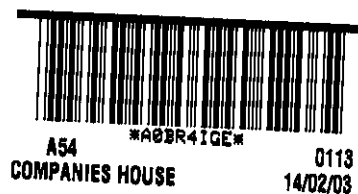


Asset Value Investors Limited
Directors' report and financial
statements
Registered number 01881101
30 September 2002



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Directors' report

The Directors present their annual report and the audited financial statements for the year ended 30 September 2002.

Principal activity

The principal activity of the Company is to manage investments under contract for its clients. The company is regulated by the Financial Services Authority.

Business review

The Company has continued to provide investment management services to the range of clients under contract. The continued bear market has raised new challenges, but the Company is confident that it will continue to provide the strong performance that its clients require.

Results for the period

The profit for the year to 30 September 2002 of £1,388,000 (*9 months to 30 September 2001: £821,000*) is shown in the profit and loss account on page 4.

Dividends

During the period an interim dividend of £1,000,000 was paid (*9 months to 30 September 2001: £1,000,000*). The directors do not recommend the payment of a final dividend.

Directors and Directors' interests

The directors who held office during the period were as follows:

AA Laing
MJ Gilbert
D Swensen (US)
JC Walton
JE Pennink
RM Townsend

No director has any beneficial interest in the share capital of the company.

The beneficial interests of AA Laing and MJ Gilbert in the share capital of Aberdeen Asset Management PLC, the parent undertaking, are shown in the accounts of that company.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board



For Aberdeen Asset Management PLC
Secretaries

One Albyn Place
Aberdeen
AB10 1YG
2002

Statement of Directors' responsibilities

Company law requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the profit or loss 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;
- 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.



KPMG Audit Plc

37 Albyn Place
Aberdeen
AB10 1JB
United Kingdom

Independent auditors' report to the members of Asset Value Investors Limited

We have audited the financial statements on pages 4 to 11.

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 auditor's 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 are responsible for preparing the directors' report and, as described on page 2, 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 1985. 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 audit 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 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 affairs of the Company as at 30 September 2002 and of the profit 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

30 January 2003

Profit and loss account
for the year ended 30 September 2002

		Year ended 30 September 2002 £000	Period from 1 January 2001 to 30 September 2001 £000
	<i>Note</i>		
Turnover	<i>1</i>	4,407	4,123
Administrative expenses (including exceptional costs of £nil (2001: £2,385,000))	<i>2</i>	(2,495)	(3,050)
		<hr/>	<hr/>
Operating profit	<i>3-5</i>	1,912	1,073
Interest receivable		78	100
		<hr/>	<hr/>
Profit on ordinary activities before taxation	<i>2-5</i>	1,990	1,173
Tax on profit on ordinary activities	<i>6</i>	(602)	(352)
		<hr/>	<hr/>
Profit on ordinary activities after taxation		1,388	821
Dividends on ordinary shares	<i>7</i>	(1,000)	(1,000)
		<hr/>	<hr/>
Retained profit (loss) for the period	<i>12</i>	388	(179)
		<hr/> <hr/>	<hr/> <hr/>

A statement of movements on reserves is given in note 12.

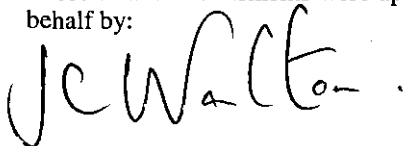
Turnover and operating profit arise wholly from continuing operations in the UK.

There are no recognised gains or losses other than the profit for the financial period.

Balance sheet
at 30 September 2002

	<i>Note</i>	30 September 2002 £000	30 September 2001 £000
Current assets			
Debtors	8	2,255	1,736
Cash at bank and in hand		2,100	1,529
		<hr/>	<hr/>
		4,355	3,265
Creditors: amounts due within one year	9	(2,545)	(1,843)
		<hr/>	<hr/>
Total assets less current liabilities		1,810	1,422
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	10	100	100
Share premium account	11	50	50
Profit and loss account	11	1,660	1,272
		<hr/>	<hr/>
Equity shareholders' funds	12	1,810	1,422
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 30 January 2003 and were signed on its behalf by:



J Walton
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements. The company has adopted FRS 19 *Deferred Tax* in these financial statements. No adjustment was required to the comparative figures.

Basis of preparation

The financial statements have been prepared in accordance with applicable Accounting Standards and under the historic cost accounting rules.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the Company is a wholly owned subsidiary of Aberdeen Asset Management PLC, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Aberdeen Asset Management PLC, within which this Company is included, can be obtained from One Albyn Place, Aberdeen, AB10 1YG.

Foreign currencies

Transactions denominated in foreign currencies are converted at the rates of exchange ruling at the dates of the transactions. Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Exchange differences are dealt with in the profit and loss account.

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Pension costs

The main pension scheme operated by the parent Company is a self-administered money purchase scheme. Benefits from the scheme are based on contributions made. Payments made to the scheme represent current service contributions and are charged to the profit and loss account.

Turnover

Turnover represents amounts receivable in respect of the Company's activities in providing investment management services, exclusive of Value Added Tax.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Notes *(continued)*

2 Exceptional costs

Included with administration expenses are exceptional costs of £nil (9 months to 30 September 2001: £2,385,000) relating to bonuses payable to and additional pension contributions made by the Company in respect of certain directors as a result of the acquisition of the company by Aberdeen Asset Management PLC.

3 Staff numbers and costs

The average number of persons employed by the company (including directors), during the period, analysed by category is as follows:

	Year ended 30 September 2002 Number	Period from 1 January 2001 to 30 September 2001 Number
Directors	3	3
Others	3	3
	<hr/> 6 <hr/>	<hr/> 6 <hr/>

	Year ended 30 September 2002 £000	Period from 1 January 2001 to 30 September 2001 £000
Salaries and other benefits	1,917	1,341
Social security costs	93	159
Pension costs	97	1,106
	<hr/> 2,107 <hr/>	<hr/> 2,606 <hr/>

Notes *(continued)*

4 Directors remuneration

	Year ended 30 September 2002 £000	Period from 1 January 2001 to 30 September 2001 £000
Directors' emoluments	1,501	1,270
Other pension costs	78	1,104
	<hr/> 1,579 <hr/>	<hr/> 2,374 <hr/>

The emoluments of AA Laing and MJ Gilbert are shown in the accounts of Aberdeen Asset Management PLC, the parent undertaking.

The aggregate emoluments of the higher paid director was £1,000,000 (2001: £1,026,154) and pension contributions of £45,211 (2001: £1,000,000) were made to a money purchase scheme on his behalf.

Retirement benefits are accruing to 3 (2001: 3) directors under money purchase schemes.

5 Profit on ordinary activities before taxation

	Year ended 30 September 2002 £000	Period from 1 January 2001 to 30 September 2001 £000
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration – audit fees	3	3
Auditors' remuneration – non audit services	7	6
	<hr/>	<hr/>

Notes (continued)

6 Taxation

Analysis of charge in period

	2002		Period from 1 January 2001 to 30 September 2001
	£000	£000	£000 £000
<i>UK corporation tax</i>			
Current tax on income for the period	503		352
Adjustments in respect of prior periods	224		-
Total current tax		727	352
<i>Deferred tax (see note 8)</i>			
Origination of timing differences	100		-
Adjustment in respect of prior periods	(225)		-
		(125)	-
Tax on profit on ordinary activities		602	352

Factors affecting the tax charge for the current period

The current tax charge for the period is higher (2001: the same as) than the standard rate of corporation tax in the UK (30%, 2001:30%). The differences are explained below.

	2002	Period from 1 January 2001 to 30 September 2001
	£000	£000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	1,990	1,173
Current tax at 30% (2001: 30%)	597	352
<i>Effects of:</i>		
Expenses not deductible for tax purposes	6	-
Other timing differences	(100)	-
Adjustments to tax charge in respect of previous periods	224	-
Total current tax charge (see above)	727	352

Factors that may affect future tax charges

The prior period adjustment to current and deferred tax arises as a result of tax relief on special pension contributions being given over the three years to 30 September 2004.

Notes (continued)

7 Dividends

Year ended	Period from
30 September	1 January 2001
2002	to 30 September
£000	2001
	£000

Interim Paid	1,000	1,000
	<hr/>	<hr/>

8 Debtors

30 September	30 September
2002	2001
£000	£000

Amounts falling due within one year:

Trade debtors	605	-
Amounts owed by group undertakings	266	-
Amount owed by fellow subsidiary undertaking	11	7
Deferred tax asset	125	-
Prepayments and accrued income	1,248	1,728
	<hr/>	<hr/>
	2,255	1,735
	<hr/>	<hr/>

The elements of the deferred tax asset are as follows:

30 September	30 September
2002	2001
£000	£000

Other timing differences	125	-
	<hr/>	<hr/>

9 Creditors: amounts due within one year

30 September	30 September
2002	2001
£000	£000

Amounts owed to parent undertaking	1,707	735
Corporation tax	128	128
Other tax and social security	2	884
Accruals and deferred income	541	13
Other creditors	167	83
	<hr/>	<hr/>
	2,545	1,843
	<hr/>	<hr/>

Notes *(continued)*

10 Share capital

	Authorised £	Allotted, called up and fully paid £
Ordinary shares of £1 each		
At 30 September 2002 and 30 September 2001	133,333	100,000

11 Reserves

	Share premium account £000	Profit and loss account £000
At beginning of year	50	1,272
Profit on ordinary activities after taxation for the year	-	1,388
Dividends	-	(1,000)
At end of year	50	1,660

12 Reconciliation of shareholders' funds

	Year ended 30 September 2002 £000	Period from 1 January 2001 to 30 September 2001 £000
Profit on ordinary activities after taxation for the year	1,388	821
Proposed ordinary dividends	(1,000)	(1,000)
Net movement in shareholders' funds	388	(179)
Opening shareholders' funds	1,422	1,601
Shareholders' funds at end of year	1,810	1,422

13 Contingent liabilities

The Company's bank balance is part of a group working capital facility which is secured by cross guarantees between the Company and certain fellow subsidiary undertakings. At 30 September 2002 the net amount guaranteed under this arrangement was £16,360,470 (2001: £nil).

14 Ultimate parent company

At the year end the Company's ultimate parent company is Aberdeen Asset Management PLC, which is incorporated in the United Kingdom and registered in Scotland.

The results of the Company are consolidated in the group accounts of Aberdeen Asset Management PLC which are available to the public and may be obtained from One Albyn Place, Aberdeen, AB10 1YG.

No other group accounts include the results of the Company.