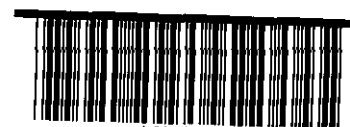


WORLDINVEST LIMITED

Annual Report and Accounts
For the year ended 31 December 2000

Registered Number: 1880176



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DIRECTORS' REPORT

For the year ended 31 December 2000

The Directors present herewith the annual report and financial statements for the year ended 31 December 2000.

BUSINESS ACTIVITIES

The principal activity of the Company is to provide investment management and advisory services and it currently manages global, international and specialist portfolios in bonds and equities for pension funds, supranational institutions, captive insurance companies, endowments, foundations and mutual funds.

The Company is registered as an investment advisor with the Securities and Exchange Commission (SEC) in the United States of America and is a member of the Investment Management Regulatory Organisation Limited (IMRO) in the United Kingdom.

On 31 December 2000 New Star Asset Management Group Limited acquired the entire share capital of WorldInvest Holdings Limited, WorldInvest Limited's parent company.

New Star Asset Management Group Limited ("New Star") is a recently incorporated company, formed by John Duffield and a number of other investors. New Star intends to grow rapidly both organically and through further acquisitions with the aim of establishing itself as a major new fund management business. It will provide asset management services to both the institutional and retail markets.

The key people creating New Star are:

- John Duffield, who founded Jupiter Asset Management in 1985 and turned it into one of the UK's leading fund management groups.
- Martin Smith who was Chairman of the European investment banking business of Donaldson, Lufkin and Jenrette.
- Rupert Ruvigny, a former Pricewaterhouse Coopers partner, who built their investment management regulatory practice and has been a director of monitoring and enforcement at the UK regulator, IMRO.
- Howard Covington, Co-head of the European Transaction Group at Dresdner Kleinwort Wasserstein.

ORGANISATION

WorldInvest will continue as an operating company with its own Board, budgets, and investment process. Broadly speaking WorldInvest will be responsible for managing funds for institutions with a particular emphasis on North America. However we will also be managing some global and regional unit trusts (mutual funds) and SICAVs. All the key staff of WorldInvest have been offered equity ownership in New Star.

RESULTS AND DIVIDENDS

The profit and loss account for the year is set out on page 6.

The 2000 loss for the year attributable to shareholders amounts to £904,334 (1999:£1,017,180)
A dividend of £530,000 was paid (1999: £Nil), on 27 December 2000.

DIRECTORS' REPORT

Continued

FIXED ASSETS

The movements in fixed assets during the year are set out in note 8 to the financial statements.

CHARITABLE CONTRIBUTIONS

During the year the Company made no charitable contributions (1999:£430).

DIRECTORS AND DIRECTORS' INTERESTS IN SHARES

The Directors of the Company who served during the year were:

K Brown	Chairman
C Hall	Resigned 22 June 2000
M Beale	
R Lewis	
C Sanders	
R Ruvigny*	Appointed 31 December 2000
H Covington*	Appointed 31 December 2000

K Davenport resigned as secretary of the company on 31 December 2000 and D J Weekes was appointed secretary.

The Directors marked (*) are also Director's of the ultimate holding company New Star Asset Management Group Limited and their interest in the share capital of New Star Asset Management Group Limited is disclosed in that company's financial statements.

The other Directors who held office on 31 December 2000 were beneficially interested in the shares and options of New Star Asset Management Group Limited, the ultimate parent company, at 31 December 2000 as set out below:

	<u>Ordinary Shares</u>	<u>Redeemable Shares</u>
K Brown	5,000	-
M Beale	10,500	10,500
R Lewis	10,500	10,500
C Sanders	7,500	7,500
	<hr/>	<hr/>
	33,500	28,500
	<hr/>	<hr/>

No Director has an interest in the shares of the Company.

DIRECTORS' REPORT
Continued

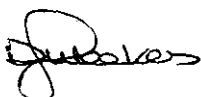
INSURANCE OF DIRECTORS

The company maintains insurance for the Directors in respect of their duties as Directors.

AUDITORS

A resolution to reappoint KPMG Audit Plc as the Company's auditors will be proposed at the annual general meeting.

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'D. J. Weekes', written over a horizontal line.

Mrs D J Weekes
Secretary

1 March 2001

DIRECTORS' REPORT

Continued

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 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 accounts;
- prepare the accounts 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Auditors report to the members of
WORLDINVEST LIMITED**

We have audited the financial statements set out on pages 6 to 15 in accordance with Auditing Standards.

Respective responsibilities of Directors and Auditors

The directors are responsible for preparing the director's report and, as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of opinion

We conducted our audit in accordance with 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 affairs of the Company at 31 December 2000 and of the loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
8 Salisbury Square
London EC4Y 8BB

1 March 2001

5 WORLDINVEST LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2000

	Notes	2000 £	1999 £
Turnover	2	4,364,550	4,465,009
Operating Expenses		(5,602,357)	(5,900,255)
Operating Loss		(1,237,807)	(1,435,246)
Interest receivable and other income	3	101,642	206,448
Net profit on foreign exchange		284,012	106,687
Amount (written off)/written back on investments		(52,181)	120,064
Loss on Ordinary Activities before Taxation	4	(904,334)	(1,002,047)
Taxation	7	-	(15,133)
Loss on Ordinary Activities after Taxation		(904,334)	(1,017,180)
Dividends paid		(530,000)	-
Retained Loss for the year		(1,434,334)	(1,017,180)
Retained Profit at beginning of year		5,732,631	6,749,811
Retained Profit at end of year		4,298,297	5,732,631

There is no material difference between the loss on ordinary activities before taxation and the retained loss for the year stated above and their historical cost equivalents and there were no recognised gains and losses other than those included above.

The entire loss on ordinary activities is attributable to continuing operations.

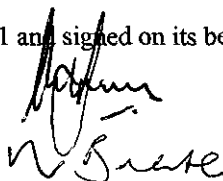
The notes on pages 8 to 15 form part of these financial statements.

BALANCE SHEET
At 31 December 2000

	Notes	2000 £	1999 £
Fixed Assets			
Tangible fixed assets	8	95,679	206,496
Investment in holding company shares	9	-	134,915
Fixed asset investments	10	-	463,477
		95,679	804,888
Current Assets			
Debtors	11	1,451,288	1,843,075
Prepayments		42,994	113,735
Amounts from fellow group companies		2,019,609	526,505
Amounts from Union Plc group companies		-	1,248,711
Cash at bank and in hand		1,559,813	2,739,913
		5,073,704	6,471,939
Current Liabilities			
Amounts falling due within one year:			
Amounts due to Union plc companies		-	234,312
Other creditors including taxation		391,039	211,557
Accruals and deferred income		360,047	978,327
		751,086	1,424,196
Net Current Assets		4,322,618	5,047,743
Total Assets Less Current Liabilities		4,418,297	5,852,631
Capital and Reserves			
Called up share capital	12	120,000	120,000
Profit and loss account		4,298,297	5,732,631
Equity Shareholders' Funds	13	4,418,297	5,852,631

Approved by the Board on 1 March 2001 and signed on its behalf by:-

K BROWN)
) Directors
 M BEALE)



The notes on pages 8 to 15 form part of these accounts

NOTES TO THE ACCOUNTS
for the year ended 31 December 2000

1 PRINCIPAL ACCOUNTING POLICIES

The accounts have been prepared in accordance with applicable accounting standards in the United Kingdom. A summary of the significant accounting policies, which have been applied consistently, is set out below.

(a) Accounting convention

The accounts are prepared in accordance with the historical cost convention.

(b) Fixed assets and depreciation

The cost of fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of fixed assets less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The periods used for this purpose, which are consistent with those of the previous year, are :-

Computer equipment	3 years
Furniture and equipment	5 years

(c) Unlisted investments

Fixed asset investments are stated at cost less any provision for impairment in value.

(d) Taxation

The charge for taxation is based on the result for the year as adjusted for disallowable items. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is probable that liabilities or assets will crystallise.

(e) Pension scheme arrangements

The Company during the year operated a defined benefit pension scheme.

The pension cost relating to the group's pension scheme is charged to the profit and loss account so as to spread the cost of pensions at a level percentage of payroll costs over employees' working lives with the company.

(f) Foreign currencies

Transactions denominated in foreign currencies arising during the accounting period are translated into sterling at the rate of exchange ruling at the date of transaction. At the balance sheet date all monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate ruling at that date. All exchange gains or losses are taken to the profit and loss account in the period in which they arise except for any gains in respect of open forward foreign exchange contracts undertaken for hedging purposes which are recognised only on settlement of the contracts.

NOTES TO THE ACCOUNTS
Continued

1 PRINCIPAL ACCOUNTING POLICIES (continued)

(g) Operating leases

All costs incurred under operating leases are taken to the profit and loss account in the period to which they relate.

(h) Cash Flow Statement

The Company is a wholly owned subsidiary of WorldInvest Holdings Limited which is a wholly owned subsidiary of New Star Asset Management Group Limited and the cash flows of the Company are included in the consolidated cash flow statement of that company. Consequently the Company is exempt under the terms of Financial Reporting Standard No.1 from publishing a cash flow statement.

2 TURNOVER

Turnover comprises management fees earned in respect of investment management and advisory services provided for clients, exclusive of VAT. All turnover is derived from operations in the United Kingdom, however, it is received from clients based in the following geographical locations: -

GEOGRAPHICAL LOCATIONS

	2000 £	1999 £
United States of America	3,493,006	3,375,367
Canada	471,695	543,066
United Kingdom	146,537	158,659
Offshore	217,542	366,795
Other	35,770	21,122
	4,364,550	4,465,009

In the opinion of the Directors a segmental analysis of profit before tax would not be meaningful.

3 INTEREST RECEIVABLE AND OTHER INCOME

	2000 £	1999 £
Bank interest	96,642	197,398
Other	5,000	9,050
	101,642	206,448

NOTES TO THE ACCOUNTS
Continued

4	LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2000 £	1999 £
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Loss on ordinary activities before taxation is stated after charging the following:

Depreciation of tangible fixed assets	143,933	108,592
Rentals in respect of plant and machinery	43,715	34,800
Auditors' remuneration	36,000	35,000
Audit fees	-	7,600
Previous year audit fees	-	-
Other services	20,000	22,000

The company pays audit fees for the immediate parent company and a fellow subsidiary undertaking.

5	EMPLOYEES	2000 £	1999 £
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Personnel costs for the year (including directors)

Wages and salaries	2,611,515	3,044,051
National Insurance contributions	247,167	247,711
Pension costs	220,131	268,786
Other staff costs	338,855	346,946

	3,417,668	3,907,494
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The average number of persons employed by the company during the year by activity was as follows:

Investment professionals	19	19
Administration staff	21	21

	40	40
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NOTES TO THE ACCOUNTS
Continued

6	EMOLUMENTS OF DIRECTORS	2000 £	1999 £
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	Emoluments (in respect of management services provided including pension contributions and benefits in kind)	933,997	791,103
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Retirement benefits are accruing to all five directors under a defined benefits scheme.

	2000 £	1999 £
Highest paid director		
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Emoluments	260,000	193,546
Defined benefits pension scheme:		
Accrued pension at end of year	29,851	43,561
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The highest paid director received no shares or share options during the year.

7	TAXATION	2000 £	1999 £
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The tax charge is based on the loss for the year and is comprised of:-			
United Kingdom corporation tax at 30% (1999: 30.25%)			
	- prior year adjustment	-	15,133
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		-	15,133
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At 31 December 2000 there are losses amounting to approximately £1.7 million available to set against future profits of the same trade.

NOTES TO THE ACCOUNTS
Continued

8	TANGIBLE FIXED ASSETS	Computer Equipment £	Furniture & Equipment £	Total £
	Cost			
	At 1 January 2000	440,389	254,997	695,386
	Additions	42,842	-	42,842
	Disposals	(280,931)	(138,859)	(419,790)
	At 31 December 2000	202,300	116,138	318,438
	Depreciation			
	At 1 January 2000	263,732	225,159	488,891
	Charge for the year	125,776	18,157	143,933
	Disposals	(278,110)	(131,955)	(410,065)
	At 31 December 2000	111,398	111,361	222,759
	Net book values			
	At 31 December 2000	90,902	4,777	95,679
	Net book values			
	At 1 January 2000	176,657	29,838	206,495

9 INVESTMENT IN HOLDING COMPANY SHARES

Noble Lowndes Settlement Trustees Limited acts as Trustee to the WorldInvest Holdings Limited Employee Trust (1993) which holds 1,915,018 ordinary shares of 25p each and 1,228,094 convertible shares of 25p each in Union PLC. The loan to Noble Lowndes Settlement Trustees Limited of £72,979 was repaid during the year.

Hill Samuel (Channel) Islands Trust Company Limited acts as Trustee to the WorldInvest Holdings Limited Employee Trust 1994, which holds 5,028,929 (1999: 6,587,404) ordinary shares of 25p each and 3,225,044 (1999: 4,224,477) convertible shares. The loan to Hill Samuel (Channel Islands) Trust Company Limited of £61,936 (1999: £61,936) was repaid during the year.

NOTES TO THE ACCOUNTS
Continued

10 FIXED ASSET INVESTMENTS

	Total £
<u>Cost</u>	
At 1 January 2000	463,477
Exchange adjustment	38,597
Disposal	(502,074)
Net book value at 31 December 2000	-

11 DEBTORS	2000 £	1999 £
Fees receivable:		
Billed	254,718	276,761
Accrued	1,006,348	1,365,752
	1,261,066	1,642,513
Corporation tax recoverable	-	94,243
Other debtors	190,222	106,319
Total debtors	1,451,288	1,843,075

12 CALLED UP SHARE CAPITAL	2000 £	1999 £
Authorised:		
120,000 Ordinary Shares of £1 each	120,000	120,000
Allotted, called up and fully paid:		
120,000 Ordinary Shares of £1 each	120,000	120,000

NOTES TO THE ACCOUNTS
Continued

13 RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	2000 £	1999 £
Loss for the financial year	(904,334)	(1,017,180)
Dividend to Holding Company	(530,000)	-
	(1,434,334)	(1,017,180)
Opening equity shareholders' funds	5,852,631	6,869,811
Closing equity shareholders' funds	4,418,297	5,852,631

14 OPERATING LEASE COMMITMENTS

The company had annual commitments under non-cancellable operating leases as set out below: -

	2000 £	2000 £	1999 £	1999 £
	Equipment	Motor Vehicles	Equipment	Motor Vehicles
Operating leases				
Expiring within one year	12,288	16,044	12,288	15,072

15 PENSION SCHEME

As explained in note 1(e) the company operated a defined benefit pension scheme, which was closed to new entrants on 31 December 2000. The assets of the Scheme are held separately from those of the Company. Details of the most recent actuarial valuation, together with the assumptions, which have the most significant effect on the results of the valuation, are given in the financial statements of the ultimate holding company.

NOTES TO THE ACCOUNTS
Continued

16 ULTIMATE HOLDING AND CONTROLLING COMPANY

The immediate holding company is WorldInvest Holdings Limited. On 31 December 2000 Union PLC sold WorldInvest Holdings Limited to New Star Asset Management Group Limited (incorporated in Great Britain and registered in England and Wales) as disclosed in the directors report, which was the ultimate holding company at 31 December 2000. The largest and smallest group of which the company is a member is that headed by New Star Asset Management Limited.

17 RELATED PARTY DISCLOSURES

The Company has taken advantage of the exemption, permitted by Financial Reporting Standards No. 8, not to disclose transactions with the New Star Group of Companies.