



**Asset Management Investment Company PLC**

**Interim Results 2003**





### **CORPORATE OBJECTIVE**

**The objectives of AMIC are to provide shareholders with long term growth of capital and revenue through investment in the global asset management industry. AMIC believes that the sector will benefit from economic and demographic trends in the years ahead to out-perform many other areas of the market.**

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

## Corporate Information

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

## Chairman's Statement

The global economic and stock market conditions affecting the asset management industry throughout your Company's last financial year have continued to be difficult into the first half of the current year. Although it may be that we are seeing the first tentative signs of a gradual recovery in confidence, these unfavourable operating conditions inevitably affected AMIC in terms of both the revenue received from the companies in which your Company is invested and the valuations which we are able to put on these investments.

In my statement in the last Annual Report I indicated that it was probable that there would be a significant reduction in the dividend paid in respect of the current financial period on account of market conditions and certain significant non-recurring revenue receipts in the year to 30 September 2002. Subsequently your Directors made a forecast that the dividend for the current financial period will not be less than 4p net per share. In so doing your Directors felt it prudent to conserve cash and retain flexibility until such time as conditions in the sector improve. They are confident that this level of dividend is sustainable in the present climate, and in the event that there is a sufficient improvement in operating conditions will consider increasing the expected amount of the final dividend.

Your Board has also recognised that since 30 September 2002 there has been a marked deterioration in the transaction prices being paid in the asset management industry. The Directors normally review the methodology used to arrive at the valuations of the companies in which AMIC is invested twice each year in March and September, prior to the interim and final financial statements respectively, and always adopt a prudent approach to valuations. The most recent review was completed on 30 April 2003 and the result of the reassessment of the valuation methodology was a reduction in the net asset value per ordinary share to 72.41p as at 30 April 2003, which was announced to the London Stock Exchange on 1 May 2003.

Total assets less current liabilities were £46.6 million at 31 March 2003 compared with £48.5 million at 30 September 2002, giving a net asset value per share of 95.7p at 31 March 2003 compared with a net asset value per share of 117.1p at 30 September 2002, or a net asset value per share of 139.9p at the previous half-year. Profits after taxation and minority interests as at 31 March 2003 were £629,830 compared with £1,417,115 at the previous half-year. As forecast your Directors propose to pay an interim dividend of 1.0p net per share (2002: 7.0p) on 3 September 2003 to shareholders on the register as at 4 July 2003. On 30 April 2003 your Company repaid US\$1.5 million of the borrowings from the Bank of Scotland, which are now US\$20 million.

Of the companies in the investment portfolio outstanding progress has been made by FX Concepts in New York which continues to win impressive new mandates. Leon Frazer & Associates in Toronto has also made significant additions to assets under management despite the poor market conditions. City of London Investment Management, which operates in emerging markets closed-end funds, is also experiencing improved operating conditions against a background of excellent investment management performance. AMIC Distribution Partners in New York has made significant progress in structuring a distribution network for companies in which AMIC is invested and other clients since its inception in early 2002. Aberdeen America, which had been dormant since 2001, commenced liquidation proceedings earlier this year, and in the first and major distribution received in March your Company recovered the whole of the carrying value of the investment. Also in March payment was received of £1.37m representing the deferred element of the consideration resulting from the disposal in August 2001 of the investment in Ely Fund Managers Limited. Other investments have been affected by markets to a greater or lesser degree, and in several cases your Company is proactively working with the companies concerned in a constructive manner to assist with their working capital requirements.

On 15 May 2003 your Company announced that it had exchanged contracts for the purchase of a 49% interest in Norman Riddell & Associates Limited, a company involved in the provision of management consultancy and corporate finance services to the financial sector and in particular to asset management companies. Such activities fall within the investment objectives and policies of your Company and your Directors are confident that the investment will offer synergies as well as in due course making a useful contribution to revenues and cash flows. As Norman Riddell, the chairman and controlling shareholder, is a non-executive Director of AMIC completion of the transaction was subject to the approval of shareholders at an Extraordinary General Meeting held on 6 June 2003 and I am pleased to report that the resolution before the meeting was approved.

As I indicated above there are signs of confidence returning to global markets and to the asset management sector. The portfolio of investments is well positioned to benefit from such recovery and your Company is fortunate to have able and experienced executives in its offices in London, New York and Toronto who have built up an impressive database of knowledge of the sector. In December 2002 your Company opened a representative office in Sydney, Australia, where the Directors are aware of investment opportunities. I am sure that David Adams, who is in charge of that office, will in due course also make a valuable contribution to the development of your Company.

## Consolidated Statement of Total Return (Unaudited) *incorporating the revenue account\**

	Notes	Six months ended 31 March 2003		Total £'000
		Revenue £'000	Capital £'000	
(Losses)/gains on investments		–	(3,115)	(3,115)
Income		2,474	–	2,474
Administration expenses		(1,429)	(763)	(2,192)
<b>Net return/(loss) before finance costs and taxation</b>		<b>1,045</b>	<b>(3,878)</b>	<b>(2,833)</b>
Loss on disposal of subsidiary		–	–	–
Interest payable		(53)	(158)	(211)
Interest receivable		41	–	41
<b>Return/(loss) on ordinary activities before taxation</b>		<b>1,033</b>	<b>(4,036)</b>	<b>(3,003)</b>
Taxation on ordinary activities		(362)	206	(156)
<b>Return/(loss) on ordinary activities after taxation</b>		<b>671</b>	<b>(3,830)</b>	<b>(3,159)</b>
Minority interests		(41)	–	(41)
Appropriation in respect of zero dividend preference shares		–	(488)	(488)
<b>Return/(loss) attributable to equity shareholders</b>		<b>630</b>	<b>(4,318)</b>	<b>(3,688)</b>
Dividend in respect of equity shares	2	(196)	–	(196)
<b>Transfer to/(from) reserves</b>		<b>434</b>	<b>(4,318)</b>	<b>(3,884)</b>
Return per ordinary share (basic)	3	3.03p	(20.79)p	(17.76)p
Return per ordinary share (diluted)	3	3.00p	(20.58)p	(17.58)p
Return per zero dividend preference share	3	–	6.02p	6.02p

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

### Notes

#### 1. Basis of preparation

The interim results for the half year ended 31 March 2003 are unaudited and have been prepared in accordance with the accounting policies set out in the Company's Annual Report for the year ended 30 September 2002. Comparative figures are extracted from the Annual Report, a copy of which has been delivered to the Registrar of Companies. The auditors' report on the statutory accounts was unqualified.

#### 2. Dividends

An interim dividend of 1p per share has been declared, and will be paid on 3 September 2003 to the shareholders on the register on 4 July 2003.

#### 3. Returns per share

Basic returns per ordinary share are calculated on the basis of retained net revenue after taxation divided by the weighted average number of shares in issue during the period, being 20,766,744 to 31 March 2003, (30 September 2002: 19,293,021, 31 March 2002: 19,017,022). Return per zero dividend preference share is calculated on the appropriation in respect of the zero dividend preference shares of £488,484 (30 September 2002: £879,600, 31 March 2002: £439,800) divided by 8,120,000 (30 September 2002: 8,120,000, 31 March 2002: 8,120,000) being the number of zero dividend preference shares of £1 each in issue during the period. Diluted return per ordinary share is calculated on 20,987,552 shares (30 September 2002: 19,296,521, 31 March 2002: 19,024,022;) after adjusting for options.

Revenue £'000	Six months ended 31 March 2002			Revenue £'000	Year ended 30 September 2002		
	Capital £'000	Total £'000			Capital £'000	Total £'000	
–	459	459		–	(1,961)	(1,961)	
3,000	–	3,000		5,596	–	5,596	
(949)	(612)	(1,561)		(1,993)	(1,403)	(3,396)	
2,051	(153)	1,898		3,603	(3,364)	239	
–	–	–		(58)	(31)	(89)	
(48)	(144)	(192)		(118)	(355)	(473)	
50	–	50		63	–	63	
2,053	(297)	1,756		3,490	(3,750)	(260)	
(630)	209	(421)		(1,117)	474	(643)	
1,423	(88)	1,335		2,373	(3,276)	(903)	
(6)	9	3		(83)	32	(51)	
–	(439)	(439)		–	(880)	(880)	
1,417	(518)	899		2,290	(4,124)	(1,834)	
(1,374)	–	(1,374)		(3,081)	–	(3,081)	
43	(518)	(475)		(791)	(4,124)	(4,915)	
7.48p	(2.72)p	4.76p		11.87p	(21.37)p	(9.5)p	
7.48p	(2.72)p	4.76p		11.87p	(21.37)p	(9.5)p	
–	5.41p	5.41p		–	10.84p	10.84p	

## Notes

### 4. Net asset value

The net asset value per ordinary share at 31 March 2003 is calculated on the basis of the net assets attributable to equity shareholders divided by the number of ordinary shares in issue at that date. The net asset value per zero dividend preference share at 31 March 2003 is calculated on the basis of the net assets attributable to zero dividend preference shareholders less the issue costs, divided by the number of zero dividend preference shares in issue at that date.

### 5. Investment in own shares

The Company's investment in its own shares consists of shares held by the Trustees of the All Employee Share Ownership Plan. The Trustees purchased 33,916 ordinary shares at a cost of £47,609. The market value of those shares as at 31 March 2003 was £14,584.

## Consolidated Balance Sheet (Unaudited)

	Notes	31 March 2003		31 March 2002		30 September 2002	
		£'000	£'000	£'000	£'000	£'000	£'000
<b>Intangible fixed assets</b>			<b>4,848</b>		5,237		5,010
<b>Tangible fixed assets</b>			<b>116</b>		135		125
<b>Fixed asset investments</b>							
Listed investments	5	<b>3,038</b>		9,798		7,120	
Unlisted investments		<b>34,210</b>		33,588		37,045	
			<b>37,248</b>		43,386		44,165
			<b>42,212</b>		48,758		49,300
<b>Current assets</b>							
Investments		<b>313</b>		346		322	
Debtors		<b>991</b>		939		1,878	
Cash		<b>3,901</b>		1,512		248	
		<b>5,205</b>		2,797		2,448	
<b>Current liabilities</b>							
Creditors:							
Amounts falling due within one year		<b>(775)</b>		(2,938)		(3,258)	
<b>Net current assets/(liabilities)</b>			<b>4,430</b>		(141)		(810)
<b>Total assets less current liabilities</b>			<b>46,642</b>		48,617		48,490
Creditors:							
Amounts falling due after one year		<b>(13,634)</b>		(9,875)		(13,662)	
			<b>33,008</b>		38,742		34,828
<b>Capital and reserves</b>							
Called up share capital			<b>5,396</b>		4,906		4,906
Zero dividend preference shares			<b>8,120</b>		8,120		8,120
Share premium account			<b>23,588</b>		22,520		22,520
Capital reserve - unrealised			<b>(2,969)</b>		1,614		(1,038)
Capital reserve - realised			<b>(5,065)</b>		(1,749)		(2,691)
Zero dividend appropriation reserve			<b>3,632</b>		2,717		3,157
Revenue reserve			<b>222</b>		542		(211)
Shareholders' funds (including non-equity)			<b>32,924</b>		38,670		34,763
Minority interests			<b>84</b>		72		65
			<b>33,008</b>		38,742		34,828
<b>Allocation of shareholders' funds</b>							
Net assets attributable to equity shareholders			<b>20,659</b>		27,459		22,985
Net assets attributable to zero dividend preference shareholders			<b>12,265</b>		11,211		11,778
Net asset value per ordinary 25p share (basic)	4		<b>95.7p</b>		139.9p		117.1p
Net asset value per ordinary 25p share (diluted)	4		<b>95.7p</b>		139.9p		117.1p
Net asset value per zero dividend preference share	4		<b>151.0p</b>		138.1p		145.0p
Net asset value per zero dividend preference share before issue costs	4		<b>152.6p</b>		141.3p		146.7p

## Consolidated Cash Flow Statement (Unaudited)

	Six months ended 31 March 2003		Six months ended 31 March 2002		Year ended 30 September 2002	
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Net cash inflow from operating activities</b>		<b>1,341</b>		307		588
<b>Returns on investment and servicing of finance</b>						
Interest paid	(211)		(191)		(379)	
Interest received	41		50		63	
<b>Net cash (outflow) from returns on investment and servicing of finance</b>		<b>(170)</b>		(141)		(316)
<b>Taxation paid</b>		<b>(308)</b>		(98)		(502)
<b>Capital expenditure and financial investment</b>						
Purchase of investments	(1,147)		(19,564)		(28,213)	
Purchase of own shares	–		–		(28)	
Sale of investments	6,449		24,292		28,115	
Purchase of tangible fixed assets	–		–		(39)	
<b>Net cash inflow/(outflow) from capital expenditure and financial investment</b>		<b>5,302</b>		4,728		(165)
<b>Acquisitions and disposals</b>						
Disposal of subsidiary	–		–		88	
Acquisition of subsidiaries	–		(6,317)		(6,317)	
Cash acquired with subsidiaries	–		397		397	
<b>Net cash (outflow) from acquisitions and disposals</b>		<b>–</b>		(5,920)		(5,832)
<b>Equity dividends paid</b>		<b>(1,772)</b>		(1,534)		(2,843)
<b>Management of liquid resources</b>						
Short term deposits	(3,241)		167		217	
Net Sale of current asset investments	9		899		923	
<b>Net cash (outflow)/inflow from management of liquid resources</b>		<b>(3,232)</b>		1,066		1,140
<b>Net cash inflow/(outflow) before financing</b>		<b>1,161</b>		(1,592)		(7,930)
<b>Financing</b>						
New loan	–		–		4,916	
Issue of ordinary share capital	–		226		226	
Premium on issue of ordinary share capital	–		660		660	
Repayment of loan	–		(172)		–	
<b>Net cash inflow from financing</b>		<b>–</b>		714		5,802
<b>Increase/(decrease) in cash</b>		<b>1,161</b>		(878)		(2,128)

## Investment Portfolio

At 31 March 2003

Company Name	Cost of investment £'000	Valuation £'000
<b>Listed Holdings</b>		
Integrated Asset Management		
Ordinary Shares	1,390	850
5% Convertible Note 2008	2,000	1,900
Regent Pacific	1,829	231
Stockcube	150	42
Investment in its own Shares	46	15
	<b>5,415</b>	<b>3,038</b>
<b>Unlisted Holdings</b>		
AMIC Distribution Partners		
Ordinary Shares	377	633
Non Convertible Promissory Note 2011	656	607
Convertible Promissory Note 2011	711	658
10% Loan	297	304
Charlemagne Capital	117	189
City of London Investment Group	2,742	1,873
Clark Capital Management		
10% Convertible Subordinated Debentures 2003	332	316
11% Convertible Subordinated Debentures 2003	157	159
11% Convertible Subordinated Debentures 2003	155	159
Columbus Financial Services		
Ordinary Shares	411	249
12% Loan	170	170
Financial Management Advisors		
Ordinary Shares	4,660	4,262
10% Convertible Loan Note 2012	1,553	1,419
FX Concepts		
Ordinary Shares	1,950	2,900
10% Convertible Loan Note 2011	3,567	4,979
HMMCM Holdings 10% Loan	185	187
Haven Capital 10% Loan	171	173
Hillview		
10% Convertible Loan Note 2011	2,911	2,574
10% Non Convertible Loan Note 2011	1,224	1,110
10% Loan	313	286
IFDC	2,166	2,847
MMCM Holdings		
Common Stock	2,412	1,316
10% Convertible Promissory Note 2007	644	842
Mayberry Group	702	338
New Star Asset Management	650	417
Turnstone Holdings		
Ordinary Shares	280	480
9% Cumulative Convertible Redeemable Preference Shares 2008	1,600	1,600
Valenzuela Capital Partners 10% Convertible Loan Note 2011	3,455	3,159
Investments held by AMIC Canada	4	4
	<b>34,572</b>	<b>34,210</b>
<b>Total</b>	<b>39,987</b>	<b>37,248</b>

Listed investments have been valued at closing middle market prices at the relevant balance sheet date. Unlisted investments have been valued at cost, or at Directors' valuation where subsequent financings or other circumstances indicate that a different valuation is appropriate.

Copies of this document are being sent to all shareholders and may also be obtained from the Registered Office of the Company, 32 Ludgate Hill, London EC4M 7DR.

**Alessio Corbo** *Company Secretary*



**Asset Management Investment Company PLC**

32 Ludgate Hill, London EC4M 7DR

Telephone: +44 (0) 20 7329 1290 Facsimile: +44 (0) 20 7489 1166

Email: [info@amicplc.com](mailto:info@amicplc.com)

[www.amicplc.com](http://www.amicplc.com)