

JUPITER ASSET MANAGEMENT LIMITED
REPORT AND ACCOUNTS FOR THE YEAR ENDED
31 DECEMBER 1997

Company Registration No. 2036243



JUPITER ASSET MANAGEMENT LIMITED

DIRECTORS

a. Directors who are also directors of the parent undertaking, Jupiter International Group PLC:

J L Duffield (Chairman)
C W Crowther (Deputy Chairman)
M F Heathcoat Amory (Managing Director)
P T R Adderson

M R L Astor
J H D Carey
J N Robinson (resigned 24.1.97)

b. Other directors:

J C R D'Albiac
R M A Allison
S J D Baker
R E M Bland
E H Bonham Carter
P A Butt
J F R Campbell (resigned 23.1.98)
T A Campbell
L Cannon
C Chisholm
K S Cliff
W A H Crewdson (appointed 27.2.97)
M Fone (resigned 17.4.98)
P K C Gibbs (appointed 2.4.97)

J Hamilton
J M G Hamilton-Sharp
E Howard Boyd
P J Hulse
W J Littlewood
A J R Miller
A G Nutt
C E O'Donnell (appointed 23.7.97)
R V Parker (appointed 12.6.97)
R P Pease
T C Pilkington
K Pritchard
M Schuller (appointed 17.4.98)
P R Withers Green

SECRETARY

R H Ridout

AUDITORS

Ernst & Young
Rolls House
7 Rolls Building
Fetter Lane
London EC4A 1NH.

BANKERS

The Royal Bank of Scotland plc
5-10 Great Tower Street
London EC3P 3HX.

Cater Allen Limited
29/33 Princess Victoria Street
Clifton
Bristol BS8 4BY.

REGISTERED OFFICE

Knightsbridge House
197 Knightsbridge
London SW7 1RB.

JUPITER ASSET MANAGEMENT LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 1997

The directors present their report and accounts for the year ended 31 December 1997.

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS DEVELOPMENTS

The company continues to act as investment managers and is regulated by the Investment Management Regulatory Organisation Limited. No significant change in the business of the company is envisaged at present.

RESULTS AND DIVIDENDS

The results for the year are set out in the profit and loss account on page 6.

A dividend of £13,000,000 was paid during the year (1996 - £1,000,000) which leaves retained profits for the year £2,325,198.

DIRECTORS AND THEIR INTERESTS

The directors of the company at the date of this report are shown on page 2.

In 1995 Commerz Asset Management (UK) plc ("CAM(UK)"), a subsidiary of Commerzbank AG, acquired the entire share capital of the parent undertaking, Jupiter International Group PLC, the previous ultimate holding company.

No director had any interest in the shares of the company. The interests of the directors of the company who are also directors of Jupiter International Group PLC, in the shares of CAM(UK) are disclosed in the accounts of Jupiter International Group PLC. The remaining directors' interests are shown in note 15.

During the year, the company has maintained liability insurance for directors in accordance with Section 310 of the Companies Act 1985.

CHARITABLE DONATIONS

The company made charitable donations during the year of £35,000.

SUPPLIER POLICY

It is the company's payment policy to obtain the best terms for all business and therefore there is no consistent policy as to the terms used. In general, the company agrees with its suppliers the terms on which business will take place and it is our policy to abide by these terms. The company has no trade creditors.

JUPITER ASSET MANAGEMENT LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 1997

AUDITORS

Ernst & Young have expressed their willingness to continue in office as auditors and a resolution proposing their reappointment will be submitted at the Annual General Meeting.

By order of the board



Secretary
R H Ridout

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are required under company law 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.

The directors consider that in preparing the financial statements, appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been applied and that applicable accounting standards have been followed. The financial statements have been prepared on a going concern basis.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent fraud and other irregularities.

JUPITER ASSET MANAGEMENT LIMITED

REPORT OF THE AUDITORS

To the members of Jupiter Asset Management Limited

We have audited the financial statements on pages 6 to 14 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

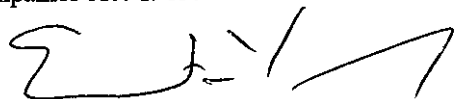
Basis of opinion

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 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 31 December 1997 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst and Young
Chartered Accountants
Registered Auditor

London

Date: 29/4/98

JUPITER ASSET MANAGEMENT LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1997

	Notes	1997 £	1996 £
TURNOVER	2	16,600,210	16,070,375
Other operating income		686,065	802,748
Dividend received from subsidiary undertaking		11,000,000	1,000,000
Administrative expenses	3	<u>(11,405,621)</u>	<u>(11,389,175)</u>
OPERATING PROFIT		16,880,654	6,483,948
Interest receivable		<u>200,540</u>	<u>136,419</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		17,081,194	6,620,367
Taxation	6	<u>(1,755,996)</u>	<u>(765,726)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		15,325,198	5,854,641
Dividends paid		<u>(13,000,000)</u>	<u>(1,000,000)</u>
RETAINED PROFIT FOR THE YEAR		2,325,198	4,854,641
RETAINED PROFIT/(LOSS) BROUGHT FORWARD		<u>3,096,128</u>	<u>(1,758,513)</u>
RETAINED PROFIT CARRIED FORWARD		<u>5,421,326</u>	<u>3,096,128</u>

All items dealt with in arriving at operating profits for 1997 and 1996 relate to continuing activities.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the profit attributable to shareholders of the company of £15,325,198 (1996: £5,854,641).

BALANCE SHEET

AT 31 DECEMBER 1997

The financial statements were approved by the board on 29 April 1998

S. C. L. Hild

Director



JUPITER ASSET MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1997

1. ACCOUNTING POLICIES

a. Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

b. Intangible fixed assets

Intangible fixed assets represent the excess of the purchase consideration over the fair value of the assets purchased and are being amortised on a straight line basis over a maximum of 20 years.

c. Tangible fixed assets

Tangible fixed assets are depreciated on a straight line basis calculated to write off the cost of such assets over their anticipated useful lives. The following depreciation rates are applied:

Short leasehold property	- over the period of the lease
Furniture	- 5 years
Motor vehicles	- 4 years
Computer equipment	- 3 years to 5 years

d. Foreign currencies

Foreign currency transactions are translated at the rates of exchange applicable at the dates of the transactions. Foreign currency balances outstanding at the balance sheet date are translated at the rates of exchange ruling on that date. Realised gains and losses are reflected in the profit and loss account.

e. Pension scheme

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the schemes.

f. Deferred taxation

The company makes provision for deferred taxation on the liability basis to the extent that there is reasonable probability that such deferred taxation may be payable in the foreseeable future.

g. Investments

Fixed asset investments

Fixed asset investments are held at cost unless there has been a permanent diminution in value, in which case they are shown at net realisable value.

Current asset investments

Unlisted investments are stated at the lower of cost and directors' valuation. Listed investments are valued at the lower of cost and market valuations.

Unlisted investments are valued by the directors on the basis of all information, such as the financial position and operating results relating to these investments, that is available to them at the time of the valuation.

h. Prepayments – Incentive Arrangements

Amounts paid in advance to senior management to encourage them to remain with the company are written off over the period to which the incentive arrangements apply. These payments are required to be repaid should individuals leave before the end of the relevant period.

JUPITER ASSET MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1997

2. TURNOVER

Turnover is stated exclusive of value added tax and represents fees receivable in respect of investment management and secretarial services, commission receivable and profit on the sale of securities.

Turnover and profit before taxation relate to one class of business activity, namely investment management. In the opinion of the directors it is neither practicable nor in the best interest of the company to analyse turnover and attributable profits between earnings from UK and overseas clients.

Turnover includes management fees receivable from group undertakings of £1,465,496 (1996: £865,155).

3. ADMINISTRATIVE EXPENSES

	1997	1996
	£	£
Administrative expenses include:		
Amortisation of goodwill	655,015	646,567
Depreciation	204,133	198,866
Auditor's remuneration - audit	27,000	25,000
Auditors' remuneration - other services	13,000	15,000
Operating lease rentals - motor vehicles	5,384	24,094

4. EMPLOYEE INFORMATION

During 1997, employees of Jupiter Unit Trust Managers Limited (JUTM), were paid directly out of that subsidiary undertaking, whereas the 1996 amounts shown below included payments in respect of the employees of JUTM.

a. Employment costs, including directors, and excluding incentive arrangements of £5,900,000

	1997	1996
	£	£
Wages and salaries	5,400,433	5,944,648
Social security costs	545,261	614,140
Employers' pension contributions	621,163	620,371
	<u>6,566,857</u>	<u>7,179,159</u>

b. The average number of persons employed by the company during the year, including directors

1997	1996
<u>104</u>	<u>112</u>

c. Pension arrangements

The company contributes to a defined contribution pension scheme for the benefit of its employees. The contributions are made at the rate of 15% of gross salary into the Jupiter Tyndall Merlin Pension Scheme, whose accounts are available from the trustees at the registered office of the company.

No liability is included in the balance sheet as no obligations were outstanding at the balance sheet date.

JUPITER ASSET MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1997

5. DIRECTORS' EMOLUMENTS

a. Directors' emoluments

The emoluments of the Chairman and other directors who are also directors of Jupiter International Group PLC are disclosed in the accounts of that company. Other directors' emoluments, including pension contributions, are as follows:

	1997 £	1996 £
Fees	201,455	142,842
Other emoluments, including incentive arrangements (note 1(h))	7,877,082	2,562,554
Pension contributions	262,098	232,706
	<u>8,340,635</u>	<u>2,938,102</u>

Pension contributions were made to defined contribution pension schemes during the year on behalf of twenty two directors.

b. Emoluments of the highest paid director

Emoluments, including incentive arrangements (note 1(h))	1,695,499	432,374
Pension contributions	20,754	15,390
	<u>1,716,253</u>	<u>447,764</u>

6. TAXATION

	1997 £	1996 £
UK Corporation tax	1,872,119	765,726
Prior year adjustments	(116,123)	-
	<u>1,755,996</u>	<u>765,726</u>

The taxation charge in 1996 was reduced by losses brought forward.

7. INTANGIBLE FIXED ASSETS

	Cost £	Amortisation £
Balance brought forward	10,423,850	1,308,428
Additions/amortisation for the year	-	655,015
Balance carried forward	<u>10,423,850</u>	<u>1,963,443</u>
Net book value - 31 December 1997	<u>8,460,407</u>	
Net book value - 31 December 1996	<u>9,115,422</u>	

JUPITER ASSET MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1997

8. TANGIBLE FIXED ASSETS

	Short leasehold property £	Furniture £	Computer equipment £	Motor vehicles £	Total £
Cost:					
Brought forward	44,775	87,406	462,804	490,532	1,085,517
Additions	-	-	73,536	162,095	235,631
Disposals	-	-	-	(195,952)	(195,952)
Carried forward	<u>44,775</u>	<u>87,406</u>	<u>536,340</u>	<u>456,675</u>	<u>1,125,196</u>
Depreciation:					
Brought forward	44,775	83,640	311,805	186,809	627,029
Charge for the year	-	1,458	100,084	102,591	204,133
Disposals	-	-	-	(117,541)	(117,541)
Carried forward	<u>44,775</u>	<u>85,098</u>	<u>411,889</u>	<u>171,859</u>	<u>713,621</u>
Net book value:					
At 31 December 1997	<u>-</u>	<u>2,308</u>	<u>124,451</u>	<u>284,816</u>	<u>411,575</u>
At 31 December 1996	<u>-</u>	<u>3,766</u>	<u>150,999</u>	<u>303,723</u>	<u>458,488</u>

9. FIXED ASSET INVESTMENTS

Movement in investments:

	Listed £
At 1 January 1997	5,764,678
Purchases	<u>151,234</u>
At 31 December 1997	<u>5,915,912</u>

The market value of the listed investments as at 31 December 1997 was £5,622,700.

10. INVESTMENT IN SUBSIDIARIES

Investment in subsidiary undertakings are stated at cost. In the opinion of the directors, the aggregate value of the investment in subsidiary undertakings is not less than the amount at which they are stated in the financial statements.

The principal operating wholly owned subsidiary is Jupiter Unit Trust Managers Limited, which is incorporated in England and Wales and operates as a unit trust management company.

JUPITER ASSET MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1997

11. DEBTORS

	1997 £	1996 £
Amounts falling due within one year:		
Trade debtors	5,356,377	4,333,305
Other debtors	110,516	284,002
Prepayments and accrued income	331,167	383,306
Taxation	474,938	606,779
Amount due from parent undertaking	-	958,588
Amounts due from fellow subsidiary undertakings	1,985	252,077
Amount due from subsidiary undertaking	7,203	112,806
	<u>6,282,186</u>	<u>6,930,863</u>
Amounts falling due after more than one year		
Prepayments - Incentive Arrangements (note 1(h))	<u>6,490,150</u>	<u>-</u>

12. CREDITORS

	1997 £	1996 £
Amounts falling due within one year:		
Other creditors	376,406	773,715
Amount due to parent undertaking	103,070	-
Amounts due to subsidiary undertakings	262,600	262,600
Amount due to fellow subsidiary undertaking	999,719	-
ACT surrendered from CAM(UK)	1,184,540	-
Corporation tax payable	697,891	767,000
Accruals and deferred income	381,345	560,252
	<u>4,005,571</u>	<u>2,363,567</u>

13. CALLED UP SHARE CAPITAL

	1997 £	1996 £
Authorised, allotted, called up and fully paid:		
Ordinary shares of £1 each	<u>19,000,000</u>	<u>19,000,000</u>

JUPITER ASSET MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1997

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1997 £	1996 £
Profit after taxation	15,325,198	5,854,641
Dividends paid	(13,000,000)	(1,000,000)
Net addition to shareholders' funds	2,325,198	4,854,641
Shareholders' funds brought forward	22,842,942	17,988,301
Shareholders' funds carried forward	25,168,140	22,842,942

15. DIRECTORS' INTERESTS

The beneficial interest of the directors, who were not directors of Jupiter International Group PLC, as defined by the Companies Act 1985 in the share capital of CAM(UK) were as follows:

	Ordinary Shares	
	1997	1996 or subsequent date of appointment
R M A Allison	25,000	25,000
S J D Baker	20,000	20,000
R E M Bland	13,000	13,000
E H Bonham Carter	65,000	65,000
T A Campbell	8,400	8,400
L Cannon	16,000	16,000
C Chisholm	25,000	25,000
K S Cliff	16,000	16,000
J Hamilton	10,000	10,000
J M G Hamilton-Sharp	15,000	15,000
E Howard Boyd	9,000	9,000
P J Hulse	25,000	25,000
W J Littlewood	80,000	80,000
A J R Miller	50,000	50,000
R P Pease	65,000	65,000
K Pritchard	25,000	25,000

JUPITER ASSET MANAGEMENT LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1997

16. INVESTMENT MANAGEMENT ARRANGEMENTS

The company manages a number of investment trusts and funds. The company receives a management fee from these entities for managing the assets, and in some instances a performance fee. The precise fee arrangements for the different entities are disclosed within the accounts of each entity or within other information which is publicly available.

The majority of the directors of these trusts are independent of the company.

Total amounts received by way of management fees and performance fees are included in turnover.

Included within listed investments in note 9 are investments in investment trusts and funds managed by the company.

17. ULTIMATE HOLDING COMPANY

The company's financial statements present information about the company as a whole and not about its group. The company has taken advantage of the exemption under Section 228 of the Companies Act 1985 not to prepare group accounts.

The ultimate holding company is Commerzbank AG, which is incorporated in Germany. A subsidiary of Commerzbank AG, CAM(UK) acquired the entire share capital of Jupiter International Group PLC in 1995. The results of the company have been included in the consolidated accounts of Jupiter International Group PLC which are available from the Secretary, R H Ridout, Knightsbridge House, 197 Knightsbridge, London SW7 1RB.