

ARTEMIS INVESTMENT MANAGEMENT LIMITED

Report and Financial Statements

Year ended 31 December 2003



ARTEMIS INVESTMENT MANAGEMENT LIMITED

REPORT AND FINANCIAL STATEMENTS 2003

CONTENTS

Page

Officers and professional advisers

1

Directors' report

2

Statement of directors' responsibilities

3

Independent auditors' report

4

Profit and loss account

5

Balance sheet

6

Cash flow statement

7

Notes to the accounts

8

ARTEMIS INVESTMENT MANAGEMENT LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M R J Tyndall
J E Dodd
H M Grossart
C D Newell
T Cross Brown
P A Abberley
M C Newby (resigned 27 February 2003)

SECRETARY

M J Murray

REGISTERED OFFICE

42 Melville Street
Edinburgh EH3 7HA

BANKERS

Bank of Scotland
1 Castle Terrace
Edinburgh EH1 2DP

AUDITORS

Deloitte & Touche LLP
Edinburgh

ARTEMIS INVESTMENT MANAGEMENT LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2003.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

Artemis Investment Management Limited and its subsidiaries provide specialist investment management services to pooled funds and institutional clients. It is expected that these activities will continue for the foreseeable future.

RESULTS AND DIVIDENDS

The audited financial statements for the year ended 31 December 2003 are set out on pages 5 to 18. The profit for the year after taxation was £5,988,794 (2002 - profit of £491,213).

The directors recommend a final preference share dividend of £31,405 which, together with the interim dividend of £30,894 paid on 15 September 2003 makes a total of £62,299 for the year (2002 - £33,459).

The directors also recommend an ordinary share dividend of £2,000,039 (2002 - £nil) to be payable on 28 May 2004 to ordinary shareholders on the register at the close of business on 31 December 2003.

The retained profit of £3,926,456 for the year has been transferred to reserves.

DIRECTORS AND THEIR INTERESTS

The directors of the Company who served during the year ended 31 December 2003 are listed on page 1. M C Newby resigned as a director on 27 February 2003. The following directors had interests in the share capital of the Company at 31 December 2003:

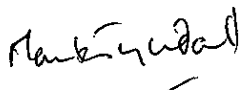
	Ordinary shares of £1 each	
	2003	2002
M R J Tyndall	3,360	3,360
J E Dodd	3,360	3,360
H M Grossart	400	400
C D Newell	260	260

AUDITORS

On 1 August 2003 Deloitte & Touche, the Company's auditors, transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1989. The Company has in place an elective resolution under section 386(1) of the Companies Act 1989 which dispenses with the requirement to reappoint auditors at an Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

M R J Tyndall



Director

27 April 2004

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ARTEMIS INVESTMENT MANAGEMENT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARTEMIS INVESTMENT MANAGEMENT LIMITED

We have audited the financial statements of Artemis Investment Management Limited for the year ended 31 December 2003 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes 1 to 21. These financial statements have been prepared under the accounting policies set out therein.

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

As described in the statement of directors' responsibilities, the Company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

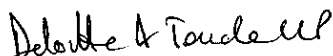
Basis of opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. 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 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Edinburgh
27 April 2004

ARTEMIS INVESTMENT MANAGEMENT LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2003

	Note	2003 £	2002 £
Turnover	2	19,935,874	8,115,626
Other income	3	1,162,058	-
Administrative expenses		(12,758,440)	(7,281,949)
Operating profit	4	8,339,492	833,677
Interest receivable		7,133	2,329
Interest payable		(13,463)	(4,745)
Profit on ordinary activities before taxation		8,333,162	831,261
Taxation on profit on ordinary activities	7	(2,344,368)	(340,048)
Profit for the financial year		5,988,794	491,213
Ordinary dividends	8	(2,000,039)	-
Preference dividends	8	(62,299)	(33,459)
Retained profit for the financial year	16	3,926,456	457,754

There have been no recognised gains and losses attributable to the shareholders other than the profit for the current and preceding financial year and, accordingly, no Statement of Total Recognised Gains and Losses is shown.

The result for each financial year equates to the historical cost result for each financial year.

The current and prior year results have been derived wholly from continuing operations.

The notes on pages 8 to 18 form an integral part of these financial statements.

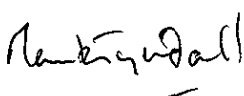
ARTEMIS INVESTMENT MANAGEMENT LIMITED

BALANCE SHEET 31 December 2003

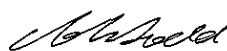
	Note	2003 £	2002 £
FIXED ASSETS			
Intangible assets	9	2,258,910	2,519,554
Tangible assets	10	1,051,121	367,077
Investments	11	43,741,556	42,539,941
		<u>47,051,587</u>	<u>45,426,572</u>
CURRENT ASSETS			
Investments		968	-
Debtors	12	6,394,447	4,483,869
Cash at bank and in hand		4,234,152	800
		<u>10,629,567</u>	<u>4,484,669</u>
CREDITORS: amounts falling due within one year	13	<u>(7,106,434)</u>	<u>(2,894,323)</u>
NET CURRENT ASSETS		<u>3,523,133</u>	<u>1,590,346</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		50,574,720	47,016,918
CREDITORS: amounts falling due after more than one year	14	<u>-</u>	<u>(300,000)</u>
NET ASSETS		<u>50,574,720</u>	<u>46,716,918</u>
CAPITAL AND RESERVES			
Called up share capital	15	1,016,443	1,016,443
Share premium	16	44,873,440	44,873,440
Other reserves	16	-	123,663
Profit and loss account	16	4,684,837	703,372
SHAREHOLDERS' FUNDS	17	<u>50,574,720</u>	<u>46,716,918</u>
Shareholders' funds may be analysed as:			
Equity interests		49,599,720	45,741,918
Non-equity interests		975,000	975,000
		<u>50,574,720</u>	<u>46,716,918</u>

The notes on pages 8 to 18 form an integral part of these financial statements. These financial statements were approved by the Board of Directors on 27 April 2004.

Signed on behalf of the Board of Directors



M R J Tyndall
Director



J E Dodd
Director

ARTEMIS INVESTMENT MANAGEMENT LIMITED

CASH FLOW STATEMENT

For the year ended 31 December 2003

	Note	2003 £	2002 £
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES			
	18 (i)	6,383,034	(61,049)
Returns on investment and servicing of finance	18 (ii)	(70,683)	2,329
Taxation	18 (iii)	(644,666)	-
Capital expenditure and financial investment	18 (iv)	(1,268,458)	(681,243)
Cash inflow/(outflow) before financing		<u>4,399,227</u>	<u>(739,963)</u>
Financing	18 (v)	(300,000)	731,302
Increase/(decrease) in cash in the year	18 (vii)	<u><u>4,099,227</u></u>	<u><u>(8,661)</u></u>

The notes on pages 8 to 18 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2003

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below.

Basis of accounting

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Tangible fixed assets

Tangible fixed assets are stated at cost net of depreciation. Depreciation is provided on tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset on a straight line basis over its expected useful life as follows:

Office equipment	2 years	Office furniture and fittings	2 years
Leasehold improvements	5 years	Antiques and works of art	indefinite

In prior years, antiques and works of art have been included within the office furniture and fittings category, and depreciated over 2 years. In 2003 this policy has been changed to reflect the fact that such assets maintain their original value, and are valued fairly at cost. Assets within this category will be revalued by an independent valuer at least every three years. Any increase in the value of these assets following such a valuation would be credited to a non-distributable revaluation reserve.

Investments

Investments in subsidiaries are stated at cost less provision for impairment. Investments in unit trusts are valued at bid (cancellation) price.

Goodwill

Acquired goodwill on acquisition of the Premier Funds Service business is being amortised over a ten year period (refer to Note 9).

Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Turnover

Turnover represents management fees receivable in the normal course of business, net of commissions payable and value added tax.

Pension costs

The Company operates a defined contribution scheme. The amount charged to the profit and loss account in respect of pension costs is the contribution payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2003

1. ACCOUNTING POLICIES (CONTINUED)

Leases

Rentals under operating leases are charged on a straight line basis over the lease term, even if the payments are not made on such a basis.

Employee Benefit Trust

The Company's shares held by the Employee Benefit Trust are included in the balance sheet as a fixed asset investment until such times as the interests in the shares are transferred unconditionally to the employees.

Requirement to Prepare Group Accounts

The Company has taken advantage of the provisions of FRS 2 and has not prepared consolidated accounts because the Company and its subsidiaries are consolidated in the group accounts of the ultimate parent undertaking, ABN AMRO Holding N.V.. Information, in these financial statements, is therefore presented for the individual Company and not the group.

2. TURNOVER

Turnover in both years is derived wholly from UK continuing activities.

3. OTHER INCOME

A gain of £1,162,058 has arisen on the waiver of a debt due by the Company to Artemis Unit Trust Managers Limited in the current year, as described in Note 11.

4. OPERATING PROFIT

Operating profit is stated after charging the following:

	2003 £	2002 £
Depreciation		
- owned assets	328,713	296,316
- leased assets	-	13,722
Loss arising on write off of tangible fixed assets	46,481	-
Operating lease rentals for land and buildings	577,970	340,960
Auditors' remuneration		
- audit	45,000	20,000
- non audit work	30,885	15,718
Write down in value of subsidiary (Artemis Unit Trust Managers Limited)	45,000	-

The Company has settled the audit fees for its subsidiaries Artemis Fund Managers Limited and Artemis Unit Trust Managers Limited. There is no charge for audit fees disclosed in those companies' accounts.

During the current year the business of Artemis Unit Trust Managers Limited ("AUTM") was transferred to Artemis Fund Managers Limited ("AFM"). AUTM transferred its net assets to AFM as part of this re-organisation, and has net assets of £nil; accordingly the Company has written down its carrying value for AUTM by £45,000 to £nil.

ARTEMIS INVESTMENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2003

5. STAFF COSTS

The average monthly number of persons employed by the company during the year (including executive directors) was 67 (2002: 50). Their aggregate remuneration comprises:

	2003 £	2002 £
Staff costs during the year (including directors)		
Wages and salaries	4,348,511	2,776,804
Social security costs	593,972	281,631
Pension costs	385,901	199,134
Termination costs	335,977	-
	<u>5,664,361</u>	<u>3,257,569</u>

6. DIRECTORS' EMOLUMENTS

Included in staff costs above is the following directors' remuneration:

	2003 £	2002 £
Directors' remuneration		
Emoluments	445,000	317,333
Company contributions to defined contribution pension scheme	30,000	27,333
	<u>475,000</u>	<u>344,666</u>

	2003 Number	2002 Number
Pensions		
Number of directors who are members of pension schemes	<u>2</u>	<u>2</u>

The above amounts for remuneration include the following in respect of the highest paid director:

	2003 £	2002 £
Emoluments	212,500	148,667
Company contributions to defined contribution pension scheme	15,000	13,667
	<u>227,500</u>	<u>162,334</u>

ARTEMIS INVESTMENT MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2003

7. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	2003 £	2002 £
UK corporation tax charge	2,344,368	340,048
Reconciliation of tax charge		
Profit on ordinary activities before tax	8,333,162	831,261
Tax charge on profit on ordinary activities at 30%	2,499,949	249,378
Accelerated depreciation and other non-deductible expenses	187,036	90,670
Prior year adjustment	6,000	-
Non-taxable gain arising on waiver of a debt due by the Company to Artemis Unit Trust Managers Limited	(348,617)	-
Current tax charge for the year	2,344,368	340,048

The Company has no deferred tax amounts to be recognised in the current or prior periods.

8. DIVIDENDS PAID AND PROPOSED

	2003 £	2002 £
Dividend proposed on ordinary shares	2,000,039	-
Dividends paid and proposed on preference shares	62,299	33,459
	2,062,338	33,459

On the ordinary shares an interim dividend of £nil per share was paid (2002: £nil) and a final dividend of £48.26 per share has been proposed (2002: £nil).

On the 7% preference shares an interim dividend of £0.0347 per share was paid (2002: £nil) and a final dividend of £0.0353 per share has been proposed (2002: £0.0376).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2003

9. INTANGIBLE ASSETS

	Goodwill £
Cost	
At 1 January 2003	2,606,434
At 31 December 2003	2,606,434
Accumulated amortisation	
At 1 January 2003	86,880
Charge for the year	260,644
At 31 December 2003	347,524
Net book value	
At 31 December 2003	2,258,910
At 31 December 2002	2,519,554

In September 2002, the Company acquired the Premier Funds Service funds of funds unit trust business as part of a transaction with a fellow subsidiary of the ABN AMRO group. The goodwill represents the premium paid for the right to operate this business in perpetuity and is being amortised over a ten year period.

10. TANGIBLE FIXED ASSETS

	Office equipment £	Leasehold improvements £	Office furniture and fittings £	Antiques and works of art £	Total £
Cost					
At 1 January 2003	484,591	239,301	250,476	108,659	1,083,027
Additions	643,585	299,786	36,841	79,026	1,059,238
Disposals	(20,495)	(55,999)	-	-	(76,494)
At 31 December 2003	1,107,681	483,088	287,317	187,685	2,065,771
Depreciation					
At 1 January 2003	350,546	93,838	200,253	71,313	715,950
Depreciation on disposals	(309)	(29,704)	-	-	(30,013)
Charge for the year	220,816	65,469	42,428	-	328,713
At 31 December 2003	571,053	129,603	242,681	71,313	1,014,650
Net book value					
At 31 December 2003	536,628	353,485	44,636	116,372	1,051,121
At 1 January 2003	134,045	145,463	50,223	37,346	367,077

As set out in the accounting policies on pages 8 and 9 antiques and works of art have been separately classified since 1 January 2003. The total of the opening cost and accumulated depreciation shown above for office furniture and fittings and antiques and works of art equals the closing figures given for office furniture and fittings as at 31 December 2002 in the prior year financial statements.

Disposals during the year relate to fixed assets written off.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2003

11. FIXED ASSET INVESTMENTS

	Investment in subsidiary undertakings £	Own shares £	Total £
At 1 January 2003	42,416,278	123,663	42,539,941
New shares issued by subsidiary	1,162,058	-	1,162,058
Write down of value of subsidiary	(45,000)	-	(45,000)
Amortisation of own shares	-	(55,009)	(55,009)
Elimination of other reserves following loan advanced to Employee Benefit Trust	-	(68,654)	(68,654)
Loan advanced to Employee Benefit Trust	-	208,220	208,220
At 31 December 2003	<u>43,533,336</u>	<u>208,220</u>	<u>43,741,556</u>

Subsidiary undertakings

The investment in subsidiary undertakings comprises firstly Artemis Unit Trust Managers Limited ("AUTM"), where the Company owns 100% of the share capital split between 1,000 ordinary shares of £1 each and 44,000 non cumulative redeemable preference shares of £1 each. The aggregate amount of AUTM's capital and reserves at its year end of 31 December 2003 was £nil (2002 - £605,014) with a profit for the financial year reported of £557,044 (2002 - profit of £45,641). The write down of £45,000 against the cost of AUTM brings the carrying value of AUTM in the Company's balance sheet to £nil. This diminution in value is due to AUTM transferring all of its assets and liabilities to Artemis Fund Managers Limited ("AFM") on 31 January 2003. Secondly, the Company owns 100% of AFM's share capital of 6,212,058 ordinary shares of £1 each. AFM issued 1,162,058 ordinary £1 shares on 31 January 2003 to fund the acquisition of the assets and liabilities of AUTM. The new AFM shares were firstly acquired by AUTM, and then transferred to the Company by AUTM in consideration of a loan of £1,162,058 from the Company to AUTM. This loan was waived by AUTM on 17 December 2003. The aggregate amount of AFM's capital and reserves at its year end of 31 December 2003 was £4,436,949 (2002 - £2,942,529) with a profit for the financial year reported of £332,362 (2002 - loss of £32,115).

Employee Benefit Trust

At 31 December 2003, the Employee Benefit Trust held 702 ordinary shares of Artemis Investment Management Limited and had granted options over 435 of these shares to employees of Artemis Investment Management Limited. These shares are funded by a loan from the Company.

12. DEBTORS

	2003 £	2002 £
Amounts falling due within one year:		
Prepayments and other debtors	1,516,285	660,668
Amount owed by subsidiary undertakings	<u>4,878,162</u>	<u>3,823,201</u>
	<u>6,394,447</u>	<u>4,483,869</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2003

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 £	2002 £
Other creditors	2,519,913	950,767
Corporation tax	2,039,750	340,048
Ordinary share dividend payable	2,000,039	-
Amounts owed to other group undertakings	181,629	1,454,844
Other taxation and social security	175,580	91,212
Bank overdraft	158,118	23,993
Preference share dividend payable	31,405	33,459
	<u>7,106,434</u>	<u>2,894,323</u>

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2003 £	2002 £
Long term loan	<u>-</u>	<u>300,000</u>

The long term subordinated loan of £300,000 was repaid on 29 August 2003, after Financial Services Authority approval was granted to the Company to permit the repayment. Interest was payable on a monthly basis at 6 months Sterling LIBOR plus 3%, up to the date of repayment.

15. SHARE CAPITAL

	2003 £	2002 £
Authorised		
Ordinary shares of £1 each	45,587	45,587
0% redeemable preference shares of £1 each	85,000	85,000
7% redeemable preference shares of £1 each	1,315,000	1,315,000
	<u>1,445,587</u>	<u>1,445,587</u>
Allotted, called up and fully paid		
Ordinary shares of £1 each	41,443	41,443
0% redeemable preference shares of £1 each	85,000	85,000
7% redeemable preference shares of £1 each	890,000	890,000
	<u>1,016,443</u>	<u>1,016,443</u>

The 0% redeemable preference shares do not carry any right to receive a dividend. The 7% redeemable preference shares carry a right to receive a fixed non-cumulative preferential dividend of 7% per annum. Both classes of redeemable preference shares are redeemable by the Company at par any time after 31 December 2003. Neither class of redeemable preference shares has any entitlement to vote at general meetings of the Company.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2003

16. RESERVES

	Other reserves £	Share premium account £	Profit and loss account £	Total £
At 1 January 2003	123,663	44,873,440	703,372	45,700,475
Amortisation of own shares and elimination of other reserves*	(123,663)	-	55,009	(68,654)
Retained profit for year	-	-	3,926,456	3,926,456
At 31 December 2003	-	44,873,440	4,684,837	49,558,277

* refer to Note 11

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003 £	2002 £
Profit for the financial year	5,988,794	491,213
Ordinary share dividend payable	(2,000,039)	-
Preference share dividend payable	(62,299)	(33,459)
Amortisation of own shares and elimination of other reserves	(68,654)	-
Recognition of financing of own shares	-	204,952
New share capital subscribed	-	44,458,883
Net addition to shareholders' funds	3,857,802	45,121,589
Opening shareholders' funds	46,716,918	1,595,329
Closing shareholders' funds	50,574,720	46,716,918

18. NOTES TO THE CASHFLOW STATEMENT**(i) Net cash inflow from operating activities**

	2003 £	2002 £
Operating profit	8,339,492	828,932
Gain on waiver of debt owed to Artemis Unit Trust Managers Limited	(1,162,058)	-
Depreciation	328,713	310,038
Loss on disposal of tangible fixed assets	46,481	-
Write down in value of subsidiary	45,000	-
Write down in value of unit trust investments	32	-
Increase in debtors	(1,910,578)	(2,993,242)
Increase in creditors	380,299	1,625,054
Amortisation of goodwill	260,644	86,880
Amortisation of own shares	55,009	81,289
Net cash inflow/(outflow) from operating activities	6,383,034	(61,049)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2003

(ii) Returns on investment and servicing of finance

	2003	2002
	£	£
Interest (paid)/received	(6,330)	2,329
Preference dividend paid	(64,353)	-
	<u>(70,683)</u>	<u>2,329</u>

(iii) Taxation

	2003	2002
	£	£
UK corporation tax paid	(644,666)	-

(iv) Capital expenditure and financial investment

	2003	2002
	£	£
Purchase of tangible fixed assets	(1,059,238)	(274,619)
Loan (advanced to) / repaid by Employee Benefit Trust	(208,220)	553,083
Investment in unit trusts	(1,000)	-
Capitalised acquisition costs for investment in Artemis Fund Managers Limited	-	(977,709)
Sale of tangible fixed assets	-	18,002
Net cash outflow	<u>(1,268,458)</u>	<u>(681,243)</u>

(v) Financing

	2003	2002
	£	£
Proceeds from issue of preference and ordinary share capital	-	458,883
Capital element of finance lease rental payments	-	(27,581)
(Repayment) / receipt of long term loan consideration	(300,000)	300,000
Net cash (outflow)/inflow	<u>(300,000)</u>	<u>731,302</u>

(vi) Non-cash transactions

The Company acquired 1,162,058 ordinary £1 shares in Artemis Fund Managers Limited from Artemis Unit Trust Managers Limited in a non-cash transaction during the current year. The cost of these shares was £1,162,058, as described in Note 11.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2003

(vii) Analysis and reconciliation of cash/(net debt)

	1 January 2003 £	Cash flow £	31 December 2003 £
Cash at bank and in hand	800	4,233,352	4,234,152
Bank overdraft	(23,993)	(134,125)	(158,118)
	(23,193)	4,099,227	4,076,034
Debt due > 1 year	(300,000)	300,000	-
	(323,193)	4,399,227	4,076,034

(viii) Reconciliation of net cash flow to movement in net funds / (debt)

	2003 £	2002 £
Increase/(decrease) in cash during the year	4,099,227	(8,661)
Subordinated loan repaid / (advanced)	300,000	(300,000)
Finance lease obligations paid in the year	-	27,581
Change in net funds / (debt) during year	4,399,227	(281,080)
Net debt at start of year	(323,193)	(42,113)
Net funds / (debt) at end of year	4,076,034	(323,193)

19. ULTIMATE PARENT UNDERTAKING

The Company's immediate parent, which owns 55.42% of its ordinary share capital, is ABN AMRO Asset Management (Holdings) Limited, which is registered in England and Wales.

The ultimate parent undertaking which presents group accounts in which the Company is included is ABN AMRO Holding N.V., a company incorporated in The Netherlands. Group accounts are available from ABN AMRO Bank N.V., Gustav Mahlerlaan 10, 1082PP, Amsterdam, The Netherlands.

20. FINANCIAL COMMITMENTS

Annual commitments under operating leases for land and buildings are £476,660 (2002 - £181,100) for leases which expire in more than 5 years.

21. RELATED PARTY TRANSACTIONS

During the year the Company paid rental of £80,000 (2002 - £80,000) under an operating lease for the premises at 42 Melville Street to Artemis Investment Management Limited Self Administered Pension Scheme which is the group's defined contribution pension scheme. At the year end there was £nil outstanding (2002 - £nil) in relation to this rental agreement.

During the year the Company paid rental of £67,792 (2002 - £101,000) under an operating lease for premises at 30 St James's Square, London to Table Mountain Limited ("TML"). The Company also received a refund

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2003

of £28,861 from TML (2002 – payment to TML of £131,200) in respect of management and service charges previously paid to TML. At the beginning of the year TML held 100% of the 7% redeemable preference share capital. This holding was transferred to connected parties of TML on 1 November 2003. TML held 35,000 of the 85,000 0% redeemable preference share capital of Artemis Investment Management Limited throughout 2003.

During the year the Company paid £132,298 (2002 – £687,205) in respect of staff related expenses and £591,373 (2002 – £392,502) for office premises and related services to ABN AMRO Management Services Limited. ABN AMRO Management Services Limited is a wholly owned member of the ABN AMRO Bank NV group, which owns 58% of the ordinary share capital of Artemis Investment Management Limited.

During the year the Company paid a rebate of management fees of £227,531 (2002 - management fees receivable of £4,600,000) to its subsidiary Artemis Unit Trust Managers Limited. At the year end, the Company had a net balance due from Artemis Unit Trust Managers Limited of £nil (2002 - £771,502). The Company received management fees of £17,124,237 in the year from its subsidiary Artemis Fund Managers Limited (2002 - £2,650,000). At the year end, the Company had a net balance due from Artemis Fund Managers Limited of £4,878,162 (2002 - £1,596,856).