any further funding beyond the early part of next year.

As the Company moves ever closer to October 2006 when the zero dividend preference shares are due to be redeemed, the Board has appointed an external advisor to review the portfolio.

Group Reorganisation

During the year, your Company engaged in an intensive transatlantic corporate review which led to a significant cost reduction programme. As previously reported, the New York and Toronto offices were closed during the year and the management of the Company has been consolidated into a small specialist team based in London using the part time services of Mr Selwyn Kletz, a very experienced individual retained in North America to work with certain of the investee companies located in that region. Whilst the reorganisation has led to exceptional one-off costs, accounted for both in the period under review and in the current period, the operating costs of the Company continue to be very tightly controlled and significant cost savings will show through in the coming year. As a result of the reorganisation the number of staff employed by AMIC in London and by its overseas branch offices has reduced from twelve to four.

Management Change

Finally, having been a director of the Company since its inception in December 1994, Mr George Robb has agreed to stand down from the Board on 17th December 2004 as the Company reviews its strategic options ahead of the October 2006 date. I would like to extend my thanks to Mr Robb for his lengthy and unstinting commitment to the Company and his significant contribution to its development. We wish him well. We will continue to endeavour to create shareholder value under the executive leadership of Mr Norman Riddell whose knowledge and extensive experience of the industry will be of immense benefit in the period ahead.

David Thomson *Chairman* 11 January 2005

Investment Portfolio *as at 30 September 2004*

	Cost £'000	Valuation £'000	% of portfolio
Listed Investments			
Integrated Asset Management			
Ordinary Shares	1,503	1,672	4.3
5% Convertible Loan Note 2006	2,000	2,000	5.1
Stockcube Ordinary Shares	150	50	0.1
Total Listed Investments	**3,653**	**3,722**	**9.5**
Unlisted Investments			
City of London Investment Group Ordinary Shares	2,742	3,023	7.6
Clark Capital Management 11% Convertible Subordinated Debentures 2002	411	345	0.9
Columbus Financial Services 12% Loan	169	169	0.4
Financial Management Advisors			
Ordinary Shares	4,660	1,448	3.7
10% Convertible Loan Note 2012	1,553	1,243	3.1
Hillview Capital Advisors			
Ordinary Shares	514	43	0.1
3% Convertible Loan Note 2011	2,911	764	1.9
3% Non Convertible Loan Note 2011	1,224	388	1.0
IFDC Ordinary Shares	2,166	4,016	10.2
International Foreign Exchange Concepts			
Common Stock	779	3,594	9.1
10% Convertible Loan Note 2011	3,567	13,485	34.2
Jovian Asset Management Promissory Note 2006	–	2,310	5.9
MMCM Holdings 8% Loan	467	214	0.5
New Star Asset Management Ordinary Shares	708	653	1.7
Norman Riddell and Associates Limited Ordinary Shares	603	240	0.6
The Mayberry Group Common Stock	702	25	0.1
Principal Investments Holdings Limited			
Ordinary Shares	280	600	1.6
Convertible deferred ordinary shares	92	327	0.8
6% Cumulative Convertible Preference Shares 2010	1,300	1,300	3.3
Valenzuela Capital Partners			
5% Convertible Loan Note 2011	3,459	1,388	3.5
Common Shares	186	104	0.3
Total Unlisted Investments	**28,528**	**35,679**	**90.5**
Total Investments	**32,181**	**39,401**	**100.0**

% Capital/Debt owned	Earnings/(loss) per share	Net dividend per share	Dividend cover	Attributable net assets/(liabilities) 000	Year end
					Dec 03
17.02	(6.94)p	Nil	N/A	£324	
100	N/A	N/A	N/A	N/A	
0.86	13.00p	5.00p	2.6	£35	Dec 03
22.72	33.9p	16p	2.12	£610	May 04
100.00	N/A	N/A	N/A	N/A	Dec 03
100.00	N/A	N/A	N/A	N/A	Mar 04
					Dec 03
18.75	US$(0.22)	Nil	N/A	US$1,236	
100.00	N/A	N/A	N/A	N/A	
					Dec 03
3.37	US$(2,887)	Nil	N/A	US$(107)	
100.00	N/A	N/A	N/A	N/A	
100.00	N/A	N/A	N/A	N/A	
15.00	US$852	US$519	1.64	US$291	Dec 03
					May 04
8.88	US$19.5	Nil	N/A	US$162	
100.00	N/A	N/A	N/A	N/A	
76.5	N/A	N/A	N/A	N/A	Mar 04
100.00	N/A	N/A	N/A	N/A	Dec 03
0.0003	£4.75	Nil	N/A	£3	Dec 03
49.00	£(2.97)	Nil	N/A	£23	Dec 03
7.89	US$(0.24)	Nil	N/A	US$(81)	Dec 03
					Dec 03
2.92	20.00p	15.00p	1.33	£297	
1.59	N/A	N/A	N/A	N/A	
100.00	N/A	N/A	N/A	N/A	
					Dec 03
100.00	N/A	N/A	N/A	N/A	
2.71	US$(12,914)	Nil	N/A	US$(113)	

Unlisted Investments *as at 30 September 2004*

AMIC Distribution Partners Inc.

AMIC Distribution Partners, based in New York, provides specialised sales and support services in the managed account, institutional and mutual fund markets. AMIC was instrumental in establishing the company 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 ordinary shares representing 31.25% of the equity, a non convertible promissory note with a cost value of US$960,000 and a convertible promissory note with a cost value of US$1,040,000. AMIC has made a working capital loan to the company with a cost value of US$3,701,939.

City of London Investment Group PLC

City of London Investment Group was founded in 1991 and has funds under management of approximately US$1,116 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 and 25,725 warrants exercisable anytime between 1 May 2004 and 30 April 2011 at a price of £6.50 per share.

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$457 million. It 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$625,000.

Columbus Financial Services Limited

Columbus Financial Services, a London based investment, has made the decision to dispose of its three financial service businesses. The investment management subsidiary, Columbus Asset Management and the insurance subsidiary have been sold while the corporate finance subsidiary was closed. AMIC holds 88,556 ordinary shares, representing 25.50% of the ordinary share capital of the company and has provided a loan of £168,916 repayable in instalments from the sale proceeds.

Financial Management Advisors, LLC

Financial Management Advisors, headquartered in Los Angeles, is a registered investment advisor with US$1.5 billion 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. The company manages a range of investment disciplines: large cap growth equities, intermediate and core investment grade fixed income, high yield and opportunistic fixed income, tax exempt and balanced portfolios. AMIC holds 18.75% of the equity as well as a 10-year, US$2,250,000 convertible note with a 10% coupon, converting into a further 6.25% of the equity.

Unlisted Investments *continued*

Hillview Capital Advisors LLC

Hillview Capital Advisors 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$670 million in assets and advises families and related institutions and is headquartered in Philadelphia, Pennsylvania. AMIC holds a 3.37% equity position, a US$4,095,000 convertible note giving a further equity stake of 59.5% 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 of approximately US$600 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. Since 1987 the company has been providing a wide selection of currency overlay and currency management solutions and has over US$11 billion under management. AMIC holds a US$5 million convertible note giving an equity interest of 25.00% and 20,015 ordinary shares representing a further 8.88% of the undiluted equity.

MMCM Holding Inc.

MMCM Holdings is a New York based manager of US equity stocks. The firm uses a propriety equity product combining quantitative analysis of stock price movements with fundamental analysis. This model has given consistently above average returns. The firm manages approximately $141 million in assets. AMIC holds 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$450,000 to MMCM Holdings LLC, and a further loan of $326,000 bearing interest at 8% p.a.

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 funds under management of approximately US$55 million. AMIC holds 42,755 ordinary shares representing 7.89% of the issued share capital.

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 £9.2 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, which represents less than 0.1% of the issued share capital.

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 an Executive Director of AMIC, established the business in 1996. AMIC holds 49.00% of the equity.

Principal Investment Holdings Limited

London based Turnstone Holdings Limited merged with Kent based Principal Investment Holdings in October 2003. Principal, founded in 1987, is an independent specialist investment manager providing investment services, including tax planning, to both private individuals and corporate clients. The enlarged entity manages assets of £650 million. AMIC holds 47,769 ordinary shares representing 2.92% of the equity, 26,060 convertible delayed ordinary shares for a further 1.59% of the equity and 1,300,000 convertible preference shares giving a potential 2.5% equity interest.

Valenzuela Capital Partners LLC

Valenzuela Capital Partners is one of the larger Hispanic investment management firms in the United States. Founded in 1989, the company manages over $1 billion in client assets. Investments are in small, mid and large cap value strategies. Clients are serviced through both the institutional and retail distribution categories. Valenzuela Capital is headquartered in New York City and has an office in Los Angeles. AMIC holds 2.708% of the equity and a $5,000,000 convertible note for a further 20% equity interest.

Directors' Report

The Directors present their report and the audited financial statements for the year ended 30 September 2004.

Review of the Business

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

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') and adheres to the principles and follows the recommendations in the AITC Code of Corporate Governance.

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 2003.

The Directors are of the opinion, under advice, that the Company has conducted its affairs for the year ended 30 September 2004 so as to be able to obtain approval as an Investment Trust.

Results and Dividends

The Group profit after tax for the year was £1,236,000 (Company: £990,000) (2003: (Group: £1,377,000 restated) (Company: £1,190,000 restated)). An Interim dividend of 1.0p per share was paid on 16 August 2004. The Directors propose to pay a final dividend of 3.0p per share on 8 February 2005, subject to approval by shareholders at the Annual General Meeting to be held on 3 February 2005. A consolidated profit of £340,000 (Company profit: £127,000) 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 2004		At 1 October 2003 or date of appointment if later	
		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**	1,432,923	387,822
	non-beneficial	**219,818**	**–**	219,818	–
David Martin-Clark	beneficial	**5,833**	**–**	11,667	–
	non-beneficial	**5,834**	**–**	–	–
Norman Riddell	beneficial	**90,000**	**–**	90,000	–
	non-beneficial	**–**	**–**	–	–
John Spurdle	beneficial	**8,529**	**250,000**	8,529	250,000
	non-beneficial	**–**	**–**	–	–
Hugh Ward	beneficial	**25,000**	**–**	–	–
	non-beneficial	**–**	**–**	–	–

Mr Spurdle retired as a director of the company on 30 September 2004.

Mr Robb retired as a director on 17 December 2004.

Mr Ward was appointed as a director on 29 July 2004.

Mr Robb participated in the Company's Save As You Earn Share Option scheme ('SAYE') and All Employee Share Ownership Plan ('AESOP') up to 30 June 2004. Mr Spurdle participated in the AESOP up to 30 June 2003. Details of these are shown in note 19 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.

On 31 December 2004 all of Mr Robb's share options were cancelled.

In accordance with the Company's Articles of Association, Sir David Thomson, Norman Riddell and Hugh Ward will retire from office at the Annual General Meeting and, being eligible, offer themselves for re-election. The Board believes that following formal performance evaluation all three directors' performance continues to be effective.

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 2004 the Group and Company had outstanding trade creditors of £6,000. As at 30 September 2004 the Group and Company's outstanding trade creditors represented 1 days purchases (2003 Group and Company: 1 day).

Contributions

No charitable or political donations were made during the year (2003: £150).

Substantial Interests

The Board has been advised that the following shareholders owned 3% or more of the issued share capital of the Company on 31 December 2004.

	Number of Ordinary Shares Held	% Held
Iimia Investment Group PLC	1,764,000	8.18
New Star Asset Managers Limited	1,905,000	8.83
Neptune Investment Management Limited	1,750,000	8.11
George Robb	1,652,753	7.64
John Taylor	1,568,422	7.27
Charles Stanley Private Clients	1,523,257	7.06
Philip J Milton Private Clients	1,481,740	6.87
Royal Bank of Scotland International Plc	1,087,378	5.04
Barry Aling	871,800	4.04
Armstrong Investment Company Limited	785,000	3.64
Britannic Asset Management Limited	750,000	3.47

Corporate Governance

The Company is committed to practising the highest standards of corporate governance. As such it strongly supports the Code of Best Practice set out in section 1 of the Combined Code ('The Code') issued by the Financial Services Authority. The Company complied with all provisions of 'The Code' during the year with the exception of certain instances. Where the Company has not complied an explanation of the circumstances surrounding this decision have been given. The AITC issued a Code of Corporate Governance ('The AITC Code') in 2003.

The Board has conducted a thorough review of the AITC Code and has sought already to apply the principles and adopt many of the provisions within. The Board will continue to review these recommendations and will be seeking to implement additional procedures in the year ahead.

The Board

The Board of directors currently comprises one Executive Director and three Non-Executive Directors, Sir David Thomson, David Martin-Clark and Hugh Ward. The three Non-Executive Directors are regarded as independent directors. The Board consider that Sir David Thomson remains independent notwithstanding the length of his service to the Company as he is not a major shareholder, he has recently initiated significant changes within the executive management of the Company and continues to maintain a balanced and objective opinion on all matters related to the Company. Mr Martin-Clark is the Senior Independent Director. The biographies of the Directors appear on page 3.

These biographies 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 that the Company complies with 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 may 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.

Subject to shareholder approval at the Annual General Meeting, the Company's Articles of Association will be amended to require the Managing Director to retire by rotation. This Board position is currently vacant. One-third of the Board is required to retire by rotation each year.

The Board met ten times during the last year. All directors attended each meeting with the exception of Mr Ward who was appointed on 29 July 2004, and has attended both meetings of the Board since that date.

During the year the Board performed an evaluation of each individual director, Board Committee and the Board as a whole. The appraisal of the Chairman was led by Mr Martin-Clark being the Senior Independent Director.

Board Committees

The Board has appointed two committees, the Remuneration Committee and the Audit Committee. The Remuneration Committee comprises Sir David Thomson (Chairman), Hugh Ward and David Martin-Clark. The Remuneration Committee has met three times in the last year with each member attending each meeting with the exception of Mr Ward who attended the one meeting which took place after his appointment. The terms of reference of the Committee are available for inspection upon request.

The Audit Committee comprises David Martin-Clark (Chairman), Hugh Ward and Sir David Thomson. The Committee met twice in the last year, once to review the Annual Report and Accounts and once to review the effectiveness of the system of internal financial control. Each member attended each meeting with the exception of Mr Ward who was appointed after the second meeting had taken place. These meetings were also attended by the Managing Director, Financial Controller, Company Secretary and by a senior partner of the Company's auditors, Solomon Hare LLP. The terms of reference of the Committee are available for inspection upon request.

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. The Board considers itself to be small enough not to require a Nomination Committee to be constituted.

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 via preparation of an Internal Controls Report which is reviewed by the Audit Committee annually. The Directors do not consider it appropriate for the Company to have an internal audit function due to the simplicity of the organisation. 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. The system of internal control was in place during the entire period under review.

Going Concern

After reviewing the Company's budget for the year ended 30 September 2005 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. The Directors are currently considering the options available to the Company given the wind up date of the Trust in 2006. 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. A record of shareholder contact is maintained by the Company Secretary.

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. The Directors ensure that the Auditors maintain their independence by limiting the amount of non-audit services provided by them, and also by engaging non-audit staff on work not related to the audit of the Company. Provision of non-audit services is reviewed by the Audit Committee.

Annual General Meeting

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

Resolution 7: Amendment to the Articles of Association of the Company

The amendment to the Articles of the Association is proposed to remove the exemption from retirement by rotation of any director holding the title of managing director or chief executive. The Directors propose this amendment in line with corporate governance best practice. The full terms of the proposed amendments 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.

Resolution 8: 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 18 March 2004 and remain valid until 17 March 2009. 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 2 February 2010, or on the date on which the Company is wound up if earlier.

The Directors will seek authority to allot relevant securities up to an aggregate nominal amount of £2,483,643, apportioned as to £1,603,643 to ordinary shares and as to £880,000 to zero dividend preference shares, representing approximately 29.72 per cent and 10.84 per cent of the issued ordinary and zero dividend preference share capitals respectively as at 5 January 2005.

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 9: 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 9 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 the Company's share option schemes as previously approved by the shareholders;

(b) a rights issue; and

(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% of the nominal value of the issued ordinary share capital of the Company at 5 January 2005.

Resolution 10: 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 FTSE All Share 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 £169,000 (2003: £139,000) relating to 342,453 (2003: 123,932) ordinary shares in Asset Management Investment Company PLC, held on behalf of the AESOP and Employee Benefit Trust ('EBT'). This represents a holding of 1.63% of the issued ordinary share capital of the Company.

Post Balance Sheet Events

On 17 December 2004 Mr George Robb resigned as a Director of the Company.

On 31 December 2004, when Mr George Robb ceased to be an employee of the Company, 387,822 share options held by Mr George Robb were cancelled following his departure from the Company.

By order of the Board

M Pritchard *Secretary* London, 11 January 2005

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 11 January 2005 and will be put to the shareholders for approval at the Annual General Meeting on 3 February 2005.

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 three independent Non-Executive Directors, Sir David Thomson, Chairman, Hugh Ward and David Martin-Clark, who attend the Company's Annual General Meeting 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, an external remuneration consultant 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 to certain executives and is based on basic salary. A contribution of £23,250 per annum was paid to Mr Robb, which represents 15% of basic salary.

Executive Share Option Scheme

The Share Option Scheme is an unapproved scheme. 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.

Service Contracts

The Company has entered into the following service agreements:

a) A service agreement with Mr Robb dated 12 September 2001 which was terminated on 31 December 2004. In accordance with a severance agreement with Mr Robb he received £240,000 split between a contribution to his personal pension and a payment made directly to him. No discretionary bonus was paid in respect of the year to 30 September 2004 (2003: £nil).

b) On 30 September 2004 the service agreement with Mr Spurdle dated 15 May 2001 was terminated by the Company. In accordance with this agreement Mr Spurdle was paid $250,000 in lieu of notice. Mr Spurdle did not receive a bonus during the year to 30 September 2004 (2003: US$ nil). During the period under review, Ms Spurdle, wife of Mr Spurdle, received US$12,000 in respect of furniture rented to AMIC Inc (2003: US$12,000).

c) On 1 July 2004 Mr Riddell was appointed an Executive Director of the Company. From 1 October 2003 to 30 June 2004 Norman Riddell and Associates Limited ('NRAL') was paid £15,000 for the provision of Mr Riddell's services. Subsequently NRAL has been paid £42,250 for Mr Riddell's services as an Executive Director up to 30 September 2004. A payment of £40,040 was made to NRAL during the year for additional work performed relating to the reorganisation of the Group for the period to 30 June 2004. A contract for Mr Riddell's services dated 1 November 2004 contains the following provisions; a fee of £165,000 per annum payable monthly in arrears to NRAL and a notice period of 6 months' exercisable by either party. AMIC does not provide any further benefits under the terms of the agreement.

d) 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.

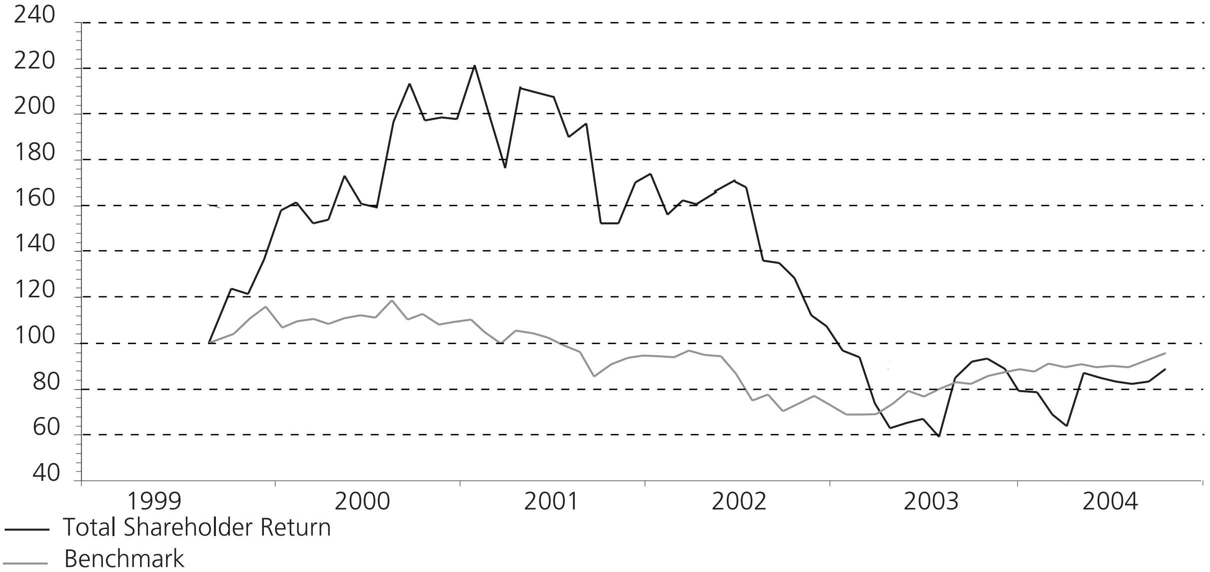
The services of Sir David Thomson are provided to the Company pursuant to the terms of an engagement letter for a Director's fee of £4,000 per annum and a consultancy fee of £21,000 per annum.

The services of Mr Martin-Clark and Mr Ward are provided to the Company pursuant to the terms of engagement letters. Mr Martin-Clark and Mr Ward both receive £17,500 per annum. Additional payments, at the rate of £1,500 per day, may accrue to Mr Ward in the event that the Company requests his involvement in any projects of a special nature.

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 1999 against the FTSE All Share index which is regarded as the most direct comparator for this purpose.



Source: Datastream, Collins Stewart 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 2003 number	Date of grant	Number of shares	As at 30 September 2004 number	Option price	Earliest exercise	Latest exercise
Mr Robb	387,822	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 2004, the market price of the Company's shares was 50.50p. The maximum share price during the year was 58.25p and the minimum price was 36p. Mr Robb participates in the SAYE and participated in the AESOP until 30 June 2004. Mr Spurdle participated in the AESOP until 30 June 2003. Details of these are shown in note 19 to the financial statements.

Following Mr Robb's departure from the Company 387,822 options were cancelled on 31 December 2004.

On behalf of the Board

David Thomson *Chairman, Remuneration Committee* London, 11 January 2005

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 2004, 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.

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 covers 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 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 2004 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, 11 January 2005

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

Year ended 30 September 2004

	Notes	**2004 Revenue £'000**	**2004 Capital £'000**	**2004 Total £'000**	Restated 2003 Revenue £'000	Restated 2003 Capital £'000	Restated 2003 Total £'000
Return on investments	2	**–**	**4,772**	**4,772**	–	(7,670)	(7,670)
Income – Continuing	3	**1,829**	**–**	**1,829**	2,320	–	2,320
Income – Discontinued	3	**2,137**	**–**	**2,137**	2,914	–	2,914
Administration expenses – Continuing	4	**(301)**	**(900)**	**(1,201)**	(601)	(1,095)	(1,696)
Administration expenses – Discontinued	4	**(1,726)**	**(708)**	**(2,434)**	(2,462)	(506)	(2,968)
Administration expenses – Group reorganisation costs	4	**(124)**	**(374)**	**(498)**	–	–	–
Net return before finance costs and taxation – Continuing		**1,404**	**3,498**	**4,902**	1,719	(8,765)	(7,046)
– Discontinued		**411**	**(708)**	**(297)**	452	(506)	(54)
Profit on disposal of subsidiaries		**–**	**2,757**	**2,757**	–	–	–
Interest payable	5	**(84)**	**(253)**	**(337)**	(93)	(281)	(374)
Interest receivable		**47**	**–**	**47**	44	–	44
Return on ordinary activities before taxation		**1,778**	**5,294**	**7,072**	2,122	(9,552)	(7,430)
Taxation on ordinary activities	8	**(542)**	**323**	**(219)**	(745)	412	(333)
Return on ordinary activities after taxation		**1,236**	**5,617**	**6,853**	1,377	(9,140)	(7,763)
Minority interests		**(33)**	**–**	**(33)**	(91)	–	(91)
Appropriation in respect of zero dividend preference shares		**–**	**(1,069)**	**(1,069)**	–	(977)	(977)
Return attributable to equity shareholders		**1,203**	**4,548**	**5,751**	1,286	(10,117)	(8,831)
Dividend in respect of equity shares	9	**(863)**	**–**	**(863)**	(844)	–	(844)
Reserves transfer		**340**	**4,548**	**4,888**	442	(10,117)	(9,675)
Return per ordinary share (basic)	10	**5.63p**	**21.30p**	**26.93p**	6.07p	(47.77p)	(41.70p)
Return per ordinary share (diluted)	10	**5.63p**	**21.30p**	**26.93p**	6.07p	(47.77p)	(41.70p)
Return per zero dividend preference share	10	**–**	**13.17p**	**13.17p**	–	12.03p	12.03p

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

Movements in reserves are set out in notes 20 to 25.

The notes on pages 26 to 46 form part of the financial statements.

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

Year ended 30 September 2004

	Notes	2004 Revenue £'000	2004 Capital £'000	2004 Total £'000	Restated 2003 Revenue £'000	Restated 2003 Capital £'000	Restated 2003 Total £'000
Return on investments	2	**–**	**5,206**	**5,206**	–	(7,853)	(7,853)
Income	3	**2,082**	**–**	**2,082**	2,625	-	2,625
Administration expenses	4	**(442)**	**(1,326)**	**(1,768)**	(754)	(1,557)	(2,311)
Administration expenses – Group reorganisation costs	4	**(127)**	**(381)**	**(508)**	–	–	–
Net return before finance costs and taxation		**1,513**	**3,499**	**5,012**	1,871	(9,410)	(7,539)
Interest payable	5	**(84)**	**(253)**	**(337)**	(93)	(281)	(374)
Interest receivable		**47**	**–**	**47**	44	–	44
Return on ordinary activities before taxation		**1,476**	**3,246**	**4,722**	1,822	(9,691)	(7,869)
Taxation on ordinary activities	8	**(486)**	**462**	**(24)**	(632)	547	(85)
Return on ordinary activities after taxation		**990**	**3,708**	**4,698**	1,190	(9,144)	(7,954)
Appropriation in respect of zero dividend preference shares		**–**	**(1,069)**	**(1,069)**	–	(977)	(977)
Return attributable to equity shareholders		**990**	**2,639**	**3,629**	1,190	(10,121)	(8,931)
Dividend in respect of equity shares	9	**(863)**	**–**	**(863)**	(844)	–	(844)
Reserves transfer		**127**	**2,639**	**2,766**	346	(10,121)	(9,775)
Return per ordinary share (basic)	10	**4.63p**	**12.35p**	**16.98p**	5.62p	(47.80p)	(42.18p)
Return per ordinary share (diluted)	10	**4.63p**	**12.35p**	**16.98p**	5.62p	(47.80p)	(42.18p)
Return per zero dividend preference share	10	**–**	**13.17p**	**13.17p**	–	12.03p	12.03p

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

Movements in reserves are set out in notes 20 to 25.

The notes on pages 26 to 46 form part of the financial statements.

Consolidated Balance Sheet

As at 30 September 2004

	Notes	£'000	2004 £'000	£'000	Restated 2003 £'000
Intangible fixed assets	11		–		4,685
Tangible fixed assets	12		**9**		122
Fixed asset investments					
Listed investments	13	**3,722**		3,128	
Unlisted investments	13	**35,679**		30,239	
			39,401		33,367
			39,410		38,174
Current assets					
Investments	14	–		145	
Debtors	15	**758**		1,266	
Cash and bank	16	**5,593**		1,507	
		6,351		2,918	
Current liabilities					
Creditors: Amounts falling due within one year	17	**(933)**		(1,110)	
Net current assets			**5,418**		1,808
Total assets less current liabilities			**44,828**		39,982
Creditors: Amounts falling due after one year	18		**(11,417)**		(12,403)
			33,411		27,579
Capital and reserves					
Called up share capital	19		**13,516**		13,516
Share premium account	20		**23,588**		23,588
Capital reserve – realised	21		**(7,999)**		(8,299)
Capital reserve – unrealised	22		**(1,238)**		(5,520)
Revenue reserve	23		**571**		231
Own share reserve	24		**(169)**		(139)
Zero dividend appropriation reserve	25		**5,142**		4,107
Total shareholders' funds			**33,411**		27,484
Minority interests			–		95
			33,411		27,579
Total shareholders' funds are attributable to:					
Equity shareholders			**19,587**		14,729
Non-equity shareholders			**13,824**		12,755
			33,411		27,484
Net asset value per ordinary share (basic)	27		**92.19p**		68.24p
Net asset value per ordinary share (diluted)	27		**92.19p**		68.24p
Net asset value per zero dividend preference share	27		**170.25p**		157.08p

The financial statements were approved by a Committee of the Board of Directors on 11 January 2005 and signed on its behalf by:

Sir David Thomson *Chairman* **Norman Riddell** *Executive Director*

The notes on pages 26 to 46 form part of the financial statements.

Company Balance Sheet

As at 30 September 2004

	Notes	£'000	2004 £'000	£'000	Restated 2003 £'000
Tangible fixed assets	12		**9**		4
Fixed asset investments					
Listed investments	13	**3,722**		3,128	
Unlisted investments	13	**36,059**		37,404	
			39,781		40,532
			39,790		40,536
Current assets					
Debtors	15	**765**		1,214	
Cash and Bank	16	**5,322**		1,045	
		6,087		2,259	
Current liabilities					
Creditors: Amounts falling due within one year	17	**(1,001)**		(738)	
Net current assets			**5,086**		1,521
Total assets less current liabilities			**44,876**		42,057
Creditors: Amounts falling due after one year	18		**(11,417)**		(12,403)
			33,459		29,654
Capital and reserves					
Called up share capital	19		**13,516**		13,516
Share premium account	20		**23,588**		23,588
Capital reserve – realised	21		**(7,333)**		(7,421)
Capital reserve – unrealised	22		**(2,137)**		(4,722)
Revenue reserve	23		**852**		725
Own share reserve	24		**(169)**		(139)
Zero dividend appropriation reserve	25		**5,142**		4,107
Total shareholders' funds			**33,459**		29,654
Total shareholders' funds are attributable to:					
Equity shareholders			**19,635**		16,899
Non-equity shareholders			**13,824**		12,755
			33,459		29,654
Net asset value per ordinary share (basic)	27		**92.43p**		78.28p
Net asset value per ordinary share (fully diluted)	27		**92.43p**		78.28p
Net asset value per zero dividend preference share	27		**170.25p**		157.08p

The financial statements were approved by a Committee of the Board of Directors on 11 January 2005 and signed on its behalf by:

Sir David Thomson *Chairman* **Norman Riddell** *Executive Director*

The notes on pages 26 to 46 form part of the financial statements.

Consolidated Cash Flow Statement

Year ended 30 September 2004

	Notes	£'000	2004 £'000	£'000	Restated 2003 £'000
Net cash flow from operating activities	29		**931**		1,357
Returns on investment and servicing of finance					
Interest paid		**(337)**		(374)	
Interest received		**47**		44	
Dividends paid to minority interests		**–**		(61)	
Net cash flow from returns on investment and servicing of finance			**(290)**		(391)
Taxation paid			**(228)**		(442)
Capital expenditure and financial investment					
Purchase of investments		**(2,136)**		(2,688)	
Sale of investments		**2,386**		7,152	
Purchase of tangible fixed assets		**(22)**		(48)	
Net cash flow from capital expenditure and financial investment			**228**		4,416
Acquisitions and disposals					
Proceeds of sale of subsidiaries		**4,819**		–	
Cash sold with subsidiaries		**(339)**		–	
Net cash flow from acquisitions and disposals			**4,480**		–
Equity dividends paid			**(863)**		(1,967)
Management of liquid resources					
Short term deposits		**(3,726)**		(695)	
Purchase of current asset investments		**(815)**		(1,254)	
Sale of current asset investments		**848**		1,314	
Net cash flow from management of liquid resources			**(3,693)**		(635)
Net cash flow before financing			**565**		2,338
Financing					
Repayment of Loan		**–**		(983)	
Purchase of shares into trust		**(80)**		(42)	
Net cash flow from financing			**(80)**		(1,025)
Change in cash during the year	30		**485**		1,313

The notes on pages 26 to 46 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 2004 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 and the Statement of Recommended Practice (`SORP`) issued by the Association of Investment Trust Companies in January 2003.

(b) Basis of consolidation
The consolidated financial statements incorporate the accounts of the Company and each of its subsidiaries. The results of subsidiary undertakings acquired or disposed of during the year are included in the Consolidated Statement of Total Return from the date of acquisition or up to the date of disposal.

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

Dividend and other investment income is included in revenue on the date investments are marked ex-dividend. 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 per cent to the capital reserve and 25 per cent to the revenue account, in line with the Board's relative expected long-term returns in the form of capital gains and income respectively from the investment portfolio of the Group. Expenses of the Company's dealing 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 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 mid-market price at the balance sheet date, taking into account other factors. The unrealised gain or loss 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. 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 earnings 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.

(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 reserve or revenue reserve depending on the nature of the transaction.

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

(i) Tangible fixed assets

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

Office equipment – over 3 years

Fixtures and fittings – over 6 years

(j) Goodwill

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

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.

(m) Prior Year Adjustment

UITF 38, Accounting for ESOP Trusts has been adopted during the year. Prior to this the Company’s own shares held by the AESOP were recognised as assets and held as an investment of the Company and Group and contributions made to the EBT were written off through the Statement of Total Return. The change in accounting policy is to treat the shares held by the AESOP and EBT as a deduction in arriving at shareholders’ funds.

The effect of this change in policy in both the Group and Company is to reduce Total shareholders’ funds by £72,000 as at 30 September 2003 and by £97,000 at 30 September 2002. The prior year adjustment has the effect of increasing distributable profit by £13,000 and net capital return by £54,000 in the year to 30 September 2003. There is no effect on current year profits or capital returns attributable to shareholders. For the current year the effect is to reduce shareholders funds by £30,000.

2 Analysis of total gains on investments in the year

Group

	Listed £'000	Unlisted £'000	2004 Total £'000	2003 Total £'000
Realised	**–**	**392**	**392**	(3,202)
Unrealised	**518**	**2,987**	**3,505**	(5,122)
Foreign exchange movement	**–**	**875**	**875**	654
Total return on investments in the year	**518**	**4,254**	**4,772**	(7,670)

Company

	Listed £'000	Unlisted £'000	2004 Total £'000	2003 Total £'000
Realised	**–**	**2,621**	**2,621**	(2,739)
Unrealised	**518**	**1,192**	**1,710**	(5,768)
Foreign exchange movement	**–**	**875**	**875**	654
Total return on investments in the year	**518**	**4,688**	**5,206**	(7,853)

The calculation of 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

	2004 Group £'000	2004 Company £'000	2003 Group £'000	2003 Company £'000
Income from listed investments				
Franked investment income	**1**	**1**	37	37
Unfranked investment income	**100**	**100**	220	220
Foreign income dividends	**–**	**–**	–	–
Dealing (loss) in subsidiary companies	**(6)**	**–**	(21)	–
	95	**101**	236	257
Income from unlisted investments				
Franked investment income	**117**	**117**	–	–
Unfranked investment income	**1,038**	**1,038**	1,663	1,663
Foreign income dividends	**484**	**683**	233	476
Other income	**2,232**	**143**	3,102	229
	3,871	**1,981**	4,998	2,368
Total income	**3,966**	**2,082**	5,234	2,625
Total income comprises:				
Dividends	**602**	**801**	270	513
Interest	**1,138**	**1,138**	1,883	1,883
Other investment income	**2,226**	**143**	3,081	229
Income from investments	**3,966**	**2,082**	5,234	2,625
Other net income	**–**	**–**	–	–
	3,966	**2,082**	5,234	2,625
Income from investments				
Listed UK	**94**	**101**	236	257
Listed overseas	**–**	**–**	–	–
Unlisted UK	**254**	**239**	213	213
Unlisted overseas	**1,481**	**1,742**	1,911	2,155
Other overseas	**2,137**	**–**	2,874	–
	3,966	**2,082**	5,234	2,625
Return before tax and minority interest				
UK	**1,367**	**990**	1,670	1,190
Overseas	**411**	**–**	452	–
	1,778	**990**	2,122	1,190

4 Administration expenses

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

	2004 Group £'000	**2004 Company £'000**	2003 Group £'000	2003 Company £'000
Depreciation of tangible fixed assets	**14**	**1**	12	–
Amortisation of intangible fixed assets	**38**	**–**	81	–
Provision for bad and doubtful debts	**–**	**–**	236	236
Directors' remuneration	**156**	**156**	104	104
Auditors' remuneration:				
for audit	**12**	**6**	12	5
for other services	**3**	**3**	5	5
Group reorganisation costs	**124**	**127**	–	–
Exchange losses	**–**	**–**	9	9
Other expenses	**1,804**	**276**	2,604	395
	2,151	**569**	3,063	754

Auditors' remuneration for the period in respect of UK audit services amounted to £23,500 (2003: £19,500). Total fees in respect of non-audit services amounted to £9,000 (2003: £20,000). Non-audit services during the year related to tax compliance services (£6,000 (2003: £6,000)) and other services (£3,000 (2003: £14,000)). These fees have been recognised in the Statement of Total Return.

Group reorganisation costs are made up of severance agreements with former staff, office closures and relocation, and professional fees and other associated costs attached to implementation of these changes.

A further £1,982,000 (Group) and £1,707,000 (Company) (2003: £1,601,000 (Restated) (Group) and £1,557,000 (Restated) (Company)) of administration expenses have been charged to the capital reserve (note 21).

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

During the year the Group's operations in North America were ceased. Accordingly these activities have been classified as discontinued in the Consolidated Statement of Total Return.

5 Interest

	2004 Group £'000	**2004 Company £'000**	2003 Group £'000	2003 Company £'000
Interest due on bank loan repayable within five years, not by instalments	**84**	**84**	93	93
	84	**84**	93	93

A further £253,000 (Group and Company) (2003: £281,000 (Group and Company)) of interest payable have been charged to the capital reserve (note 21).

6 Staff costs

	2004 Group	2004 Company	2003 Group	2003 Company
Average number of persons employed during the year	**32**	**4**	49	4

	2004 Group £'000	2004 Company £'000	2003 Group £'000	2003 Company £'000
Staff costs for the year (including Executive Directors)				
Salaries	**2,051**	**534**	2,451	499
Social Security costs	**75**	**43**	80	40
Pension costs	**56**	**53**	53	50
Other Staff costs	**355**	**162**	57	57
	2,537	**792**	2,641	646

7 Directors' remuneration

	2004 Group and Company £'000	2003 Group and Company £'000
Directors' fees and emoluments	**458**	392
Pension costs	**23**	23
Ex gratia payment	**142**	–
	623	415

Included in the above are Directors' remuneration of £467,000 (Group and Company) (2003: £311,000) which has been charged to capital reserve (note 21).

Details of service contracts with Directors are given in the Report of the Board on Remuneration on page 17.

Details of remuneration	Salary and fees £'000	Bonus payments £'000	Other benefits £'000	Ex Gratia payments £'000	Total before pension £'000	Pension costs £'000	2004 Total £'000	2003 Total £'000
Executive								
G A Robb	**155**	**–**	**19**	**–**	**174**	**23**	**197**	197
J W Spurdle	**142**	**–**	**–**	**142**	**284**	**–**	**284**	167
N M M Riddell	**97**	**–**	**–**	**–**	**97**	**–**	**97**	17
Non-Executive								
Sir David Thomson	**25**	**–**	**–**	**–**	**25**	**–**	**25**	20
D L Martin-Clark	**17**	**–**	**–**	**–**	**17**	**–**	**17**	14
H Ward	**3**	**–**	**–**	**–**	**3**	**–**	**3**	–
	439	**–**	**19**	**142**	**600**	**23**	**623**	415

Details of Directors' share options are given in the Report of the Board on Remuneration on page 18.

8 Taxation

				2004				2003
		Group		**Company**		Group		Company
	£'000	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000	£'000
UK corporation tax								
Current tax on income for the period	**–**		**–**		–		–	
Double taxation relief	**–**		**–**		–		–	
Adjustments in respect of prior periods	**24**		**24**		60		60	
		24		**24**		60		60
Foreign tax								
Current tax on income for the period		**195**		**–**		273		25
Tax on profit on ordinary activities		**219**		**24**		333		85
Allocated:								
Revenue		**542**		**486**		745		632
Capital (Note 21)		**(323)**		**(462)**		(412)		(547)
		219		**24**		333		85

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% (2003: 30%). The differences are explained below.

		2004		2003
	Group	**Company**	Group	Company
	%	**%**	%	%
Standard rate of tax for the period	**30.0**	**30.0**	30.0	30.0
Non-taxable income	**(2.0)**	**(2.4)**	(0.5)	(0.6)
Expenses not deductible	**3.1**	**3.7**	0.7	0.8
Irrecoverable withholding tax	–	**–**	1.1	1.3
Adjustments to prior year provision	**1.3**	**1.7**	2.9	3.4
Overseas tax rate differences	**(0.6)**	**–**	0.7	–
Consolidation adjustments	**(1.3)**	**–**	0.4	–
	30.5	**33.0**	35.3	34.9

Deferred tax is not provided on capital gains and losses arising on the revaluation or disposal of investments because the Company meets (and intends to continue for the foreseeable future to meet) the conditions for approval as an investment trust company.

9 Dividends

	2004	2003
	£'000	£'000
Interim dividend of 1.0p per ordinary share (2003: 1.0p)	**215**	196
Proposed final dividend of 3.0p per ordinary share (2003: 3.0p)	**648**	648
	863	844

10 Return per share

(a) Basic return per ordinary share

Basic revenue return per ordinary share for the year ended 30 September 2004 is calculated on the basis of the net revenue on ordinary activities after tax and minority interest of £1,203,000 (Company: £990,000) ((2003: £1,286,000) (Company: £1,190,000)) divided by 21,347,709 (2003: 21,177,207), being the weighted average number of ordinary shares of 25p each in issue during the year, stated in accordance with Financial Reporting Standard No 14, and also taking into account the impact of Urgent Issues Task Force Abstract 38 – Accounting for ESOP Trusts (UITF 38).

Basic capital return per ordinary share for the year ended 30 September 2004 is based on net capital gains of £4,548,000 (Company: £2,639,000) (2003: loss £10,117,000 (Company: £10,121,000)) divided by 21,347,709 (2003: 21,177,207), 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 2004 are calculated on 21,347,709 (2003: 21,177,207) shares. The dilutive effect of share options in issue is nil. Details of share options are given in note 19.

(c) Return per zero dividend preference share

Return per zero dividend preference share for the year ended 30 September 2004 is calculated on the appropriation in respect of the zero dividend preference shares of £1,069,000 (Company: £1,069,000) (2003: £977,000 (Company: £977,000)) divided by 8,120,000 (2003: 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 2003	4,709	622	5,331
Disposals	(4,709)	(622)	(5,331)
At 30 September 2004	–	–	–
Amortisation			
At 1 October 2003	413	233	646
Amortisation charge in year	118	33	151
Disposals	(531)	(266)	(797)
At 30 September 2004	–	–	–
Valuation			
At 30 September 2004	–	–	–
At 30 September 2003	4,296	389	4,685

All Goodwill and Management contracts were written off upon sale of the subsidiary companies to which they related during the year.

Details of the disposal of Intangible Fixed Assets by subsidiary are given in note 33.

12 Tangible fixed assets

Group	Office equipment £'000	Fixtures and fittings £'000	Total £'000
Cost			
At 1 October 2003	201	80	281
Additions	5	6	11
Disposals	(195)	(86)	(281)
At 30 September 2004	**11**	**–**	**11**
Depreciation			
At 1 October 2003	106	53	159
Charge for the year	28	30	58
Disposals	(132)	(83)	(215)
At 30 September 2004	**2**	**–**	**2**
Net book value			
At 30 September 2004	**9**	**–**	**9**
At 30 September 2003	95	27	122

Company	Office equipment £'000	Fixtures and fittings £'000	Total £'000
Cost			
At 1 October 2003	45	30	75
Additions	10	–	10
At 30 September 2004	**55**	**30**	**85**
Depreciation			
At 1 October 2003	41	30	71
Charge for the year	5	–	5
At 30 September 2004	**46**	**30**	**76**
Net book value			
At 30 September 2004	**9**	**–**	**9**
At 30 September 2003	4	–	4

13 Fixed asset investments

Group

	Listed investments £'000	Unlisted investments £'000	Total £'000
Cost			
At 1 October 2003 (Restated)	3,578	37,606	41,184
Additions	76	4,446	4,522
Disposals	–	(1,993)	(1,993)
At 30 September 2004	**3,654**	**40,059**	**43,713**
Unrealised capital (loss)/gain			
At 1 October 2003 (Restated)	(450)	(7,367)	(7,817)
Movement in year	518	3,379	3,897
Transfer to realised capital reserve	–	(392)	(392)
At 30 September 2004	**68**	**(4,380)**	**(4,312)**
Valuation			
At 30 September 2004	**3,722**	**35,679**	**39,401**
At 30 September 2003 (Restated)	3,128	30,239	33,367

Company

	Subsidiary undertaking £'000	Listed investments £'000	Unlisted investments £'000	Total £'000
Cost				
At 1 October 2003 (Restated)	5,943	3,578	37,604	47,125
Additions	1,396	76	3,607	5,079
Disposals	(5,549)	–	(1,991)	(7,540)
At 30 September 2004	**1,790**	**3,654**	**39,220**	**44,664**
Unrealised capital gain/(loss)				
At 1 October 2003 (Restated)	1,225	(450)	(7,368)	(6,593)
Movement in year	434	518	3,379	4,331
Transfer to realised capital reserve	(2,229)	–	(392)	(2,621)
At 30 September 2004	**(570)**	**68**	**(4,381)**	**(4,883)**
Valuation				
At 30 September 2004	**1,220**	**3,722**	**34,839**	**39,781**
At 30 September 2003 (Restated)	7,168	3,128	30,236	40,532

Included within additions is a promissory note bearing interest at 6% and repayable in 2006 of £2,310,000 received as deferred consideration for the sale of the investment in Leon Frazer and Associates.

13 Fixed asset investments *continued*

Material movements on valuation of unlisted investments

	Valuation 2004 £'000	Valuation 2003 £'000
AMIC Distribution Partners – ordinary shares	**–**	169
AMIC Distribution Partners – non-convertible promissory loan note 2011	**–**	289
AMIC Distribution Partners – convertible promissory loan note 2011	**–**	219
City of London Investment Group – ordinary shares	**3,023**	1,743
Columbus Financial Services – ordinary shares	**–**	207
Financial Management Advisors – ordinary shares	**1,448**	1,641
Hillview – 3% convertible loan note 2011	**764**	1,167
Hillview – 3% non-convertible loan note 2011	**388**	1,056
IFDC	**4,016**	3,200
International Foreign Exchange Concepts – common stock	**3,594**	2,829
International Foreign Exchange Concepts – 10% convertible loan note 2011	**13,485**	5,778
MMCM Holdings – common stock	**–**	1,196
MMCM Holdings – 8% convertible promissory note	**–**	764
MMCM Holdings – 8% loan	**214**	295
Norman Riddell and Associates Limited	**240**	603
New Star Asset Management – ordinary shares	**653**	534
Valenzuela Capital Partners – 5% convertible loan note 2011	**1,388**	3,010

All unquoted 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.

During the year the Company disposed of part of its common stock holding in International Foreign Exchange Concepts. The profit on disposal was calculated as follows:

	£'000
Disposal proceeds	1,555
Original cost of investment disposed	(779)
Profit transferred to the realised capital reserve	776

Additional amounts of US$1,981,000 and US$286,000 were advanced to AMIC Distribution Partners and MMCM Holdings respectively during the year. These amounts are fully written down at 30 September 2004.

Details of investments in subsidiaries

Name of company	Class of capital	% held	Country of incorporation and operation	Principal activity
AMIC Securities Limited	Ordinary	100.00	United Kingdom	Dealing Company
AMIC Australia Pty	Ordinary	100.00	Australia	Holding Company
Asset Management Investment Company Inc	Ordinary	100.00	United States of America	Investment Company
AMIC Canada Limited	Ordinary	100.00	Canada	Holding Company

13 Fixed asset investments *continued*

Significant holdings

At 30 September 2004 the Group had the following holdings of more than 3 per cent of the ordinary share capital of the investee company:

Name of company	Class of capital	% held	Country of incorporation and operation
AMIC Distribution Partners	Ordinary	31.25	United States of America
City of London Investment Group	Ordinary	22.72	United Kingdom
Columbus Financial Services	Ordinary	25.50	United Kingdom
Financial Management Advisors	Ordinary	18.75	United States of America
Hillview Capital Partners	Ordinary	3.37	United States of America
Integrated Asset Management	Ordinary	17.02	United Kingdom
IFDC Group	Ordinary	15.00	Luxembourg
International Foreign Exchange Concepts	Ordinary	8.88	United States of America
MMCM Holdings	Ordinary	47.94	United States of America
Norman Riddell and Associates Limited	Ordinary	49.00	United Kingdom
Principal Investment Holdings Limited	Ordinary	4.51	United Kingdom
The Mayberry Group	Ordinary	7.89	United States of America

The investments in AMIC Distribution Partners, City of London Investment Group, Columbus Financial Services, MMCM Holdings and Norman Riddell and Associates Limited are not associate undertakings under Financial Reporting Standard 9, Associates and Joint Ventures, as investment trust companies should include all investments that are held as part of their investment portfolio in the same way, even those over which the investor has significant influence or joint control. Investments are held as part of the investment portfolio. Further information relating to the investee companies in which the Company held more than 20 per cent of the ordinary share capital is disclosed below.

	Aggregate capital and reserves		Profit/(loss) before dividend	
	2004	2003	**2004**	2003
	’000	’000	**’000**	’000
AMIC Distribution Partners	*****	US$(5,254)	*****	US$(2,692)
City of London Investment Group	**£2,688**	£2,515	**£319**	£(214)
Columbus Financial Services	*****	£(416)	*****	£(157)
MMCM Holdings	*****	US$(462)	*****	US$(318)
Norman Riddell and Associates Limited	*****	£47	*****	£(30)

*Accounts not available

Geographic analysis of investments

	2004	2003
	%	%
UK	**25**	22
North America	**64**	70
Europe	**11**	8
	100	100

14 Current asset investments

	2004	2003
	Group	Group
	£’000	£’000
Current asset investments – listed	–	145

15 Debtors

	2004 Group £'000	2004 Company £'000	2003 Group £'000	2003 Company £'000
Trade debtors	**6**	**1**	–	–
Prepayments and accrued income (net of bad debt provision)	**169**	**166**	1,190	954
Other debtors	**583**	**583**	76	71
Amount due from subsidiary companies	**–**	**15**	–	189
	758	**765**	1,266	1,214

Other debtors represents the final instalment due in respect of the sale of P J Doherty and Associates during the year.

16 Cash and bank

	2004 Group £'000	2004 Company £'000	2003 Group £'000	2003 Company £'000
Cash	**1,172**	**901**	812	548
Fixed Term Deposits	**1,988**	**1,988**	695	497
Bank of Scotland charge account	**2,433**	**2,433**	–	–
	5,593	**5,322**	1,507	1,045

Fixed term deposits and the Bank of Scotland charge account have been classed as Liquid resources in the preparation of the Cash Flow Statement. Liquid resources represent cash held on term deposit.

Bank of Scotland retain a charge over the cash deposit of $4,400,000 included in cash and bank on the balance sheet.

17 Creditors: amounts falling due within one year

	2004 Group £'000	2004 Company £'000	2003 Group £'000	2003 Company £'000
Trade creditors	**6**	**6**	8	8
Other creditors	**–**	**–**	9	4
Proposed dividend	**648**	**648**	648	648
Corporation tax	**–**	**–**	27	27
Other taxation and social security	**15**	**15**	14	14
Accruals and deferred income	**264**	**198**	404	37
Amount due to subsidiary company	**–**	**134**	–	–
	933	**1,001**	1,110	738

18 Creditors: amounts falling due after one year

	2004 Group £'000	2004 Company £'000	2003 Group £'000	2003 Company £'000
Bank loan	**11,052**	**11,052**	12,038	12,038
9.5% convertible loan notes 2008	**365**	**365**	365	365
	11,417	**11,417**	12,403	12,403

At the year end the Company had outstanding bank loans of US$20 million, repayable in one single tranche on 27 October 2006, and bearing interest at a rate of 1.25% to 1.75% over LIBOR. The Loans are secured by a debenture over the Company's assets.

19 Called up share capital

	2004 £'000	2003 £'000
Authorised		
28,000,000 (2003: 28,000,000) ordinary shares of 25p each	**7,000**	7,000
9,000,000 (2003: 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 (2003: 21,585,426) ordinary shares of 25p each	**5,396**	5,396
8,120,000 (2003: 8,120,000) zero dividend preference shares of £1 each	**8,120**	8,120
	13,516	13,516

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

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

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

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

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

At 30 September 2004, 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	171½p	Dec 2003	Dec 2010
10.12.2001	303,000	142½p	Dec 2004	Dec 2011
21.01.2003	165,397	65½p	Jan 2006	Jan 2013

On 31 December 2004 the following share options were cancelled:

Date of grant	Number of shares	Exercise price	Earliest exercise	Latest exercise
30.12.2000	200,000	171½p	Dec 2003	Dec 2010
10.12.2001	100,000	142½p	Dec 2004	Dec 2011
21.01.2003	87,822	65½p	Jan 2006	Jan 2013

Employee share ownership

Options were granted under the Company's Save As You Earn Share Option 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.

19 Called up share capital *continued*

On 6 June 2001, the Company implemented its AESOP 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 held 117,453 ordinary shares at a cost of £66,187 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 costs incurred with respect to the AESOP were dealt with in the Group's Statement of Total Return.

On 19 June 2003, the Company implemented its Employee Benefit Trust. During 2003 a contribution of £50,000 was made into the trust with a further contribution of £52,500 made in 2004. During 2004 the trustees purchased 225,000 ordinary shares at a cost of £102,500 for the benefit of present and future employees of the Company.

20 Share premium account

	£'000
At 1 October 2003	23,588
At 30 September 2004	**23,588**

21 Realised capital reserve

Group

	Listed £'000	Unlisted £'000	Administration charges £'000	Total £'000
At 1 October 2003 as originally stated	(4,258)	5,682	(9,760)	(8,336)
Prior year adjustment (note 1(m))	–	–	37	37
As restated	(4,258)	5,682	(9,723)	(8,299)
Transfer from unrealised capital reserve	–	392	–	392
Profit on sale of subsidiaries	–	2,757	–	2,757
Charge for the year	–	–	(1,912)	(1,912)
Foreign exchange	–	–	98	98
Appropriation in respect of zero dividend preference shares	–	–	(1,035)	(1,035)
At 30 September 2004	**(4,258)**	**8,831**	**(12,572)**	**(7,999)**

Company

	Listed £'000	Unlisted £'000	Administration charges £'000	Total £'000
At 1 October 2003 as originally stated	(4,153)	5,594	(8,899)	(7,458)
Prior year adjustment (note 1(m))	–	–	37	37
As restated	(4,153)	5,594	(8,862)	(7,421)
Transfer from unrealised capital reserve	–	2,621	–	2,621
Charge for the year	–	–	(1,498)	(1,498)
Appropriation in respect of zero dividend preference shares	–	–	(1,035)	(1,035)
At 30 September 2004	**(4,153)**	**8,215**	**(11,395)**	**(7,333)**

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).

22 Unrealised capital reserve

Group	Listed £'000	Unlisted £'000	Total £'000
At 1 October 2003 as originally stated	(276)	(5,261)	(5,537)
Prior year adjustment (note 1(m))	17	–	17
As restated	(259)	(5,261)	(5,520)
Movement in year	518	3,379	3,897
Transfer to realised capital reserve	–	(392)	(392)
Foreign exchange	–	(98)	(98)
Foreign exchange on debt instruments	–	875	875
At 30 September 2004	**259**	**(1,497)**	**(1,238)**

Company	Listed £'000	Unlisted £'000	Total £'000
At 1 October 2003 as originally stated	(465)	(4,274)	(4,739)
Prior year adjustment (note 1(m))	17	–	17
As restated	(448)	(4,274)	(4,722)
Movement in year	518	3,813	4,331
Transfer to realised capital reserve	–	(2,621)	(2,621)
Foreign exchange on debt instruments	–	875	875
At 30 September 2004	**70**	**(2,207)**	**(2,137)**

23 Revenue reserve

	Group £'000	Company £'000
At 1 October 2003 as originally stated	218	712
Prior year adjustment (note 1(m))	13	13
As restated	231	725
Profit for the year	340	127
At 30 September 2004	**571**	**852**

24 Own share reserve

	Group and Company £'000
At 1 October 2003 (Restated)	139
Additions	80
Disposals	(50)
At 30 September 2004	**169**

The Company's investment in its own shares consists of shares held by the Trustees of the AESOP and shares purchased by the company's EBT. At the year end the Trustees of the AESOP held 117,453 ordinary shares at a cost of £66,187 to be retained in the Trust for the employees. As part of the group reorganisation during the year 90,985 shares were transferred out of the AESOP to former employees of the Group. The trustees of the EBT have purchased 225,000 shares at a cost of £102,500 to be retained in trust for the benefit of employees. The market value of these shares as at 30 September 2004 was £172,938. The combined maximum number of shares held during the year was 433,428 (2003: 123,932).

25 Zero dividend appropriation

	£'000
At 1 October 2003	4,107
Appropriation for the year	1,035
At 30 September 2004	**5,142**

This reserve represents the amount due to zero dividend preference shareholders, which as explained in note 19 represents a premium on redemption payable on 27 October 2006, and is accruing at an annual rate of 8 per cent.

The Net Asset Value (NAV) stated on the Balance Sheet as at 30 September 2004 is 170.25p. This differs from that reported via Association of Investment Trust Companies publications. This difference is created by the treatment of issue costs associated with the ZDP's that, in accordance with FRS 4 (Capital Instruments) are written off over the life of ZDP's. The redemption value on the 27 October 2006 is the same as that reported in note 10.

26 Reconciliation of movement in shareholders' funds

			2004				2003	
	Group		**Company**		Group		Company	
	£'000	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000	£'000
Revenue return retained for the financial year								
as originally stated	**340**		**127**		429		333	
Prior year adjustment (note 1(m))	**–**		**–**		13		13	
As restated		**340**		**127**		442		346
Capital return for the financial year								
as originally stated	**4,548**		**2,639**		(10,171)		(10,175)	
Prior year adjustment (note 1(m))	**–**		**–**		54		54	
As restated		**4,548**		**2,639**		(10,117)		(10,121)
Allocation in respect of zero dividend								
preference shares		**1,069**		**1,069**		977		977
Transfer to Own Share Reserve		**(30)**		**(30)**		(42)		(42)
Proceeds of share issues		**–**		**–**		1,558		1,558
Net change to shareholders' funds		**5,927**		**3,805**		(7,182)		(7,282)
Opening shareholders' funds as								
previously reported	**27,556**		**29,726**		34,763		37,033	
Effect of prior year adjustment	**(72)**		**(72)**		(97)		(97)	
As restated		**27,484**		**29,654**		34,666		36,936
Closing shareholders' funds		**33,411**		**33,459**		27,484		29,654

27 Net asset value

The basic net asset value per ordinary share at 30 September 2004 is calculated on the basis of the net assets attributable to equity shareholders divided by 21,242,973 (2003: 21,585,426) being the number of ordinary shares in issue at that date.

Both the basic and diluted net asset values per ordinary share at 30 September 2004 is calculated on the basis of net assets attributable to equity shareholders divided by the number of shares that would be in issue following adjustment for shares held in an Employee Benefit Trust and All Employee Share Ownership Plan in accordance with UITF 38. In accordance with this abstract a prior year adjustment has been effected to bring the comparatives in line with the current year figures as detailed in note 1(m).

The net asset value per zero dividend preference share at 30 September 2004 is calculated on the basis of the net assets attributable to zero dividend preference shareholders, less issue costs, divided by the number of zero dividend preference shares in issue at that date.

The respective number of shares are detailed in Note 10.

28 Contingent liabilities

There were no contingent liabilities in respect of the group at 30 September 2004 (2003: Nil).

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

	2004 £'000	Restated 2003 £'000
Net return before finance costs and taxation	**1,815**	2,171
Depreciation of tangible fixed assets	**58**	50
Amortisation of intangibles	**151**	325
Foreign exchange	**33**	–
Movement in debtors	**242**	449
Movement in creditors	**614**	(37)
Administration expenses (before finance costs and taxation) charged to capital reserve including Group reorganisation costs	**(1,982)**	(1,601)
Net cash inflow from operating activities	**931**	1,357

30 Reconciliation of net cash flow to movement in net debt

	2004 £'000	2003 £'000
Cash movement in the year	**485**	1,313
Cashflow from movement in debt	**–**	983
Cashflow from movement in liquid resources	**3,726**	695
Loan notes issued for non-cash consideration	**–**	(365)
Amortisation of bank loan charges	**(14)**	–
Change in net debt resulting from cash flows and movement in net debt in the year	**4,197**	2,626
Exchange difference on debt instruments	**875**	641
Net debt at beginning of year	**(10,896)**	(14,163)
Net debt at end of year	**(5,824)**	(10,896)

All of the cash flow movements during the period related to the activities of the Company with the following exceptions, which relate to the activities of the discontinued operations.

	£'000
Net cash flow from operating activities	398
Capital expenditure and financial investment	445
Management of liquid resources	69

31 Analysis of net debt

	At 1 October 2003 £'000	Cash flows £'000	Foreign exchange movement £'000	Non cash movement £'000	At 30 September 2004 £'000
Cash at bank and in hand	812	485	(125)	–	**1,172**
Debt due after 1 year	(12,403)	–	1,000	(14)	**(11,417)**
Liquid resources	695	3,726	–	–	**4,421**
	(10,896)	4,211	875	(14)	**(5,824)**

32 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 loan in US Dollars
- Listed and unlisted securities held within the portfolio
- Zero dividend preference shares which carry predetermined payment rights as explained in Note 19

At 30 September 2004, the Group had invested 90.5% (2003: 90.4%) of the portfolio in unlisted investments and the balance of the portfolio, 9.5% (2003: 9.6%), in listed investments.

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 of 1.25% to 1.75% over LIBOR.

Short term debtors and creditors have been included for all further disclosures.

The Group's principal risks are:

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

Market price risk arises mainly from uncertainty about future prices of investments held in its portfolio. It represents the potential loss the group might suffer through holding market positions in the face of price movements. The Management constantly monitors the price of listed investments held by the Group on a real-time basis. The management report 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 table on pages 6 and 7.

Liquidity risk arises as the investment portfolio will comprise mainly unlisted securities, which represent a potential delay for realisation. This risk is managed by the holding of cash balances.

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

- Movements in rates affect the value of investments
- Movement in rates affect the income received
- Movement in rates affect the value of bank borrowings

Foreign Currency risk arises as the income and capital value of the Group's investments can be affected by exchange rate movements as some of the Group's assets and income are denominated in currencies other than sterling which is the Group's reporting currency. The Group's policy is to reduce foreign currency exposure on foreign income through forward currency contracts. As at 30 September 2004, the Group had no open forward contracts.

Interest rate risk arises in respect of the Group's bank loan. As at 30 September 2004 the Group's loans carried a variable rate of interest of 1.25% to 1.75% over LIBOR.

Currency exposures

An analysis of the Group's fixed assets and net current assets at 30 September 2004 is:

	Sterling £'000	US$ £'000	C$ £'000	Total £'000
Investments	10,034	27,051	2,316	39,401
Net current assets	2,789	2,451	178	5,418
Net assets	44,168	(11,034)	277	33,411
2003				
Investments	7,862	25,573	4	33,439
Net current assets	1,184	300	324	1,808
Net assets	37,362	(12,008)	2,297	27,651

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

32 Analysis of financial assets and liabilities *continued*

Interest rate risk profile of financial assets and financial liabilities

Financial assets

The majority of the Group's financial assets are equity shares or other investments which neither pay interest nor have maturity dates. However, the portfolio does contain certain instruments which exhibit one or both of these characteristics. The analysis of such investments at 30 September 2004 is:

	Sterling £'000	**US$ £'000**	**C$ £'000**	**Total £'000**
Fixed rate investments	3,469	17,607	2,316	23,392
Weighted average interest rate	5.72%	9.17%	6.00%	8.34%
Weighted average period for which interest rate is fixed	3.8 Years	6.9 Years	2 Years	6 Years
2003				
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

Financial liabilities

As at 30 September 2004, the Company's bank loans of US$20 million carried a variable rate of interest of between 1.25% and 1.75% over LIBOR. Details are given in note 18 of the maturity of the bank loan.

The following covenants are attached to the loans of $20 million at 30 September 2004:

- At least £3,500,000 of the total of Fixed and Current assets of the Company be invested in cash or listed investments,
- At all times the ratio of Income to loan Interest shall not be less than 4:1,
- At all times the value of total of Fixed and Current assets of the Company shall be at least 300 per cent of Total Borrowings being $20 million at 30 September 2004,
- At all times the market capitalisation of the Borrower shall not be less than £17,500,000.

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 cumulative 8% coupon attached to the instrument at the balance sheet date.

		2004		2003
	Carrying value £'000	**Fair value £'000**	Carrying value £'000	Fair value £'000
Zero dividend preference shares	**13,824**	**13,154**	12,755	11,307
Bank loans	**11,052**	**11,057**	12,038	12,043

33 Disposal of subsidiaries

During the year the following subsidiaries were sold:

	Leon Frazer and Associates £'000	PJ Doherty and Associates £'000	Guardian Timing Services £'000	Total £'000
Sales proceeds	3,873	3,836	–	7,709
Intangible assets at date of disposal	(1,354)	(3,156)	(24)	(4,534)
Share of net assets at date of disposal	(214)	(174)	(30)	(418)
Profit/(loss) on disposal	2,305	506	(54)	2,757

Cash proceeds of £4,819,000 were received in respect of the sale of subsidiaries. The remaining proceeds are detailed in notes 13 and 15.

34 Related party transactions

Where 90 per cent 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 financial statements, as permitted by Financial Reporting Standard No. 8.

During the year $12,000 was paid to the wife of John Spurdle, a Director of AMIC PLC in respect of furniture rental (2003: $12,000). No amounts were outstanding at the balance sheet date.

During the year NRAL, a related party by virtue of a common executive directorship, was paid £97,290 for the provision of services of Mr Norman Riddell as a Director (2003: £17,500). No amounts were outstanding at the balance sheet date.

At the year end the Company held a 49.00% equity stake in NRAL accounted for as a Fixed Asset Investment and valued at £240,000 (2003: £603,000).

35 Post balance sheet events

On 17 December 2004 Mr George Robb stepped down as a Director of the Company. No provision has been made in these accounts for the costs associated with his departure.

On 31 December 2004 387,822 share options held by Mr George Robb were cancelled following his departure from the Company.

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 Gainsborough House, 33 Throgmorton Street, London, EC2N 2BR at 2.00 pm on 3 February 2005 for the following purposes:

1 To receive and adopt the Directors' Report and Financial Statements for the year ended 30 September 2004, 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 (Member of the Audit and Remuneration Committees), who retires by rotation, as a Director.

4 To re-elect Norman Riddell, who retires by rotation, as a Director.

5 To elect Hugh Ward (Member of Audit and Remuneration Committees), who stands for election, as a Director.

6 To approve the re-appointment 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 as indicated:

SPECIAL RESOLUTION

7 THAT, the Articles of Association of the Company be altered by the deletion of the following words in lines 2 and 3 of Article 90.1:

"shall exclude any Director who is for the time being the Managing Director or Chief Executive of the Company and".

ORDINARY RESOLUTION

8 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 2 February 2010 (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

9 THAT, subject to the passing of resolution 8 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 8 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 407,578 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;

provided always that the authority conferred by this resolution shall expire on 2 May 2006 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

10 THAT, the Directors' Remuneration Report set out on pages 16 to 18 of the Directors' Report and Financial Statements 2004 which accompanies this notice be and is hereby approved.

By Order of the Board

Michael Pritchard *Secretary* 11 January 2005

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 1 February 2005. Changes to entries on the register after 6.00 pm on 1 February 2005 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 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 Company's Registrar, Lloyds TSB Registrars, The Causeway, Worthing, BN99 6ZR so as to arrive no later than 4.30 pm on 1 February 2005.
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;

   (iii) The full terms of the proposed amendments to the Articles of Association.

Printed in the UK by Perivan Financial Print 204929

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