COMPANY NO 6306664

PREMIER ASSET MANAGEMENT GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

♦ Year ended 30th September 2010 ♦

CONTENTS

COMPANY INFORMATION

Directors	Mike Vogel, Chairman (non- executive) Mike O'Shea, Chief Executive Neil Macpherson, Finance Director Alex Cooper-Evans, Non-executive Director Tim Syder, Non-executive Director
Registration Number	6306664
Secretary and Registered Office	Neil Macpherson Eastgate Court High Street Guildford Surrey GU1 3DE
Auditors	Grant Thornton UK LLP Chartered Accountants 30 Finsbury Square London EC2P 2YU
Bankers	Lloyds TSB City Office Corporate & Institutional PO Box 72 Bailey Drive Gillingham Business Park Kent ME8 0LS

REPORT OF THE DIRECTORS

The directors submit their report together with the financial statements of Premier Asset Management Group Ltd (the 'Company') for the year ended 30th September 2010

Principal activities

The principal activity of the Company is that of a holding company The principal activities of the subsidiary undertakings are that of managers of investment funds and discretionary portfolio managers The Company and its subsidiaries are hereafter referred to as the 'Group'

Business review and future developments

Following the acquisition of ten funds from Aberdeen Asset Management which completed on 5 December 2009 and generally improved equity markets, the company has seen much improved trading conditions during the year under review Although assets under management have been broadly static over the year, at £2 494 billion as at 30 September 2010 compared to £2 503 billion as at 30 September 2009, there has been a significant improvement in the Group's EBITDA During the year the Group generated positive EBITDA before exceptional items of £4,561,747 as compared to a negative £875,166 for the year ended 30 September 2009 Overall the Group showed a retained loss for the year of £5,445,811 as compared to a loss of £11,032,287 for the previous year

The exceptional items incurred during the year are considered not to be recurring items and therefore do not have an impact on future sustainable earnings

The focus for the year has been on the integration of the Aberdeen funds into the Premier business and the consolidation of the back office functions onto a single platform The first of these has involved hiring additional experienced investment managers to take over the management of the assets as well as extensive contact with both advisers and clients The second has involved an in depth review of the market for back office administration services and the selection of a preferred provider The transition to this provider is progressing well with fund accounting services and trustee services now complete and shareholder dealing and registration expected to complete in Q2 2011

Looking forward, we will continue to strengthen the company's fund management capabilities as well as enhancing the level of service we provide to advisers and their clients wherever possible It is likely that equity markets will remain volatile as the global economy recovers from its recent recession but it is hoped that they will make overall progress as improved corporate earnings are realised This should create a favourable backdrop for the business and allow it to continue to improve performance and attract further assets over time

Long term strategy and business objectives

There are five main objectives, these are as follows

- To grow profitability
- To grow funds under management, maintaining, and where possible, improving margins
- To keep costs under control
- To continue to look for suitable acquisition targets that will deliver scale, strengthen our existing business lines or allow us to develop into new areas
- To continue to build our investment management capabilities to enable us to deliver market leading performance for our clients

Key Performance Indicators

The company has the following Key Performance Indicators

- Growth in funds under management
- Growth in EBITDA
- Growth in operating margins

An analysis of the key performance indicators is shown in the table below

	2010	2009	2008
Closing funds under management (£m)	2,494	2,503	1,423
Average funds under management (£m)	2,489	1,501	1,621
EBITDA before exceptionals (£m)	4 56	(0 88)	1 21
EBITDA / Average FUM (bps)	0 18	(0 06)	0 07

Risks and uncertainty
The Group's principal financial assets are bank balances, trade and other receivables and investments The key risks to which the Group is exposed are credit risk, liquidity risk, market price risk and operational risk, each of which is described in more detail below

Credit risk
The Group credit risk is primarily focused on trade receivables in relation to its OEIC business The risk is that a counterparty fails to settle on a trade and thereby creating an illiquid asset However, in such cases the Group has the ability to arrange with the trustees of the relevant fund to cancel the trade and to liquidate the units issued, thereby settling the trade A possible exposure will arise in such an instance whereby the price achieved on a cancellation of a trade is less than the original price at which the units were issued

The credit risk on liquid assets is limited because the counterparties are banks with relatively high credit ratings

The Group has no significant concentration of credit risk as exposure is spread over a large number of counterparties and customers

Liquidity risk
The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Group's reputation Details of the bank facilities provided to the Group are provided in note 12

Market price risk
Market price risk arises where there is uncertainty or significant volatility in the world's stock markets The Group's turnover consists primarily of management fees generated on funds that are managed within the group, these funds are predominantly invested in quoted equities and such volatility and/or uncertainty can materially affect the value of the funds on which management fees are generated

The funds under management are managed such that the asset allocation minimises the risk associated with particular countries or industry sectors whilst continuing to follow the relevant funds investment objectives

Risk managed by

- Having a spread of products
- Limiting fixed costs / managing operations and financial gearing

Operational risk
Operational, reputational and legal risks are monitored by the Board and which has delegated the risk monitoring function to a team of senior management that reports directly to the Executive As part of the Pillar II requirements of the Capital Requirements Directive, the Group maintains an 'Internal Capital Adequacy Assessment Process' ("ICAAP") in order to assess and manage the various risks inherent within the Group The ICAAP is updated annually based on the latest available information and is used in conjunction with the compliance monitoring program, compliance manual and a fully documented system of controls and procedures

Results and dividends

The Group's loss after taxation for the year of £5,445,811 will be taken from reserves The directors do not recommend the payment of a dividend

Payment policy

The Group does not follow a published code or standard on payment practice It is the Group's policy to settle the terms of payment with each supplier when agreeing the terms of the transaction and to ensure that suppliers are aware of these terms and to abide by them As a requirement of the Financial Services Act, all repurchases and creations of units in Open Ended funds are settled within four working days of receiving properly renounced certificates

At the balance sheet date, the Group had an average of 6 days outstanding in respect of approved open ended fund repurchases and creations and the parent company had no trade creditors at the period end

Audit information

Pursuant to the Companies Act 2006, each of the directors confirms that (a) so far as they are aware, there is no relevant information of which the Auditors are not aware, and (b) they have taken all steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the Auditors are aware of such information

Auditors

A resolution to re-appoint Grant Thornton as auditors of the company will be proposed at the forthcoming Annual General Meeting

Approved and signed on behalf of the Board

Neil Macpherson
Director
31 March 2011

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Statement of Directors' Responsibilities for the Annual Report
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period The financial statements are required by law to give a true and fair view of the state of affairs of the group and parent company and of the profit or loss of the group for that period In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 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

In so far as each of the directors is aware

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PREMIER ASSET MANAGEMENT GROUP LIMITED

We have audited the financial statements of Premier Asset Management Group Limited for the year ended 30 September 2010 which comprise the group profit and loss account, the group and parent company balance sheets, the group cash flow statement, the group and parent company reconciliation of movement in shareholders' funds and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/apb/scope/UKNP

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 September 2010 and of the group's loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Grant Thornton UK LLP.

Marcus Swales
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP,
Statutory Auditor, Chartered Accountants
London
31 March 2011

PRINCIPAL ACCOUNTING POLICIES

The following policies are considered material in relation to the financial statements The policies have been consistently applied throughout the period In all respects, these financial statements are prepared in accordance with applicable UK Accounting Standards

Basis of accounting
The financial statements are prepared under the historical cost convention

Basis of consolidation
The group financial statements consolidate those of the Company and of its subsidiary undertakings (see note 8) The results of subsidiary undertakings acquired during a year are included from the date of acquisition Profits or losses on intra-group transactions are eliminated in full On acquisition of a subsidiary, all of the subsidiary's identifiable assets and liabilities which exist at the date of acquisition are recorded at their fair values reflecting their condition at that date

The parent Company has adopted the provisions of Section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements The parent Company's loss for the period was £3,916,564 after taxation (2009 £1,075,580 loss)

Associates
An associate is an undertaking, not being a subsidiary or joint venture, in which the Group's interest is substantial and for the long term and, having regard to the disposition of the other shareholdings, the Group is in a position to exercise a significant influence over its policies and participates in its commercial and financial decisions

The Group's share of the profits less losses of associates is included in the consolidated profit and loss account on the equity accounting basis The Group's share of the attributable proportion of the reserves from the dates of acquisition of associates is included in the consolidated balance sheet

Turnover
Turnover represents commissions and management fees receivable, excluding value added tax, derived from the provision of services to clients and are accounted for in the period in which they are earned Also included within turnover are performance fees which are accounted for as and when they are crystalised

Intangible fixed assets
Investment management contracts purchased by the Group are capitalised as intangible fixed assets and stated at cost less a provision for amortisation In calculating the cost, the total consideration, both actual and deferred, is taken into account Where the deferred consideration is contingent and dependant upon future events, an estimate of the likely consideration payable is made Amortisation is calculated to write off the cost of the asset on a straight line basis over its expected useful economic life The useful economic life is determined at the time of the acquisition and reviewed at the end of each reporting period Intangible fixed assets currently held are amortised over periods ranging from 7 to 20 years depending on the nature of the assets purchased

Goodwill
Goodwill is the excess of the cost of an acquired entity over the aggregate of the fair values of that entity's identifiable assets and liabilities All goodwill arising on consolidation of acquisitions has been capitalised and is being amortised on a straight line basis over the estimated useful economic life, estimated to be 20 years

Impairment of intangible fixed assets and goodwill
Intangible fixed assets and goodwill are subject to an impairment review in the first full year following acquisition and in other periods if events or changes in circumstances indicate that the carrying values may not be recoverable The recoverable amount is the greater of fair value less costs to sell and the value in use

Fixed asset investments
The investments in subsidiaries and associate held by the Company are stated at cost less any provision for permanent diminution in value The investment in associate is accounted for in the financial statements of the group under the equity method of accounting

Current asset investments
Current asset investments are stated at the lower of cost and net realisable value

Depreciation
Depreciation is provided on the cost of tangible fixed assets on a straight line basis to write off the difference between the cost of each asset and the residual value at the following rates over their estimated useful life

Short leasehold property	— over the term of the lease
Plant and machinery	— 5 years
Computer equipment	— 3 years
Motor vehicles	— 3 years
Fixtures and fittings	— 15%

Foreign Currency
Transactions denominated in foreign currencies are recorded at a fixed exchange rate for the year Assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the year end Profits or losses generated on foreign exchange transactions made during the normal course of business are recognised in the profit and loss account

Leasing
Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the period of the leases Lease incentives in connection with property leases are amortised over the period from the date of inception of the lease through to the date of the first rent review

Pensions
The Company operates a defined contribution scheme for its employees and the executive directors

The contributions are paid to a life assurance company or SIPP provider to secure the benefits accruing to members Contributions are charged against profits as they fall due The funds of the scheme are held separately to those of the Company

Taxation
The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes Full provision for deferred taxation is made under the liability method, without discounting, on all timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by Financial Reporting Standard 19

Dividends
Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders

Management of Liquid Resources
The Board is risk averse when investing the Group's surplus cash funds The Group's treasury management policy sets out strict procedures and limits on how surplus funds are invested

Related Party Transactions
Advantage has been taken of the FRS 8 exemption from disclosure of certain intra group transactions

Consolidated Profit and Loss Account
For the year ended 30 September 2010

	Notes	Year to 30 September 2010 £	Year to 30 September 2009 £
TURNOVER	1	29,005,280	15,237,578
Operating expenses			
Amortisation		(5,641,899)	(3,116,187)
Loss on disposal of associate		-	(534,446)
Other operating expenses		(24,544,409)	(16,265,392)
Exceptional items	2	(1,885,659)	(18,554)
Total operating expenses		(32,071,967)	(19,934,579)
Operating loss		(3,066,687)	(4,697,001)
Share of profit of associate		-	20,835
Net interest payable	3	(2,286,799)	(7,113,520)
Loss on ordinary activities before taxation		(5,353,486)	(11,789,686)
Tax on loss on ordinary activities	4	(92,325)	757,399
Loss on ordinary activities after taxation for the financial period		(5,445,811)	(11,032,287)

All the amounts relate to continuing operations The group has no recognised gains or losses other than those reported above There are no movements in shareholders funds other than those shown above

The accompanying accounting policies and notes form an integral part of these financial statements

Consolidated Balance Sheet
At 30 September 2010

	Notes	2010 £	2010 £	2009 £	2009 £
FIXED ASSETS					
Intangible assets					
- Goodwill	6		15,907,895		17,010,022
- Other	5		47,158,469		28,099,924
			63,066,364		45,109,946
Tangible assets	7		253,201		310,673
			63,319,565		45,420,619
Current Assets					
Investments	9	43,163		142,298	
Debtors	10	11,919,934		8,525,173	
Cash		7,750,858		3,389,337	
		19,713,955		12,056,808	
Creditors Amounts falling due within one year	11	(17,515,781)		(10,813,558)	
Net Current Assets			2,198,174		1,243,250
Creditors Amounts falling due after more than one year	12		(46,389,081)		(56,365,572)
Total assets less liabilities			19,128,658		(9,701,703)
Called up share capital	13		5,331,269		266,257
Share premium account			38,916,378		9,851,504
Warrant reserve			146,286		-
Profit and loss account			(25,265,275)		(19,819,464)
Shareholders' funds			19,128,658		(9,701,703)

Company number 6306664

The financial statements were approved on behalf of the Board of Directors on 31 March 2011

Mike O'Shea
Chief Executive

Neil Macpherson
Finance Director

The accompanying accounting policies and notes form an integral part of these financial statements

Company Balance Sheet
At 30 September 2010

	Notes	2010 £	2010 £	2009 £	2009 £
FIXED ASSETS					
Investments in subsidiaries	8		43,713,588		15,137,999
Intangible assets	5		21,065,131		25,000
			64,778,719		15,162,999
Current Assets					
Debtors	10	8,502,817		161,074	
Cash		43,436		5,039	
		8,546,253		166,113	
Creditors Amounts falling due within one year	11	(895,249)		(410,001)	
Net Current Liabilities			7,651,004		(243,888)
Creditors Amounts falling due after more than one year	12		(33,997,854)		(6,846,850)
Total assets less current liabilities			38,431,869		8,072,261
Called up share capital	13		5,331,269		266,257
Share premium account			38,916,378		9,851,504
Warrant reserve			146,286		-
Profit and loss account			(5,962,064)		(2,045,500)
Shareholders' funds			38,431,869		8,072,261

Company number 6306664

The financial statements were approved on behalf of the Board of Directors on 31 March 2011

Mike O'Shea
Chief Executive

Neil Macpherson
Finance Director

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Reconciliation of Movement in Shareholder's Funds
For the period ended 30 September 2010

	Share capital £	Share premium £	Warrant reserve £	Profit & loss account £	Total £
The Group					
At 1 October 2008	266,257	9,851,504	-	(8,787,177)	1,330,584
Retained loss for the period	-	-	-	(11,032,287)	(11,032,287)
At 30 September 2009	266,257	9,851,504		(19,819,464)	(9,701,703)
Shares issued during the period	6,132	29,064,874	-	-	29,071,006
Expenses on issue of shares					
Preference shares converted to deferred shares	5,058,880	-	-	-	5,058,880
Warrants issued during the period	-	-	146,286	-	146,286
Retained loss for the period	-	-	-	(5,445,811)	(5,445,811)
At 30th September 2010	5,331,269	38,916,378	146,286	(25,265,275)	19,128,658
The Company					
At 1 October 2008	266,257	9,851,504	-	(969,920)	9,147,841
Retained loss for the period	-	-	-	(1,075,580)	(1,075,580)
At 30 September 2009	266,257	9,851,504	-	(2,045,500)	8,072,261
Shares issued during the period	6,132	29,064,874	-	-	29,071,006
Expenses on issue of shares					
Preference shares converted to deferred shares	5,058,880	-	-	-	5,058,880
Warrants issued during the period	-	-	146,286	-	146,286
Retained loss for the year	-	-	-	(3,916,564)	(3,916,564)
At 30th September 2010	5,331,269	38,916,378	146,286	(5,962,064)	38,431,869

The accompanying accounting policies and notes form an integral part of these financial statements

Consolidated Cash Flow Statement
For the period ended 30 September 2010

	Notes	2010 £	2010 £	2009 £	2009 £
Net cash inflow/(outflow) from operating activities	14		5,678,910		(2,110,196)
Profit distribution received from associate			-		20,835
Returns on investments and servicing of finance					
Interest received		720		60,882	
Interest paid		(944,962)		(1,181,797)	
Net cash outflow from returns on investments and servicing of finance			(944,242)		(1,120,915)
Taxation					
UK corporation tax refund			220		62,619
Capital expenditure and financial investment					
Purchase of tangible fixed assets	7	(43,870)		(33,706)	
Sale of current asset investments		99,135		28,128	
Purchase of intangible fixed assets		(23,598,317)		(14,966)	
Sale of tangible fixed assets		855		5,100	
Net cash outflow from capital expenditure and financial investment			(23,542,197)		(15,444)
Acquisitions and disposals					
Sale of investment in associate		-		400,000	
Net cash inflow from acquisitions and disposals			-		400,000
Financing					
Issue of shares (net of expenses)		11,255,523		-	
Bank loans	12	(750,000)		(1,200,000)	
Other loans	12	12,700,000		115,726	
Net cash inflow/(outflow) from financing			23,205,523		(1,084,274)
Increase/(decrease) in cash	15		4,398,214		(3,847,375)

The accompanying accounting policies and notes form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

1 Turnover and loss on ordinary activities before taxation

Turnover relates to commissions and fees receivable and arose primarily in the United Kingdom A split of turnover by geographical region is as follows

	2010 %	2009 %
United Kingdom	96 4	93 8
Channel Islands	2 2	3 7
Ireland	1 4	2 5

(a) Loss on ordinary activities before taxation is stated after charging

	2010 £	2009 £
Depreciation	100,876	131,813
Operating leases - Rent	310,000	310,153
Amortisation	5,641,899	3,116,187
Exceptional Items	1,885,659	18,554

Auditors remuneration	£	£
Fees payable to the Company's auditors for the audit of the annual financial statements	51,000	57,655
Fees payable to the Company's auditors and its associates for other services		
- Audit of the financial statements of the Company's subsidiaries pursuant to legislation	58,250	36,992
- Other services pursuant to legislation – regulatory reporting	15,000	-
- Other services relating to taxation	40,450	38,232
- All other services	134,750	10,950
	299,450	143,829

Fees payable to the Company's auditors, Grant Thornton UK LLP, and its associates for non-audit services to the Company itself are not disclosed in the individual financial statements of the Company because the Company's group financial statements are required by the Companies (Disclosure of Auditor Remuneration) Regulations 2005, regulation 5(1), to disclose such fees on a consolidated basis

(b) Staff costs

	2010 £	2009 £
Staff costs during the period were as follows		
Wages, bonus & performance fee share	4,392,743	3,818,123
Social security costs	529,824	451,817
Other pension costs	320,534	133,299
	5,243,101	4,403,239

	2010 £	2009 £
Directors' emoluments were as follows		
Remuneration	352,216	322,850
Pension contributions	35,625	-
	387,841	322,850

The number of directors accruing benefits under money purchase pension schemes at the year end was nil (2009 Nil)

	2010 £	2009 £
Emoluments received by the highest paid director were as follows		
Remuneration	175,905	158,345
Pension contributions	21,875	-
	197,780	158,345

The average number of employees of the group during the period was 80 (2009 75) who were engaged in the following activities

	2010 Number	2009 Number
Directors	5	5
Fund management	14	21
Sales and Marketing	24	18
Finance and Systems	7	6
Legal & Compliance	5	4
Administration	25	21

Segmental information
The Group operates a single business segment of asset management for reporting and control purposes

2 Exceptional Items

Exceptional costs recognised within the operating profit are as follows

	2010 £	2009 £
Costs associated with ongoing capital raising	686,997	-
Abortive acquisition costs	332,318	18,554
Migration of OEIC administration onto a single platform	433,939	-
Discretionary client compensation	280,000	-
Staff costs	152,405	-
	1,885,659	18,554

3 Net interest payable

	2010 £	2009 £
Bank interest receivable	720	60,882
	720	60,882
Bank interest payable	1,155,421	1,181,797
PIK interest payable	959,887	5,044,380
Preference share dividends payable	172,211	948,225
	2,287,519	7,174,402
Net interest payable	2,286,799	7,113,520

4 Taxation

	2010 £	2009 £
Current period tax charge	-	-
Deferred tax – movement in provision for trading losses	92,325	(757,399)
	92,325	(757,399)

Current Taxation
The current taxation charge for the period is different from the standard rate of corporation tax in the UK (28%) The differences are explained below

	2010 £	2009 £
Loss on ordinary activities before taxation	(5,353,486)	(11,789,686)
Theoretical tax at UK corporation tax rate of 28% (2009 28%)	(1,498,976)	(3,301,112)
Effects of		
- Other expenditure which is not tax deductible	416,646	579,368
- Excess of depreciation over capital allowances	3,719	14,651
- Amortisation not deductible	702,875	738,062
- Income not subject to UK tax	(13,042)	(8,075)
- Profits taxable at lower rate of taxation	-	434,211
- Utilisation of losses brought forward	(96,824)	(41,739)
- Unutilised losses carried forward	485,602	1,584,634
- Actual current tax credit	-	-

Factors that may affect future tax charges
The Group has both provided and unprovided deferred tax assets as outlined below Deferred tax assets have been recognised in respect of losses as they will be used to offset taxable profits forecast in future years The benefit of the unprovided deferred tax asset will be realised when the Group has sufficient taxable profits, the timing of which is currently uncertain

	2010 £	2009 £
Deferred tax asset at 1 October	1,036,399	279,000
Movement in provided trading losses charged to P&L	(92,325)	757,399
Deferred tax asset at 30 September	944,074	1,036,399
Unprovided deferred tax asset		
Pension accrued	8,160	-
Trading losses	1,228,465	1,151,029
Non trade loan relationship losses	2,546,172	2,592,467
Capital losses	2,448	177,042
Excess management expenses	56,749	58,237
Non trade intangible fixed asset losses	376,618	-
	5,162,686	5,015,174

The unprovided deferred tax asset has been calculated at the standard rate of corporation tax in the UK of 27 5% (2009 28%) because of uncertainty as to the average rate of tax that will apply when the underlying timing differences will reverse

The deferred tax asset has been recognised despite the losses in the current and preceding year, as following the capital reconstruction and subsequent acquisition of the Aberdeen funds, the Directors expect that there will be sufficient taxable profits within the Group to utilise the recognised deferred tax asset in future accounting periods It is expected that the deferred tax asset will decrease in future years due to reduction in the corporation tax rate charged by HMRC

5 Intangible Fixed Assets

The movement in Intangible Fixed Assets during the period is analysed as follows

	Group £	Company £
Cost		
At 1 October 2009	30,614,514	25,000
Additions	23,687,689	23,612,782
Disposals	(89,372)	(25,000)
At 30 September 2010	54,212,831	23,612,782
Amortisation		
At 1 October 2009	2,514,590	-
Charge for period	4,539,772	2,547,651
At 30 September 2010	7,054,362	2,547,651
Net book value at 30 September 2010	47,158,469	21,065,131
Net book value at 30 September 2009	28,099,924	25,000

6 Goodwill

The movement in goodwill during the period is analysed as follows

	Group £
Cost	
At 1 October 2009	20,643,874
At 30 September 2010	20,643,874
Amortisation	
At 1 October 2009	3,633,852
Charge for period	1,102,127
At 30 September 2010	4,735,979
Net book value at 30 September 2010	15,907,895
Net book value at 30 September 2009	17,010,022

7 Tangible Fixed Assets

	Short Leasehold land and buildings £	Plant, Motor Vehicles, Fixtures and fittings £	Total £
Group			
Cost			
At 1 October 2009	234,233	751,680	985,913
Additions	-	43,870	43,870
Disposal	-	(13,453)	(13,453)
At 30 September 2010	234,233	782,097	1,016,330
Depreciation			
At 1 October 2009	138,039	537,201	675,240
Provided in period	15,608	85,268	100,876
Disposal	-	(12,987)	(12,987)
At 30 September 2010	153,647	609,482	763,129
Net book value at 30 September 2010	80,586	172,615	253,201
Net book value at 30 September 2009	96,194	214,479	310,673

8 Investment in Subsidiaries

	Company £
Cost	
At 1 October 2009	15,137,999
Additions	28,575,589
At 30 September 2010	43,713,588
Net book value at 30 September 2010	43,713,588
Net book value at 30 September 2009	15,137,999

On 4 December 2009 the Company was the subject of a capital reconstruction in order to facilitate the acquisition of two OEIC's from Aberdeen Asset Management Part of the reconstruction involved the splitting of the Electra loan, which as at 4 December 2009 stood at £37,295,441, into two tranches, tranche A, which was for £28,575,589 and which represented a proportion of the original loan principal together with the accrued interest, was released by Electra in consideration for Premier Asset Management Midco Ltd issuing 117,819 B Ordinary Shares Electra then exchanged the 117,819 B Ordinary Shares in Premier Asset Management Midco Ltd for 117,819 B Ordinary Shares in the Company

At 30th September 2010 the Company held (directly and indirectly) 100% of the allotted share capital of the following subsidiary undertakings, all of which are incorporated in Great Britain with the exception of Premier Asset Management (Guernsey) Ltd which is incorporated in Guernsey All subsidiary undertakings are consolidated within the group accounts

	Class of share Capital held	Proportion of voting rights and shares held	Nature of business
(i) Directly held			
Premier Asset Management MidCo Limited	Ordinary	100%	Holding Company
(ii) Indirectly held			
Premier Asset Management Holdings Limited	Ordinary	100%	Holding Company
Premier Asset Management Limited	Ordinary	100%	Holding Company
Premier Investment Group Limited	Ordinary	100%	Holding Company
Premier Portfolio Managers Limited	Ordinary	100%	Investment Manager/ACD
PAM Plc	Ordinary	100%	Dormant
Premier Offshore Asset Management Limited	Ordinary	100%	Dormant
Premier Asset Management (Guernsey) Limited	Ordinary	100%	Fund Manager
Eastgate Court Nominees Ltd	Ordinary	100%	Nominee Company
Premier Fund Managers Limited	Ordinary	100%	Fund Manager
Premier Investment Administration Limited	Ordinary	100%	Dormant
Premier Discretionary Asset Management Plc	Ordinary	100%	Dormant
Premier Fund Services Limited	Ordinary	100%	Dormant
Eastgate Capital Limited	Ordinary	100%	Dormant
Mortgage Administration Limited	Ordinary	100%	Dormant

9 Current Asset Investments

	Group 2010 £	Company 2010 £	Group 2009 £	Company 2009 £
Other Investments				
- quoted	43,157	-	43,157	-
- unquoted	6	-	99,141	-
	43,163	-	142,298	-

The aggregate market value of the group's investments as at 30 September 2010 was £43,163 (2009 £142,298)

10 Debtors

	Group 2010 £	Company 2010 £	Group 2009 £	Company 2009 £
Trade Debtors	6,514,027	-	5,760,249	-
Amount owed by group undertakings	-	8,476,238	-	141,386
Prepayments and accrued income	3,296,166	19,688	1,249,368	19,688
Social security and other taxes	-	-	14,111	-
Corporation tax	-	-	-	-
Deferred tax	944,074	-	1,036,399	-
Other taxes	-	6,891	-	-
Other	1,165,667	-	465,046	-
	11,919,934	8,502,817	8,525,173	161,074

The deferred tax asset of £944,074 (2009 £1,036,399) is due after more than one year

11 Creditors Amounts falling due within one year

	Group 2010 £	Company 2010 £	Group 2009 £	Company 2009 £
Bank overdraft	443,002	-	479,695	-
Trade creditors	11,803,180	-	6,832,631	-
Amounts owed to group undertakings	-	861,513	-	385,001
Social security and other taxes	180,120	-	130,810	-
Corporation tax	43,562	-	43,343	-
Pension contributions	29,673	-	10,816	-
Bank Loan	1,000,000	-	750,000	-
Other creditors	2,468,584	-	1,297,544	-
Accruals	1,547,660	33,736	1,268,719	25,000
	17,515,781	895,249	10,813,558	410,001

12 Creditors Amounts falling due after more than one year

	Group 2010 £	Company 2010 £	Group 2009 £	Company 2009 £
Bank loans	12,391,227	-	13,187,309	-
Other loans	-	-	36,331,413	-
Accruals	1,960,180	1,960,180	1,787,970	1,787,970
A Preference shares of 95p each	-	-	5,058,880	5,058,880
B Preference Share of £1 each	32,037,674	32,037,674	-	-
	46,389,081	33,997,854	56,365,572	6,846,850

The bank loans consist of three facilities comprising of

Facility A	- £3,800,000 (2009 £4,550,000) of which £1,000,000 is included within current liabilities (2009 £750,000), the remaining £2,925,000 (2009 £3,800,000) is repayable over 5 years and bears interest at 6 month Libor +2 25%,
Facility B	- £4,000,000 (2009 £4,000,000) which is repayable by two equal instalments in March and September 2015 and bears interest at 6 month Libor +2 75%,
Mezzanine	- £5,591,227 (2009 £5,387,309) which is repayable by two equal instalments in March and September 2016 and bears interest at 6 month Libor +7 75% which includes a PIK margin of 3 75%

A hedging agreement was entered into on 21 December 2007 between Premier Asset Management Holdings Ltd and Lloyds TSB Bank plc which fixed on two-thirds of the debt at a LIBOR rate of 5 48% for the period up to and including 30 September 2010 This hedging agreement was renewed with effect from 1 October 2010, which fixed half of the debt at six month LIBOR of 1 75% for the period up to and including 30 September 2013

The facilities provided by Lloyds TSB Bank plc are secured via fixed and floating charges over the assets and undertakings of Premier Asset Management Holdings Ltd and Premier Asset Management Midco Ltd via a debenture dated 28 September 2007, a fixed charge over the shares in the capital of Premier Asset Management Ltd and any derivative assets, together with a fixed charge over certain contracts and the proceeds thereof and a deed of accession in favour of Lloyds TSB Bank plc

The other loan of £36,331,413 as shown in the previous years figures was released by Electra on 4 December 2009 (the amount released being £37,295,441) as part of the capital reconstruction that was necessary in order to facilitate the acquisition of two OEIC's from Aberdeen Asset Management The loan was converted intro two tranches Tranche A, which amounted to £28,575,589, represented a proportion of the original loan principal together with the accrued interest, was released by Electra in consideration for Premier Asset Management Midco Ltd issuing 117,819 B Ordinary Shares in the Company Electra then exchanged the 117,819 B Ordinary Shares in Premier Asset Management Midco Ltd for 117,819 B Ordinary Share in the Company Tranche B, which amounted to £8,719,852, representing the balance of the loan principal, was assigned to the Company by Electra in consideration of receiving one G Ordinary share of 1p each in the Company, together with 8,573,565 B Preference shares of £1 each in the company and a warrant to subscribe for 147,764 B Ordinary shares of 1p each in the Company at a subscription price of £0 99 per share, credited as fully paid, and an exercise price of £0 01 per share

As part of the capital reconstruction, the original Ordinary and Preference shares in the company were converted into Deferred Shares of £0 05 each, further details of the share capital in issue and the terms of such capital are included in note 13

The B Preference shares in issue as at the year end were issued as part of the capital reconstruction, with 8,573,565 shares being issued as part consideration for the release of Tranche B of the Electra loan as mentioned above, a further 11,098,523 B Preference shares were issued to Electra as part of the consideration following the injection of £23,798,523 from Electra, the balance of the consideration of £12,700,000 was in the form of an interest free loan which, on 14 July 2010 was converted into 12,365,585 B Preference shares and 334,416 B Ordinary shares

The B Preference shares are cumulative redeemable preference shares of £1 each and have the right to a fixed cumulative preferential dividend of 10% per annum The B Preference share may not be redeemed any time prior to 4 December 2014 and the Company shall redeem all B Preference shares on the earlier to occur of a sale, listing, asset sale or 4 December 2019

13 Share Capital

	2010 £	2009 £
Authorised		
6,200,000 Ordinary shares of 5p each	-	310,000
200,000 A Ordinary shares of 1p each	2,000	-
600,000 B Ordinary shares of 1p each	6,000	-
1 G Ordinary share of 1p	-	-
106,502,741 Deferred shares of 5p each	5,325,137	-
	5,333,137	310,000
Allotted, issued and fully paid		
5,325,137 Ordinary shares of 5p each	-	266,257
161,000 A Ordinary shares of 1p each	1,610	-
452,237 B Ordinary shares of 1p each	4,522	-
1 G Ordinary share of 1p	-	-
106,502,741 Deferred shares of 5p each	5,325,137	-
	5,331,269	266,257

The rights attaching to the above share classes are such that the A ordinary shares, B Ordinary shares and G ordinary share rank *pari passu* but they constitute separate shares classes, the G ordinary share carries the right to vote the 'G Voting Percentage' which represents those B Ordinary shares which remain unissued under warrant Any dividends paid by the Company shall be paid pro rata and *pari passu* to the holders of the A ordinary shares, B ordinary shares and G ordinary share, save that the G Ordinary share is only entitled to receive the 'G Dividend Percentage', this being the proportion, expressed as a percentage, which the maximum number of B Ordinary shares which remain to be issued under warrant bears to the aggregate of (i) the number of A Ordinary shares and B Ordinary shares in issue and (ii) the maximum number of B Ordinary shares which remain to be issued under warrant The Deferred shares are non voting shares and are not entitled to any dividend or distribution In addition, the deferred shares are not transferable and, on a return of capital, each Deferred share has the right to receive the sum of 5p, but only to the extent that each Ordinary share has received at least £100,000,000

In addition to the above, the Company issued as part of the reconstruction, warrants over 147,764 B Ordinary shares of 1p each The warrants are exercisable at any time and have a subscription price of 1p per share

The G Ordinary share is redeemable at its issue price at the option of the Company and at any time after the allotment of shares which fall to be issued pursuant to the warrants following the exercise in full of the rights to subscribe for shares under the warrants

14 Net Cash Flow From Operating Activities

	2010 £	2009 £
Loss on ordinary activities before taxation	(5,353,486)	(11,789,686)
Interest received	(720)	(60,882)
Interest paid	944,962	1,181,797
Depreciation	100,876	131,813
Loss/(profit) on disposal of fixed assets	(388)	12,372
Loss on disposal of associate	-	534,446
Amortisation	5,641,899	3,116,187
Profit received from associate	-	(20,835)
Movement in debtors	(3,501,198)	(747,548)
Movement in creditors	7,846,965	5,532,140
Net cash inflow/(outflow)	5,678,910	(2,110,196)

15 Reconciliation of Net Cash Flow to Movements in Net Funds

	2010 £	2009 £
Increase/(decrease) in cash during the period	4,398,214	(3,847,375)
Net funds brought forward	2,909,642	6,757,017
Net funds carried forward	7,307,856	2,909,642

16 Analysis of Changes in Net Funds

	At 1/10/09 £	Cash flow £	At 30/9/10 £
Cash in hand at bank	3,389,337	4,361,521	7,750,858
Overdrafts	(479,695)	36,693	(443,002)
	2,909,642	4,398,214	7,307,856

17 Leasing Commitments

The group had annual commitments under non-cancellable operating leases as follows

	Land and Buildings	
	2010 £	2009 £
Expiring		
Between two and five years	310,000	310,000

18 Related Party Transactions

The Company has incurred consultancy fees amounting to £78,750 (2009 £79,028) with Electra Partners LLP, of which Alex Cooper-Evans and Tim Syder are both partners The balance outstanding at the end of the period was £nil (2009 £nil)

19 Contingent Liabilities

Following the acquisition of the two OEIC's from Aberdeen Asset Management in December 2009, the Group embarked on a project to consolidate its back office functions onto a single platform A detailed review of the market for back office administration services was well advanced at the year and costs associated with this process at the year end amounted to £434,000, these costs are disclosed as exceptional items under note 2 The migration of Fund Accounting and Custodian was completed at the end of October 2010 and it is expected that the migration of the Transfer Agency function to Northern Trust will be completed during the second quarter of 2011 It is expected that further costs associated with this project will amount to £566,000