



Asset Management Investment Company PLC

Interim Results 2004

CORPORATE OBJECTIVE

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

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

Corporate Information

Directors	Sir Frederick Douglas David Thomson, Bt. <i>Non-Executive Chairman</i> David Lindsay Martin-Clark, <i>Non-Executive Director</i> Norman Malcolm Marshall Riddell, <i>Executive Director</i> George Alan Robb, <i>Chief Investment Officer</i> John William Spurdle, <i>Executive Director</i>
	Sir David Thomson and Mr Martin-Clark are members of the Audit and Remuneration Committees
Secretary and Registered Office	Alessio Corbo 32 Ludgate Hill London EC4M 7DR
Company Number	2918390 (Incorporated in England and Wales)
Auditors	Solomon Hare LLP Chartered Accountants Oakfield House, Oakfield Grove Bristol BS8 2BN
Bankers	Bank of Scotland Corporate Banking 155 Bishopsgate London EC2M 3YB
Registrar	Lloyds TSB Registrars Scotland Finance House, Orchard Brae Edinburgh EH4 1WQ
Solicitors	Burges Salmon LLP 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
Office in the United States	Asset Management Investment Company Inc. 515 Madison Avenue New York, NY 10022 USA
Office in Canada	AMIC Canada Limited Suite 1300 4 King Street West Toronto, ON M5H 1B6 Canada

Chairman's Statement

The recovery in global markets which began in the second quarter of last year has meant easier operating conditions for the companies in which AMIC is invested, and we are beginning to see tangible evidence that this is starting to contribute growth in both revenue and net asset value. Your Board is optimistic that this will become more evident in the course of the current year. At the present time there is a degree of market uncertainty and the performance of the portfolio will in part be driven by the performance of major world markets. However, encouraging progress is being made by a number of the companies in the portfolio which leads the Board towards a cautious optimism for the future.

Of the companies in the investment portfolio excellent progress continues to be made by FX Concepts in New York where total mandates now exceed US\$10 billion. City of London Investment Management, which operates in closed-end emerging markets funds, is also experiencing a significant increase in assets under management against a background of favourable markets and good investment management performance. IFDC, a specialist manager of funds invested in Japan, has benefited from the renewed interest in that market.

As previously reported, exits from our investments in P J Doherty & Associates and Charlemagne Capital were achieved in the course of the half-year. Part of our large holding in FX Concepts was sold back to the company for a substantial capital gain in just over a year of 133% on cost, while AMIC still retains an equity interest, assuming conversion of our note, of 31.7%. We have also just announced the sale of our 76% interest in Leon Frazer & Associates Inc. in Toronto. No new investments were made, but modest additions were made to our investment in Principal Asset Management, in Sevenoaks, Kent by acquiring shares from departing employees and to our investments in AMIC Distribution Partners, MMCM Holdings and Valenzuela Capital Partners, all located in New York. A restructuring of our investment in Hillview Capital Advisors, headquartered in Philadelphia, resulted in an increased conversion percentage and an equity interest.

Shareholders' funds were £28.99 million at 31 March 2004 compared with £27.56 million at 30 September 2003, giving a consolidated net asset value per share of 72.76p at 31 March 2004 (after deduction of assets attributable to the zero dividend preference shareholders) compared with a consolidated net asset value per share of 68.57p at 30 September 2003. The consolidated net asset value at 31 March 2004 reflects the net assets of subsidiaries, compared with your Company's published net asset value at 31 March 2004 of 79.32p, which includes trading subsidiaries at valuation. Profits after taxation and minority interests as at 31 March 2004 were £356,000 compared with £630,000 at the previous half-year. Your Directors propose to pay an interim dividend of 1.00p net per share (2003: 1.00p) on 16 August 2004 to shareholders on the register as at 16 July 2004.

Following the raising of additional capital in October 2000 your Company increased its operating resources in North America to facilitate the expansion of our business in the United States with the appointment of a full-time executive Director with appropriate office support located in New York. This infrastructure was expanded in December 2001 with the acquisition of InterUnion Asset Management, which gave AMIC an office and support staff in Toronto to assist in the sourcing of investment opportunities in Canada. In December 2002 a part-time representative located in Sydney was appointed at modest cost to identify opportunities for your Company in Australia.

The capital raised in 2000 was successfully invested by the end of 2002. It was hoped that it would then be possible to raise additional capital to further expand your Company's operations in the global asset management sector. However, market conditions at that time were unfavourable to further fund-raising. Your Board has now concluded that the overhead cost of maintaining the present infrastructure overseas, resulting in an unacceptably high total expense ratio, cannot be justified. Your Directors have therefore decided that the business of the Company, including the management of its existing investments in North America, should be run solely from its London office. Arrangements for an orderly transfer of responsibilities have commenced. The services of John Spurdle, who represents AMIC in the United States, will continue to be available to your Company until the consultancy agreement with Spurdle & Co ends on 30 September 2004. Agreement has been reached with the other overseas personnel for the termination of their employment.

Your Board estimates that the annual cost saving associated with these closures will be approximately £850,000. It is planned to complete these changes by 30 September 2004 and the estimated consolidated closure costs of £500,000 should therefore impact the statement of total return solely in the present financial year. Having given consideration to these costs the Directors believe that in the absence of unforeseen circumstances the dividend of 4.00p net per share paid in respect of the previous financial year will at least be maintained.

Chairman's Statement *continued*

I am happy to announce that Hugh Ward has accepted an invitation to join the Board as a non-executive Director with effect from 29 July 2004. Hugh has had many years' experience in the asset management industry and your Directors are confident that his advice and assistance will be of great value to shareholders.

In view of the operational changes referred to above, John Spurdle has indicated his intention to resign as a Director by the end of your Company's current financial year. John has contributed a huge amount to the development of AMIC, both as a Director since joining the Board in 2000 and prior to that as our part-time representative in North America, and your Directors offer their sincere thanks for his very considerable services.

Norman Riddell, who has been a Director of your Company since April 1997 but has not been an independent non-executive Director since the acquisition by AMIC of a 49% interest in Norman Riddell & Associates in June 2003, has become an executive Director with responsibility for those aspects of the management of AMIC which are not directly connected with the investment portfolio with effect from 1 July 2004. This appointment will enable George Robb to concentrate on his duties as Chief Investment Officer in the management of the investment portfolio. It is hoped that these changes of responsibilities will help to achieve an improved market rating for your Company's shares and contribute to shareholder value.

I indicated in my statement with the last Annual Report that your Board is mindful of the fact that the zero dividend preference shares are due to be redeemed in October 2006, when shareholders also have the opportunity to vote to extend the life of the Company. Your Board has commenced discussions with its advisors regarding proposals in this connection to be put before shareholders in due course. Until such proposals have been approved by shareholders your Directors will continue to manage the investment portfolio to maximise shareholder value. AMIC will continue to play an active and supportive role in relation to the companies in which it is invested both in the United Kingdom and overseas, but with regard to new investment opportunities which your Directors perceive to be consistent with the life of the Company and the Company's financial capabilities, a greater focus will be made on identifying situations in the United Kingdom and Continental Europe.

David Thomson *Chairman*

13 July 2004

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

	Notes	Six months ended 31 March 2004		Total £'000
		Revenue £'000	Capital £'000	
Gains/(Losses) on investments		–	2,144	2,144
Income – Continuing		1,784	–	1,784
– Discontinued		345	–	345
Administration expenses		(1,324)	(774)	(2,098)
Return/(loss) before finance costs and taxation				
– Continuing		664	1,370	2,034
– Discontinued		141	–	141
Loss on disposal of subsidiary	2	–	(189)	(189)
Interest payable		(38)	(115)	(153)
Interest receivable		7	–	7
Return/(loss) on ordinary activities before taxation		774	1,066	1,840
Taxation on ordinary activities		(375)	245	(130)
Return/(loss) on ordinary activities after taxation		399	1,311	1,710
Minority interests		(43)	–	(43)
Appropriation in respect of zero dividend preference shares		–	(530)	(530)
Return/(loss) attributable to equity shareholders		356	781	1,137
Dividend in respect of equity shares	3	(216)	–	(216)
Transfer to/(from) reserves		140	781	921
Return per ordinary share (basic)	4	1.65p	3.62p	5.27p
Return per ordinary share (diluted)	4	1.65p	3.62p	5.27p
Return per zero dividend preference share	4	–	6.53p	6.53p

* 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 six months ended 31 March 2004 are unaudited, do not constitute statutory financial information within the meaning of Section 240 of the Companies Act 1985 and have been prepared in accordance with the accounting policies set out in the Company's Annual Report for the year ended 30 September 2003. 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. Loss on sale of subsidiary

The consolidated loss on disposal of PJ Doherty & Associates Limited excludes 15% of the consideration. This amount is contingent on future performance and is payable on the first anniversary of completion.

3. Dividends

An interim dividend of 1.00p net per share has been declared, and will be paid on 16 August 2004 to the shareholders on the register on 16 July 2004.

Revenue £'000	Six months ended 31 March 2003			(Audited) Year ended 30 September 2003		
	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	
–	(3,115)	(3,115)	–	(7,687)	(7,687)	
2,474	–	2,474	5,234	–	5,234	
–	–	–	–	–	–	
(1,429)	(763)	(2,192)	(3,076)	(1,638)	(4,714)	
1,045	(3,878)	(2,833)	2,158	(9,325)	(7,167)	
–	–	–	–	–	–	
(53)	(158)	(211)	(93)	(281)	(374)	
41	–	41	44	–	44	
1,033	(4,036)	(3,003)	2,109	(9,606)	(7,497)	
(362)	206	(156)	(745)	412	(333)	
671	(3,830)	(3,159)	1,364	(9,194)	(7,830)	
(41)	–	(41)	(91)	–	(91)	
–	(488)	(488)	–	(977)	(977)	
639	(4,318)	(3,688)	1,273	(10,171)	(8,898)	
(196)	–	(196)	(844)	–	(844)	
434	(4,318)	(3,884)	429	(10,171)	(9,742)	
3.03p	(20.79)p	(17.76)p	6.01p	(48.02)p	(42.01)p	
3.00p	(20.58)p	(17.58)p	6.01p	(48.02)p	(42.01)p	
–	6.02p	6.02p	–	12.03p	12.03p	

Notes

4. 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 21,585,426 to 31 March 2004, (30 September 2003: 21,177,203, 31 March 2003: 20,766,744). Return per zero dividend preference share is calculated on the appropriation in respect of the zero dividend preference shares of £530,000 (30 September 2003: £977,000, 31 March 2003: £488,484) divided by 8,120,000 (30 September 2003: 8,120,000, 31 March 2003: 8,120,000) being the number of zero dividend preference shares of £1 each in issue during the period. No adjustment has occurred in respect of options in issue when calculating the diluted return per ordinary share.

5. Net asset value

The net asset value per ordinary share at 31 March 2004 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 2004 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.

6. Investment in own shares

Within listed investments is the Company's investment in its own shares consisting of shares held by the Trustees of the All Employee Share Ownership Plan. The Trustees hold 123,932 ordinary shares at a cost of £88,866. The market value of those shares as at 31 March 2004 was £61,966.

Consolidated Balance Sheet (Unaudited)

		31 March 2004		31 March 2003		(Audited) 30 September 2003	
	Notes	£'000	£'000	£'000	£'000	£'000	£'000
Intangible fixed assets			1,393		4,848		4,685
Tangible fixed assets			64		116		122
Fixed asset investments							
Listed investments	6	3,402		3,038		3,200	
Unlisted investments		30,625		34,210		30,239	
			34,027		37,248		33,439
			35,484		42,212		38,246
Current assets							
Investments		132		313		145	
Debtors		1,062		991		1,266	
Cash and short term deposits		4,380		3,901		1,507	
		5,574		5,205		2,918	
Current liabilities							
Creditors:							
Amounts falling due within one year		(744)		(775)		(1,110)	
Net current assets			4,830		4,430		1,808
Total assets less current liabilities			40,314		46,642		40,054
Creditors:							
Amounts falling due after one year		(11,247)		(13,634)		(12,403)	
			29,067		33,008		27,651
Capital and reserves							
Called up share capital			5,396		5,396		5,396
Zero dividend preference shares			8,120		8,120		8,120
Share premium account			23,588		23,588		23,588
Capital reserve - unrealised			(3,830)		(2,969)		(5,537)
Capital reserve - realised			(9,260)		(5,065)		(8,336)
Zero dividend appropriation reserve			4,620		3,632		4,107
Revenue reserve			358		222		218
Shareholders' funds (including non-equity)			28,992		32,924		27,556
Minority interests			75		84		95
			29,067		33,008		27,651
Allocation of shareholders' funds							
Net assets attributable to equity shareholders			15,707		20,659		14,801
Net assets attributable to zero dividend preference shareholders			13,285		12,265		12,755
Net asset value per ordinary 25p share (basic)	5		72.76p		95.70p		68.57p
Net asset value per ordinary 25p share (diluted)	5		72.76p		95.70p		68.57p
Net asset value per zero dividend preference share	5		163.61p		151.00p		157.08p

Consolidated Cash Flow Statement (Unaudited)

	Six months ended 31 March 2004		Six months ended 31 March 2003		(Audited) Year ended 30 September 2003
	£'000	£'000	£'000	£'000	£'000
Net cashflow from operating activities		993		1,341	1,357
Returns on investment and servicing of finance					
Interest paid	(153)		(211)		(374)
Interest received	7		41		44
Dividends paid to minority interests	(18)		–		(61)
Net cashflow from returns on investment and servicing of finance		(164)		(170)	(391)
Taxation paid		(156)		(308)	(442)
Capital expenditure and financial investment					
Purchase of investments	(1,509)		(1,147)		(2,688)
Purchase of own shares	–		–		(42)
Sale of investments	2,136		6,449		7,152
Purchase of tangible fixed assets	–		–		(48)
Net cashflow from capital expenditure and financial investment		627		5,302	4,374
Acquisitions and disposals					
Disposal of subsidiary	2,611		–		–
Cash sold with subsidiary	25		–		–
Net cashflow from acquisitions and disposals		2,636		–	–
Equity dividends paid		(648)		(1,772)	(1,967)
Management of liquid resources					
Short term deposits	(1,699)		(3,241)		(695)
Purchase of current asset investments	(458)		–		(1,254)
Sale of current asset investments	301		9		1,314
Net cashflow from management of liquid resources		(1,856)		(3,232)	(635)
Net cashflow before financing		1,432		1,161	2,296
Financing					
Repayment of loan	–		–		(983)
Net cashflow from financing		–		–	(983)
Change in cash		1,432		1,161	1,313

Investment Portfolio

At 31 March 2004

Company Name	Cost of investment £'000	Valuation £'000
Listed Investments		
Integrated Asset Management		
Ordinary Shares	1,465	1,274
5% Convertible Note 2008	2,000	2,000
Stockcube Ordinary Shares	150	66
Investment in its own Shares	89	62
Total Listed Investments	3,704	3,402
Unlisted Investments		
AMIC Distribution Partners		
Common Shares	377	76
Non Convertible Promissory Loan Note 2011	656	261
Convertible Promissory Loan Note 2011	711	99
10% Loan	1,759	797
City of London Investment Group Ordinary Shares	2,742	2,300
Clark Capital Management 11% Convertible Subordinated Debentures 2002	566	476
Columbus Financial Services		
Ordinary Shares	411	202
12% Loan	203	203
Financial Management Advisors		
Common Shares	4,660	1,486
10% Convertible Loan Note 2012	1,553	1,224
Hillview		
Common Shares	514	80
10% Convertible Loan Note 2011	2,911	1,411
10% Non Convertible Loan Note 2011	1,224	955
10% Loan	313	245
IFDC Ordinary Shares	2,166	4,509
International Foreign Exchange Concepts		
Common Stock	781	2,211
10% Convertible Loan Note 2011	3,567	8,294
MMCM Holdings		
Common Stock	2,412	368
10% Convertible Promissory Loan Note	644	241
10% Loan	379	338
New Star Asset Management Ordinary Shares	708	653
Norman Riddell and Associates Ordinary Shares	603	595
Principal Investment Holdings		
Ordinary Shares	335	685
6% Cumulative convertible Redeemable Preference Shares 2008	1,300	1,300
The Mayberry Group Common Stock	702	24
Valenzuela Capital Partners		
Ordinary Shares	186	92
10% Convertible Loan Note 2011	3,459	1,496
Investments held by AMIC Canada	4	4
Total Unlisted Investments	35,846	30,625
Total Investments	39,550	34,027

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. 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.

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*

13 July 2004



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