No: 2954692

LIONTRUST ASSET MANAGEMENT PLC

The graphs and photographs have been removed from this set of the reports and accounts so that they are in an acceptable format for filing with the Registrar of Companies.

Copies of the full published accounts are available:

1 from the Company Secretary at 24 Bevis Marks, London EC3A 7NR (Tel: 020 7220 3217) or

2 from the Company's offices at 2 Savoy Court, London WC2R 0EZ (Tel: 020 7412 1700)

Report and Accounts 2003

Liontrust Asset Management PLC is the holding company of a specialist UK equities fund management group providing process driven portfolio management services to a range of funds which are targeted primarily at professional investors and advisers. The Group currently manages over £3 billion in segregated and pooled pension fund accounts, own branded unit trusts, investment trusts, offshore funds, an absolute return fund, personal equity plans, individual savings accounts and externally managed funds.

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Total profits before tax (£'000)

Operating profit (before exceptional costs) **(£'000)**

(1) Nine months to 31st March 1999.

Financial Highlights

Earnings per share (before exceptional costs) **(pence)**

(1) Nine months to 31st March 1999.

Dividends per share (pence)

Financial Highlights

Group funds under management (r/h scale) and percentage movement in FTSE All-Share Index (l/h scale)

(July 1995 - 19th May 2003)

Cost : income ratio (operating profit before exceptional costs)

Directors and Advisers

Directors, Registered Office and Company Number:

Margaret Ellen Winser (Non-executive Chairman)

William Evelyn Sausmarez Carey (Joint Chief Executive)

Nigel Richard Legge (Joint Chief Executive)

Jeremy David Lang (Joint Investment Director)

William Thomas Pattisson (Joint Investment Director)

Andrew James Vincent Yates (Finance Director)

Glyn Vincent Hirsch (Non-executive Director)

James Gerald Sanger (Non-executive Director)

2 Savoy Court, Strand, London WC2R 0EZ.

Registered in England with Company Number 2954692.

Company Secretary:

D. V. Gibbons, FCIS, 24 Bevis Marks, London EC3A 7NR.

Auditors:

PricewaterhouseCoopers LLP, Southwark Towers, 32 London Bridge Street, London SE1 9SY.

Tax Advisers:

Rawlinson & Hunter, Eagle House, 110 Jermyn Street, London SW1Y 6RH.

Legal Advisers:

Macfarlanes, 10 Norwich Street, London EC4A 1BD.

Bankers:

National Westminster Bank plc, 1 Princes Street, London EC2R 8PB.

Anglo Irish Bank Corporation plc, 10 Old Jewry, London EC2R 8DN.

Stockbrokers:

Cazenove & Co., 12 Tokenhouse Yard, London EC2R 7AN.

Registrars:

Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

Chairman's Statement

I am delighted to report another set of good results. Relative investment performance has been good, new business gains have been strong and these, coupled with the way we are organised, have allowed us to prosper in a difficult year for the fund management industry.

Ellen Winser
Chairman

Our income is generated in two main ways. We have recurring fees from funds under management which make up our core earnings and we also have performance fees which are only earned if our investment performance exceeds agreed benchmarks. Performance fees do not apply to all our funds and are potentially erratic, so we focus primarily on 'core' earnings when assessing our progress. Our core profits in the year to 31st March 2003 were £4.3m, up 32% from £3.2m a year ago. Our control over costs has led to a lower core cost: income ratio of 69.0% from 69.3% last year. Core earnings per share have increased by 36% to 10.20 pence from 7.52 pence last year and your board has decided to recommend a final core dividend of 3.0 pence per share, payable on 15th July 2003 to shareholders on the register at 20th June 2003. With the 1.0 pence interim dividend already paid, the core dividend for the full year amounts to 4.0 pence per share and is covered more than 2.5 times by core earnings per share. Last year's total core dividend was 3.0 pence per share. An analysis of our operating profit as between core and performance related earnings is set out on page 15.

This year's performance fees were ahead of those earned a year ago and so our total profits before taxation were up, by 56% to £8.6m, from £5.5m last year. Our total cost: income ratio has fallen to 63.8% from 64.8% last year. Total earnings per share rose 64% to 18.86 pence per share from 11.52 pence per share last year. Our dividend policy remains to grow our core dividend progressively and, in normal circumstances, pay out performance related profits as special dividends. This year, in addition to the core dividend, your board has decided to recommend a special dividend of 8.25 pence per share funded from performance fees, payable at the same time as the core final dividend making a total of 12.25 pence per share for the year compared with 7.5 pence per share last year. Because performance fees are likely to fluctuate, these special dividends will vary too: in some years we might not earn any performance related fees, in which case no special dividend would be paid.

Our funds under management increased by 45% during the year despite the FTSE All-Share Index falling 32%. On 31st March 2003 funds under management stood at £2.569 billion with a further £705 million in transition, that is funds that we have won but that have not yet been transferred to us. At the same time last year, funds under management stood at £1.768 billion with £500 million in transition. Since our year end funds under management have increased again and on 19th May stood at £3.313 billion with £260 million in transition.

Chairman's Statement

During the year we were awarded the management of an additional £1.1 billion of institutional business, while net unit trust sales were £300 million. As well as good relative investment performance across our four investment processes, our marketing efforts played an important part in generating these strong new business flows. As the recent rise in funds under management shows, the current year has started well and invitations to pitch for new business continue.

Despite the generally difficult operating environment our prospects remain excellent. Smaller fund management companies with specialist skills are increasingly in demand and continue to find favour amongst professional advisers. UK equities remain the largest proportion of UK based portfolios so there continues to be scope for us to grow. Despite the falling UK equity market we have still managed to grow funds under management significantly while improving our core profitability. Now, more than ever, it is vital that we keep our business model simple and concentrate on those things under our control, namely our investment processes, our client relationships and our people.

We also need to deal with the recommendations on corporate governance in the Higgs Report. Adoption of all the recommendations is likely to impose unnecessary structures on a company of our size and add extra costs that are hard to justify. In the coming year we will be reviewing our procedures in the light of the Higgs recommendations and will make changes if we believe they will either improve shareholder returns or reduce operating risks at an acceptable cost.

Although the market in which we operate remains highly competitive, we remain confident that our business model, culture, employee equity participation and well-defined products will continue to give us a competitive advantage. We are motivated by the challenges ahead and continue to see a bright future for the company and all those associated with it.

Our staff have worked very hard this year and I thank them all enormously. It is a pleasure to be part of a team of enthusiastic and professional people. The retention and appropriate motivation of our employees are as vital to our continued success as is maintaining our clients' confidence in what we are doing for them. We are determined to preserve the stimulating and rewarding environment that has played such an important part in our success so far.

Our Annual General Meeting will be held in the Beaufort Room at The Savoy Hotel, Strand, London WC2R 0EU at 11.00 am on Wednesday 9th July 2003 and I hope many of our shareholders will be with us then.

Ellen Winser,

Chairman.

20th May 2003.

Chief Executives' Review

Nigel Legge
Joint Chief Executive

William Carey
Joint Chief Executive

This year's review is similar to last year's. We make no apology for this since we are doing the same things today as we were then, only with more money under management, for more investors, producing greater profits.

All companies want to increase returns to shareholders over the long term. We believe we can do this best by concentrating on what we do well and improving on it.

1. Summary of our principles:

- To stick to our simple business model of applying our investment processes to an increasing number of funds whilst controlling costs.
- To grow our funds under management at acceptable margins.
- To preserve the Group's corporate culture.
- To increase the profits attributable to shareholders.
- To communicate clearly our progress to shareholders.

1.1 To stick to our simple business model of applying our investment processes to an increasing number of funds whilst controlling costs.

- We remain focused on investment process, compliance, financial control, our people, clients and service.
- We outsource those administrative functions which are headcount intensive and which do not impact on our relationship with clients.
- We take each process and apply it to segregated and pooled pension fund accounts, unit and investment trusts and offshore funds.

Chief Executives' Review

1.2 **To grow our funds under management at acceptable margins.**

- Professional investors and consulting actuaries are increasingly appointing single discipline, focused fund management groups to manage portfolios. We are benefiting from this trend.
- Stable, focused fund management groups are becoming more popular in a sector suffering from issues of change, capacity constraints and staff instability.
- Our well-defined investment processes are a significant competitive advantage. They have led to good performance and enabled us to resist pricing pressure and therefore to maintain margins.

1.3 **To preserve the Group's corporate culture.**

- Our culture is one of openness and trust.
- Individuals are encouraged to develop their skills and be accountable and responsible for what they do.
- Together, employees directly own approximately 18% of the company and a further 11% via options. Equity participation, both through direct share ownership and share options, is a powerful factor in encouraging individuals to concentrate on increasing shareholder returns.
- When the compensation ratio permits, there is widespread participation in the bonus pool, providing rewards for both individual performance and collective success.

1.4 **To increase profits attributable to shareholders.**

- Our objective is to grow our core revenues faster than our costs thereby reducing our cost: income ratio.
- We base our financial plans solely on core earnings, recognising that performance related earnings are likely to be erratic.
- Accepting a proportion of new business with lower core fees, but with the potential to earn performance fees, reinforces financial discipline whilst increasing the prospects of higher earnings.
- In addition to the progressive core dividend policy, in the absence of unusual cash requirements, we would expect to distribute to shareholders net proceeds from performance related fees by way of special dividends.

Chief Executives' Review

1.5 **To communicate clearly our progress to shareholders.**

- We aim to report our progress transparently.
- We highlight the changes in financial ratios by which the progress of the business can be measured.

2. **Our business model**

- Many fund management companies are organised along the lines of legal entities. Our business model is different.
- We apply each investment process to different types of funds. The underlying portfolio for each fund based on the same process is therefore the same.
- We do not operate subsidiary companies for each type of fund.
- We outsource headcount intensive administrative functions, retaining the customer related and less headcount intensive functions within the business.

Chief Executives' Review

The illustration of our business model below sets out how we are organised:

Chief Executives' Review

3. **Measurement of our progress**

- Long-term investment performance.
- Financial performance of the business.
- Dividends paid to shareholders.
- Funds under management.
- Retention of our staff.

3.1 **Long-term investment performance.**

Our four proprietary investment processes are:

The Value Dynamic

- The process, which is applied to all stocks in the FTSE All-Share Index, seeks to achieve a higher total return than the index, to yield more than index linked gilts and to provide an income stream for investors that will grow faster than inflation over a five year period.
- The process identifies three types of stock. First, stocks with a dividend yield comfortably above long gilts but with limited growth prospects. Second, stocks with a dividend yield comfortably ahead of index linked gilts and with growth prospects at least as good as inflation. Third, relatively safe stocks on lower yields with good growth prospects.
- The chart below shows how a representative fund managed in accordance with The Value Dynamic has performed relative to its benchmark, the FTSE All-Share Index:

Relative performance of Liontrust First Income Fund since launch.

The Large Cap. Process

- The process, which is applied to the UK stock market's largest 350 stocks, seeks to identify shares that have a combination of improving expectations and news flow - 'winning' stocks - and those shares that have a combination of deteriorating expectations and news flow - 'losing' stocks.
- To help achieve this, two quantifiable characteristics are used: three months consensus earnings' forecast revisions (how the average earnings' forecast, of all analysts, for a company is changing) and twelve month share price momentum (a measure of how well a company's shares have done over that period) relative to other shares in the stock market.
- The aim is to outperform the FTSE All-Share Index consistently whilst maintaining low volatility.
- The chart below shows how a representative fund managed in accordance with The Large Cap. Process has performed relative to its benchmark, the FTSE All-Share Index:

Relative performance of Liontrust First Large Cap. Fund since launch.

The Cross Report

- The process, which is applied to stocks predominantly below the UK stock market's largest 350, seeks to identify and invest in small companies which can demonstrate an ability to develop and exploit intangible strengths such as copyright, patents, procedures and culture, usually described as intellectual capital.
- As it is employees who create intellectual capital it is important that they are motivated. For investors the best method of financial motivation of employees is often direct equity ownership, ensuring that their interests are precisely aligned with those of outside shareholders.

Chief Executives' Review

- Academic and statistical evidence demonstrates that companies that motivate employees via equity ownership achieve faster profits growth and higher returns for shareholders than companies that do not.
- The aim is to outperform the FTSE Small Cap. (excluding Investment Trusts) Total Return Index.
- The chart below shows how a representative fund managed in accordance with The Cross Report has performed relative to its benchmark, the FTSE Small Cap. Index:

Relative performance of The Liontrust Intellectual Capital Trust since launch.

The Lang Approach

- The process, which is applied to all stocks in the FTSE All-Share Index, seeks to identify shares with the greatest likelihood to surprise investors positively with their results.
- Our research has shown that a key driver of share price performance is not necessarily a company's ability to deliver good earnings growth, but its ability to surprise the market with its earnings growth.
- By studying and understanding a company's previous earnings surprises, or disappointments, it is possible to predict some surprises before they happen.
- The aim is to outperform the FTSE All-Share Index by a significant margin with higher volatility than that of The Large Cap. Process.
- The chart overleaf shows how a representative fund managed in accordance with The Lang Approach has performed relative to its benchmark, the FTSE All-Share Index:

Chief Executives' Review

Relative performance of Liontrust First Growth Fund since launch.

3.2 **Financial performance of the business.**

The table below shows the split in revenues between core and performance related earnings:

	Core earnings £'000	*Performance related £'000*	*Total 31st March 2003 £'000*	*Core earnings £'000*	*Performance related £'000*	*Total 31st March 2002 £'000*
Turnover	13,714	8,688	22,402	10,454	4,737	15,191
Staff compensation	(5,567)	(4,823)	(10,390)	(4,198)	(2,605)	(6,803)
Other operating costs	(3,893)	-	(3,893)	(3,041)	-	(3,041)
	4,254	3,865	8,119	3,215	2,132	5,347
Exceptional costs			121			(244)
Operating profit			8,240			5,103
Interest			345			404
Profit before tax			8,585			5,507

- In a period when the average level of the FTSE All-Share Index fell 20.6%, our core revenues increased by 31.2%, core costs rose by 30.7% and core operating profits by 32.3%.
- Our cost: income ratio, during the year to March 2003, based on core earnings (excluding exceptional costs), fell from 69.25% to 68.98%.
- The largest component of our costs, in common with other service companies, is staff compensation. The task of improving our cost: income ratio has been helped by maintaining our compensation ratio.

Chief Executives' Review

- We earned more performance fees this year than in the year to March 2002. Table (a) below analyses fees earned between amounts brought forward from previous periods and amounts relating to the current year. It also discloses the amounts calculable at each year end but deferred until the next time a performance fee is collectable.

Table (a)

Performance fees:

	Year to 31st March 2003 (£'000)	*Year to 31st March 2002 (£'000)*	*Year to 31st March 2001 (£'000)*
Current year	6,967	3,818	2,762
Brought forward from previous years	1,665	889	2,747
Interest	56	30	155
Performance fee income	8,688	4,737	5,664
Deferred performance fees	1,379	1,796	992

- Changes in revenues, costs, margins, group operating profits, earnings per share, dividends, cost: income ratio and, of course, funds under management are all measures of our corporate progress. This year they again show we have grown assets from which we collect recurring fees, become more efficient in converting revenues into profits, and increased returns to shareholders, both indirectly through profits growth and directly through dividends.
- Table (b) overleaf sets out these and other measures that can be useful. Figures contained in the table do not provide absolute measures of success but, used sensibly, are a helpful guide to how we are progressing:

Chief Executives' Review

Table (b)

	Year to 31st March 2003	Year to 31st March 2002	Year to 31st March 2001	Year to 31st March 2000	Nine months to 31st March 1999
Core operating profit (£'000) *(1)*	4,254	3,215	2,798	1,741	871
Core cost: income ratio % *(1)*	69	69	69	74	76
Core earnings per share (pence) *(1)*	10.20	7.52	6.59	3.72	2.26
Core dividend (pence)	4.0	3.0	0.5	n/a	n/a
Dividend cover	2.55	2.51	13.18	n/a	n/a
Growth in core revenue (annualised) %	31	14	35	41	70
Growth in core operating costs (annualised) % *(1)*	31	14	26	38	43
Growth in core operating profit (annualised) % *(1)*	32	15	61	50	299
Performance related profit (£'000)	3,865	2,132	2,443	2,119	n/a
Performance related earnings per share (pence)	8.39	4.51	5.20	4.90	n/a
Performance related dividend (pence)	8.25	4.50	n/a	n/a	n/a
Funds under management (£m)	2,569	1,768	1,276	1,114	551
Average headcount	41	35	31	24	20
Total compensation as % of pre-compensation profit					
Excluding Absolute Return Fund	55.0	55.0	56.9	63.1	n/a
Including Absolute Return Fund	55.6	n/a	n/a	n/a	n/a
Funds under management per head (£m)	62.6	50.5	41.2	46.4	27.6
Annualised core revenue per head (£'000)	335	299	296	283	240
Annualised core operating costs per head (£'000) *(1)*	231	207	206	211	182
Annualised core operating profits per head (£'000) *(1)*	104	92	90	72	58
Average funds under management (£m)	2,120	1,471	1,155	820	415
Core revenue as % of average funds under management (annualised)	0.65	0.71	0.79	0.83	1.16
Core operating profit before tax as % of average funds under management (annualised)	0.20	0.22	0.24	0.21	0.28
Total revenue as % of average funds under management (annualised)	1.06	1.03	1.28	1.53	1.16
Total profit before tax as % of average funds under management (annualised)	0.40	0.37	0.47	0.22	0.26

(1) Excluding exceptional costs.

Chief Executives' Review

(i) Annualised growth in core operating profit

- The level of the stock market directly impacts our core revenues and profits. The average level of the FTSE All-Share Index in the year to 31st March 2003 was 20.6% lower than the same average in the year to 31st March 2002.
- Core operating profit grew by 32.3% in the year to March 2003.

(ii) Annualised core operating profit per head

- Annualised core operating profit per head provides an indication of whether per individual employee we are becoming more or less efficient in the management of our business.
- The chart below shows an upward trend over the last five years, indicating increased efficiency despite the effects of the falling stock market.

Annualised core operating profit per head (£'000)

(before exceptional costs)

(1) Nine months to 31st March 1999.

(iii) Operating profit as a percentage of average funds under management

- As it is funds under management that generate our revenues we monitor operating profit as a percentage of average funds under management.
- Total revenue as a percentage of average funds under management has been consistently above 1%. Core revenues as a percentage of average funds under management have been falling as we take on more performance related contracts with low base fees but with the potential to earn performance related fees.
- Core operating profit as a percentage of average funds under management was 0.20%, while total profit before tax (i.e. including performance fees) as a percentage of average funds under management was 0.40%.

Chief Executives' Review

3.3 Dividends paid to shareholders.

- It is our intention, subject to unforeseen circumstances, to grow our core dividend progressively.
- We recommend a final core dividend of 3.0 pence per share, bringing the total for the year to 4.0 pence per share.
- This dividend is paid for out of core earnings of 10.20 pence per share and is covered 2.5 times by core operating profits.
- We believe in aligning the interests of employees with those of shareholders. When the Group earns performance related income, employees share in the rewards through the bonus pool and we believe that, in the absence of specific requirements to retain additional cash, shareholders should participate in these rewards through the payment of special performance dividends.
- This year performance related earnings were 8.39 pence per share and we are recommending a special dividend of 8.25 pence per share in addition to the core dividend.

3.4 Funds under management.

- Between 31st March 2002 and 31st March 2003 the FTSE All-Share Index fell by 32%. Our funds under management rose by 45%.
- The split of our funds under management by product, as shown overleaf, can be expected to change over time.
- We regard the fees earned on funds under management as more important than how those funds break down by product.
- Maximising total margins on funds under management is important. Accepting large amounts of business at low fixed margins is not in the best long-term interests of shareholders.

Chief Executives' Review

Funds under management 31st March 2003: **£2.569bn**

(with a further £705m of funds in transition)

Funds under management 31st March 2002: **£1.768bn**

(with a further £500m of funds in transition)

*Funds administered for third parties.

Chief Executives' Review

3.5 Retention of our staff.

- The better the working environment, we believe, the lower the staff turnover. We do not want to lose effective staff. A happy working environment is essential for staff retention. However, financial incentives are also important. Accordingly, last year, with shareholders' approval, we introduced an options package to motivate and retain staff.

4. Summary

- The Liontrust business model is straightforward, robust and efficient.
- Our investment processes have outperformed their benchmarks, allowing us to win new clients and to earn performance fees.
- Funds under management have risen by 45% despite the UK equity market falling 32% during the year.
- We have grown our revenues and controlled our costs.
- Profitability per employee has risen.
- Core profits have risen by 32% and the core dividend is up 33% at 4 pence per share.
- The operating environment remains healthy for Liontrust.

Our aim for the future remains unchanged: to keep doing what we do well, for more investors, more efficiently.

We thank all clients for their continued support in difficult markets, and for continuing to trust us with their money.

Nigel Legge,
Joint Chief Executive.

William Carey,
Joint Chief Executive.

20th May 2003.

Directors

Ellen Winser, 60, (Non-executive Chairman). Joined the Board in March 1996. Ellen was with stockbrokers James Capel & Co. between 1967 and 1990, heading in turn the Private Clients and Pension Fund departments. She is non-executive chairman of Sutton Harbour Holdings plc and chairman of National Maritime Museum Cornwall.

William Carey, 42, (Joint Chief Executive). Joined the Board in February 1995. William co-founded Liontrust in 1994 and is responsible for overseeing compliance, institutional marketing, IT and operations. Between 1988 and 1994 he was at HSBC Asset Management Limited, latterly as Sales Director of their European retail business, and prior to that was at Henderson Administration.

Nigel Legge, 45, (Joint Chief Executive). Joined the Board in February 1995. Nigel co-founded Liontrust in 1994 and is responsible for overseeing investor relations, marketing and sales. Between 1988 and 1994 he was at HSBC Asset Management Limited, latterly as Managing Director of their European retail business, and prior to that was at Henderson Administration.

Jeremy Lang, 38, (Joint Investment Director). Joined the Board in July 1997. Jeremy is jointly responsible for overseeing all investment management operations. Between 1986 and 1991 he was an investment manager at James Capel Fund Managers Limited managing North American and Latin American equity portfolios.

Directors

William Pattisson, 39, (Joint Investment Director). Joined the Board in June 1999. William is jointly responsible for overseeing all investment management operations. Between 1994 and 1999 he was at Fleming Investment Management Limited, latterly as head of the UK equities team. Between 1986 and 1994 he was an investment manager at James Capel Fund Managers Limited managing UK and US equity portfolios.

Andrew Yates, 40, (Finance Director). Joined the Board in November 1997. Andrew is responsible for overseeing all finance functions of the Group. Between 1993 and 1997 he was Finance Director at John Govett & Co. Limited and prior to that was at Price Waterhouse.

Glyn Hirsch, 41, (Non-executive Director). Joined the Board in June 1999. Glyn is executive chairman of Property Fund Management PLC, a quoted specialist property fund management group.

James Sanger, 64, (Non-executive Director). Joined the Board in June 1999. Jim worked on the management side of a newspaper group before being appointed as a director of Henderson Administration. His subsequent career has been as a main board director of a number of listed companies.

Directors' Report

The Directors present their report and the audited accounts of Liontrust Asset Management PLC.

Principal activity

Liontrust Asset Management PLC is a holding company whose shares are quoted on the Official List of the London Stock Exchange. It has four wholly owned subsidiaries: Liontrust Investment Funds Limited, a financial services organisation managing unit trusts, authorised and regulated by the Financial Services Authority; Liontrust Investment Services Limited, a financial services organisation offering investment management services to professional investors directly, through investment consultants and through investment trusts, which is authorised and regulated by the Financial Services Authority; Liontrust International (Guernsey) Limited, incorporated in Guernsey, a financial services organisation managing investment funds, which is regulated by the Guernsey Financial Services Commission; and Liontrust International (Cayman) Limited, registered in the Cayman Islands, a financial services organisation managing an absolute return fund.

Results and dividends

The consolidated net profit before tax for the year to 31st March 2003 was £8,585,000. (Year to 31st March 2002: £5,507,000.)

An interim dividend of 1.0 pence per share was paid on 21st November 2002 (November 2001: 0.5 pence per share). The Directors recommend a final dividend of 11.25 pence per share, which will be proposed at the Company's Annual General Meeting on 9th July 2003. This comprises a core dividend of 3.0 pence per share (July 2002: 2.5 pence per share) and a special performance dividend of 8.25 pence per share (July 2002: 4.5 pence per share). If approved this will be paid on 15th July 2003 to all shareholders on the register as at 20th June 2003.

Review of the business and future developments

A review of the business and future developments is set out in the Chairman's Statement and Chief Executives' Review on pages 6 and 7 and 8 to 21 respectively.

Creditor Payment Policy

The Group's trade creditors arise from its role as a unit trust manager. Unit trust creations are paid for four days after the transactions and repurchase creditors are paid within four days of receipt of correctly completed renunciation documentation. Creditors arising in respect of expense costs are paid on a timely basis in the normal course of business and were not material as at 31st March 2003.

Directors' Report

Donations

The Company made charitable donations during the year amounting to £2,585 (2002: £2,174), but made no political donations.

Directors

The Directors of the Company during the year were as follows. Their interests in the share capital of the Company at 31st March 2003 are set out in the Directors' Remuneration Report on page 34.

M. E. Winser

W. E. S. Carey

N. R. Legge

J. D. Lang

W. T. Pattisson

A. J. V. Yates

G. V. Hirsch

J. G. Sanger

Share capital and substantial interests

The issued share capital of the Company was increased on 29th July 2002 by the allotment of 218,064 ordinary shares at 287.5 pence per share to the Liontrust Asset Management Employee Trust, in respect of the exercise of options by J. D. Lang and W. T. Pattisson at 115.0 pence per share (see the Directors' Remuneration Report on pages 35 and 36).

The issued share capital was further increased on 18th November 2002 and 3rd February 2003 by the creation of 5,032 and 30,037 ordinary shares respectively at 154.8 pence per share in respect of the exercise of options under the Company's Savings Related Share Option Scheme.

Renewal of the Company's power to purchase its own shares will be sought at the Annual General Meeting on 9th July 2003. In the event that the Company should purchase its own shares for cancellation the Directors would only do so after consideration of the effect on earnings per share and the longer term benefit for shareholders.

Directors' Report

The following substantial shareholdings comprising 3% or more of the Company's issued Ordinary Share capital had been notified to the Company as at 19th May 2003:

	Ordinary 1 pence Shares	*Percentage*
Schroder Investment Management Limited	2,306,500	6.88
Standard Life Assurance Limited	1,890,706	5.64
N. R. Legge *(1)*	1,754,711	5.24
Legal & General Investment Management Limited	1,612,364	4.81
W. E. S. Carey *(2)*	1,556,393	4.64
Merseyside Pension Fund	1,425,000	4.25

(1) Director, including connected parties.

(2) Director, including a connected party.

Corporate governance

In the year to 31st March 2003 the Group has been in compliance with the provisions set out in Part 1 of the Combined Code of Corporate Governance issued by the UK Listing Authority (hereafter 'the Code'), except as otherwise stated below in respect of code provision A.2.1.

The Board

The Board generally meets six times a year. There is a formal schedule of matters specifically reserved for the full Board's decision, together with a policy enabling Directors to take independent advice in the furtherance of their duties at the Group's expense. At all times Directors have access to the advice of the Company Secretary.

As recommended by the Code, the Group has maintained a clear division of responsibility between the Non-executive Chairman and the Chief Executives' roles within the financial year in question.

The Board considers that the Non-executive Directors are independent, in that they neither represent a major shareholder group nor have any involvement in the day to day management of the Company or its subsidiaries. As such they bring objectivity and independent judgement to the Board and complement the Executive Directors' skills, experience and detailed knowledge of the business.

Directors' Report

Appointments to the Board are considered by the Nomination Committee, comprising M. E. Winser (Chairman of the Committee) and either W. E. S. Carey or N. R. Legge. Possible new directors are identified against the requirements of the Group's business and the need to have a balanced Board. Every Director is entitled to receive appropriate training as deemed necessary.

The Board believes that the balance achieved between Executive and Non-executive Directors is appropriate and effective for the control and direction of the business. Given the extensive experience of the Non-executive Directors, the Board does not believe the identification of a senior Non-executive Director (Code A.2.1), in addition to the Chairman, is appropriate or desirable.

The day to day management of the business is delegated to the Executive Directors who formally meet at least every fortnight. Additionally, a management committee comprising functional heads or their representatives also meets every fortnight.

Certain responsibilities are delegated to the Remuneration Committee (details of which are contained in the Directors' Remuneration Report on page 32) and to the Audit Committee.

The Board retains full responsibility for the overall management of the Group and receives and reviews regular reports from both executive management and Board Committees.

Audit and internal control

The Audit Committee comprises J. G. Sanger (Chairman of the Committee), G. V. Hirsch and M. E. Winser, all independent Non-executive Directors. The Committee will generally meet three times a year.

The Audit Committee, on behalf of the Board, is responsible for overseeing the Group's system of internal controls, including suitable monitoring procedures, which are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. The Audit Committee is also responsible for keeping under review the scope, results and cost effectiveness of the audit and the independence of the external auditors. The Committee assists the Board in its presentation of the Company's financial results and position through its review of the interim and full year accounts before approval by the Board, focusing on compliance with accounting principles and policies, changes in accounting practice and major matters of judgement.

Directors' Report

The Board has reviewed the effectiveness of the Group's system of internal control for the period under review and up to the date of this annual report and accounts. The Board has carried out an evaluation of the major risks affecting the business and has a process in place within the business to control and monitor risks on an ongoing basis, in accordance with the principles established by the Turnbull Committee. The Board considered the need to establish a separate internal audit function. However, it was decided that with the appointment during the year of a Head of Risk Management, the compliance department meets most of the objectives of an internal audit function. Consequently a separate internal audit function is not required.

The internal control system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives. The main elements of the Group's internal control systems (including financial, operational and compliance controls and risk management) which have operated throughout the year are as follows:

- a clear division of responsibilities and lines of accountability, allowing adequate supervision of staff;
- the development and implementation of specific accounting policies;
- preparation of annual plans and performance targets in light of the overall Group objectives;
- reports from the Executive Directors to the Board on the actual performance against plans;
- reports from the Head of Risk Management to the Board in respect of compliance assurance work and any reports received from the Financial Services Authority;
- reports to the Board in respect of the management of, and results of visits to, third parties to whom functions have been outsourced; and
- compliance by all members of staff with the Group's statement of business conduct, which seeks to ensure business is conducted in accordance with the highest standards.

Directors' Report

Corporate social responsibility

The Board recognises the Company's impact, responsibilities and obligations on and towards society and aims to reduce environmental risk.

The Company is committed to the highest standards of business conduct. Policies and procedures are in place to facilitate the reporting of suspect and fraudulent activities, including money laundering.

The Company's Health and Safety policy aims, insofar as it is reasonably practical, to ensure the health and safety of all employees and other persons who may be affected by the Company's operations and to provide a safe and healthy working environment. The Company has a good record of safety.

Relations with shareholders

The Company is in regular contact with its institutional investors to discuss the progress of the business. The Company produces a periodic newsletter, 'ROAR!', which is sent to shareholders.

Private and institutional investors are invited to attend the Company's Annual General Meeting at which they have the opportunity to ask members of the Board questions about the business.

Going concern

After reviewing current performance and detailed forecasts the Directors are satisfied that the Group has available sufficient resources to enable it to continue in business for the foreseeable future. For this reason the Directors believe it is appropriate to adopt the going concern basis in preparing these financial statements.

Financial instruments

The Group's financial instruments at 31st March 2003 comprise cash, liquid short-term investments and debtor and creditor balances that arise directly from its daily operations.

Debtors arise principally in respect of management and performance fees receivable on funds under management, cancellations of units in unit trusts and sales of units in unit trusts, title to which are not transferred until settlement is received. The Group's credit risk is assessed as low.

Directors' Report

Short-term investments are unit trust units held in the 'manager's box' to ease the calculation of daily creations and cancellations. Box positions are not used to create speculative proprietary positions but are managed in accordance with specified criteria and authorisation limits. At 31st March 2003 the Group held £174,000 (2002: £114,000) of such box positions, valued at the bid price on that day, and was exposed to market price risk in respect of these holdings.

Cash flow is managed on a daily basis, both to ensure that sufficient cash is available to meet liabilities and to maximise the return on surplus cash through use of overnight, weekly and monthly deposits.

The Group holds its own shares via the Liontrust Asset Management Employee Trust. As set out in Note 10, these shares are held to reduce the dilutive effect of share options and hedge the employer's national insurance liability that may arise on exercise of the options. If the price of these shares fall and the options are not exercised the Group is exposed to market risk in respect of these shares.

The Group does not hold any financial assets or liabilities denominated in foreign currencies and these is no exposure to movements in currency exchange rates.

Statement of Directors' responsibilities in respect of the Accounts

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 its profit and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

Directors' Report

The Directors are responsible for keeping proper accounting records that 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.

By order of the Board

D. V. Gibbons, Secretary.

Registered Office: 2 Savoy Court, London WC2R 0EZ.

20th May 2003.

Directors' Remuneration Report

Composition and policy

During the year, the Remuneration Committee comprised entirely of the independent Non-executive Directors, namely: G. V. Hirsch (Chairman of the Committee), J. G. Sanger and M. E. Winser.

The Committee is charged with determining remuneration policy for, and setting pay and other benefits of, the Executive Directors of the Company. All its recommendations are referred to the Board. Any Director who has an interest in the matter, which is the subject of a recommendation to the Board, abstains from the Board's vote in relation to that matter and takes no part in its deliberations.

The remuneration of the Joint Investment Directors is determined by their employment contracts as disclosed in the flotation prospectus dated July 1999, so the Committee is primarily concerned with the remuneration of the Joint Chief Executives and the Finance Director.

Levels of pay reflect the competitive environment in which the Group operates and the need to attract, retain and motivate key personnel. Consequently the Group's policy is to pay competitive salaries to all its employees. However, as disclosed in the flotation prospectus, total compensation paid to staff (including all remuneration paid to investment managers) was targeted to fall from 65% for the period immediately preceding flotation to 55% of pre-compensation profit in the year to 31st March 2002. This target was achieved and has been maintained in the year to 31st March 2003, as extended to include the management of the Liontrust Absolute Return Fund which was launched during the year. It is the compensation ratio that determines whether there is a bonus pool available to employees, and if so, how large the bonus pool is. The bonus pool is then distributed between employees, including the Executive Directors, (but excluding the Joint Investment Directors) on a discretionary basis. The Remuneration Committee's allocation of bonus to the Joint Chief Executives and the Finance Director reflects their contribution to the success of the business during the year.

The Board itself determines the remuneration of the Non-executive Directors of the Company, each of whom abstains in respect of matters relating to his or her own position.

To ensure that the Company's rates of remuneration are competitive, the Committee takes account of publicly available market data within the confines of the compensation ratio.

In setting policy and making decisions, the Remuneration Committee gives full consideration to the provisions on the design of performance related remuneration set out in Schedule A of the Combined Code.

Directors' Remuneration Report

The information presented in those tables marked "auditable" is audited by the independent auditors, PricewaterhouseCoopers LLP, whose report is presented on pages 39 and 40.

Directors' detailed emoluments (auditable)

	Salary £'000	*Bonus £'000*	*Benefits in kind £'000*	*Fees and commission £'000*	*Total for year to 31st March 2003 £'000*	*Total for year to 31st March 2002 £'000*
Executive						
W. E. S. Carey	180	193	13	-	386	339
N. R. Legge	180	193	13	-	386	339
J. D. Lang	65	-	7	2,192 (1)	2,264	1,685
W. T. Pattisson	250	250	6	1,500 (1)	2,006	982
A. J. V. Yates	113	159	8	-	280	243
Non-executive						
M. E. Winser (2)	-	-	-	33	33	30
G. V. Hirsch (2)	-	-	-	16	16	15
J. G. Sanger (2)	-	-	-	16	16	15
	788	795	47	3,757	5,387	3,648

(1) In accordance with contract of employment as disclosed in the flotation prospectus dated July 1999, as extended to include the management of the Liontrust Absolute Return Fund launched during the year.

(2) On 18th March 2003 the Board resolved that the remuneration of the Non-executive Directors be increased to £34,000 for M. E. Winser and to £17,000 for each of G. V. Hirsch and J. G. Sanger, such increases to be effective from 1st April 2003.

Benefits in kind comprise private medical insurance and car allowances.

Directors' Remuneration Report

Directors' share interests (auditable)

The interests of the Directors and their families in the share capital of the Company at 31st March 2003 were as follows:

	Ordinary 1 pence shares held at 31st March 2003	*Ordinary 1 pence shares held at 31st March 2002*
M. E. Winser	120,000	120,000
W. E. S. Carey	1,556,393	2,331,495
N. R. Legge	1,754,711	1,750,000
J. D. Lang	45,510	450,000
W. T. Pattisson	45,510	159,400
A. J. V. Yates	481,820	480,292
G. V. Hirsch	8,000	8,000
J. G. Sanger	40,000	40,000

Changes to the Directors' interests between 1st April 2003 and 20th May 2003 were increases in the beneficial interests of W. E. S. Carey, N. R. Legge and A. J. V. Yates of 137, 132 and 131 shares respectively, through participation in the Employee Share Ownership Plan, an all employee share plan established in April 2001.

Share schemes

The Group has adopted a Savings-Related Share Option Scheme and an Employee Share Ownership Plan.

The Company's Savings-Related Share Option Scheme is open to all qualifying Group employees, including the Executive Directors of the Company. Under the terms of the Scheme, employees commit to a monthly savings plan over three or five years. Options are granted to acquire the number of shares that the total savings will buy when the savings contract matures. The exercise price is determined by calculating the higher of either the nominal value of an Ordinary Share or 80% of the middle market quotation of the Ordinary Shares for three days immediately preceding the date on which invitations to apply for such options are made. The Option price to participants on 1st February 2003 was 267.33 pence (2002: 288.7 pence). The maximum number of shares that may be applied for under these arrangements is 215,471 (2002: 232,188 shares).

The Employee Share Ownership Plan, established in April 2001, allows all staff to contribute part of their monthly salary to the Plan which will buy, and hold, shares in the Company on their behalf.

Directors' Remuneration Report

Share options

On 12th May 1999 options were granted to J. D. Lang and W. T. Pattisson to acquire 823,186 shares each in the Company, representing 2.5% each of the ordinary shares of the Company at the time of flotation. These options are exercisable at 115 pence per share between 21st July 2002 and 21st July 2007 only if the annual growth in the share price of the Company from 12th May 1999 to the date of the exercise exceeds the greater of the median or weighted average rate of growth in the share price of four similar quoted fund management companies over the same period, (provided that the average annual growth in pre-tax profits of the Company has exceeded 15% over such a period), or the actual growth in the retail price index plus 2% over the same period. These share options will lapse if either J. D. Lang or W. T. Pattisson ceases to be an employee of the Company for whatever reason. J. D. Lang and W. T. Pattisson each exercised options over 109,032 shares on 29th July 2002, leaving each of them 714,154 options still exerciseable.

As approved at the Annual General Meeting in July 2002 the Company introduced the Liontrust Enterprise Management Incentive Scheme ("the Scheme"). The Scheme is designed to provide a potentially rewarding incentive if challenging performance targets are met. The Scheme operates in conjunction with the Liontrust Asset Management Employee Trust on the basis that 50% of options will be satisfied by the issue of new ordinary shares and 50% by the purchase in the market by the Trustee of the Trust. This is to ensure that the dilution of shareholders' interests is limited. This may result in the Trustee holding in excess of 5% of the issued ordinary shares of the Company.

The performance condition attaching to the Scheme on the initial grant of options is that over the first three financial years of the Company following the grant, there must be an increase in the diluted earnings per share (core) of the Company ("EPS") of a fixed percentage per annum that is more than the increase in the Retail Prices Index ("RPI") for the same period. In respect of each fixed percentage, part of the option will become exercisable. The performance condition was selected having regard to similar schemes within the competitive environment in which the Group operates and was judged by the Remuneration Committee to be at the more demanding end of the spectrum of competitive schemes. Consequently options will be exercisable in the following circumstances:

If EPS growth exceeds RPI by 3% then 50% of the option can be exercised.
If EPS growth exceeds RPI by 4% then 75% of the option can be exercised.
If EPS growth exceeds RPI by 5% then 100% of the option can be exercised.

In the case of EPS, measurement of growth will be made by comparing the EPS figure for the financial year ending immediately before the start of the performance period with the figure for the latest financial year in the performance period.

Directors' Remuneration Report

Summary of share options granted to Executive Directors (auditable)

Director	1st April 2002	Options granted	Options exercised	Lapsed	31st March 2003	Exercise price (pence)	Issue date	Scheme
W. E. S. Carey	10,901	-	-	-	10,901	154.8	29th Dec 1999	SRSOS
	-	125,391	-	-	125,391	287.5	29th Jul 2002	LEMIS
N. R. Legge	10,901	-	-	-	10,901	154.8	29th Dec 1999	SRSOS
	-	125,391	-	-	125,391	287.5	29th Jul 2002	LEMIS
J. D. Lang	823,186	-	109,032	-	714,154	115.0	12th May 1999	At flotation*
	6,258	-	6,258	-	-	154.8	29th Dec 1999	SRSOS
	-	332,567	-	-	332,567	287.5	29th Jul 2002	LEMIS
W. T. Pattisson	832,186	-	109,032	-	714,154	115.0	12th May 1999	At flotation*
	6,258	-	6,258	-	-	154.8	29th Dec 1999	SRSOS
	-	332,567	-	-	332,567	287.5	29th Jul 2002	LEMIS
A. J. V. Yates	10,901	-	-	-	10,901	154.8	29th Dec 1999	SRSOS
	-	78,817	-	-	78,817	287.5	29th Jul 2002	LEMIS

Key:

SRSOS - Savings-Related Share Option Scheme, exercisable 1st February 2005, expiry 1st August 2005.

The share price at the date of exercise of options during the year was 295 pence per share.

LEMIS - Liontrust Enterprise Management Incentive Scheme, exercisable 29th July 2005, expiry 29th July 2010.

*As disclosed in the Group's Flotation Prospectus, July 1999, exercisable 29th July 2002, expiry 25th July 2007. The share price at the date of exercise of options during the year was 287.5 pence per share.

The middle market quotation of the Company's shares at the end of the year was 286.5 pence and the range of market prices during the year was between 387.5 pence and 252.5 pence.

Pensions

The Group operates two non-contributory defined contribution pension schemes for Executive Directors. W. E. S. Carey and N. R. Legge are members of The Liontrust Occupational Pension Scheme and are entitled to a contribution of 15% of their basic annual salaries, subject to maximum Inland Revenue limits under occupational pension scheme rules. J. D. Lang, W. T. Pattisson and A. J. V. Yates are members of The Liontrust Group Personal Pension Plan. A. J. V. Yates is entitled to a contribution of 15% of his basic annual salary, subject to pension contribution limits. J. D. Lang and W. T. Pattisson are entitled to a contribution of 15% of pensionable earnings limit (£97,200 in the tax year 2002-2003).

Directors' Remuneration Report

Pension rights (auditable)

Contributions in respect of pension entitlements are made by the Group only in respect of the Executive Directors. The pension contributions made in respect of those Directors during the year to 31st March 2003 were as follows:

	£'000
W. E. S. Carey	27
N. R. Legge	27
J. D. Lang	15
W. T. Pattisson	15
A. J. V. Yates	17

Service contracts

The Directors' employment contracts or letters of appointment are as follows:

Director	*Date of contract*	*Notice period*
Executive		
W. E. S. Carey	21st December 1994	12 months
N. R. Legge	21st December 1994	12 months
J. D. Lang	12th May 1999	12 months
W. T. Pattisson	12th May 1999	12 months
A. J. V. Yates	29th June 1999	12 months
Non-executive		
M. E. Winser	25th June 1999	3 months
G. V. Hirsch	2nd June 1999	3 months
J. G. Sanger	13th June 1999	3 months

Performance graph

The new Directors' Remuneration Report Regulations of 2002 require us to provide shareholders with more information about the relationship between the Directors' remuneration and corporate performance. The graph overleaf illustrates the performance of the Group in terms of growth in core profits and dividends and share price performance compared to three indices.

Directors' Remuneration Report

The indicies were chosen as follows:

- The FTSE All-Share Index, so as to put the Group's performance into the context of the UK stock market's best known index.
- The FTSE Small Cap. Index, so as to reflect the Group's inclusion within that index.
- The Speciality & Other Finance sub-sector of the FTSE All-Share Index, since the Group is a constituent of this sub-sector.

Best practice

The Committee believes that the Group has complied with Schedule A of the Combined Code (save for code provision A.2.1 as stated in the Directors' Report on pages 26 and 27) and has given full consideration to Schedule B of the Code in formulating the remuneration packages of the Executive Directors and other senior members of the Group.

The Chairman of the Remuneration Committee will attend the Annual General Meeting and will be available to answer Shareholders' questions regarding remuneration.

G. V. Hirsch, Chairman of the Remuneration Committee.

20th May 2003.

Independent Auditors' Report to the members of Liontrust Asset Management PLC

We have audited the financial statements which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement and the related Notes. We have also audited the disclosures required by Part 3 of Schedule 7A to the Companies Act 1985 contained in the Directors' Remuneration Report ("the auditable part").

Respective responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the Statement of Directors' Responsibilities. The Directors are also responsible for preparing the Directors' Remuneration Report.

Our responsibility is to audit the financial statements and the auditable part of the Directors' Remuneration Report in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board and the Listing Rules of the Financial Services Authority. This report, including the opinion, has been prepared for, and only for, the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose, or to any other person to whom this report is shown or into whose hands it may come, save where expressly agreed by our prior consent in writing.

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 auditable part of the Directors' Remuneration Report have been 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 the information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the Chairman's Statement, Chief Executives' Review, the Directors' Report and the unaudited part of the Directors' Remuneration Report.

We review whether the corporate governance statement reflects the Company's compliance with the seven provisions of the 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 to form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

Independent Auditors' Report to the members of Liontrust Asset Management PLC

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 and the auditable part of the Directors' Remuneration Report. 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 auditable part of the Directors' Remuneration Report 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 and the Group at 31st March 2003 and of the profit and cash flows of the Group for the year then ended;

- the financial statements have been properly prepared in accordance with the Companies Act 1985; and

- those parts of the Directors' Remuneration Report required by Part 3 of Schedule 7A to the Companies Act 1985 have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP,

Chartered Accountants and Registered Auditors,

London.

20th May 2003.

Consolidated Profit and Loss Account for the year ended 31st March 2003

	Notes	*Year ended 31st March 2003 £'000*	*Year ended 31st March 2002 £'000*
Turnover (Gross profit)	2	22,402	15,191
Staff costs	3	(10,390)	(6,803)
Exceptional staff costs	4	121	(244)
Total staff costs		(10,269)	(7,047)
Total operating charges		(3,893)	(3,041)
Operating profit	6	8,240	5,103
Interest receivable		345	404
Profit on ordinary activities before taxation		8,585	5,507
Tax on profit on ordinary activities	7	(2,506)	(1,700)
Profit on ordinary activities after taxation	18	6,079	3,807
Dividends paid and proposed	8, 18	(3,961)	(2,494)
Profit for the financial period transferred to reserves	17	2,118	1,313
		Pence	*Pence*
Basic earnings per share	5	18.86	11.52
Basic earnings per share (adjusted)	5	18.59	12.03
Basic earnings per share (core)	5	10.20	7.52
Diluted earnings per share	5	18.16	11.10
Diluted earnings per share (adjusted)	5	17.91	11.60
Diluted earnings per share (core)	5	9.82	7.25

The Group had no gains or losses in the year other than the results in the above Profit and Loss Account, which arise wholly from continuing activities.

Details of movements in shareholders' funds are provided in Note 18.

The Notes on pages 45 to 59 form part of these accounts.

Consolidated Balance Sheet as at 31st March 2003

	Notes	31st March 2003 £'000	31st March 2003 £'000	31st March 2002 £'000	31st March 2002 £'000
Fixed assets					
Tangible assets	9		286		310
Own shares held by the Liontrust Asset Management Employee Trust	10		3,454		-
			3,740		310
Current assets					
Short-term investments	12	174		114	
Debtors	13	32,006		14,939	
Cash at bank and in hand		9,915		9,560	
		42,095		24,613	
Creditors: (amounts falling due within one year)	14	(36,270)		(17,781)	
Net current assets			5,825		6,832
Total assets less current liabilities			9,565		7,142
Capital and reserves					
Called up share capital	15		335		333
Share premium account	16		2,777		2,098
Profit and loss account	17		6,453		4,711
Shareholders' funds (all equity interests)	18		9,565		7,142

Approved by the Board of Directors on 20th May 2003 and signed on its behalf by

A. J. V. Yates, Finance Director. Antony Yates

The Notes on pages 45 to 59 form part of these accounts.

Company Balance Sheet as at 31st March 2003

	Notes	31st March 2003 £'000	31st March 2003 £'000	31st March 2002 £'000	31st March 2002 £'000
Fixed assets					
Tangible assets	9		286		310
Investment in subsidiaries	11		2,580		2,580
Own shares held by the Liontrust Asset Management Employee Trust	10		3,454		-
			6,320		2,890
Current assets					
Debtors	13	1,838		583	
Cash at bank and in hand		2,511		3,101	
		4,349		3,684	
Creditors: (amounts falling due within one year)	14	(6,734)		(3,343)	
Net current assets/(liabilities)			(2,385)		341
Total assets less current liabilities			3,935		3,231
Capital and reserves					
Called up share capital	15		335		333
Share premium account	16		2,777		2,098
Profit and loss account	17		823		800
Shareholders' funds (all equity interests)	18		3,935		3,231

Approved by the Board of Directors on 20th May 2003 and signed on its behalf by

A. J. V. Yates, Finance Director. Andrew Yates

The Notes on pages 45 to 59 form part of these accounts.

Consolidated Cash Flow Statement for the year ended 31st March 2003

Reconciliation of operating profit to net cash inflow from operating activities

	Year ended 31st March 2003 £'000	Year ended 31st March 2002 £'000
Operating profit	8,240	5,103
Exceptional staff costs	(165)	244
Depreciation charges	104	104
(Increase) in short term investments	(60)	(53)
(Increase) in debtors	(17,067)	(8,316)
Increase in creditors	16,692	2,671
Net cash inflow/(outflow) from operating activities	7,744	(247)

Cash Flow Statement

	Note	£'000	£'000
Net cash inflow/(outflow) from operating activities		7,744	(247)
Returns on investment and servicing of finance	19	345	404
Taxation		(1,854)	(2,352)
Capital expenditure and financial investment	19	(3,534)	(98)
Equity dividends paid		(2,651)	(331)
		50	(2,624)
Financing	19	305	559
Increase/(decrease) in cash	19	355	(2,065)

The Notes on pages 45 to 59 form part of these accounts.

Notes to the Financial Statements

1. **Accounting policies**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The accounts have been prepared on a going concern basis.

The principal accounting policies are set out below:

(a) Basis of consolidation

The consolidated financial statements incorporate the results of the Company and all of its subsidiaries. No separate profit and loss account has been presented for the Company as permitted by section 230 of the Companies Act 1985. The profit after tax for the financial year dealt with in the accounts of the Company was £3,984,000.

(b) Investment in subsidiary undertakings

The investment in subsidiary undertakings is stated in the Company's balance sheet at its original cost less provision for any impairment in value.

(c) Fixed assets and depreciation

Leasehold improvements and furniture are included at cost and are depreciated over the lower of the estimated useful life and the lease term, which is ten years.

Office equipment is included at cost and is depreciated over the estimated useful life of the asset, which is between three and ten years.

Computer equipment and purchased software is included at cost and is depreciated over the estimated useful life of the asset, which is three years.

(d) Own shares

Own shares held by the Liontrust Asset Management Employee Trust are valued at cost, unless there is considered to be an impairment in value.

(e) Operating leases

Operating lease rentals are accounted for on an accruals basis, spreading the total lease costs over the term of the lease.

Notes to the Financial Statements

(f) Income and expenses

Income and expenses are accounted for on an accruals basis when they become either receivable or payable. Performance fees are recognised in the period in which they become due and collectable. Any portion of performance fees that are not due and collectable, and whose future entitlement is not certain, is not recognised but noted as a contingent asset as set out in Note 24.

(g) Deferred taxation

Deferred tax is accounted for on an undiscounted basis at expected tax rates on all differences arising from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements. A deferred tax asset is only recognised when it is more likely than not that an asset will be recoverable in the foreseeable future out of suitable taxable profits from which the underlying timing differences can be deducted.

(h) Pensions

The Company operates defined contribution money purchase pension schemes covering its employees. The assets are invested with insurance companies and are held separately from the Company. The costs of the pension scheme are charged to the Profit and Loss Account in the period in which they are incurred.

(i) National insurance on unapproved share options

Employer's national insurance on unapproved share options is provided for over the period from the date of grant of the relevant options to the first date at which such options can be exercised, based on the rate of national insurance and the price of the Company's shares at the relevant balance sheet dates.

Notes to the Financial Statements

2. Turnover (Gross Profit)

Group turnover from core earnings includes the gross value of sales and liquidations of units in unit trusts, net of discounts, less the gross value of creations and repurchases of units in unit trusts, sales commission paid or payable, investment advisory fees and stamp duty, as well as investment management and administration fees and commission receivable from the sales of investment trust shares.

	Year ended 31st March 2003 £'000	*Year ended 31st March 2002 £'000*
Management and administration fees and sales of unit trusts	546,509	318,680
Cost of sales of unit trusts and commissions	(532,795)	(308,226)
Group turnover from core earnings	13,714	10,454
Performance related fees	8,688	4,737
Total Group turnover	22,402	15,191

Notes to the Financial Statements

3. Directors and employees

The average number of staff employed by the Company, excluding Non-executive Directors, was 41 (2002: 35). All employees are involved in the investment management business of the Group.

The costs incurred in respect of the Directors and employees were:

	Year ended 31st March 2003 £'000	*Year ended 31st March 2002 £'000*
Wages and salaries	8,997	5,905
Social security costs	1,107	644
Other pension costs	286	254
	10,390	6,803

This year's staff costs are affected by the impact of the above ratio on the performance related fees earned by the Group. The staff costs can be analysed between core earnings and performance related fees as follows:

	Core earnings £'000	*Performance related £'000*	*Total costs £'000*
Wages and salaries	4,697	4,300	8,997
Social security costs	584	523	1,107
Other pension costs	286	-	286
	5,567	4,823	10,390

Emoluments of the Chairman, highest paid Director and the other Directors are shown in the Directors' Remuneration Report on page 33.

Notes to the Financial Statements

4. **Exceptional staff costs**

	Year ended 31st March 2003 £'000	Year ended 31st March 2002 £'000
Staff costs		
(Write back)/provision for employer's national insurance on potential gain on unapproved share options	(121)	244

Notes

The Group's flotation prospectus contained details of options granted to J. D. Lang and W. T. Pattisson which are summarised in the Directors' Remuneration Report on pages 35 and 36. The Company will be liable for employer's national insurance on any gains made on exercise of these options, which are classified as unapproved by the Inland Revenue. The Company has provided for this potential cost, based on the share price at 31st March 2003 and at the prevailing rate of employer's national insurance of 12.8%. The options have been available for exercise since 21st July 2002.

Notes to the Financial Statements

5. Earnings per share

The calculation of basic earnings per share is based on profit after taxation and the weighted average number of Ordinary Shares in issue for each period. The weighted average number of Ordinary Shares was 32,237,093 for the year (33,057,365 for the year ended 31st March 2002). This figure has fallen as shares held by the Liontrust Asset Management Employee Trust are not eligible for dividends and are treated as cancelled for the purposes of calculating earnings per share.

Basic earnings per share (adjusted) are calculated after removing the exceptional items and associated tax credit. Basic earnings per share (core) are calculated after removing the exceptional items, the performance related fees and costs and related tax charges and are reconciled to the basic earnings per share for the year ended 31st March 2003 as follows:

	Earnings £'000	*EPS pence*
Basic earnings	6,079	18.86
Exceptional items less tax credit	(85)	
Basic earnings (adjusted)	5,994	18.59
Performance related fees and costs less tax charge	(2,705)	
Basic earnings (core)	3,289	10.20

Diluted earnings per share are calculated on the same bases as set out above, after adjusting the weighted average number of Ordinary Shares for the effect of options to subscribe for new Ordinary Shares that were in existence at 31st March 2003. The adjusted weighted average number of Ordinary Shares so calculated for the year was 33,475,251 (2002: 34,303,129). This is reconciled to the actual weighted number of Ordinary Shares as follows:

	2003 number	*2002 number*
Weighted average number of Ordinary Shares	32,237,093	33,057,365
Weighted average number of dilutive Ordinary Shares under option:		
- unapproved options granted on flotation	952,696	1,122,394
- to Savings-Related Share Option Scheme	100,612	123,370
- to the Liontrust Enterprise Management Incentive Scheme	184,850	-
Adjusted weighted average number of Ordinary Shares	33,475,251	34,303,129

Details of the options outstanding at 31st March 2003 to Directors are set out in the Directors' Remuneration Report on page 36. Details in respect of the Savings-Related Share Option Scheme are also given in the Directors' Remuneration Report on page 34.

Notes to the Financial Statements

6. Operating profit

	Year ended 31st March 2003 £'000	Year ended 31st March 2002 £'000
The Group's operating profit is arrived at after charging:		
Auditors' remuneration	44	33
Other amounts paid to auditors	48	-
Depreciation	104	104
Operating lease costs	226	186

7. Tax on profit on ordinary activities

		Year ended 31st March 2003 £'000	Year ended 31st March 2002 £'000
Group			
(a)	Analysis of charge in period		
	Current tax:		
	UK corporation tax at 30% (2002: 30%)	2,487	1,657
	Adjustments in respect of prior year	16	16
		2,503	1,673
	Foreign tax	3	27
	Total current tax (Note (b))	2,506	1,700
(b)	Factors affecting tax charge for the period		
	Profit on ordinary activities before tax	8,585	5,507
	Profit on ordinary activities at UK corporation tax rate at 30% (2002: 30%)	2,575	1,652
	Effects of:		
	Contributions to the Employee Trust funded by subsidiaries	(113)	-
	Expenses not deductible for tax purposes	34	27
	Lower tax rates on overseas earnings	(6)	(14)
	Provision for additional tax on remitted overseas earnings	-	19
	Adjustments to tax charge in respect of previous periods	16	16
		2,506	1,700

Notes to the Financial Statements

8. Dividends

	Year ended 31st March 2003 Pence per share	Year ended 31st March 2003 £'000	Year ended 31st March 2002 Pence per share	Year ended 31st March 2002 £'000
Interim dividend paid (core)	1.0	323	0.5	166
Final dividend proposed (core)	3.0	970	2.5	831
Total core dividend	4.0	1,293	3.0	997
Special dividend proposed	8.25	2,668	4.5	1,497
Total dividend	12.25	3,961	7.5	2,494

9. Tangible fixed assets

Group and Company	*Leasehold improvements £'000*	*Office equipment £'000*	*Computer equipment £'000*	*Total £'000*
Cost				
At 31st March 2002	163	203	299	665
Additions	-	20	60	80
At 31st March 2003	163	223	359	745
Depreciation				
At 31st March 2002	65	106	184	355
Charge for the year	18	25	61	104
At 31st March 2003	83	131	245	459
Net book value				
At 31st March 2003	80	92	114	286
At 31st March 2002	98	97	115	310

Notes to the Financial Statements

10. Own shares

Approval was granted at the 2002 Annual General Meeting for the grant of options to employees under the Liontrust Enterprise Management Incentive Scheme. Options were subsequently granted to employees over 2,089,674 shares at 287.5 pence per share. The Liontrust Asset Management Employee Trust purchased 1,044,837 shares at 287.5 pence per share to provide that 50% of the shares under option will not be dilutive to existing shareholders. A further 130,283 shares were purchased to provide a hedge against the employer's national insurance liability that will arise if the market price of the shares exceeds the option price on exercise of the options.

At 31st March 2003, the Liontrust Asset management Employee Trust owned 1,175,120 shares at a cost of £3,454,000. Dividends on these shares have been waived and they are treated as cancelled for the purposes of calculating the earnings per share of the Group. Any impairment in value of the shares held would be taken to the Profit and Loss Account. As at 31st March 2003, the market value of the shares held was £3,367,000. No expense has been recognised as the Directors do not believe there has been an impairment in value of the shares held.

11. Investment in subsidiary undertakings

The Company's investment in subsidiary undertakings represents 100% interests in the ordinary shares, voting rights and redeemable preference shares of Liontrust Investment Funds Limited, whose principal activity is unit trust management, Liontrust Investment Services Limited, whose principal activity is investment management, both registered in England; Liontrust International (Guernsey) Limited, incorporated in Guernsey, whose principal activity is investment management; and Liontrust International (Cayman) Limited, registered in Cayman, whose principal activity is investment management.

12. Short-term investments

The Group's short-term investments represent units in the unit trusts under management held in the manager's box and are valued at bid price.

Notes to the Financial Statements

13. Debtors: (amounts falling due within one year)

	Group 2003 £'000	Group 2002 £'000	Company 2003 £'000	Company 2002 £'000
Trade debtors				
Fees	4,375	2,183	-	-
Unit trust sales and cancellations	23,567	8,864	-	-
Amounts due from subsidiary undertakings	-	-	1,811	574
Prepayments and accrued income	3,926	3,786	-	2
Other debtors	138	106	27	7
	32,006	14,939	1,838	583

14. Creditors: (amounts falling due within one year)

	Group 2003 £'000	Group 2002 £'000	Company 2003 £'000	Company 2002 £'000
Trade creditors - unit trust repurchases and creations	24,783	9,266	-	-
Other creditors including taxation and social security	3,791	1,698	1,429	430
Dividend payable	3,638	2,328	3,638	2,328
Amounts due to subsidiary undertaking	-	-	106	-
Accruals and deferred income	3,744	4,010	1,247	106
Provision for employer's national insurance on unapproved share options	314	479	314	479
	36,270	17,781	6,734	3,343

The provision for employer's national insurance liability has been calculated based on the closing mid market price at 31st March 2003 of 286.5 pence (31st March 2002: 387.5 pence). A 10% increase, or decrease, in this share price would cause a rise, or fall, in the required provision of £52,000 (31st March 2002: £68,000).

Notes to the Financial Statements

15. Called up share capital

	Group 2003 £'000	Group 2002 £'000	Company 2003 £'000	Company 2002 £'000
Authorised				
Equity				
60,000,000 Ordinary Shares of 1 pence each (2002: 60,000,000)	600	600	600	600
Allotted, called up and fully paid				
Equity				
33,509,867 Ordinary Shares of 1 pence each (2002: 33,256,734)	335	333	335	333

253,133 shares were allotted during the year in respect of options exercised. 218,064 were allotted to the Liontrust Asset Management Employee Trust at 287.5 pence per share and 35,069 to members of the Savings-Related Share Option Scheme at 154.8 pence per share.

16. Share premium account

Group and Company	2003 £'000	2002 £'000
Balance at 31st March 2002 (31st March 2001)	2,098	1,543
Share premium on shares issued during the year	679	555
Balance at 31st March 2003 (31st March 2002)	2,777	2,098

Notes to the Financial Statements

17. Profit and loss account

	£'000
Group	
Balance at 31st March 2002	4,711
Contributions to the Employee Trust funded by subsidiaries	(376)
Retained profit for the year	2,118
Balance at 31st March 2003	6,453

	£'000
Company	
Balance at 31st March 2002	800
Retained profit for the year	23
Balance at 31st March 2003	823

18. Statement of movement in shareholders' funds

	Year ended 31st March 2003 £'000	Year ended 31st March 2002 £'000
Group		
Profit attributable to shareholders	6,079	3,807
Dividends paid and proposed	(3,961)	(2,494)
Issue of new shares, net of issue costs	681	559
Contributions to the Employee Trust funded by subsidiaries	(376)	-
Net increase in shareholders' funds	2,423	1,872
Opening shareholders' funds	7,142	5,270
Closing shareholders' funds	9,565	7,142
Company		
Profit attributable to shareholders	3,984	2,260
Dividends paid and proposed	(3,961)	(2,494)
Issue of new shares, net of issue costs	681	559
Net increase in shareholders' funds	704	325
Opening shareholders' funds	3,231	2,906
Closing shareholders' funds	3,935	3,231

Notes to the Financial Statements

19. Analysis of cash flows for headings netted in the cash flow statement

	Year ended 31st March 2003 £'000	Year ended 31st March 2002 £'000
Returns on investments and servicing of finance		
Interest received	345	404
Net cash inflow for returns on investments and servicing of finance	345	404
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(80)	(98)
Liontrust Asset Management Employee Trust purchase of Own Shares	(3,454)	-
Net cash outflow for capital expenditure and financial investment	(3,534)	(98)
Financing		
Issue of new shares, net of issue costs	681	559
Contributions to the Employee Trust funded by subsidiaries	(376)	-
Net cash inflow from financing	305	559
Increase/(decrease) in cash		
Cash at bank and in hand:		
At 31st March 2002 (31st March 2001)	9,560	11,625
Increase/(decrease) in cash	355	(2,065)
At 31st March 2003 (31st March 2002)	9,915	9,560

Notes to the Financial Statements

20. Reconciliation of net cash flow by movement in net funds

	Year ended 31st March 2003 £'000	Year ended 31st March 2002 £'000
Increase/(decrease) in cash in the year	355	(2,065)
Change in net funds	355	(2,065)
Net funds at 31st March 2002 (31st March 2001)	9,560	11,625
Net funds at 31st March 2003 (31st March 2002)	9,915	9,560

Analysis of changes in net funds	31st March 2002 £'000	Cash flows £'000	31st March 2003 £'000
Net funds - cash at bank and in hand	9,560	355	9,915

21. Lease and capital commitments

The Group and Company are committed to making the following payments over the next twelve months under operating leases which expire as follows:

	Year ended 31st March 2003 £'000	Year ended 31st March 2002 £'000
Land and buildings		
After five years	144	144
Other assets		
Within one year	26	20
Between one and two years	41	18
Between two and five years	13	41
	80	79

Notes to the Financial Statements

22. Financial instruments

Disclosures relating to the Group's financial instruments are included in the Directors' Report on pages 29 and 30. The Group's financial instruments comprise cash, liquid short-term investments and debtor and creditor balances that arise from its daily operations and are excluded from financial instrument disclosures as permitted by FRS 13. The Group's short-term investments, as disclosed in Note 12, are valued at bid price at 31st March 2003, which was their fair value at that date. The Group does not hold any financial assets or liabilities denominated in a foreign currency.

23. Related party transactions

During the year the Group received fees from unit trusts under management of £8,165,000 (2002: £6,108,000). Transactions with these unit trusts comprised creations of £422,706,000 (2002: £150,681,000) and liquidations of £51,678,000 (2002: £80,868,000). Directors can invest in unit trusts managed by the Group on commercial terms that are no more favourable than those available to staff in general. As at 31st March 2003 the Group owed the unit trusts £20,835,000 (2002: £5,165,000) in respect of unit trust creations and was owed £1,242,000 (2002: £2,215,000) in respect of unit trust cancellations and fees.

24. Contingent liabilities and contingent assets

As previously explained, the Group can earn performance fees on some of the pension fund accounts that it manages. In some cases a proportion of the fee earned is deferred until the next performance fee is payable on that account. As there is no certainty that such deferred fees will be collectable in future years, the Group's accounting policy is to include performance fees in income only when they become due and collectable and therefore the element deferred beyond 31st March 2003 has not been recognised in the results for the year.

Gross performance fees that may, or may not, be collectable in the year to 31st March 2004, or subsequent periods, currently amount to £1.4 million (2002: £1.8 million).

There were no contingent liabilities as at 31st March 2003 (2002: nil).

Notice of Annual General Meeting

Notice is hereby given that the eighth annual general meeting of the Company will be held in the Beaufort Room at The Savoy Hotel, Strand, London WC2R 0EU on Wednesday 9th July 2003 at 11 am for the following purposes:

As ordinary business:

1. to receive the audited accounts for the year ended 31st March 2003, together with the Directors', Remuneration Committee and the Auditors' reports;

2. to declare a dividend;

3. to approve the Directors' Remuneration Report for the financial year ended 31st March 2003;

4. to re-elect as a Director Mrs M. E. Winser who retires by rotation in accordance with the Company's articles of association and offers herself for reappointment;

5. to re-elect as a Director Mr J. D. Lang who retires by rotation in accordance with the Company's articles of association and offers himself for reappointment;

6. to re-elect as a Director Mr A. J. V. Yates who retires by rotation in accordance with the Company's articles of association and offers himself for reappointment;

7. to reappoint PricewaterhouseCoopers LLP as Auditors, special notice having been received, the following resolution will be proposed as an ordinary resolution:

   THAT PricewaterhouseCoopers LLP be reappointed auditors of Liontrust Asset Management PLC (having previously been appointed by the Board to fill the casual vacancy arising by reason of the resignation of PricewaterhouseCoopers), to hold office until the conclusion of the next Annual General Meeting at which accounts are laid before the Company and that their remuneration be fixed by the Directors.

Notice of Annual General Meeting

As special business:

8. To consider and, if thought fit, pass the following resolution which will be proposed as an ordinary resolution:

THAT in substitution for all existing authorities, the Directors be and they are hereby generally and unconditionally authorised to exercise all the powers of the Company to allot relevant securities (within the meaning of section 80(2) of the Companies Act 1985 and so that references to the allotment of relevant securities shall be construed in accordance with the said section 80) up to an aggregate nominal amount of £50,265 (representing 15 per cent of the issued share capital of the Company at the date thereof), such authority to expire on the conclusion of the next Annual General Meeting of the Company, provided that the Company may, before such expiry, make an offer or agreement which would, or might, require relevant securities to be allotted after such expiry, and the Board may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

Notice of Annual General Meeting

9. To consider and, if thought fit, pass the following resolution which will be proposed as a special resolution:

THAT in substitution for all existing authorities, the Directors be empowered, pursuant to section 95 of the Companies Act 1985, to allot equity securities (as defined in section 94 of that Act) for cash pursuant to the general authority conferred in 8 above as if section 89(1) of that Act did not apply to such allotment, provided that this power shall be limited to:

(a) the allotment of equity securities in connection with an offer by way of rights in favour of the holders of Ordinary Shares on the register of members at such record date or dates as the Directors may determine for the purpose of the issue receipts, where the equity securities respectively attributable to the interests of all holders of Ordinary Shares are proportionate (as nearly as may be) to the respective number of Ordinary Shares held by them on any such record date or dates (subject to such exclusions or arrangements as the Board may deem necessary or expedient in relation to fractional entitlements, legal or practical problems arising under the laws of any overseas territory or by virtue of the Shares being represented by depository receipts, the requirements of any regulatory body or stock exchange or any matter whatsoever); and

(b) the allotment of equity securities (otherwise than pursuant to paragraph (a) above) up to an aggregate nominal amount of £16,755 (representing 5 per cent of the issued share capital of the Company at the date thereof)

and shall expire on the conclusion of the next Annual General Meeting of the Company save that the Company may, before such expiry, make an offer or agreement which would, or might, require equity securities to be allotted after such expiry, and the Directors may allot equity securities in pursuance of such offer or agreement notwithstanding that the power conferred hereby has expired.

Notice of Annual General Meeting

10. To consider and, if thought fit, pass the following resolution which will be proposed as a special resolution:

THAT the Company be generally authorised for the purpose of section 166 of the Companies Act 1985 to make a market purchase or purchases (within the meaning of section 163(3) of that Act) of its own Ordinary Shares of 1 pence each in such manner and on such terms as the Directors may from time to time determine provided that:

(a) the maximum number of shares hereby authorised to be acquired is 5 million;

(b) the maximum price, exclusive of expenses, which may be paid for an Ordinary Share is 105 per cent of the average of the middle market quotations for an Ordinary Share of the company as derived from the London Stock Exchange Official List for the five business days immediately preceding the day on which the Ordinary Share is contracted to be purchased;

(c) the minimum price, exclusive of expenses, which may be paid for each Ordinary Share is 1 pence;

(d) this authority shall expire on the conclusion of the next Annual General Meeting or 31st July 2004, whichever is the earlier (except in relation to the purchase of Ordinary Shares the contract for which was concluded before the expiry of such authority and which will or might be executed wholly or partly after such expiry), unless such authority is renewed prior to such time.

By Order of the Board

D. V. Gibbons, Secretary.

Registered Office: 2 Savoy Court, London WC2R 0EZ.

20th May 2003.

Notes

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not also be a member of the Company.

2. A form of proxy is enclosed with this Notice. Completion of the form will not preclude a member from attending and voting should he or she wish to do so. To be valid the form of proxy and power of attorney or other authority (if any) under which it is signed, or notarially certified or office copy of such power or authority, must be lodged at the office of the Company's Registrars not less than 48 hours before the time fixed for the Meeting.

3. The register of Directors' interests will be available for inspection at the commencement of, and during the continuance of, the Annual General Meeting.

Shareholder Information

Financial Calendar:

Year end	31st March
Half year end	30th September
Results announced:	Full year: May, half year: November
Interim report available:	December
Annual report available:	June
Annual General Meeting:	July

Shareholder news:

The Company publishes ROAR!, a periodic newsletter for shareholders.

Share price information:

The Company's shares are quoted on the London Stock Exchange and the price appears daily in *The Financial Times*, (listed under 'Speciality & Other Finance'), *The Daily Telegraph,* (listed under 'Asset Managers'), *The Times* (listed under 'Banking & Finance') and *The Evening Standard* (listed under 'Speciality & Other Finance').

UK authorised unit trusts:

Liontrust First Growth Fund

Liontrust First Income Fund

Liontrust First Large Cap. Fund

The Liontrust Intellectual Capital Trust

Liontrust Top 100 Fund

Pension fund pooling vehicles:

Liontrust First Exempt Fund

Liontrust Prime Exempt Fund

London Stock Exchange listed investment trusts:

Liontrust First U.K. Investment Trust PLC

Liontrust Winners Investment Trust PLC

Guernsey domiciled open-ended investment company:

Liontrust Guernsey Fund Limited, comprising:

- Liontrust First Equity Fund
- Liontrust Dynamic Income Fund
- Liontrust Active 350 Fund
- Liontrust First Smaller Companies Fund
- Liontrust UK Index Fund

Shareholder Information

Dublin Stock Exchange listed absolute return fund

Liontrust Absolute Return Fund Limited

Unit trust prices:

The prices of Liontrust's range of authorised unit trusts and pension fund pooling vehicles are quoted in *The Financial Times* within their FT Managed Funds Service. In *The Daily Telegraph* the prices of our range of authorised unit trusts are listed in the Unit Trusts & Open Ended Investment Companies Prices page.

Investment trust prices:

The share prices of Liontrust First U.K. Investment Trust PLC and Liontrust Winners Investment Trust PLC are quoted in the London Share Service page of *The Financial Times*. *The Daily Telegraph* also lists the share price of Liontrust Winners Investment Trust PLC.

Further information:

For further information on the Company's range of funds and services please contact our Client Investment Services Department at:

Liontrust Investment Funds Limited,
2 Savoy Court,
London WC2R 0EZ
Telephone: 020-7412 1766
Facsimile: 020-7412 1779
e-mail: info@liontrust.co.uk
or visit: www.liontrust.co.uk

Shareholder Information

Group subsidiary companies – board members:

Liontrust Investment Funds Limited

V. K. Abrol
J. E. E. Barham
W. E. S. Carey
A. W. P. Cross
C. J. Edmeades
R. C. Farquhar
J. H. Harbottle
J. D. Lang
N. R. Legge
M. P. Morrissey
W. T. Pattisson
R. A. Stead
A. J. V. Yates

Liontrust Investment Services Limited

V. K. Abrol
J. E. E. Barham
W. E. S. Carey
A. W. P. Cross
C. J. Edmeades
J. D. Lang
N. R. Legge
W. T. Pattisson
A. J. V. Yates

Liontrust Nominees Limited

V. K. Abrol
C. J. Edmeades
A. J. V. Yates

Liontrust International (Guernsey) Limited

V. K. Abrol
G. M. Harrison
P. M. Langford

Liontrust International (Cayman) Limited

V. K. Abrol
O. Garcia
G. M. Harrison
J. D. Hunter
A. J. V. Yates

Shareholder Information

Investment companies – board members:

Liontrust First U.K. Investment Trust PLC

Admiral Sir R. D. Lygo KCB (Chairman)	J. J. C. Edwards
S. M. Corbett LVO	J. M. F. Padovan

Liontrust Winners Investment Trust PLC

B. H. Asher (Chairman)	J. A. Rickards
P. G. Metcalfe	J. G. Tregoning

Liontrust Guernsey Fund Limited

V. K. Abrol	P. M. Langford
G. M. Harrison	

Liontrust Absolute Return Fund Limited

V. K. Abrol	J. D. Hunter
O. Garcia	A. J. V. Yates
G. M. Harrison	

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