

ABERDEEN ASSET MANAGEMENT PLC
RESULTS FOR THE YEAR TO 30 SEPTEMBER 2015 (AUDITED)

Highlights

- Net revenue is up 5% to £1,169.0 million (2014: £1,117.6 million)
- Underlying profit before tax increased to £491.6 million (2014: £490.3 million)
- Continued strong year-end cash position of £567.7 million
- Final dividend of 12.0p per share (2014: 11.25p), making 19.5p for the full year (2014: 18.0p)
- AuM £283.7 billion (2014: £324.4 billion) reflecting negative sentiment towards Emerging Markets
- Product diversification and cost discipline progress in line with strategy

	2015	2014
Net revenue	£1,169.0m	£1,117.6m
Underlying results: before amortisation and acquisition-related items		
Profit before tax	£491.6m	£490.3m
Diluted earnings per share	30.0p	31.1p
Statutory results		
Profit before tax	£353.7m	£354.6m
Diluted earnings per share	21.8p	22.8p
Total dividend per share	19.5p	18.0p
Gross new business	£42.5bn	£34.7bn
Net new business	(£33.9bn)	(£20.4bn)
Assets under management at the year end	£283.7bn	£324.4bn

Martin Gilbert, Chief Executive of Aberdeen Asset Management commented:

“These solid financial results reflect, in part, the work we have undertaken to diversify the business and maintain a strong balance sheet. The cyclical correction in Asian and Emerging Markets and resulting negative investor sentiment has, as expected, led to further flows from our equities business. While we believe the current weakness may have some way to run, the long term fundamental attractions of investing in these high growth economies remain compelling for patient investors.”

“We continue to rebalance and diversify the business, to focus on managing our costs and to generate cash and this has helped to mitigate the impact of the outflows we’ve seen. We intend to continue with this strategy alongside ensuring we continue to deliver long term value for our clients and shareholders.”

Management will host a presentation for analysts and institutions today at 09:30 (UK) to be held at the offices of Aberdeen Asset Management, Bow Bells House, 1 Bread Street, London EC4M 9HH. The event will also be available to view via a live webconference. To register please use the following weblink:

<http://edge.media-server.com/m/p/gc2q3frit>

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Chairman's statement

Progress in 2015 has been achieved against a challenging backdrop, and we have remained resolute in focusing on our strategic priorities, especially around building a more diversified business. The integration of SWIP is complete and has delivered cost synergies ahead of expectations. We continue to invest for future growth and have announced four small, but strategically important, acquisitions. The ongoing diversification is targeted at developing new opportunities – especially in solutions and alternatives, both important products for the defined contribution pensions world. We have begun to harness the opportunities from these additional capabilities with several fund launches in recent months.

Net outflows were £33.9 billion and the main contributing factors were weak investor sentiment towards Asia and Emerging Markets and expected outflows from closed life books managed for insurers. We have also been impacted by our share of withdrawals by sovereign wealth funds. We recognise that market conditions are challenging in the near term, but continue to commit to active asset management through our disciplined, long term approach to investing.

Our commitment to financial discipline remains undiminished: costs have been tightly controlled, and we see opportunities to deliver further efficiencies. Our strong balance sheet and cashflow generation have given the Board confidence to propose a 7% increase in the final dividend, making a total dividend for the year of 19.5p per share.

Looking beyond the short term

Asian and Emerging Markets are undergoing a cyclical correction. Traditionally these are areas of significant strength for Aberdeen, but we have experienced outflows from some investors who have made their asset allocation decisions on the basis of their macroeconomic views on these markets.

We believe that the long term fundamental attractions of investing in these high growth economies remain and that these markets will deliver significant returns for the patient investor. Our strategy is based on our conviction that these markets will recover strongly over time and our priority is to ensure that our clients continue to be well positioned to reap the long term benefits.

However, for some time now, the Board has recognised the impact that an Emerging Market correction could have on our business and performance, and we have been pursuing a deliberate strategy to mitigate against this risk. This strategy has three principal strands:

- **Diversification.** We have steadily been rebalancing the business both organically and by acquisition. Increasingly investors are seeking solutions to meet their investment objectives, rather than simply purchasing an array of products across different asset classes. The SWIP acquisition was a major step, with the acquisitions we have announced more recently adding further strength to our alternatives and multi asset capabilities.
- **Cash management.** Core operating cashflow was £531.7 million, continuing our consistently strong cashflows from operations. This has allowed us to strengthen the balance sheet over the last five years, being part of a deliberate strategy to enable us to weather market downturns and to continue to invest in the business. At year end, the Group had a cash position of £567.7 million.

- **Cost discipline.** We have achieved significant cost synergies from the acquisition and integration of SWIP. Aberdeen has consistently applied a rigorous cost discipline to protect operating margins and in the year ahead we will continue to look for appropriate savings, but we will focus our efforts on back office and support operations to ensure that our core fund management teams and the service we provide to our clients remain as strong as ever.

Financial highlights

Net revenue for the year of £1,169.0 million was 5% higher than in 2014; recurring fee income was 5% higher, while performance fees reduced to £13.5 million (2014: £21.7 million). Additional revenue from the first full year of SWIP offset the impact of net outflows and markets.

Operating costs increased by 7% to £670.3 million, largely due to the inclusion of a full year of the SWIP business this year. We have exceeded our initial expectations on the cost synergies from this transaction and, as we have worked through the transition and integration, we have identified further efficiencies within the enlarged business. We have therefore implemented a programme to reduce annual operating costs by approximately £50 million. Much of these savings will be achieved later in 2016, with the full benefit to come through in 2017.

Underlying operating profit, which is stated before amortisation of intangible assets and acquisition-related items, increased to £498.7 million (2014: £490.4 million), while the operating margin fell slightly to 42.7% (2014: 43.9%). After the deduction of acquisition-related items and amortisation, statutory profit before tax was broadly unchanged at £353.7 million (2014: £354.6 million).

There has, again, been strong conversion of operating profit to cash, with core operating cashflow of £531.7 million (2014: £543.8 million). The balance sheet remains strong, with a year end cash position of £567.7 million (2014: £653.9 million), and we have maintained a healthy level of headroom above our regulatory capital requirement.

Dividend and capital management

The Board is recommending a final dividend of 12.0p per share, making a total payment for the year of 19.5p per share, an increase of 8.3% on the total payment for 2014, and consistent with the Board's commitment to a progressive dividend policy. The final dividend will be paid on 3 February 2016 to qualifying shareholders on the register at 8 January 2016.

We continued to build additional headroom over our regulatory capital requirement, and we utilised £50 million of the surplus to repurchase 13.7 million ordinary shares for cancellation. A further £52 million was used to settle the initial consideration for the acquisition of FLAG Capital Management LLC ("FLAG"), which we completed at the end of August.

We also issued £100 million of non-voting, perpetual, non-cumulative, redeemable preference shares during the year. The proceeds from this issue were used to increase the level of seed capital we are prepared to invest to generate organic growth through the launch of new funds. We made investments in the second half of the year in new liquid alternatives and multi asset products, bringing total net new investments in seed capital during 2015 to over £100 million. Seed capital holdings at the year end totalled £148.9 million (2014: £58.1 million).

Acquisitions

As part of our strategy to develop our capabilities in solutions we announced four acquisitions. The solutions and alternatives sectors are still relatively fragmented and one where we have the opportunity to develop a significant business in a growth sector.

The acquisitions of FLAG Capital Management, which we completed on 31 August, and Arden Asset Management, which we expect to complete during December, bring US expertise to our private equity and hedge fund solutions capabilities. Once fully integrated, they will create a global alternatives platform with

AuM of over £20 billion from which we will seek to build organically. The acquisition of Advance Emerging Capital, a small fund of funds business, will also supplement our alternatives business.

The acquisition of Parmenion Capital Partners, also expected to complete during December, is intended to enhance our solutions business. Parmenion provides outcome oriented solutions to meet client needs via an online platform, which remains the most highly rated by the UK adviser client base.

Investment review

In equities, net outflows rose from £13.0 billion in 2014 to £16.4 billion this year. A major factor has been asset allocation changes by clients, largely on the basis of their views on macroeconomic factors. In particular, investors have reduced exposure to Asia and Emerging Markets. This was a persistent theme during the year, but was more pronounced in the final quarter, with the industry experiencing the worst quarter for outflows from this asset class since the global financial crisis. This asset allocation theme was compounded by a number of sovereign wealth funds reducing their market exposure in response to the low oil price.

There has been focus on the underperformance of our equities products against their respective benchmarks. While this is never comfortable, as a true active manager we are prepared to take positions which diverge from benchmark weightings in our pursuit of long term returns from high quality holdings. We will continue to invest in accordance with our disciplined and fundamental process and fully expect to generate long term performance for our clients. While we will not change our investment approach, we will continue to make refinements to our process as we have over the past 30 years.

Fixed income performance has been consistently strong across most of our capabilities and we are starting to see encouraging signs from the changes that we have made to this asset class in recent years when we changed the leadership and integrated the SWIP business.

This year, we have simplified our fixed income team structure, with focus on our global teams, supported by our regional expertise. We believe that this structure will enable us to grow on the back of several years of consistent and improving fixed income performance. This does not change the process; it does help our teams to share ideas and is another step forward that has been welcomed by clients and consultants.

The breadth of our property capabilities has never been stronger. Our approach is consistent across the markets where we invest and our ambition remains to be global. The new team in Singapore is establishing its presence in the region, whilst we continue to look for the right opportunity to expand in North America. We have added new teams in Spain and Belgium. There is a significant pipeline of capital committed by our clients which we will invest in a disciplined way, favouring property with appropriate levels of durable income over capital speculation.

Within Aberdeen Solutions, the multi asset and quantitative investment teams manage £105 billion, principally in multi asset strategies. Around 90% is managed for insurance clients – with around half invested on behalf of closed books. Outflows from this type of business accounted for most of the £9.5 billion lost.

Equally, we see our scale as an advantage to attracting new business; we have significant experience in managing diversified portfolios for insurance and wealth management clients and we expect that there will be opportunities for growth in these channels in the next few years. We have actively invested in our capabilities with a number of key hires, including new leadership of our flagship diversified growth strategy, which has been met with positive initial client feedback and significantly increased interest. We have strengthened our product set with the launch of a new global multi asset income strategy and a long term savings multi asset fund range in the UK.

Demand for alternative investments and strategies has continued to grow across the industry. We manage £14 billion in specialist areas including hedge fund solutions, private equity, property multi manager and infrastructure.

Our alternatives teams launched a number of new funds, including infrastructure and liquid alternatives products, which raised an initial £350 million. The newly acquired US private equity team (formerly FLAG) successfully launched a new fund in the first few weeks after completion and we expect to have a strong programme of fund launches in the years ahead.

The Board

I would like to thank my colleagues on the Board who have, once again, made valuable contributions to its effective operation during the year. We continue to refresh and add strength to the Board and I am very happy to welcome Val Rahmani as a non-executive director. Val was formerly CEO of US internet security software firm, Damballa and, prior to that, held a number of senior management roles with IBM Corporation.

On behalf of my fellow directors I would like to welcome every new colleague who has joined Aberdeen over the past year and to thank all of our staff for their continued dedication and commitment to the Group's continuing success.

Outlook

Our prime objective is to ensure that clients achieve the long term outcomes that they expect - we remain focused on this goal. While we anticipate that global markets may continue to present some challenges in our new financial year, we are committed to controlling costs and driving efficiency. We will do so whilst continuing to invest across the business to take advantage of the longer term trends in investment management and to compete successfully across the globe. Our balance sheet is strong and our teams have the talent and commitment to deliver profitable growth in the years to come.

We remain positive on the longer term opportunities and we will continue to manage the business efficiently with the objective of delivering value for clients and shareholders.

Roger Cornick
Chairman

Group Income Statement

For the year to 30 September 2015

		2015			2014		
		Before amortisation and acquisition - related items	Amortisation and acquisition - related items	Total	Before amortisation and acquisition - related items	Amortisation and acquisition - related items	Total
Notes		£m	£m	£m	£m	£m	£m
		1,318.9	-	1,318.9	1,288.7	-	1,288.7
		(149.9)	-	(149.9)	(171.1)	-	(171.1)
		1,169.0	-	1,169.0	1,117.6	-	1,117.6
		(670.3)	-	(670.3)	(627.2)	-	(627.2)
		-	(131.3)	(131.3)	-	(99.4)	(99.4)
	4	-	(0.1)	(0.1)	-	(33.1)	(33.1)
		(670.3)	(131.4)	(801.7)	(627.2)	(132.5)	(759.7)
		498.7	(131.4)	367.3	490.4	(132.5)	357.9
	6	2.5	(6.5)	(4.0)	0.5	(3.2)	(2.7)
		(9.6)	-	(9.6)	(0.6)	-	(0.6)
		491.6	(137.9)	353.7	490.3	(135.7)	354.6
	7	(74.7)	30.0	(44.7)	(78.6)	31.1	(47.5)
		416.9	(107.9)	309.0	411.7	(104.6)	307.1
		Attributable to:					
		Equity shareholders of the Company			288.2	285.5	
		Other equity holders			18.0	16.2	
		Non-controlling interests			2.8	5.4	
					309.0	307.1	
		Earnings per share					
	9	Basic			22.28p	23.54p	
	9	Diluted			21.79p	22.79p	

Group Statement of Comprehensive Income

For the year to 30 September 2015

	2015	2014
	£m	£m
Profit for the year	309.0	307.1
Items that will not be reclassified subsequently to profit or loss		
Remeasurement gain (loss) on defined benefit pension schemes	10.7	(6.9)
Tax on net remeasurement of a defined benefit pension schemes	(2.1)	1.7
	8.6	(5.2)
Items that may be reclassified subsequently to profit or loss		
Translation of foreign currency net investments	(8.5)	(15.8)
Available for sale assets:		
– gains (losses) during the period	1.3	(0.1)
Tax on items that may be recycled to profit or loss	(0.3)	0.2
	(7.5)	(15.7)
Other comprehensive income (expense), net of tax	1.1	(20.9)
Total comprehensive income for the year	310.1	286.2
Attributable to:		
Equity shareholders of the Company	289.3	264.4
Other equity holders	18.0	16.2
Non-controlling interests	2.8	5.6

Group Balance Sheet
As at 30 September 2015

	Notes	2015 £m	2014 £m
Assets			
Non-current assets			
Intangible assets	10	1,486.2	1,552.2
Property, plant & equipment		21.3	21.1
Investments	12	52.1	54.6
Deferred tax assets		19.9	28.4
Pension surplus	15	30.1	16.6
Trade and other receivables		3.7	3.2
Total non-current assets		1,613.3	1,676.1
Current assets			
Assets backing investment contract liabilities	13	1,926.1	2,472.9
Trade and other receivables		557.9	490.2
Investments	12	192.6	85.8
Derivative financial assets		29.6	-
Cash and cash equivalents		567.7	653.9
Total current assets		3,273.9	3,702.8
Total assets		4,887.2	5,378.9
Equity			
Called up share capital		131.8	131.4
Share premium account		898.7	898.7
Other reserves		675.7	656.1
Retained earnings		30.3	28.0
Total equity attributable to shareholders of the parent		1,736.5	1,714.2
Non-controlling interest		(0.1)	40.1
7.0% Perpetual cumulative capital notes	14	321.6	321.6
5.0% preference shares	14	100.0	-
Total equity		2,158.0	2,075.9
Liabilities			
Non-current liabilities			
Deferred contingent consideration		46.8	53.9
Pension deficit	15	12.0	20.2
Provisions		5.0	5.0
Deferred tax liabilities		92.7	109.7
Total non-current liabilities		156.5	188.8
Current liabilities			
Investment contract liabilities	13	1,926.1	2,472.9
Trade and other payables		582.0	526.7
Deferred consideration		-	38.3
Other liabilities		-	30.5
Current tax payable		34.9	45.8
Derivative financial liabilities		29.7	-
Total current liabilities		2,572.7	3,114.2
Total liabilities		2,729.2	3,303.0
Total equity and liabilities		4,887.2	5,378.9

Group Statement of Changes in Equity
For the year to 30 September 2015

	Share capital £m	Share Premium account £m	Other reserves £m	Retained earnings £m	Non- controlling interest £m	Other Equity £m	Total Equity £m
Balance at 30 September 2013	119.9	898.5	165.8	(49.1)	47.3	321.6	1,504.0
Profit for the period	-	-	-	285.5	5.4	16.2	307.1
Other comprehensive (expense) income	-	-	(15.9)	(5.2)	0.2	-	(20.9)
Total comprehensive income (expense)	-	-	(15.9)	280.3	5.6	16.2	286.2
Arising on the issue of shares	11.5	0.2	438.6	-	-	-	450.3
Deferred share issue on acquisition (note 11)	-	-	67.6	-	-	-	67.6
Share-based payments	-	-	-	65.0	-	-	65.0
Purchase of own shares	-	-	-	(64.3)	-	-	(64.3)
Dividends paid to shareholders	-	-	-	(200.9)	(1.4)	(16.2)	(218.5)
Non-controlling interest	-	-	-	-	(11.4)	-	(11.4)
Unwinding of put option	-	-	-	(3.0)	-	-	(3.0)
Balance at 30 September 2014	131.4	898.7	656.10	28.0	40.1	321.6	2,075.9
Profit for the period	-	-	-	288.2	2.8	18.0	309.0
Other comprehensive income (expense)	-	-	(7.5)	8.6	-	-	1.1
Total comprehensive income (expense)	-	-	(7.5)	296.8	2.8	18.0	310.1
Share-based payments	-	-	-	45.4	-	-	45.4
Deferred share issue on acquisition (note 11)	-	-	(67.6)	-	-	-	(67.6)
Arising on the issue of ordinary shares	1.8	-	65.8	-	-	-	67.6
Redemption of shares	(1.4)	-	1.4	(50.3)	-	-	(50.3)
Issue of preference share capital	-	-	-	(0.5)	-	100.0	99.5
Purchase of own shares	-	-	-	(37.0)	-	-	(37.0)
Dividends paid to shareholders	-	-	-	(243.2)	-	(18.0)	(261.2)
Non-controlling interest	-	-	-	-	(6.5)	-	(6.5)
Acquisition of non-controlling interest (note 11)	-	-	27.5	(8.9)	(36.5)	-	(17.9)
Balance at 30 September 2015	131.8	898.7	675.7	30.3	(0.1)	421.6	2,158.0

Group Statement of Cashflows

For the year to 30 September 2015

	Notes	2015 £m	2014 £m
Core cash generated from operating activities		531.7	543.8
Short term timing differences on open end fund settlements		(1.3)	(3.9)
Cash generated from operations		530.4	539.9
Net interest received		2.1	0.5
Tax paid		(62.2)	(58.5)
Net cash generated from operations		470.3	481.9
Acquisition-related costs paid		(23.9)	(26.7)
Net cash generated from operating activities	5	446.4	455.2
Cashflows from investing activities			
Proceeds from sale of investments		36.6	51.1
Purchase of investments		(154.5)	(39.6)
Acquisition of businesses, net of cash acquired		(126.2)	71.1
Purchase of intangible assets		(7.3)	(3.2)
Purchase of property, plant & equipment		(8.5)	(9.8)
Net cash (used in) generated from investing activities		(259.9)	69.6
Cashflows from financing activities			
Issue of ordinary shares		-	0.2
Redemption of ordinary shares		(50.3)	-
Purchase of own shares		(37.0)	(64.3)
Issue of preference shares (net of expenses paid)		99.5	-
Dividends paid and coupon payments		(265.8)	(221.9)
Dividends paid to non-controlling interests		(12.0)	-
Net cash used in financing activities		(265.6)	(286.0)
Net (decrease) increase in cash and cash equivalents		(79.1)	238.8
Cash and cash equivalents at 1 October		653.9	426.6
Exchange rate fluctuations on cash and cash equivalents		(7.1)	(11.5)
Cash and cash equivalents at 30 September		567.7	653.9

Notes to the Accounts

1. Preparation in accordance with IFRS

This preliminary announcement of audited results sets out information which will be more fully covered in the Annual Report for the year to 30 September 2015.

2. Revenue

	2015	2014
	£m	£m
Revenue comprises:		
Gross management fees	1,296.8	1,256.8
Commissions payable to intermediaries	(149.9)	(171.1)
Net management fees	1,146.9	1,085.7
Performance fees	13.5	21.7
Transaction fees	8.6	10.2
Net revenue	<u>1,169.0</u>	<u>1,117.6</u>

3 Segmental disclosures

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

IFRS 8 Operating Segments requires disclosures to reflect the information which the Group management board (“GMB”), being the body that is the Group’s chief operating decision maker, uses for evaluating performance and the allocation of resources. The Group is managed as a single asset management business, with multiple investment strategies of equities, fixed income and property, complemented by a solutions business which provides multi asset, alternatives and quantitative investment capabilities. These strategies are managed across a range of products, distribution channels and geographic regions. Reporting provided to the GMB is on an aggregated basis.

Under IFRS 8, the Group is required to disclose by geographical location revenue and amounts of non-current assets other than financial instruments, deferred tax assets and retirement benefit assets. Revenue below is allocated by geographical location based on where the assets are managed and the location of client service teams.

4 Acquisition-related items

Acquisition-related items includes a gain of £24.4 million related to the reduction in the fair value of the deferred contingent consideration payable to Lloyds Banking Group at 30 September 2015.

Acquisition-related costs

Costs in 2014 and 2015 largely relate to the acquisition of SWIP and the migration and integration of this business into the Group, as well as deal costs related to acquisitions due to complete in the next financial year (see note 11). Transaction costs include advisers' fees and stamp duty. Integration costs include charges in respect of a transitional services agreement with the vendor to ensure transfer in a controlled manner; set up costs in respect of migration of the back office; and costs of retaining duplicate staffing for the transitional period. Additionally, non-recurring rationalisation and redundancy costs have been incurred in implementing a cost reduction programme.

Transaction and deal costs on other acquisitions in 2015 relate to advisers' fees on the FLAG Capital Management LLC acquisition which completed during the year (see note 11), as well as Parmenian Capital Partners LLP and Arden acquisitions due to complete in late 2015.

	2015	2014
	£m	£m
Arising on SWIP acquisition:		
Redundancy and other severance costs	3.8	11.6
Costs of separation, migration & integration	16.4	10.5
Transitional service costs	2.8	3.4
Migration & integration costs	23.0	25.5
Transaction & deal costs	(3.2)	12.2
Reduction in fair value of deferred consideration	(24.4)	-
	<u>(4.6)</u>	<u>37.7</u>
Arising on other acquisitions:		
Transaction & deal costs	<u>4.7</u>	-
Release of surplus provision arising on Artio acquisition	-	(4.6)
Total acquisition-related costs	<u>0.1</u>	<u>33.1</u>

£5.3million has been recognised as a tax credit in the income statement in respect of acquisition costs that are deductible for tax purposes (2014: £5.6million).

5. Analysis of Group cashflows	2015	2014
	£m	£m
Reconciliation of profit after tax to operating cashflow		
Profit after tax	309.0	307.1
Deprecation	8.6	8.2
Amortisation of intangible assets	131.3	99.4
Unrealised foreign currency (gains) losses	(1.9)	1.0
Other gains	(23.1)	-
Loss on disposal of property, plant & equipment	0.1	-
Losses on investments	9.6	0.6
Equity settled share-based element of remuneration	47.6	51.4
Net finance costs	4.0	2.7
Income tax expenses	44.7	47.5
	529.9	517.9
Decrease in trade and other receivables	24.5	40.1
Increase in open end fund receivables	(101.8)	(89.7)
Decrease in trade and other payables	(46.6)	(40.5)
Increase in open end fund payables	100.5	85.8
Decrease in provisions	-	(0.4)
Net cash inflow from operating activities	506.5	513.2
Interest received	5.6	3.8
Interest paid	(3.5)	(3.3)
Income tax paid	(62.2)	(58.5)
Net cash generated from operating activities	446.4	455.2
6. Net finance costs		
	2015	2014
	£m	£m
Finance revenue – interest income	(5.7)	(4.4)
Unwinding of discount on deferred consideration	6.5	3.2
Interest on overdrafts, revolving credit facilities and other interest bearing accounts	3.2	3.9
Net finance costs	4.0	2.7
7. Tax Expense		
	2015	2014
	£m	£m
Current tax expense		
UK corporation tax on profit for the year end	37.6	29.4
Adjustment in respect of prior periods	(1.0)	(0.5)
	36.6	28.9
Foreign tax on profit in the year	28.9	28.3
Adjustments in respect of other periods	(1.7)	(0.5)
Total current tax	63.8	56.7
Deferred tax credit		
Origination and reversal of temporary differences	(19.4)	(11.7)
Adjustment in respect of prior periods	0.3	2.5
Total tax expense in income statement	44.7	47.5
8. Dividends and coupons payable		
	2015	2014
	£m	£m
Coupon payments on perpetual capital securities		
7.0% Perpetual cumulative capital notes	22.6	21.0
Dividends on ordinary shares		
Declared and paid during the year:		
Final dividend for 2014 – 11.25p (2013: 10.0p)	145.9	114.6
Interim dividend for 2015 – 7.5p (2014: 6.75p)	97.3	85.1
	243.2	199.7

Total dividends and coupon payments paid during the year

265.8	220.7
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**Proposed for approval at the Annual General Meeting
(not recognised as a liability at 30 September)**

Dividends on ordinary shares:

Final dividend for 2015 – 12.0p (2014: 11.25p)

154.1	145.0
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Dividend on 2015 preference shares

2.5	-
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The total ordinary dividend for the year is 19.5p per share including the proposed final dividend for 2015 of 12.0p per share.

The proposed dividend on the 2015 preference shares is £2.5 million (see note 14) and will be paid at the same time as the final ordinary dividend for 2015.

The coupon payments on perpetual capital securities are tax deductible. The deduction for 2015 is £4.6 million (2014: £4.8 million), resulting in a net cost of £18.0 million (2014: £16.2 million).

9. Earnings per share

Basic earnings per share figures are calculated by dividing profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year, excluding shares held by the Employee Benefits Trust.

Diluted earnings per share figures are calculated by dividing the profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year, plus the weighted average number of ordinary shares that would be issued on the conversion of all the potentially dilutive shares into ordinary shares.

Underlying earnings per share figures are calculated by adjusting the profit to exclude amortisation of intangible assets and acquisition-related items. The purpose of providing the underlying earnings per share is to allow readers of the accounts to clearly consider trends without the impact of these non-cash or one-off items.

	IAS33		Underlying	
	2015	2014	2015	2014
	£m	£m	£m	£m
Basic earnings per share				
Profit for the financial year attributable to equity shareholders of the Company	288.2	285.5	288.2	285.5
Amortisation of intangible assets, net of attributable taxation			106.6	73.9
Acquisition-related costs, net of attributable taxation			1.3	30.7
Underlying profit for the financial year			396.1	390.1
Weighted average number of shares (millions)	1,293.6	1,212.8	1,293.6	1,212.8
Basic earnings per share	22.28p	23.54p	30.62p	32.17p
Diluted earnings per share				
Profit for calculation of diluted earnings per share	288.2	285.5	396.1	390.1
Weighted average number of shares (millions)				
For basic earnings per share	1,293.6	1,212.8	1,293.6	1,212.8
Dilutive effect of exercisable share options and deferred shares	28.8	35.2	28.8	35.2
Dilutive effect of potential ordinary shares of deferred top-up payment	-	4.8	-	4.8
	1,322.4	1,252.8	1,322.4	1,252.8
Diluted earnings per share	21.79p	22.79p	29.95p	31.14p

Profit for the financial year used in calculating earnings per share is based on profit after tax after deducting non-controlling interests of £2.8 million (2014: £5.4 million) and coupon payments in respect of perpetual capital securities (net of tax) of £18.0 million (2014: £16.2 million).

10. Intangible assets	2015	2014
	£m	£m
Management contracts	535.1	616.5
Distribution contracts	-	3.0
Goodwill	932.8	913.3
Software	18.3	19.4
	1,486.2	1,552.2

11. Acquisitions

- a. On 31 August 2015, the Group completed the purchase of FLAG Capital Management, LLC (“FLAG”), a manager of private equity and real asset solutions with offices in Stamford (USA), Boston (USA), and Hong Kong. Total consideration for the transaction was £62.6 million (\$96.2 million) comprising cash consideration of £52.0 million (\$80 million) and contingent deferred consideration of up to £10.6 million under an earn-out agreement.

The fair value of the earn-out at completion was £10.6 million, determined by the probability weighted expected return and growth over the period from acquisition to 31 December 2017, subject to a maximum of £29.3 million (\$45 million), and discounted to a present value. The undiscounted fair values identified in this analysis range from £1.3 million to £29.3 million. After the impact of foreign exchange and unwinding the discount, totalling £0.3 million, the deferred liability is £10.9 million at 30 September 2015.

This acquisition is in line with the Group’s strategy to strengthen and grow its global alternatives platform and solutions capabilities and FLAG’s well-established private equity teams in the U.S. and Asia help broaden the Group’s existing solutions business. The acquired business added approximately £39.5 million of intangible assets and goodwill of £22.4 million arose on completion of an independent valuation (see below).

In the one month to September 2015, FLAG added revenue of £1.6 million and profit before tax of £0.6 million. However, if the acquisition had occurred on 1 October 2014, we estimate that consolidated revenues would have been increased by a further £21.5 million, and consolidated profit before tax for the period would have been increased by £4.9 million. In determining these amounts, we have assumed that the fair value adjustments that arose on acquisition date would have been the same if the acquisition had occurred on 1 October 2014. Acquisition-related costs of £2.3 million were incurred and have been included in acquisition costs (see note 4).

- b. Independent valuation specialists were engaged to carry out a valuation of the acquired goodwill and intangible assets acquired in this transaction. The fair value adjustments from this allocation process are reflected in the table on the following page. Goodwill is mainly attributable to the skills of the workforce acquired and the synergies expected to be achieved from the acquisition.
- c. The fair value of the intangible assets has been based on the present value of expected cashflows of the underlying management contracts. The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below

	Businesses acquired from FLAG Capital Management, LLC		
	At date of acquisition	Fair value adjustments	Fair value
Group	£m	£m	£m
Intangible assets	-	39.5	39.5
Property, plant & equipment	0.4	-	0.4
Trade and other receivables	1.2	-	1.2
Cash	2.1	-	2.1
Trade and other payables	(3.0)	-	(3.0)
Total identifiable net assets acquired	0.7	39.5	40.2
Goodwill			22.4
			62.6
Discharged by:			
Cash			52.0
Fair value of the earn-out payment (non-current liabilities)			10.6
Total consideration			62.6

- d. On 30 June 2015, the Group completed its purchase of the remaining 49.9% stake in the UK joint venture, Aberdeen Private Equity Managers Limited (“SVGM”), from SVG Capital plc (“SVGC”) for cash consideration of £29 million. The Group originally acquired a 50.1% stake in May 2013 with the option of acquiring the remaining 49.9% stake for which a deferred liability of £35 million was recognised at acquisition, discounted to £27.5 million. SVGM generated revenues of £17.9 million (2014: £28.8 million) and profit after tax of £6.6 million (2014: £10.7 million), of which £3.3 million (2014: £5.4 million) was allocated to non-controlling interest prior to acquisition of the remaining stake.

At acquisition, the Group recognised a decrease in non-controlling interest of £36.5 million, a decrease in retained earnings of £8.9 million and a reduction of £27.5 million in the put option reserve.

12. Investments	2015	2014
	£m	£m
Non-current assets		
Non-current investments	52.1	54.6
Current assets		
Seed capital investments	148.9	58.1
Investments in funds to hedge deferred variable pay liabilities	43.4	26.9
Other investments	0.3	0.8
	192.6	85.8

Seed capital investments consist of amounts invested to enable the launch or development of funds where the intention is to withdraw the investment once the fund has achieved a sustainable scale of third party investment.

Investments in certain Aberdeen-managed funds are held to hedge against liabilities from variable pay awards that are deferred and settled in cash by reference to the share price of those funds.

13. Asset backing investment contracts liabilities

Group	2015	2014
	£m	£m
Listed investments	1,662.2	2,180.2
Unit trusts and OEICs	220.2	211.7
Cash, deposits and liquidity funds	34.8	80.4
Other net assets	8.9	0.6
	1,926.1	2,472.9

The risks and rewards of these assets fall to the benefit of, or are borne by, the underlying policyholders. Therefore, the investment contract liabilities shown in the Group’s balance sheet are equal and opposite in value to the assets held on behalf of the policyholders. The Group has no direct exposure to fluctuations in the value of assets which are held on behalf of policyholders, nor to fluctuations in the value of the assets arising from changes in market prices or credit default. The Group’s exposure to these assets is limited to the revenue earned, which varies according to movements in the value of the assets.

14. Other Equity

	2015	2014
	£m	£m
US \$500 million 7.0% Perpetual cumulative capital notes	321.6	321.6
5% 2015 non-voting perpetual non-cumulative redeemable preference shares	100.0	-
	421.6	321.6

The perpetual capital securities bear interest on their principal amount at 7.0% per annum, payable quarterly in arrears on 1 March, 1 June, 1 September and 1 December in each year. Net proceeds after deduction of issue expenses were £321.6 million.

On 7 July 2015, the Group issued 200 million fully paid up non-voting, perpetual, non-cumulative, redeemable preference shares to Mitsubishi UFJ Trust and Banking Corporation (“MUTB”) for consideration of £100 million.

Issue costs of £0.5 million have been deducted from retained earnings.

There is no fixed redemption date, except at the sole discretion of the Group after the fifth anniversary from issue, and dividends are discretionary. Where preference share dividends are declared, they are paid in arrears in two tranches at a rate of 5% per annum and are non-cumulative. No interest accrues on any cancelled or unpaid dividends.

The preference shares can be converted irrevocably into a fixed number of ordinary shares in the event of the conversion trigger. The conversion trigger occurs if the Company's Common Equity Tier 1 ("CET1") capital ratio falls below 5.125%. This is a regulatory requirement to enable the preference shares to be treated as Additional Tier 1 capital. The CET1 ratio as 30 September 2015 was 16.9%

15. Retirement benefits

The Group's principal form of pension provision is by way of defined contribution schemes operated worldwide. The Group also operates a small number of legacy defined benefit schemes including: the Murray Johnstone Limited Retirement Benefits Plan, the Edinburgh Fund Managers Group plc Retirement & Death Benefits Scheme and the DEGI Pension Plan. These defined benefit schemes are closed to new membership and to future service accrual.

The main defined benefit schemes in the UK are based on final salary payments with benefits being adjusted in line with the schemes rules once in payment after retirement. The level of benefits paid is dependent on a members' length of service and salary prior to retirement. A funding plan, which aims to eliminate any shortfall in funding, has been agreed between the Trustees of the schemes and the employer. Annual contributions to the UK schemes under these funding plans are currently £11.1 million. The defined benefit schemes operated by the Group expose the Group to actuarial risks, including longevity risk, interest rate risk and market (investment risk). Where appropriate, the investment strategy takes the make up of the schemes' membership into account (for example investing in assets that broadly aim to partially match some of the liability outflows), which reduces the effect of market movements on funding levels. Risk in relation to gilt yields has also been mitigated by investing a proportion of the schemes' assets in gilts/bonds/LDI assets.

	2015	2014
	£m	£m
Pension scheme deficits	(12.0)	(20.2)
Pension scheme surplus	30.1	16.6
Net surplus (deficit)	18.1	(3.6)

The pension deficits are recognised as non-current liabilities in the balance sheet and are stated before deduction of the related deferred tax asset. The pension surplus is recognised as a non-current asset in the balance sheet and is stated before deduction of the deferred tax liability.

16. The financial information set out above does not constitute the Company's statutory accounts for the years ended 30 September 2015 or 2014. Statutory accounts for 2014 have been delivered to the registrar of companies, and those for 2015 will be delivered in due course. The auditor has reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The information provided in respect of assets under management and business flows has not been subject to audit for any periods presented.

ASSETS UNDER MANAGEMENT AT 30 SEPTEMBER 2015

	30 Sept 14 £bn	31 Dec 14 £bn	31 Mar 15 £bn	30 Jun 15 £bn	30 Sep 15 £bn
Equities	107.6	106.3	110.3	99.0	80.1
Fixed income	71.4	72.0	72.4	67.3	65.6
Aberdeen solutions	125.0	125.1	128.5	121.6	119.0
Property	20.4	19.9	19.4	19.4	19.0
Total	324.4	323.3	330.6	307.3	283.7
Aberdeen	189.3	186.9	191.1	175.5	158.1
SWIP	135.1	136.4	139.5	131.8	125.6
Total	324.4	323.3	330.6	307.3	283.7

	Equities £bn	Fixed Income £bn	Aberdeen solutions £bn	Property £bn	Total £bn
AuM at 30 September 2014	107.6	71.4	125.0	20.4	324.4
Net Flows	(16.4)	(6.4)	(9.8)	(1.3)	(33.9)
Market, performance	(12.1)	0.2	0.5	0.7	(10.7)
Corporate transactions	-	-	3.3	-	3.3
Exchange	1.0	0.4	-	(0.8)	0.6
AuM at 30 September 2015	80.1	65.6	119.0	19.0	283.7

OVERALL NEW BUSINESS FLOWS FOR 12 MONTHS TO 30 SEPTEMBER 2015

	3 mths to 31 Dec 14 £m	3 mths to 31 Mar 15 £m	3 mths to 30 Jun 15 £m	3 mths to 30 Sep 15 £m	Year to 30 Sep 15 £m
Gross inflows:					
Aberdeen	8,222	9,155	6,660	6,161	30,198
SWIP	3,065	3,004	2,900	3,312	12,281
	11,287	12,159	9,560	9,473	42,479
Gross outflows:					
Aberdeen	11,564	13,664	12,824	17,676	55,728
SWIP	4,516	4,999	6,630	4,482	20,627
	16,080	18,663	19,454	22,158	76,355
Net flows:					
Aberdeen	(3,342)	(4,509)	(6,164)	(11,515)	(25,530)
SWIP	(1,451)	(1,995)	(3,730)	(1,170)	(8,346)
	(4,793)	(6,504)	(9,894)	(12,685)	(33,876)

OVERALL NEW BUSINESS FLOWS FOR 12 MONTHS TO 30 SEPTEMBER 2015

	3 mths to 31 Dec 14 £m	3 mths to 31 Mar 15 £m	3 mths to 30 Jun 15 £m	3 mths to 30 Sep 15 £m	Year to 30 Sep 15 £m
Gross inflows:					
Equities	4,945	4,983	3,428	2,477	15,833
Fixed income	3,728	4,175	3,751	3,920	15,574
Aberdeen solutions	1,942	2,107	1,706	2,449	8,204
Property	672	894	675	627	2,868
Total	<u>11,287</u>	<u>12,159</u>	<u>9,560</u>	<u>9,473</u>	<u>42,479</u>
Gross outflows:					
Equities	5,800	8,072	7,945	10,372	32,189
Fixed income	5,321	5,500	5,132	5,991	21,944
Aberdeen solutions	3,930	4,030	5,567	4,520	18,047
Property	1,029	1,061	810	1,275	4,175
Total	<u>16,080</u>	<u>18,663</u>	<u>19,454</u>	<u>22,158</u>	<u>76,355</u>
Net flows:					
Equities	(855)	(3,089)	(4,517)	(7,895)	(16,356)
Fixed income	(1,593)	(1,325)	(1,381)	(2,071)	(6,370)
Aberdeen solutions	(1,988)	(1,923)	(3,861)	(2,071)	(9,843)
Property	(357)	(167)	(135)	(648)	(1,307)
Total	<u>(4,793)</u>	<u>(6,504)</u>	<u>(9,894)</u>	<u>(12,685)</u>	<u>(33,876)</u>

OVERALL NEW BUSINESS FLOWS TO 30 SEPTEMBER 2015 – EQUITIES

	3 mths to 31 Dec 14 £m	3 mths to 31 Mar 15 £m	3 mths to 30 Jun 15 £m	3 mths to 30 Sep 15 £m	Year to 30 Sep 15 £m
Gross inflows:					
Asia Pacific	2,369	3,169	2,005	1,301	8,844
Global Emerging Markets	948	1,273	863	797	3,881
Europe	143	37	37	16	233
Global & EAFE	1,374	390	337	216	2,317
UK	60	75	54	60	249
US	51	39	132	87	309
	<hr/> 4,945	<hr/> 4,983	<hr/> 3,428	<hr/> 2,477	<hr/> 15,833
Gross outflows:					
Asia Pacific	2,266	3,087	3,862	5,341	14,556
Global Emerging Markets	2,028	1,884	1,406	2,626	7,944
Europe	63	57	104	57	281
Global & EAFE	1,049	2,800	2,392	2,073	8,314
UK	91	123	101	78	393
US	303	121	80	197	701
	<hr/> 5,800	<hr/> 8,072	<hr/> 7,945	<hr/> 10,372	<hr/> 32,189
Net flows:					
Asia Pacific	103	82	(1,857)	(4,040)	(5,712)
Global Emerging Markets	(1,080)	(611)	(543)	(1,829)	(4,063)
Europe	80	(20)	(67)	(41)	(48)
Global & EAFE	325	(2,410)	(2,055)	(1,857)	(5,997)
UK	(31)	(48)	(47)	(18)	(144)
US	(252)	(82)	52	(110)	(392)
	<hr/> (855)	<hr/> (3,089)	<hr/> (4,517)	<hr/> (7,895)	<hr/> (16,356)

OVERALL NEW BUSINESS FOR 12 MONTHS TO 30 SEPTEMBER 2015 – FIXED INCOME

	3 mths to 31 Dec 14 £m	3 mths to 31 Mar 15 £m	3 mths to 30 Jun 15 £m	3 mths to 30 Sep 15 £m	Year to 30 Sep 15 £m
Gross inflows:					
Asia Pacific	188	97	43	73	401
Australia	171	355	289	221	1,036
Convertibles	13	59	8	11	91
Emerging Markets	349	478	506	367	1,700
Europe	100	89	80	39	308
Global	122	291	175	137	725
High yield	192	208	181	133	714
Money Market	1,963	2,042	1,822	2,265	8,092
UK	492	396	476	474	1,838
US	138	160	171	200	669
Total	3,728	4,175	3,751	3,920	15,574
Gross outflows:					
Asia Pacific	180	58	77	181	496
Australia	402	548	176	215	1,341
Convertibles	69	21	48	12	150
Emerging Markets	484	546	410	1,762	3,202
Europe	222	136	120	107	585
Global	135	221	281	98	735
High yield	531	371	363	500	1,765
Money Market	1,969	2,543	2,519	1,542	8,573
UK	1,087	880	902	894	3,763
US	242	176	236	680	1,334
Total	5,321	5,500	5,132	5,991	21,944
Net flows:					
Asia Pacific	8	39	(34)	(108)	(95)
Australia	(231)	(193)	113	6	(305)
Convertibles	(56)	38	(40)	(1)	(59)
Emerging Markets	(135)	(68)	96	(1,395)	(1,502)
Europe	(122)	(47)	(40)	(68)	(277)
Global	(13)	70	(106)	39	(10)
High yield	(339)	(163)	(182)	(367)	(1,051)
Money Market	(6)	(501)	(697)	723	(481)
UK	(595)	(484)	(426)	(420)	(1,925)
US	(104)	(16)	(65)	(480)	(665)
Total	(1,593)	(1,325)	(1,381)	(2,071)	(6,370)