Asset Management Investment Company PLC

Annual Report 2007

Contents

CORPORATE OBJECTIVE

AMIC operates as a specialist investor in the asset management industry.

Pursuant to the special resolution passed on 20 October 2006 AMIC adopted a new investment objective to effect an orderly realisation of its investment portfolio in order to return capital to shareholders.

Corporate Information

Directors	Charles Wilkinson *Non-Executive Chairman* George Robb *Managing Director and Chief Investment Officer* Geoff Miller *Senior Non-Executive Director* Barry Aling *Non-Executive Director* Hugh Tilney *Non-Executive Director*
Secretary and Registered Office	Bharat Bhagani 32 Ludgate Hill London EC4M 7DR
Company Number	2918390 (Incorporated in England and Wales)
Auditors	Smith & Williamson Solomon Hare Audit LLP Oakfield House Oakfield Grove Bristol BS8 2BN
Bankers	Bank of Scotland Corporate Banking 155 Bishopsgate London EC2M 3YB
Registrars	Equiniti Limited Finance House Orchard Brae Edinburgh EH4 1WQ
Solicitors	Maclay Murray & Spens One London Wall London EC2Y 5AB
Stockbrokers	Numis Securities Limited 10 Paternoster Square London EC4M 7LT

Board of Directors

Charles Wilkinson

Status: Independent Non-Executive Chairman

Age: 64

Length of service: Appointed June 2005

Relevant experience: Charles Wilkinson is a retired solicitor who was a partner in Lawrence Graham LLP until 31 March 2005. As a solicitor he specialised in corporate finance law particularly in the investment company sector. He is currently non-executive Chairman of European Utility Trust PLC and a non-executive director of a number of quoted companies.

Committee membership: Chairman of the Nominations and Remuneration Committees and a member of the Audit Committee

Shareholding in the company: Nil

George Robb

Status: Managing Director and Chief Investment Officer

Age: 65

Length of service: Appointed June 2005

Relevant experience: George Robb qualified as a solicitor before becoming fully involved with the asset management sector in 1971. He was a founder director and shareholder of Aberdeen Asset Management and in 1994 was instrumental in establishing AMIC. He is a non-executive director of several companies in which AMIC is invested, including City of London Investment Group PLC and Integrated Asset Management PLC. He is also a member of the Association of Investment Companies Self Managed Investment Trust Committee.

Committee membership: Member of the Nominations Committee

Shareholding in the company: 1,693,826

Barry Aling

Status: Non-Executive Director

Age: 57

Length of service: Appointed June 2005

Relevant experience: Barry Aling has had a career centred on international capital markets with experience covering asset management, investment research and corporate finance. His appointments have included positions with Phillips & Drew, Gaffney Cline and Swiss Bank Corporation and the role of managing director of W.I. Carr Overseas based in Hong Kong. More recently he has been active in the private client management sector. He is a non-executive director of Gaffney Cline & Associates International Limited.

Committee membership: Chairman of the Audit Committee and member of the Remuneration and Nominations Committees.

Shareholding in the company: 1,174,800

Geoff Miller

Status:	Senior Independent Non-Executive Director
Age:	41
Length of service:	Appointed June 2005
Relevant experience:	Geoff Miller is an independent consultant in the investment companies, insurance, banking and fund management sectors, both in the UK and internationally. He was previously a financials analyst with Bridgewell Securities, and a financials fund manager at Exeter Asset Management, where he managed the largest UK quoted financials fund. Prior to this he was head of research at private wealth management company Brewin Dolphin Securities.
Committee membership:	Member of the Audit, Remuneration and Nominations Committees
Shareholding in the company:	Nil

Hugh Tilney

Status:	Non-Executive Director
Age:	64
Length of service:	Appointed June 2005
Relevant experience:	Hugh Tilney is a member of the board of directors, Chairman of the Management Committee, Chief Operating Officer and Chief Compliance Officer of FX Concepts. He joined FX Concepts in 1993 following a 28 year career in the insurance industry, both in the United States and the United Kingdom.
Committee membership:	Member of the Audit Committee, Remuneration and Nominations Committees
Shareholding in the company:	55,000

Chairman's Statement

The favourable operating environment for the asset management industry, on which I commented in my statement with the results for the first six months of the year, continued through much of the second half. The market turmoil resulting from the subprime lending crisis in the United States commenced in August, but has had little effect on the companies in the AMIC portfolio, other than short-term volatility in the level of assets under management. There has been little overall impact on valuations and no impact on the income which your company receives from these investments, other than as a result of the weakness of the United States dollar.

I am therefore able to report that your Company has made encouraging progress throughout the year. The majority of the investments in the portfolio have performed very satisfactorily, and this has been reflected in a rising share price and an increased net asset value per share, the current net asset value of 145.93p (as at 31 December 2007) being close to the highest level since February 2002.

Corporate developments

At the Extraordinary General Meeting held on 20 October 2006 the virtually unanimous approval of shareholders was obtained for the continuation of the Company and the adoption of an investment strategy of gradually realising the investment portfolio and returning cash to shareholders. Your Board continues to consider all options for the future of the Company which will contribute to this objective, while remaining open to any alternative ideas which will enhance shareholder value.

Two significant income receipts resulted in your Directors declaring special interim dividends of 2.0p each for payment in October 2006 and April 2007. Your Directors do not believe that these income receipts will be recurring, but will consider the payment of special interim dividends if other exceptional income is received. None is anticipated at the present time.

In January 2007 your Board negotiated with FX Concepts the early payment of the next tranche of $4 million due in July 2007 in terms of the agreement regarding the disposal of the convertible rights on the loan note held by your Company. This reduced the amount due on the US$ term facility from Investec Bank (UK) Limited to $8 million, which will be fully repaid from the final two tranches due to be received from FX Concepts in July 2008 and July 2009.

The discount to net asset value at which the ordinary shares trade had narrowed significantly at the half-year stage but has widened since the equity market downturn to a level which your Board considers does not reflect the quality of the underlying investments. In the course of the year a total of 840,000 ordinary shares were bought back for cancellation at a cost of £918,000 and your Board continues to be prepared to use the powers granted to them in October 2006 and renewed at the Annual General Meeting in March 2007 for further buybacks. This is always on the proviso that the necessary combination is available of an appropriate level of discount, the availability of shares and windows of opportunity in the market. Since the year-end 500,000 shares have been bought back for cancellation at a cost of £559,966.

Investment portfolio

Both AIM-listed investments held by your Company made progress during the year. **City of London Investment Group** has been helped by the strong performance in the emerging markets and currently has $4.6 billion under management. In February 2007 your Company participated in a placing of ordinary shares in City of London and sold 750,000 shares for a total of £1,893,374. The balance of 1,781,275 shares is now valued at £5.9 million compared with a cost of £0.9 million. **Integrated Asset Management**, which is a manager of funds of hedge funds, recently made another significant acquisition which has increased its assets under management to approximately $2.5 billion. The recent volatility in stock markets has, however, resulted in a weakening of its share price despite the considerable expansion of its business.

IFDC Group S.A., a manager of funds invested in the Japanese stock market, is now the largest investment in the portfolio. The company continues to perform well and is a major contributor to our revenue. **FX Concepts** had an excellent year to 31 May 2007 during which revenues exceeded $104 million. The company now has approximately $14.6 billion under management and after six months its revenues for the year to 31 May 2008 are ahead of the level which ensures that AMIC will receive the maximum revenue return of $1,425,000 on its note. **Principal Investment Holdings**, located in Sevenoaks, Kent performed strongly in 2006, and now has approximately £1 billion under management. **Lombardia Capital Partners** in Pasadena, California has made very encouraging progress in developing its business and now has $1.7 billion under management in a range of large, medium and small cap products. The problems inherited from the previous management are gradually being resolved, and your Board has restored value to both the common shares and the convertible note held by your Company. As previously reported to shareholders, **Financial Management Advisors** in December 2006 received an unfavourable judgement in a significant litigation and is continuing to explore possible solutions to the difficult financial situation which has resulted. In view of the uncertainties associated with the future of this company, your Board considered it appropriate to make a full provision against the value of the investment.

Early in 2007 AMIC indicated to **Hillview Capital Advisors**, a private wealth management company located in New York City, that it would be prepared to sell its interests in Hillview to the management of the company. The transaction was negotiated in the course of the year, and I am pleased to report that it was closed on 7 December 2007. The consideration, which has an estimated net present value $1.3 million, slightly greater than the carrying value of the investment, comprises a first payment of $500,000 received on closing, a payment of $540,000 on the first anniversary of closing and three annual payments each of 2.5% of the gross revenues of Hillview less commissions on sales.

Financial results

Revenue profit before tax for the year was £2,080,000 (2006: £2,431,000), a decrease of 14%. Profit after taxation decreased by 12% to £1,656,000 (2006: £1,892,000) and revenue return per ordinary share decreased by 12% to 7.83p (2006: 8.88p). As mentioned in the Interim Report this performance was achieved despite a lower capital base following the repayment of the zero dividend preference shares and unfavourable foreign exchange rates due to the strengthening of the pound against the United States dollar and the resultant effects on the revenue of the Company. As previously announced your Board is recommending payment of a final dividend of 4.0p net per share (2006: 3.5p net per share), which together with the interim dividend of 1.5p net per share (2006: 1.5p net per share) paid on 15 August 2007 will make a total payment of 5.5p net per share (2006: 5.0p net per share). This excludes the special dividends of 2.0p net per share paid on 20 October 2006 and 20 April 2007 respectively, referred to above. The final dividend will be proposed at the Annual General Meeting on 5 February 2008 for payment on 8 February 2008 to shareholders on the register at the close of business on 11 January 2008.

Outlook

World stock markets have made considerable progress since the recovery from the last bear market began in the spring of 2003 and this has been reflected in the performance of the investment portfolio. Looking ahead, there are now greater uncertainties present in world financial markets, resulting from the crisis in subprime loans and collateralised debt obligations, which will probably take a considerable time to resolve and continue to have an adverse effect on confidence in the financial sector. The climate for the asset management industry may therefore be less benign than has been enjoyed in recent years, but against this more uncertain background your Board is satisfied that the majority of the investments in the AMIC portfolio are soundly based to produce a satisfactory performance relative to their peer groups. The companies have a wide range of investment management strategies and have little exposure to the principal problem areas of the financial markets, and your Board and management will continue to work closely with them in order to maximise value for shareholders.

Charles Wilkinson *Chairman*

10 January 2008

Investment Portfolio – Listed Investments *(as at 30 September 2007)*

City of London Investment Group PLC

	Percentage of equity held %	Cost £	Value at 30 September 2007 £	Percentage of portfolio %	Country and year of investment
Ordinary shares	6.65%	863,132	4,542,251	13.6	UK – 1997

City of London Investment Group was founded in 1991 and has funds under management in excess of US$4.6 billion 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, Dubai and Singapore and manages funds on behalf of clients principally in the United States, the United Kingdom and Canada.

Year End	May 2007	May 2006 (restated)
Earnings per share	19.9p	13.5p
Net Dividend per Share	10p	8.52p
Dividend Cover	1.99	1.32
Attributable Net Assets ‘000	£31	£15

Integrated Asset Management plc

	Percentage of equity/debt instrument %	Cost £	Value at 30 September 2007 £	Percentage of portfolio %	Country and year of investment
Ordinary shares	5.32%	1,250,198	2,422,030	7.2	UK – 1997

Integrated Asset Management is a global alternative investment group listed on the Alternative Investment Market (AIM) of the London Stock Exchange. The company’s core businesses are “fund of hedge fund” management and institutional broking. The company has approximately US$2.5 billion under management.

Year End	December 2006	December 2005 (restated)
Loss per share	(0.90)p	(4.43)p
Net Dividend per Share	Nil	Nil
Dividend Cover	n/a	n/a
Attributable Net Assets ‘000	£773	£412

Following share issues the percentage of the equity held by AMIC is now 4.93%.

Columbus Financial Services Limited

	Cost £	Value at 30 September 2007 £	Percentage of portfolio %	Country and year of investment
Ordinary shares	411,498	Nil	–	UK – 1996
Loans	118,242	Nil	–	2001-2003

Columbus Financial Services was a London based provider of financial services to private individuals and their advisers. During 2006, the business was not deemed to be a viable ongoing entity and the company is being wound up.

Investment Portfolio – Unlisted Investments *(as at 30 September 2007)*

Financial Management Advisors, LLC

	Percentage of equity/debt instrument %	Percentage of equity upon conversion	Cost £	Value at 30 September 2007 £	Percentage of portfolio %	Country and year of investment
Ordinary shares	18.75	18.75	4,659,855	Nil	–	US – 2002
2012 Convertible Note 10%	100	6.25	1,553,048	Nil	–	2002

Financial Management Advisors LLC ('FMA'), headquartered in Los Angeles, is a registered investment advisor with approximately US$1.5 billion in funds under management, the bulk of which are in the high yield sector. FMA received an unfavourable judgement in a significant litigation in December 2006 and is considering its position with its legal and financial advisers.

Year End	December 2006	December 2005
Loss per share	US$(0.17)	US$(3.04)
Net Dividend per Share	Nil	Nil
Dividend Cover	n/a	n/a
Attributable Net Assets '000	US$236	US$471

Hillview Capital Advisors LLC

	Percentage of equity held %	Cost £	Value at 30 September 2007 £	Percentage of portfolio %	Country and year of investment
Ordinary shares	33.33%	4,997,263	470,566	1.4	US – 2002

Hillview Capital Advisors, founded in 1999, serves as an independent financial advisor to individuals, foundations, endowments, pension plans and other entities with substantial financial resources. The company provides its clients with a full range of services from initial planning through to final implementation. Hillview is headquartered in Philadelphia, Pennsylvania and manages approximately $850 million of assets. The interest was sold to the management of Hillview on 7 December 2007.

Year End	December 2006	December 2005
Loss per share	US$(87.00)	US$(426.91)
Net Dividend per Share	Nil	Nil
Dividend Cover	n/a	n/a
Attributable Net Liabilities '000	US$(53)	US$(226)

IFDC S.A. Group

	Percentage of equity held %	Cost £	Value at 30 September 2007 £	Percentage of portfolio %	Country and year of investment
Ordinary shares	17.25%	2,417,169	9,175,892	27.4	Europe – 1998

IFDC is a leading internationally recognised independent asset manager which has specialised in investment management in the Japanese stock markets since 1984. Focussed investment management during several economic cycles has contributed to an intimate knowledge of these markets. The company is in a unique position to provide a sophisticated and tailored quality of service to the institutional investor.

Year End	December 2006	December 2005
Earnings per share	US$4,945	US$1,831
Net Dividend per Share	US$2,641	US$1,155
Dividend Cover	1.87	1.59
Attributable Net Assets '000	US$3,641	US$1,134

Investment Portfolio – Unlisted Investments *(as at 30 September 2007) continued*

International Foreign Exchange Concepts, Inc.

	Percentage of equity instrument %	Cost £	Value at 30 September 2007 £	Percentage of portfolio %	Country and year of investment
2011					
Note 10%	100	3,567,351	3,968,106	11.9	US 2001
Ordinary shares	8.34	779,290	4,488,860	13.4	2002

International Foreign Exchange Concepts, established in 1981, is headquartered in New York City with offices in Rochester NY, London, Singapore and Sydney. 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. The company is one of the largest private managers of foreign exchange risk with approximately US$14.6 billion under management.

Year End	May 2007	May 2006
Earnings per share	US$103.02	US$24.16
Net Dividend per Share	Nil	Nil
Dividend Cover	n/a	n/a
Attributable Net Assets '000	US$717	US$1,078

Lombardia Capital Partners LLC

	Percentage of equity/debt instrument %	Diluted percentage of equity upon conversion	Cost £	Value at 30 September 2007 £	Percentage of portfolio %	Country and year of investment
Convertible Note 2011	100	10.0	3,458,588	258,485	0.8	US 2001
Ordinary Shares	2.65	2.65	185,579	416,223	1.2	2003

Lombardia (formerly Valenzuela) Capital Partners, located in Pasadena, CA, is a registered investment adviser managing primarily tax-exempt institutional accounts with approximately US $1.7 billion under management. The company adopts a value approach and is one of the larger minority managers in the United States, managing small, mid and large cap stocks.

Year End	December 2006	December 2005
Earnings/(Loss) per share	US$(1.85)	US$(72.76)
Net Dividend per Share	Nil	Nil
Dividend Cover	n/a	n/a
Attributable Net Assets/(Liabilities) '000	US$27	US$(69)

The Mayberry Group, Inc.

	Percentage of equity held %	Cost £	Value at 30 September 2007 £	Percentage of portfolio %	Country and year of investment
Ordinary shares	7.89	702,190	31,268	0.1	US 1995

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$85 million.

Year End	December 2006	December 2005
Earnings per share	US$0.23	US$0.12
Net Dividend per Share	Nil	Nil
Dividend Cover	n/a	n/a
Attributable Net Assets/(Liabilities) '000	US$126	US$118

Investment Portfolio – Unlisted Investments *(as at 30 September 2007) continued*

Principal Investment Management Ltd

	Percentage of equity held %	Percentage of equity upon conversion %	Cost £	Value at 30 September 2007 £	Percentage of portfolio %	Country and year of investment
Ordinary shares	8.10		1,839,595	2,720,406	8.1	UK 2000-2005

Principal Investment Management, founded in 1987, is an independent specialist investment manager catering to private individuals, trusts, charities and corporate clients. The firm has offices in Sevenoaks, London and Bath and manages approximately £1 billion in assets.

Year End	December 2006	December 2005
Earnings per share	£0.87	£0.60
Net Dividend per Share	62p	22p
Dividend Cover	1.40	2.15
Attributable Net Assets '000	£434	£357

Directors' Report *(as at 30 September 2007)*

The Directors present their report and financial statements for the year to 30 September 2007.

Business Review

A review of the Group's activities is given in the Chairman's Statement on pages 5 to 7 and this includes a review of the Group and its principal activities, key performance indicators, likely future developments of the business and recommended dividend levels. The major risks associated with the Group are detailed in note 26 to the Financial Statements.

Additionally, each Director confirms that, so far as he is aware, there is no relevant audit information of which the Group's auditors are unaware, and he has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit Information and to establish that the Group's auditors are aware of that information. Additionally, there are no important events since the year end which have not been disclosed. Details of the Directors are given in Board of Directors on pages 3 and 4 and also further below in the Directors Report.

The Group has made no political or charitable donations during the year and in common with most investment trusts, Directors & Officers liability insurance cover has been maintained throughout the year at the expense of the Company.

Principal Activity

The business of the Company is that of an investment trust investing in worldwide private or AIM listed asset management companies.

Status

The Company is an investment company as defined by Section 266 of the Companies Act 1985 and is registered as a public limited company. The company is also a member of the Association of Investment Companies ("AIC").

The Company has been approved by the HM Revenue & Customs as an Investment Trust under Section 842 of the Income and Corporation Taxes Act 1988 for the year ended 30 September 2005.

The Directors are of the opinion, under advice, that the Company has conducted its affairs for the year ended 30 September 2007 so as to be able to obtain approval as an Investment Trust.

Results and Dividends

The results for the year and the net total return are set out in the Consolidated Income Statement on page 25. The Group revenue profit after tax for the year was £1,656,000 (2006: £1,892,000). An interim dividend of 1.5p per share was paid on 15 August 2007. In addition special dividends were paid on 20 October 2006 and 20 April 2007. The Directors propose to pay a final dividend of 4.0p per share on 8 February 2008.

Directors

The current Directors of the Company are shown on pages 3 and 4 along with brief biographical details. In accordance with the Articles of Association Charles Wilkinson and Geoff Miller offer themselves for re-election.

The Directors at 30 September 2007 and their beneficial interests in the Ordinary shares of the Company are as follows:

		At 30 September 2007 Number of Ordinary Shares	At 1 October 2006 Number of Ordinary Shares
George Robb	beneficial	**1,693,826**	1,693,826
	non-beneficial	**30,314**	30,314
Barry Aling	beneficial	**1,174,800**	1,871,800
	non-beneficial	**–**	–
Geoff Miller	beneficial	**–**	–
	non-beneficial	**–**	–
Hugh Tilney	beneficial	**55,000**	55,000
	non-beneficial	**–**	–
Charles Wilkinson	beneficial	**–**	–
	non-beneficial	**–**	–

Corporate Governance

The Statement of Corporate Governance is shown on pages 19 to 22.

Financial Statements

The Directors' responsibilities regarding the financial statements are set out on page 18. The Directors acknowledge that their responsibility to present a balanced and understandable assessment extends to interim and other price sensitive public reports and reports to regulators as well as to information required to be presented by statutory requirements.

Risk Management

The major risks associated with the Group's businesses are market risk, liquidity risk and credit risk. The Group has established a comprehensive framework for managing these risks, which evolves as the Group's business activities change in response to market, credit and other developments. The Group's policies for managing each of these risks and its exposure thereto are detailed in note 26 to the financial statements.

Going Concern

The Company adopted a new investment objective requiring the Company to effect an orderly realisation of its investment portfolio and return cash to shareholders. After making enquiries and given the nature of the Group and its investments, the Directors are satisfied that it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

Substantial Interests

On 30 September 2007 the following were registered or had notified the Company as being interested in 3% or more of the Company's Ordinary share capital:

Name of Shareholder	Number of Ordinary Shares Held	% Held
Philip J Milton & Co. Plc Discretionary Clients	4,048,285	19.51%
Advance UK Trust plc	2,275,000	10.97%
George Robb	1,693,826	8.16%
Barry Aling	1,174,800	5.66%
John Taylor	1,168,422	5.63%
City Group Global Market	875,000	4.22%
Bear Stearns International Trading Limited	775,000	3.74%
HALB Nominees Limited clients	748,625	3.61%
Bear Stearns Securities Corp	659,000	3.18%

Creditor Payment Policy

It is the policy of the Company to settle all investment transactions in accordance with the terms and conditions of the relevant market in which it operates. All other expenses are paid on a timely basis in the ordinary course of business. The Directors do not consider any creditors to represent trade creditors.

Recommendation

Your Directors believe that the adoption of the Resolutions to be proposed at the Annual General Meeting is in the best interests of the Company and its Shareholders as a whole and accordingly recommend you to vote in favour of the Resolutions.

Special Business at the Annual General Meeting

Under Resolution 7, it is proposed in line with common practice that the Directors are authorised to allot up to £1,670,247 of relevant securities in the Company (equivalent to 6,680,988 ordinary shares of 25 pence, representing approximately 33% of the Company's issued share capital) for a period ending at the conclusion of the Annual General Meeting in 2009. The Directors have no present intention to issue further ordinary shares in the Company.

Resolution 8 proposes that the Directors be conferred the authority to issue equity securities of the Company for cash other than on a pre-emptive basis as provided by the Companies Act 1985 ("the Act"). Other than in connection with a rights or scrip dividend of other similar issue, the authority contained in this resolution will be limited to issues of ordinary shares and/or sales of treasury shares representing an aggregate nominal value of £253,067 which in turn represents 5% of the issued ordinary share capital of the Company as at 10 January 2008. This authority will expire at the conclusion of next years Annual General Meeting. As at 10 January 2008, the Company did not hold any shares in treasury.

Resolution 9, which is a special resolution, renews the authority at last year's Annual General Meeting and gives the Company authority to buy back its own ordinary shares as permitted by the Act. The authority limits the number of ordinary shares that can be purchased to a maximum of 3,034,789 ordinary shares representing 14.99% of the issued share capital as at 10 January 2008 and sets the maximum and minimum prices that can be paid. The authority would only be exercised if the Directors believed that to do so would result in an increase in earnings per shares and would be in the interests of shareholders generally. Any repurchased shares will be cancelled.

Auditors

On 2 April 2007 Solomon Hare Audit LLP changed its name to Smith & Willliamson Solomon Hare Audit LLP. Smith & Williamson Solomon Hare Audit LLP, have indicated their willingness to continue in office and a resolution to reappoint Smith & Williamson Solomon Hare Audit LLP as auditors will be proposed at the forthcoming Annual General Meeting, along with a resolution to authorise the Directors to fix their remuneration.

By order of the Board

B Bhagani *Secretary* 10 January 2008

Directors' Remuneration Report

This Report is prepared in accordance with Schedule 7A of the Companies Act 1985.

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 29 November 2007 and will be put to the shareholders for approval at the Annual General Meeting on 5 February 2008.

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 the Executive Director is determined by the Remuneration Committee, which consists of the non-executive Directors, Charles Wilkinson (Chairman), Barry Aling, Geoff Miller and Hugh Tilney. The members of the Remuneration Committee attend the Company's Annual General Meeting and are available to answer questions from shareholders about the remuneration of Directors.

Remuneration Policy

Subject to an aggregate of £150,000 as set out in the articles, it is the Company's policy to determine the level of Non Executive Directors' fees having regard to the level of fees payable to non-executive directors in the industry generally, the role that individual Directors fulfil in respect of Board and Committee responsibilities and the time committed to the Company's affairs.

No element of the Non-Executive Directors' remuneration is performance related.

The terms of the contract of service of the Managing Director with effect from 1 October 2007 include:

(1) A basic salary payable per annum to Mr. Robb of £130,000.

(2) A contribution to a pension scheme of 15% of the basic annual salary.

(3) A performance related bonus of 10% of the difference between the highest NAV achieved during the year and a performance hurdle, compounded annually, of 7% growth in the Benchmark NAV on 1 October 2007 of 131.42p.

(4) Termination on the earlier of 20 May 2010 or on the expiry of twelve months notice by either party.

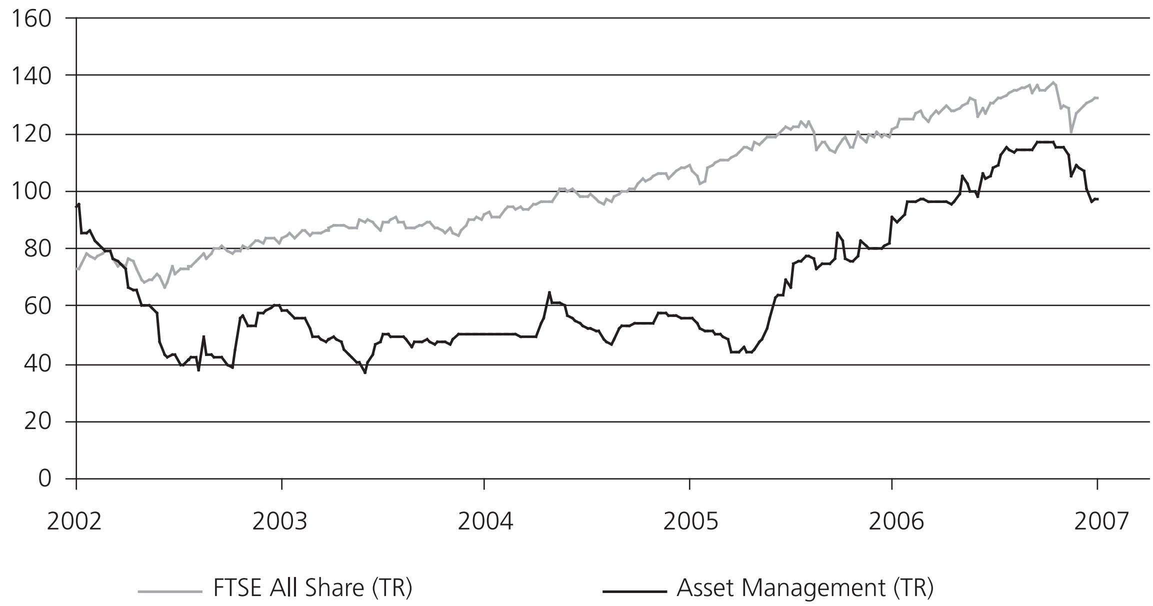
A resolution to receive and adopt the Directors' Remuneration policy will be proposed at the Annual General Meeting.

Directors' Remuneration Report *continued*

Total Shareholder Return

The graph below illustrates the total shareholder return for a holding in the Company's ordinary shares as compared to the FTSE All Share Total Return Index for the five years until 30 September 2007.

The following graph charts the total return index of the Company since 1 October 2002 against the FTSE All Share index which is regarded as the most direct comparator for this purpose.



Service Contracts

Each non-executive Director is appointed under the terms of a letter of appointment pursuant to which with effect from 1 October 2007 the Chairman is entitled to an annual fee of £28,000 and each of the non-executive directors is entitled to an annual fee of £20,000 payable in equal monthly instalments. Each of the Director's appointments is terminable upon three months written notice by either party. Save as disclosed above, there are no proposed service contracts or letters of engagement between any of the Directors and the Company.

Pension benefits

Pension benefits is provided and is based on basic salary. A contribution of £15,750 was paid to George Robb during the year which represents 15% of basic salary.

Information subject to Audit

Details of Directors' remuneration are given in note 7 to the Financial Statements.

By order of the Board

Charles Wilkinson, *Chairman Remuneration Committee* 10 January 2008

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements.

Company law requires the Directors to prepare such financial statements in accordance with International Financial Reporting Standards, the Companies Act 1985 and Article 4 of the IAS Regulation. International Accounting Standard 1 requires that financial statements present fairly for each financial year the company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable International Financial Reporting Standards. Directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in International Financial Reporting Standards is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance;
- prepare the accounts on a going concern basis unless, having assessed the ability of the company to continue as a going concern, management either intends to liquidate the entity or to cease trading, or have no realistic alternative but to do so.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a Directors' report which complies with the requirements of the Companies Act 1985.

In so far as the directors are aware:

- there is no relevant audit information of which the group's auditors are unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Statement of Corporate Governance

The Company is committed to a high standard of corporate governance. This statement describes how the principles and supporting principles identified in the Combined Code, published in July 2003, have been applied by the Group throughout the year ended 30 September 2007 as set out below:

The Board

The Board currently consists of four non-executive Directors and one Executive Director.

All Directors, with the exception of Mr George Robb, are considered by the Board to be independent. Mr Robb is the Managing Director and the Chief Investment Officer and as such is not considered to be independent.

Each Director has the requisite high level and range of business and financial experience which enables the Board to provide clear and effective leadership of the Company. The Board considers that the post of chief executive officer is not relevant as this role has effectively been delegated to Mr Robb.

Mr Geoff Miller has been identified as the senior independent non-executive Director, to whom any concerns can be conveyed by the shareholders.

The biographies of the Directors appear on pages 3 and 4 of this annual report and indicate the range of Directors' investment, commercial and professional experience.

The Board met six times during the year ended 30 September 2007. In addition, the Audit Committee met three times and the Remuneration Committee met once. Between these formal meetings there is regular contact with the Managing Director.

To enable the Board to function effectively and allow Directors to discharge their responsibilities, full and timely access is given to all relevant information. In the case of Board meetings, this consists of a comprehensive set of papers, including a review of the investment portfolio and discussion documents regarding specific matters.

The Board and Committees have undertaken their annual performance evaluation, to ensure that members have devoted sufficient time and contributed adequately to the work of the Board and Committees. The Chairman has been evaluated by his fellow Directors.

The Board sets the Group's values and objectives and ensures that its obligations to its Shareholders are met. It has formally adopted a schedule of matters which are required to be brought to it for decision by the Managing Director, thus ensuring that it maintains full and effective control over strategic, financial, operational and compliance issues.

These matters include:

- The maintenance of clear investment objectives and risk management policies;
- The monitoring of the business activities of the Group;
- Companies Act requirements such as the approval of the interim and annual financial statements and approval of the interim dividends;
- Major changes relating to the Group's structure, including share buybacks;
- Board appointments and related matters;
- Terms of reference and membership of Board Committees, and Stock Exchange, UK Listing Authority and Financial Services Authority matters, such as approval of all circulars and releases concerning matters decided by the Board.

There is an agreed procedure for Directors to take independent legal advice, if necessary, at the Group's expense.

The Directors have access to the advice and services of the Company Secretary, who is responsible to the Board:

- For ensuring that Board procedures are complied with;
- Under the discretion of the Chairman, for ensuring good information flows with the Board and its committees; and
- For advising on corporate governance matters.

An induction meeting will be arranged by the Chairman on the appointment of any new Director, covering details about the Group, the investment strategy, legal responsibilities and investment trust industry matters. Directors are provided on a regular basis with key information on the Group's policies, regulatory and statutory requirements and internal controls. Changes affecting Directors' responsibilities are advised to the Board as they arise.

The Chairman of the Group is a non-executive Director.

External Agencies
The Board has contractually delegated the registration services to an external agency, whose contract was entered into after full and proper consideration by the Board of the quality and cost of services offered.

Board Committees
Separate Audit, Remuneration and Nominations Committees have been established.

Nominations Committee
A Nominations Committee has been established with written terms of reference and at year-end comprised Charles Wilkinson (Chairman), George Robb, Barry Aling, Geoff Miller and Hugh Tilney.

During the year the Nominations Committee, together with the Board, reviewed the composition of the Board to ensure that the balance of its membership and experience of individual Directors remained appropriate to lead the Company. A formal, rigorous and transparent process for the appointment of any new Directors has been established.

Audit Committee
An Audit Committee has been established with written terms of reference and comprises Barry Aling (Chairman), Charles Wilkinson, Geoff Miller and Hugh Tilney. Three meetings were held during the year. The terms of reference of the Committee, which are available on request, are reviewed and re-assessed for their adequacy at each meeting.

The terms of reference of the Audit Committee include:

- The review of the effectiveness of the internal control environment of the Group including receiving reports from the secretary and external auditors on a regular basis;
- The review of the interim and annual reports and financial statements;
- The review of the terms of appointment of the Auditors together with their remuneration as well as any non-audit services provided by the Auditors;
- The review of the scope and results of the audit and the independence and objectivity of the Auditors.

At each meeting, the Audit Committee examined the annual or interim report and financial statements, reviewed the Group's internal controls and reviewed the scope of the audit and the auditors' management report to the Board.

The Group has in place a policy for controlling the provision of non-audit services by the Auditors, in order to safeguard their independence and objectivity. Non-audit work which might compromise independence is prohibited.

Remuneration Committee
At year-end this comprised Charles Wilkinson (Chairman), Barry Aling, Geoff Miller and Hugh Tilney. Details of the work of the Remuneration Committee are set out in the Directors' remuneration report.

Communication with Shareholders
The Group places a great deal of importance on communication with its Shareholders. As required under the Combined Code, the Annual Report is posted to Shareholders at least twenty business days before the Annual General Meeting. At the last Annual General Meeting, details of proxy votes received (including the number of abstentions) were disclosed in accordance with the Combined Code.

Shareholders also have direct access to the Group via the Company website, and the Managing Director and Company Secretary respond to all any shareholder queries.

Accountability and audit
The Directors' Statement of Responsibilities in respect of the Financial Statements is on page 18 and the Statement of Going Concern is included in the Directors' Report on page 13. The Board is satisfied that the members of the Audit Committee have received recent and relevant financial experience.

Internal Controls
The Board is responsible for the Group's system of internal control and reviews its effectiveness at least annually. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

Through the regular meetings of the Board and the schedule of matters reserved to the Board or its duly authorised Committees for decision, the Board aims to maintain full and effective control over appropriate strategic, financial, operational and compliance issues. The Board has put in place an organisational structure with clearly defined lines of responsibility and delegation of authority. Each year, the Board considers and approves a strategic plan and an annual budget. In addition, there are established procedures and processes for planning and controlling expenditure and the making of investments. There are also information and reporting systems for monitoring the Group's businesses and their performance.

The risk process is regularly reviewed by the Board and the Audit Committee and complies with the internal control guidance for Directors on the Combined Code issued by the Turnbull Committee. The process established for the Group includes:

Processes
- A planning framework which incorporates a Board approved strategic plan;
- Formal business risk reviews performed by management which evaluate the potential financial impact and likelihood of identified risks and possible new risk areas;

- a comprehensive system of financial reporting to the Board, based on an annual budget with monthly reports against actual results, analysis of variances, scrutiny of key performance indicators and regular re-forecasting;
- regular treasury reports to the Board, which analyse the funding requirements of each class of assets, track the generation and use of capital and the volume of liquidity, measure the Group's exposure to interest and exchange rate movements and record the level of compliance with the Group's funding objectives;
- Well defined procedures governing the appraisal and approval of investments including detailed investment and divestment approval procedures incorporating appropriate levels of authority and regular post investment reviews.

The Directors do not consider it appropriate for the Company to have an internal audit function due to the size of the organisation. The system of internal control was in place during the entire period under review.

Independent auditors' report to the shareholders of Asset Management Investment Company plc

We have audited the group and parent company financial statements (the 'financial statements') of Asset Management Investment Company plc for the year ended 30 September 2007 which comprise the Group Income Statement, the Group and Parent Company Balance Sheets, the Group and Parent Company Cash Flow Statements, the Group and Parent Company Statement of Change in Shareholders' Equity and the related notes 1 to 27. These financial statements have been prepared under 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 auditors' 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 directors and auditors

The directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and those International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We read the information contained within the Directors' Report and consider whether it is consistent with the audited financial statements.

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 and Article 4 of the IAS Regulation. We report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, 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 nine provisions of the 2003 FRC 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 statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the unaudited part of the Directors' Remuneration Report, the Chairman's Statement 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 International Standards on Auditing (UK and Ireland) 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 company's circumstances, 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 and the part of the Directors' Remuneration Report to be audited 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 group financial statements give a true and fair view, in accordance with those IFRSs as adopted by the European Union, of the state of the group's affairs as at 30 September 2007 and of its profit for the year then ended:
- the parent company financial statements give a true and fair view, in accordance with those IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the parent company's affairs as at 30 September 2007;
- 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 and Article 4 of the IAS Regulation; and
- the information given in the Directors' Report is consistent with the financial statements.

Smith & Williamson Solomon Hare Audit LLP
Chartered Accountants
Registered Auditors
Bristol
Date 10 January 2008

Consolidated Income Statement

for the year ended 30 September 2007

	Notes	**Year ended 30 September 2007** Revenue £'000	Capital £'000	Total £'000	Year ended 30 September 2006 Revenue £'000	Capital £'000	Total £'000
Gains on assets at fair value	2	**–**	**2,578**	**2,578**	–	9,973	9,973
Investment income	3	**2,424**	**–**	**2,424**	2,597	–	2,597
Administration expenses	4	**(214)**	**(645)**	**(859)**	(266)	(803)	(1,069)
Exceptional administration expenses		**–**	**–**	**–**	(172)	(516)	(688)
Profit before finance costs and taxation		**2,210**	**1,933**	**4,143**	2,159	8,654	10,813
Interest payable	5	**(154)**	**(460)**	**(614)**	(176)	(528)	(704)
Movement on loan redemption derivative		**(63)**	**(188)**	**(251)**	–	–	–
Interest receivable		**87**	**–**	**87**	448	–	448
Zero dividend preference shares		**–**	**–**	**–**	–	(1,860)	(1,860)
		2,080	**1,285**	**3,365**	2,431	6,266	8,697
Profit on ordinary activities before taxation							
Taxation	8	**(424)**	**291**	**(133)**	(539)	539	–
Profit for the period		**1,656**	**1,576**	**3,232**	1,892	6,805	8,697
Earnings per share							
Return per ordinary share (basic)	10	**7.83p**	**7.46p**	**15.29p**	8.88p	31.96p	40.84p
Return per ordinary share (diluted)	10	**7.83p**	**7.46p**	**15.29p**	8.88p	31.96p	40.84p

The total column of this statement represents the Group's Income Statement, prepared in accordance with IFRS. The supplementary revenue and capital columns are both prepared under guidance published by the Association of Investment Companies. All items in the above statement derive from continuing operations.

The notes on pages 30 to 43 form part of the financial statements.

Balance Sheets

for the year ended 30 September 2007

	Notes	30 September 2007 Group £'000	30 September 2007 Company £'000	30 September 2006 Group £'000	30 September 2006 Company £'000
Non-current assets					
Property, plant and equipment	11	**3**	**3**	10	10
Investments					
Fair value through profit or loss					
– Listed investments	12	**6,964**	**6,964**	6,994	6,994
– Unlisted investments	12	**21,529**	**21,759**	22,042	22,354
		28,496	**28,726**	29,046	29,358
Current assets					
Receivables	13	**3,669**	**3,669**	7,809	7,798
Cash and cash equivalents	14	**1,424**	**1,399**	3,123	3,123
Total assets		**33,589**	**33,794**	39,978	40,279
Current liabilities					
Payables	15	**(196)**	**(390)**	(635)	(803)
Bank loans	15	**(1,963)**	**(1,963)**	(2,137)	(2,137)
Zero dividend preference shares	23	**–**	**–**	(2,024)	(2,024)
		(2,159)	**(2,353)**	(4,796)	(4,964)
Total assets less current liabilities		**31,430**	**31,441**	35,182	35,315
Non-current liabilities					
Bank loans	16	**(3,567)**	**(3,567)**	(8,064)	(8,064)
Loan Redemption Derivative	25	**(251)**	**(251)**	–	–
Net assets		**27,612**	**27,623**	27,118	27,251
Equity					
Ordinary share capital	17	**5,186**	**5,186**	5,396	5,396
Special Reserve	18	**6,438**	**6,438**	9,380	9,380
Capital Redemption Reserve		**8,330**	**8,330**	7,107	7,107
Other capital reserves	19,20	**5,766**	**5,470**	3,179	2,995
Retained earnings	21	**1,960**	**2,267**	2,227	2,544
Own share reserve	22	**(68)**	**(68)**	(171)	(171)
Total equity		**27,612**	**27,623**	27,118	27,251
Allocation of shareholders' funds					
Net asset value per ordinary 25p share (basic)	24	**133.76p**	**133.82p**	127.27p	127.89p
Net asset value per ordinary 25p share (diluted)	24	**133.76p**	**133.82p**	127.27p	127.89p

The financial statements were approved by the Board of Directors on 10 January 2008 and were signed on its behalf by:

Charles Wilkinson *Chairman* **George Robb** *Managing Director*

The notes on pages 30 to 43 form part of the financial statements.

Statements of Change in Equity

for the year ended 30 September 2007

Group

	Ordinary share capital £'000	Special reserve £'000	Capital redemption reserve £'000	Own reserve share £'000	Other capital reserves £'000	Retained earnings £'000	Total £'000
Net assets at 30 September 2006	5,396	9,380	7,107	(171)	3,179	2,227	27,118
Cancellation of Ordinary shares	(210)	(918)	210	–	–	–	(918)
Cancellation of ZDP shares	–	(2,024)	1,013	–	1,011	–	–
Profit for the period	–	–	–	–	1,576	1,656	3,232
Ordinary dividend paid	–	–	–	–	–	(1,923)	(1,923)
Movement in own shares	–	–	–	103	–	–	103
Net assets at 30 September 2007	**5,186**	**6,438**	**8,330**	**(68)**	**5,766**	**1,960**	**27,612**

Company

	Ordinary share capital £'000	Special reserve £'000	Capital redemption reserve £'000	Own reserve share £'000	Other capital reserves £'000	Retained earnings £'000	Total £'000
Net assets at 30 September 2006	5,396	9,380	7,107	(171)	2,995	2,544	27,251
Cancellation of ordinary shares	(210)	(918)	210	–	–	–	(918)
Cancellation of ZDP shares	–	(2,024)	1,013	–	1,011	–	–
Profit for the period	–	–	–	–	1,464	1,646	3,110
Ordinary dividend paid	–	–	–	–	–	(1,923)	(1,923)
Movement in own shares	–	–	–	103	–	–	103
Net assets at 30 September 2007	**5,186**	**6,438**	**8,330**	**(68)**	**5,470**	**2,267**	**27,623**

Statements of Change in Equity

for the year ended 30 September 2006

Group

	Ordinary share capital £'000	Share premium £'000	Special reserve £'000	Capital redemption reserve £'000	Own reserve share £'000	Other equity reserve £'000	Other capital reserves £'000	Retained earnings £'000	Total £'000
Net assets at 30 September 2005	5,396	23,588	–	–	(171)	33	(10,727)	1,307	19,426
Transfer to special reserve	–	(23,588)	23,588	–	–	–	–	–	–
Cancellation of shares	–	–	(14,208)	7,107	–	–	7,101	–	–
Profit for the period	–	–	–	–	–	(33)	6,805	1,892	8,664
Ordinary dividend paid	–	–	–	–	–	–	–	(972)	(972)
Net assets at 30 September 2006	5,396	–	9,380	7,107	(171)	–	3,179	2,227	27,118

Company

	Ordinary share capital £'000	Share premium £'000	Special reserve £'000	Capital redemption reserve £'000	Own reserve share £'000	Other equity reserve £'000	Other capital reserves £'000	Retained earnings £'000	Total £'000
Net assets at 30 September 2005	5,396	23,588	–	–	(171)	33	(11,192)	1,624	19,278
Transfer to special reserve	–	(23,588)	23,588	–	–	–	–	–	–
Cancellation of shares	–	–	(14,208)	7,107		–	7,101	–	–
Profit for the period	–	–	–	–	–	(33)	7,086	1,892	8,945
Ordinary dividend paid	–	–	–	–	–	–	–	(972)	(972)
Net assets at 30 September 2006	5,396	–	9,380	7,107	(171)	–	2,995	2,544	27,251

Cash Flow Statements

for the year ended 30 September 2007

	30 September 2007		30 September 2006	
	Group £'000	**Company £'000**	Group £'000	Company £'000
Net income from operations before tax	**3,365**	**3,240**	8,697	9,236
Depreciation	**7**	**7**	5	5
(Increase)/decrease in receivables	**4,140**	**4,129**	27	27
Increase/(decrease) in other payables	**(572)**	**(546)**	259	296
(Gains)/losses on investments held at fair value through profit and loss	**(2,578)**	**(2,493)**	(9,973)	(10,227)
(Gains)/loss on derivative	**251**	**251**	–	–
Receipt from EBT scheme	**103**	**103**	–	–
Appropriation in respect of zero dividend preference shares	**–**	**–**	1,860	1,860
Cash generated by operations	**4,716**	**4,691**	875	1,197
Taxes refunded	**–**	**–**	–	–
Net cashflow from operating activities	**4,716**	**4,691**	875	1,197
Investing activities				
Purchase of investments	**(2)**	**(2)**	(475)	(475)
Sale of investments	**2,656**	**2,656**	13,722	13,437
Net cash inflow from investing activities	**2,654**	**2,654**	13,247	12,962
Net cash inflow from operating and investing activities	**7,370**	**7,345**	14,122	14,159
Financing activities				
Repurchase of ZDP shares	**(2,024)**	**(2,024)**	(14,276)	(14,276)
Repurchase of ordinary shares	**(918)**	**(918)**	–	–
Repayment of loan	**(4,671)**	**(4,671)**	(365)	(378)
Equity dividend paid	**(1,923)**	**(1,923)**	(972)	(972)
Net cash outflow from financing	**(9,536)**	**(9,536)**	(15,613)	(15,626)
Increase/(decrease) in cash	**(2,166)**	**(2,191)**	(1,491)	(1,467)
Effect of foreign exchange rate changes	**467**	**467**	(724)	(724)
Changes in cash and cash equivalents	**(1,699)**	**(1,724)**	(2,215)	(2,191)
Cash and cash equivalents at beginning of period	**3,123**	**3,123**	5,338	5,314
Cash and cash equivalents at end of period	**1,424**	**1,399**	3,123	3,123

Notes to the Financial Statements

1. Accounting policies

(a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), comprising standards and interpretations issued by the International Accounting Standards Board ("IASB") as adopted by the European Union and in accordance with Companies Act 1985. The consolidated financial statements are presented in pounds sterling, rounded to the nearest thousand.

The financial statements are prepared under the historic cost convention except for measurement at fair value of investments. The financial statements have been prepared on an ongoing basis. The principal accounting policies adopted are set out below. Where presentational guidance set out in the Statement of Recommended Practice ("the SORP") for investment trusts issued by the Association of Investment Companies ("the AIC") in December 2005 is consistent with the requirements of IFRS, the directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

(b) Valuation of investments

Investments are classified as financial assets at fair value through profit or loss.

(i) Listed investments are initially recognised on purchase at trade date and measured at fair value. Subsequent to initial recognition, all listed investments are measured at fair value.

(ii) Unlisted investments are valued by the Directors at fair value having regard to the International Private Equity and Venture Capital Valuation Guidelines. Where fair values cannot be reliably measured, they are valued at cost less impairment. 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 transaction 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.

(iii) Changes in the fair value of all held-at-fair-value assets are taken to the Income Statement.

(iv) Investments are de-recognised at the trade date of disposal. On disposal, realised gains and losses are recognised in the Income Statement.

(c) Presentation of Consolidated Income Statement

In order to better reflect the activities of an investment trust company, and in accordance with guidance issued by the Association of Investment Companies ('AIC'), supplementary information which analyses the Income Statement between items of a revenue and capital nature has been presented alongside the Income Statement. In accordance with the Company's status as a UK investment company under section 266 of the Companies Act 1985, net capital returns may not be distributed by way of dividend. Additionally, the net revenue is the measure the directors believe appropriate in assessing the Group's compliance with certain requirements set out in section 842 of the Income and Corporation Taxes Act 1988.

(d) Income

Dividends receivable on equity shares are recognised as revenue for the year on an ex-dividend basis. Dividends receivable on equity shares where no ex-dividend date is quoted are brought into account when the Company's right to receive payment is established. Income from fixed interest debt securities is recognised using the effective interest rate method. Bank deposit interest is accounted for on an accruals basis.

(e) Expenses

All expenses and interest payable are accounted for on an accruals basis. Expenses are charged to the capital column of the Income Statement (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 column of the Income Statement and 25 per cent to the revenue column of the Income Statement, 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.

(f) Taxation

The charge for taxation is based on taxable profits for the period.

Deferred taxation is provided on all taxable temporary differences that have originated but not reversed by the balance sheet date, other than those differences regarded as permanent. Any liability to deferred tax is provided at the average rate of tax expected to apply, based on tax law that had been enacted or substantially enacted by the balance sheet date. A deferred tax asset is recognised only to the extent that it is considered probable that sufficient taxable profits will be available to allow the deferred tax benefits of that asset to be utilised.

(g) Foreign currency

For the purposes of the consolidated financial statements, the results and financial position of each entity are expressed in pounds sterling, which is the functional currency of the Company and the presentational currency of the Group. Sterling is the functional currency because it is the currency of the primary economic environment in which the Group operates.

Transactions recorded in overseas currencies during the year are translated into sterling at the appropriate daily exchange rates. Assets and liabilities denominated in overseas currencies at the balance sheet date are translated into sterling at the exchange rates ruling at that date. Exchange differences are dealt with in the capital column of the Income Statement or revenue column of the Income Statement depending on the nature of the transaction.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and money held by the Company's bankers on fixed term deposit.

(i) Property, plant and equipment

Depreciation is provided on a straight-line basis on all property, plant and equipment 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) Bank borrowings

Interest-bearing bank loans and overdrafts are recorded as the proceeds are received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the Income Statement using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

(k) Financial Instruments

The ordinary shares are classified as equity share capital.

(l) Dividends payable

Dividends are recognised as a financial liability in the financial statements from the date they are legally distributable.

(m) Going concern and valuation of investments

Whilst the Company's Articles of Association previously contained a provision that the company had a fixed duration to 27 October 2006, on 20 October 2006 the shareholders voted to continue the Company and the Company adopted a new investment objective requiring the Company to effect an orderly realisation of its investment portfolio. Therefore, the financial statements have been prepared on a going concern basis.

(n) Pension costs

Contributions made by the Company to personal pension plans held by the employees are charged to the Income Statement as incurred.

2 Analysis of gains on assets at fair value

Consolidated

	Listed £'000	Unlisted £'000	2007 Total £'000	2006 Total £'000
Realised	**(1,916)**	**5,305**	**3,389**	(14,107)
Unrealised	**4,462**	**(5,740)**	**(1,278)**	23,867
Foreign exchange movement	**–**	**467**	**467**	213
Total return on investments in the year	**2,546**	**32**	**2,578**	9,973

Transaction costs

The following transaction costs, including stamp duty and broker commissions, were incurred during the year	**30 September 2007**		30 September 2006	
	Group £'000	**Company £'000**	Group £'000	Company £'000
Purchases	**2**	**2**	–	–
Sales	**19**	**19**	1	1
	21	**21**	1	1

3 Income

	2007 Group £'000	2006 Group £'000
Income from listed investments		
Franked investment income	**134**	1
Unfranked investment income	**–**	66
	134	67
Income from unlisted investments		
Franked investment income	**–**	614
Unfranked investment income	**748**	928
Foreign income dividends	**1,552**	958
Other income	**(10)**	30
	2,290	2,530
Total Income	**2,424**	2,597
Total income comprises:		
Dividends	**1,686**	1,574
Interest	**748**	994
Other investment income	**(10)**	29
	2,424	2,597
Income from investments		
Listed UK	**109**	559
Unlisted	**2,315**	2,038
	2,424	2,597

4 Administration expenses

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

	Revenue £'000	**Capital £'000**	**2007 Total £'000**	Revenue £'000	Capital £'000	2006 Total £'000
Depreciation of tangible fixed assets	**2**	**6**	**8**	3	9	12
Directors' remuneration	**68**	**205**	**273**	42	126	168
Auditors' remuneration:						
for audit	**7**	**21**	**28**	6	18	24
for other services	**8**	**24**	**32**	4	12	16
Requisition and reorganisation costs	**–**	**–**	**–**	172	516	688
Other expenses	**129**	**389**	**518**	211	638	849
	214	**645**	**859**	438	1319	1757

Auditors' remuneration for the period in respect of UK audit services amounted to £28,700 (2006: £24,283). Total fees in respect of non-audit services amounted to £32,460 (2006: £39,099). Non-audit services during the year related to tax compliance £8,312 (2006: £5,052) and other services £24,148 (2006: £34,047). These fees have been recognised in the Consolidated Income Statement. These services are reviewed by the Audit Committee to ensure that the independence and objectivity of the auditors is not compromised.

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

5 Interest

	2007 Group £'000	2006 Group £'000
Interest due on bank loans and Loan Notes repayable, within five years not by instalments	**154**	176
	154	176

A further £460,000 (2006: £528,000) of interest payable has been charged to the capital reserve (note 19).

6 Staff costs

	2007 Group	2006 Group
Average number of persons employed during the year	**2**	2

	2007 Group £'000	2006 Company £'000
Staff costs for the year (including the Executive Director)		
Salaries	**326**	349
Social Security costs	**37**	27
Pension costs	**37**	23
Other Staff costs	**19**	61
	419	460

7 Directors' remuneration

	2007 Group £'000	2006 Group £'000
Directors' fees and emoluments	**267**	170
Pension costs	**16**	15
Other benefits	**6**	–
	289	185

Included in the above are Directors' remuneration of £216,750 (Group and Company) (2006: £138,000) which has been charged to capital reserve (note 19).

Details of service contracts with Directors are given in the Report of the Board on Remuneration on page 16.

Details of Remuneration

	Salary and Fees £'000	**Bonus Payments £'000**	**Other benefits £'000**	**Total before pension £'000**	**Pension costs £'000**	**2007 Total £'000**	2006 Total £'000
Executive							
G A Robb	103	88	6	197	16	213	117
Non-Executive							
G Miller	17	–	–	17	–	17	17
B Aling	17	–	–	17	–	17	22
H Tilney	17	–	–	17	–	17	4
C E Wilkinson	25	–	–	25	–	25	25
	179	88	6	273	16	289	185

There were no Directors' share options remaining on 30 September 2007.

8 Taxation

	2007 Group £'000	**2007 Company £'000**	2006 Group £'000	2006 Company £'000
UK Corporation Tax				
Current tax on income for the period	**158**	**158**	–	–
Double Taxation relief	**(25)**	**(25)**	–	–
Foreign Tax				
Current tax on income for the period	**–**	**–**	–	–
Tax on profit on ordinary activities	**133**	**133**	–	–
Allocated:				
Revenue	**424**	**424**	539	539
Capital (Note 19)	**(291)**	**(291)**	(539)	(539)
	133	**133**	–	–

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% (2006: 30%). The differences are explained below.

	2007 Group %	2007 Company %	2006 Group %	2006 Company %
Standard rate of tax for the period	**30.0**	**30.0**	30.0	30.0
Non-taxable income	**(2.1)**	**(2.1)**	(7.6)	(7.6)
Expenses not deductible	**0.6**	**0.6**	–	–
Utilisation of losses	**(0.7)**	**(0.7)**	–	–
Small companies relief	**(2.8)**	**(2.8)**	–	–
Double taxation relief	**(2.8)**	**(2.8)**	–	–
	22.2	**22.2**	22.4	22.4

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

	2007 £'000	2006 £'000
Amounts recognised as distributions to equity holders in the period		
Final dividend of 3.5p per ordinary share (2006: 3.0p)	**745**	648
Interim dividend of 1.5p per ordinary share (2006: 1.5p)	**320**	324
Special interim dividend of 2.0p per ordinary share (2006: nil)	**432**	–
Special interim dividend of 2.0p per ordinary share (2006: nil)	**426**	–
	1,923	972
Amounts not recognised as distributions in the period:		
Special interim dividend of nil per ordinary share (2006: 2.0p)	**–**	432
Proposed final dividend of 4.0p per ordinary share (2006: 3.5p)	**830**	745
	830	1,177

The proposed final dividend of 4.0p per ordinary share for 2007 will be approved after the year-end and has not been included as a liability in these financial statements.

The total dividend payable in respect of the financial year, which is the basis on which the requirements of Section 842 Income and Corporation Taxes Act 1988 are considered:

	2007 £'000	2006 £'000
Final dividend of 4.0p per ordinary share (2006: 3.5p)	**830**	745
Interim dividend of 1.5p per ordinary share (2006: 1.5p)	**320**	324
Special interim dividend of 2.0p per ordinary share (2006: 2.0p)	**426**	432
	1,576	1,501

10 Earnings per share

The earnings per ordinary share is based on the net profit after taxation of £1,656,000 (2006 – £1,892,000) and on 21,148,413 (2006 – 21,307,632) being the weighted average number of ordinary shares in issue during the year following for adjustments for shares held in an Employee Benefit Trust and All Share Employee Share Ownership Plan.

The return per Ordinary share can be further analysed between revenue and capital as follows:

	Revenue	**Capital**	**2007 Total**	Revenue	Capital	2006 Total
Profit for the period	**1,656**	**1,576**	**3,232**	1,892	6,805	8,697
Earnings per share						
Return per ordinary share (basic)	**7.83p**	**7.46p**	**15.29p**	8.88p	31.96p	40.84p

11 Property, plant and equipment

Group	Office equipment £'000	Fixtures and fittings £'000	Total £'000	2006 Total £'000
Cost				
At 1 October 2006	11	13	24	21
Addition	–	–	–	3
At 30 September 2007	11	13	24	24
Depreciation				
At 1 October 2006	8	6	14	6
Charge for the year	3	4	7	8
At 30 September 2007	11	10	21	14
Net book value				
At 30 September 2007	–	3	3	
At 30 September 2006	3	7	10	10

Company	Office equipment £'000	Fixtures and fittings £'000	Total £'000	2006 Total £'000
Cost				
At 1 October 2006	11	13	24	21
Addition	–	–	–	3
At 30 September 2007	11	13	24	24
Depreciation				
At 1 October 2006	8	6	14	6
Charge for the year	3	4	7	8
At 30 September 2007	11	10	21	14
Net book value				
At 30 September 2007	–	3	3	
At 30 September 2006	3	7	10	10

12 Investments held at fair value through profit and loss

Group

	Listed investments £'000	Unlisted investments £'000	Total £'000
Cost			
At 1 October 2006	2,773	33,810	36,583
Additions	–	2	2
Disposals	(660)	(5,385)	(6,045)
At 30 September 2007	**2,113**	**28,427**	**30,540**
Unrealised capital (loss)/gain			
At 1 October 2006	4,221	(11,768)	(7,547)
Movement in year	2,546	(435)	2,111
Transfer to realised capital reserve	(1,916)	5,305	3,389
At 30 September 2007	**4,851**	**(6,898)**	**(2,047)**
Valuation			
At 30 September 2007	**6,964**	**21,529**	**28,493**
At 30 September 2006	6,994	22,042	29,036

The market value of listed investments at the year-end was £6,964,000 (2006: £6,994,000)

Company

	Subsidiary undertaking £'000	Listed investments £'000	Unlisted investments £'000	Total £'000
Cost				
At 1 October 2006	–	2,773	34,014	36,787
Additions	–	–	2	2
Disposals	–	(660)	(5,385)	(6,045)
At 30 September 2007	**–**	**2,113**	**28,631**	**30,744**
Unrealised capital gain/(loss)				
At 1 October 2006	236	4,221	(11,896)	(7,439)
Movement in year	–	2,546	(517)	2,029
Transfer to realised capital reserve	–	(1,916)	5,305	3,389
At 30 September 2007	**236**	**4,851**	**(7,108)**	**(2,021)**
Valuation				
At 30 September 2007	**236**	**6,964**	**21,523**	**28,723**
At 30 September 2006	236	6,994	22,118	29,348

Details of investments in subsidiaries

Name of company	Class of capital	Percentage of class held %	Country of incorporation and operation	Principal activity
AMIC Canada Limited	Ordinary	100.00	Canada	Winding up

Significant Holdings

At 30 September 2007 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	Percentage of class held %	Country of incorporation and operation
City of London Investment Group	Ordinary	6.65	United Kingdom
Columbus Financial Services	Ordinary	25.50	United Kingdom
Financial Management Advisors	Ordinary	18.75	United States of America
Hillview Capital Partners	Ordinary	33.33	United States of America
Integrated Asset Management	Ordinary	5.32	United Kingdom
IFDC Group	Ordinary	17.25	Luxembourg
International Foreign Exchange Concepts	Ordinary	8.34	United States of America
MMCM Holdings	Ordinary	47.95	United States of America
Principal Investment Holdings Limited	Ordinary	8.10	United Kingdom
The Mayberry Group	Ordinary	7.89	United States of America

None of the investments are associate undertakings, 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.

Geographic analysis of investments	**2007 %**	2006 %
UK	**33**	26
North America	**40**	50
Europe	**27**	24
	100	100

13 Receivables

	2007 Group £'000	**2007 Company £'000**	2006 Group £'000	2006 Company £'000
Prepayments and accrued income	**112**	**112**	136	136
Other debtors	**1**	**1**	17	17
Amount due from subsidiary companies	**–**	**–**	11	–
*Amount due from FX Concepts	**3,556**	**3,556**	7,645	7,645
	3,669	**3,669**	7,809	7,798

* Relates to an amount of $8,000,000 which is being paid by instalments of $4,000,000 each in July 2008 and 2009.

14 Cash and cash equivalents

	2007 Group £'000	2007 Company £'000	2006 Group £'000	2006 Company £'000
Cash at Bank	**1,424**	**1,399**	3,123	3,123
	1,424	**1,399**	3,123	3,123

15 Payables: amounts falling due within one year

	2007 Group £'000	2007 Company £'000	2006 Group £'000	2006 Company £'000
Other Creditors	**–**	**–**	534	534
Other taxation and social security	**–**	**–**	5	5
Accruals and deferred income	**63**	**63**	96	45
Amount due to subsidiary company	**–**	**194**	–	219
Bank loan	**1,963**	**1,963**	2,137	2,137
Tax creditor	**133**	**133**	–	–
	2,159	**2,353**	2,772	2,940

16 Non-current liabilities: amounts falling due after one year

	2007 Group £'000	2007 Company £'000	2006 Group £'000	2006 Company £'000
Bank Loan	**3,567**	**3,567**	8,064	8,064
	3,567	**3,567**	8,064	8,064

At the year end the Company had outstanding bank loans from Investec Bank (UK) Limited ("Investec") of (1) a term facility of US$8 million repayable in two annual payments of US$4 million each from the receipt of monies due from International Foreign Exchange Concepts Inc ("IFEC") under the terms of a disposal agreement between the Company and IFEC dated 7 February 2006 and (2) a revolving facility of £4 million. Both facilities bear interest at a rate of 250 basis points above the London interbank rate, calculated monthly in arrears. The Loans are secured by a debenture over the Company's assets.

At the year end the outstanding amounts due to Investec are $8 million under the term facility and £1.75 million under the revolving credit facility.

17 Called up share capital

	2007 £'000	2006 £'000
Authorised		
28,000,000 (2006: 28,000,000) ordinary shares of 25p each	**7,000**	7,000
Nil (2006: 9,000,000) zero dividend preference shares of £1 each	**–**	9,000
	7,000	16,000
Allotted, issued and fully paid		
20,745,426 (2006: 21,585,426) ordinary shares of 25p each	**5,186**	5,396
Nil (2006: 1,012,672) zero dividend preference shares of £1 each	**–**	1,013
	5,186	6,409

The remaining zero dividend preference shares have all been redeemed in October 2006. There were 880,000 unissued zero dividend preference shares which were cancelled at the 2007 Annual General Meeting. During the year the following Ordinary Shares were repurchased for cancellation:

Date	Number of shares	Total cost of repurchase including expenses £'000
10/11/2006	275,000	262
01/08/2007	435,000	505
10/08/2007	130,000	151
Total	840,000	918

The Company AESOP scheme held 2,794 shares at year end and the scheme has been wound up in December 2007 and the Company Employee Benefit Trust held 100,000 shares as at 30 September 2007.

18 Special Reserve

	£'000
At 1 October 2006	9,380
Movements during the year	(2,942)
At 30 September 2007	6,438

During the year the remaining zero dividend preference shares were redeemed upon maturity in October 2006 and paid from the special reserve. The repurchase of ordinary shares for cancellation was also paid from the special reserve.

19 Realised Capital Reserve

Group

	Listed £'000	Unlisted £'000	Administration charges £'000	Total £'000
At 1 October 2006	(522)	22,485	(11,160)	10,803
Transfer from unrealised capital reserve (Investments)	1,916	(5,305)	–	(3,389)
Charge for the year	–	–	(1,002)	(1,002)
Transfer from special reserve for redemption of ZDP shares	–	–	1,011	1011
At 30 September 2007	**1,394**	**17,180**	**(11,151)**	**7,423**

Company

	Listed £'000	Unlisted £'000	Administration charges £'000	Total £'000
At 1 October 2006	(4,153)	24,801	(9,856)	10,792
Transfer from unrealised capital reserve (Investments)	1,916	(5,305)	–	(3,389)
Charge for the year	–	–	(1,032)	(1,032)
Transfer from special reserve for redemption of ZDP shares	–	–	1,011	1,011
At 30 September 2007	**(2,237)**	**19,496**	**(9,877)**	**7,382**

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

20 Unrealised capital reserve

Group

	Listed £'000	Unlisted £'000	Total £'000
At 1 October 2006	1,325	(8,949)	(7,624)
Movement in year	2,546	(435)	2,111
Transfer to capital reserve (Investments)	(1,916)	5,305	3,389
Foreign exchange	–	467	467
At 30 September 2007	**1,955**	**(3,612)**	**(1,657)**

Company

	Listed £'000	Unlisted £'000	Total £'000
At 1 October 2006	4,872	(12,669)	(7,797)
Movement in year	2,546	(517)	2,029
Transfer from capital reserve	(1,916)	5,305	3,389
Foreign exchange	–	467	467
At 30 September 2007	**5,502**	**(7,414)**	**(1,912)**

21 Revenue reserve

	2007		2006	
	Group £'000	Company £'000	Group £'000	Company £'000
At 1 October 2006	2,227	2,544	1,307	1,624
Profit for the year	1,656	1,646	1,892	1,892
Dividends paid	(1,923)	(1,923)	(972)	(972)
At 30 September 2007	**1,960**	**2,267**	**2,227**	**2,544**

22 Own Share Reserve

	Group and Company £'000
At 1 October 2006	171
Additions	–
Disposals	(103)
At 30 September 2007	**68**

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. The market value of these shares as at 30 September 2007 was £97,500.

23 Zero Dividend Preference Shares

The Zero dividend preference shares in issue on 30 September 2006 were 1,012,672. These shares in issue were all redeemed in October 2006.

24 Net asset value

The net asset value per ordinary share for the Group is based on a net asset value of £27,612,000 (30 September 2006 – £27,118,000) and on 20,642,632 (30 September 2006 – 21,307,632) ordinary shares in issue at year-end.

The basic net asset value per ordinary share as at 30 September 2007 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 Employee Benefit Trust (100,000) and All Employee Share Ownership Plan (2,794).

25 Contingent liabilities (Loan Redemption Derivative)

A charge of £251,000 has been reflected in the Consolidated Income Statement, being the movement in the equity-based derivative for the redemption premium payable to Investec Bank on the date the last loan facility is settled in full, equal to 5% of the increase in market capitalisation of the LSE listed ordinary shares of the Company from 13 September 2006, the date of funding.

26 Financial Instruments

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

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 Investment Manager constantly monitors the price of listed investments held by the Group on a real-time basis. The Investment manager reports to the Board on the unlisted investments and constantly monitors their carrying values. A list of the main investments held by the Group is shown in the Investment Portfolio on pages 8 to 11. All investments are stated at fair value.

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 to meet payments in the foreseeable future.

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

- Movements in exchange rates affect the value of investments
- Movement in exchange rates affect the income received
- Movement in exchange rates affect the value of bank borrowings and interest payments

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. As at 30 September 2007, the Group had no open forward contracts.

Interest rate risk arises in respect of the Group's bank loans. As at 30 September 2007 the Group's loans carried a variable rate of interest of 2.5% over LIBOR.

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 2007 is:

2007	Sterling £'000	US$ £'000	Total £'000
Fixed rate investments	–	7,782	7,782
Weighted average interest rate	–	10.00%	9.93%
Weighted average period for which interest rate is fixed	–	4.0 Years	4.0 Years
2006			
Fixed rate investments	627	13,706	14,333
Weighted average interest rate	6.00%	10.00%	9.83%
Weighted average period for which interest rate is fixed	1.0 Years	5.0 Years	6.0 Years

Financial liabilities

As at 30 September 2007, the Company's bank loans of US$8 million and £1.75 million bearing interest at a rate of 250 basis points above the London interbank rate and is calculated monthly in arrears. Details are given in note 16 of the maturity of the bank loan.

In accordance with the SORP, the following covenants are attached to the loans at 30 September 2007:

- At least £3,500,000 of the Total 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 3:1;
- At all times the total debt: income ratio shall less than 5:1.

In addition, Investec retain charge over the Company's current and future investment holdings, cash and rights to receive payments under the International Foreign Exchange Concepts Inc agreement

Fair value of financial instruments

The Directors consider the fair value of the loans to be the value of the book values.

	2007		2006	
	Carrying value £'000	**Fair value £'000**	Carrying value £'000	Fair value £'000
Zero dividend preference shares	**–**	**–**	2,024	2,024
Long term loan	**5,530**	**5,530**	10,201	10,201

27 Related party transaction and ultimate controlling party

Please refer to the information given in the Directors remuneration report on page 16 for compensation given to Group's key management personnel.

The terms of the agreement between the Company and the Managing Director is also set out in the Directors remuneration report on page 16.

The Directors consider there is no ultimate controlling party.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Asset Management Investment Company PLC will be held at One London Wall, London, EC2Y 5AB at 10.00 am on 5 February 2008 for the following purposes:

Ordinary Business

1 To receive and adopt the Directors' Report and Financial Statements for the year ended 30 September 2007, together with the Auditors' Report thereon.

2 To approve the proposed final dividend of 4.0p per ordinary share.

3 To receive and adopt the Directors' Remuneration Report.

4 To re-elect Charles Wilkinson, who retires by rotation, as a Director.

5 To re-elect Geoff Miller, who retires by rotation, as a Director.

6 To approve the re-appointment of Smith & Williamson Solomon Hare Audit LLP as Auditors and to authorise the Directors to agree their remuneration.

Special Business

To consider the following resolutions which will be proposed as ordinary resolutions:

7 That the Directors be and are hereby generally and unconditionally authorised for the purpose of Section 80 of the Companies Act 1985 ("the Act") to exercise all the powers conferred pursuant to Article 13 of the Company's Articles of Association up to an aggregate nominal amount equal to £1,670,247 ("section 80 amount") representing 33% of the present issued share capital provided that this authority shall expire (unless previously renewed varied or revoked by the Company in general meeting) at the conclusion of the next Annual General Meeting of the Company to be held in 2009 (the "prescribed period").

To consider the following resolutions which will be proposed as special resolutions:

8 That the Directors be generally and unconditionally authorised to exercise all powers conferred pursuant to Article 13 of the Company's Articles of Association and pursuant to Section 94 (2) to Section 94 (3A) of the Act up to an aggregate nominal amount equal to £253,067 such authority to expire at the conclusion of the prescribed period (the "section 89 amount").

9 That the Company is, pursuant to Section 166 of the Act, hereby generally and unconditionally authorised to make market purchases (within the meaning of Section 163 of the Act) of ordinary shares provided that;

   1 The maximum number of ordinary shares hereby authorised to be purchased is 3,034,789 representing 14.99% of the issued ordinary share capital of the Company;

   2 The minimum price which may be paid for ordinary shares is 25 pence per ordinary share;

   3 The maximum price (exclusive of expenses) which may be paid for an ordinary share shall be higher of not more than (i) 5 per cent above the average of the middle market quotations for an ordinary share on the London Stock Exchange Daily Official List for the five business days immediately preceding the date on which any such purchase is made and (ii) the higher of the last independent trade and the highest current bid on the London Stock Exchange;

4 the Company may make a contract to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority which contract to purchase will be executed wholly or partly after the expiry of such authority, and may make the purchase of the ordinary shares in pursuance of any such contract and;

5 the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company to be held in 2009.

By Order of the Board

Bharat Bhagani *Secretary* 10 January 2008

Notes

1 Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that to be entitled to attend, vote and speak 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 10.00 a.m. on 3 February 2008. A member entitled to attend, vote and speak is entitled to appoint a proxy or proxies to attend, vote and speak instead of him. A proxy need not be a member of the Company but must attend the Meeting to represent you.

2 A Form of Proxy in order to be valid must be delivered to Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6ZR not later than 10.00 a.m. on 3 February 2008.

3 Copies of all contracts of service and letters of appointment of Directors of the Company are available for inspection during normal business hours at the Company's registered office on any weekday except public holidays, and at the place of the meeting for a period of fifteen minutes prior to the annual general meeting and during the meeting.

4 As at 10 January 2008, the Company's issued share capital comprised 20,245,426 ordinary shares of 25 pence each. Each ordinary share carries the right to one vote at general meetings of the Company.

5 Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between them and the member by whom they were nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, they may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights. The statement of the rights of members in relation to the appointment of proxies in paragraph 1 above does not apply to Nominated Persons. The rights described in this paragraph can only be exercised by members of the Company.

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AMIC

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