ABERDEEN ASSET MANAGEMENT PLC
Interim Results for six months to 31 March 2017

Highlights

- Revenue increased to £534.9 million (+10.6%)
- Underlying profit before tax increased to £195.2 million (+19.8%)
- Underlying earnings per share 11.5p (+19.9%)
- Interim dividend per share unchanged at 7.5p
- Operating margin 35.3% (2016: 32.2%)
- Improving trend in net new business flows - Q1: -£10.5bn, Q2: -£2.9bn
- Actions now completed to deliver £70 million of annualised cost synergies

FINANCIAL HIGHLIGHTS

	March 2017	March 2016
Net revenue	£534.9m	£483.6m
Underlying results: before amortisation, restructuring and acquisition-related items		
Profit before tax	£195.2m	£162.9m
Diluted earnings per share	11.5p	9.6p
Statutory results		
Profit before tax	£115.0m	£98.8m
Diluted earnings per share	6.1p	5.4p
Dividend per share	7.5p	7.5p

Flows and AuM	3 months to 31 Dec 2016 £bn	3 months to 31 Mar 2017 £bn	6 months to 31 Mar 2017 £bn	6 months to 31 Mar 2016 £bn
Gross new business	10.2	12.5	22.7	21.5
Net new business	(10.5)	(2.9)	(13.4)	(16.7)
AuM reduction due to business restructuring	(2.2)	(3.5)	(5.7)	-
AuM at period-end			308.1	292.8

Martin Gilbert, Chief Executive of Aberdeen Asset Management, commented:

"These figures reflect improving sentiment towards emerging markets combined with our transition to becoming a full-service asset manager offering a broad range of capabilities via multiple distribution channels globally. We have experienced net inflows into our emerging market strategies in recent months and encouragingly into our diversified growth strategies and the Parmenion platform during the period. These together with favourable market conditions and the delivery of £70 million of cost savings have resulted in a healthy rise in revenues and profits.

Global growth appears to be recovering but elections and geo-political issues will continue to weigh on investor sentiment. Our fund managers across asset classes will remain focused on investment fundamentals in helping our clients achieve their long-term financial objectives. Our proposed merger with Standard Life is on track and the combined businesses will form a world-class investment company strengthening further both companies' ability to meet the evolving needs of clients and customers."

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/onpyxu6m

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Chairman's statement

It is pleasing to be able to report a good set of results for the six month period to 31 March 2017, demonstrating progress on a number of our objectives. Revenues and profits are significantly higher than the first half of 2016, supported by stronger markets, an improving trend in new business flows and good cost discipline. We have now achieved the full £70 million of annualised cost savings that we had targeted, and this is reflected in an improved operating margin.

Assets under management ended the period at £308.1 billion compared to £312.1 billion at 30 September 2016. Buoyant markets for much of the six months and the weakness of sterling versus other currencies helped to cushion the effects of net outflows of £13.4 billion during the period. It is encouraging to note that net outflows slowed from £10.5 billion in the first quarter of 2017 to £2.9 billion in the second quarter, and the revenue effect of these flows has become more balanced, with new business being won at higher margins than is being lost on outflows.

I am pleased to report that investor sentiment towards emerging markets has again turned more positive, having stalled in the weeks after the US presidential election result, and we have seen £0.8 billion of net inflows into our emerging market strategies, both equities and debt, during the second quarter. We believe the medium and long-term outlook for emerging markets remains compelling and our strong performance positions us well to benefit from investors allocating to these asset classes.

One of our strategic priorities is to develop and grow our non-traditional asset classes and we are beginning to produce results. Our diversified growth strategy, which is part of our multi asset capability, continued to attract client interest and demand with net inflows for the six months of £0.8 billion. Parmenion, our digital business, recorded net inflows of £0.5 billion during the period, bringing closing AuM to £3.3 billion, some 75% higher than when we announced the acquisition in late 2015.

Financials

Profit before taxation for the period was £115.0 million (2016: £98.8 million). Underlying profit, stated before amortisation of intangible assets, acquisition-related items and taxation, was £195.2 million (2016: £162.9million). This represents underlying earnings per share, on a diluted basis, of 11.5p (2016: 9.6p).

Net revenue for the period was boosted by markets and currencies and grew by 10.6% to £534.9m (2016: £483.6 million) of which performance related fee income increased to £7.8 million (2016: £1.5 million). The blended average management fee rate for the period has remained steady at 33.7 basis points, in line with the average for 2016.

Operating expenses for the period increased to £346.3 million (2016: £327.7 million), with the weakening of sterling adding £45 million to the cost base. On a constant currency basis, costs were £26 million lower than last year. The Group's operating margin for the period was 35.3%, compared to 32.6% reported for the full year to September 2016. All of the elements of our £70 million cost savings plan were actioned, on schedule, by the end of the period.

Conversion of underlying operating profit to cash has remained strong with core operating cash flow of £152.9 million (2016: £114.3 million), representing a conversion rate of 81.1% (2016: 73.3%). The balance sheet remains healthy with a period-end net cash position of £498.0 million (2016: £401.4 million) and headroom above our regulatory capital requirement has increased to £75.2 million.

Dividend

The Board has decided to pay an interim dividend of 7.5p per share, unchanged from the interim dividend announced last year, and this will be paid on 15 June 2017 to qualifying shareholders on the register at 12 May 2017.

Review of operations

Assets under management ended the period at £308.1 billion. The principal changes are shown in the following table, and a fuller analysis is included at the end of the interim results announcement.

	3 mths to 31 Dec 16 £bn	3 mths to 31 Mar 17 £bn	6 mths to 31 Mar 17 £bn
AuM at 30 September 2016			312.1
Net new business flows	(10.5)	(2.9)	(13.4)
Markets, performance & FX	3.3	11.8	15.1
Business rationalisation	(2.2)	(3.5)	(5.7)
Net change in AuM in period	(9.4)	5.4	(4.0)
AuM at 31 March 2017			308.1

Gross new business inflows for the period totalled £22.7 billion and outflows amounted to £36.1 billion resulting in a net outflow for the six month period of £13.4 billion. Of these net outflows, £3.7 billion represented structural outflows from lower margin insurance mandates.

As a full-service asset manager, we are in the fortunate position of having breadth and depth of investment capabilities to help our clients meet their goals. Over the latest period, we have benefitted from flows into a wider range of asset classes.

In equities, net outflows slowed to £8.6 billion, compared to £9.8 billion for the first half of 2016. Asia Pacific and global equities were impacted by two large lower margin outflows in the first quarter, but emerging market equities have shown encouraging progress, particularly in the second quarter. Our US smaller companies strategy also continued to record net inflows. Following on from improvements in 2016, investment performance across these equities strategies remains strong.

Fixed income and multi asset flows continued to be impacted by anticipated structural outflows from certain insurance clients. However, similar to equities, it was encouraging that our emerging market debt strategies returned to net inflows during the first three months of 2017. Our European fixed income and money market strategies experienced net inflows during the period.

As previously stated, in October we decided to rationalise our US fixed income business by focusing on our US credit and total return bond strategies, which we consider to provide greater opportunities for growth, and to withdraw from managing US core and US core plus mandates. Consequently, we have seen a reduction in AuM of £3.3 billion during the period.

We continue to see traction in our multi asset business. We were awarded a significant closed-end fund mandate to be managed by our diversified growth team. Flows into diversified growth strategies for the period were £0.8 billion and closing AUM is now £1.1 billion. As we previously highlighted, we decided to close an uneconomic multi-manager fund range, resulting in a reduction in AuM of £2.4 billion during the second quarter, together with a further £1.1 billion reduction from the rationalisation of our US fixed income business.

Our alternative and property businesses continued to make good progress and see the potential to gather further new assets. During the period we commenced fund raising for four new private market funds. Outflows from property were largely confined to our UK open-end fund and the result of a number of portfolios coming to the end of their fixed lives.

Notwithstanding our disciplined approach to managing costs, we continue to invest in the business. We have just commenced our first global thematic campaign, focusing on our clients' need to generate income from their portfolios. Further, we continue to invest in our brand and recognise the importance of frequent contact and high quality communication with our clients – which is even more important given the transaction with Standard Life.

Proposed merger with Standard Life

While we have continued to make progress in our wider business, we recognise the pace of change in our industry. At a time when the sector is facing an increasing number of headwinds and opportunities, such as the rise of passive investing, downward pressure on fees and increasing regulatory requirements, we are conscious that scale, breadth and depth of both investment and distribution capabilities together with financial strength will be key factors in successfully competing in the global market. We believe that the leading players must adapt and continue to evolve in order to provide clients with greater choice as they seek a wider range of investment strategies.

Against this backdrop, we announced on 6 March 2017 the recommended all-share merger with Standard Life plc. The proposed merger will create a leading asset manager in terms of investment skills, client coverage and product diversification in key asset classes, with a particularly strong position in 'next generation' capabilities. Both companies believe that this will deliver a broad and compelling offering to meet evolving client needs.

Further information on the proposed merger will be sent to shareholders shortly, and completion is expected during the fourth quarter of the Group's financial year, subject to relevant shareholder and regulatory approvals.

Outlook

Overall these results demonstrate the resilient nature of the Group's diversified asset base and the focus on managing the cost base. Whilst the IMF has recently upgraded its global growth forecasts, political events may continue to generate volatility and we therefore remain cautious on the short term economic outlook. Consequently, we will remain focused on managing our clients' assets prudently and from a business perspective we continue to invest in the efficiency of the operations. Longer term, we believe our fundamental approach to managing portfolios will continue to generate value for our clients and shareholders.

Simon Troughton
Chairman

28 April 2017

Condensed consolidated income statement
For the six months to 31 March 2017

	Notes	**6 months to 31 March 2017** Before amortisation, restructuring and acquisition-related items £m	Amortisation, restructuring and acquisition-related items £m	Total £m	6 months to 31 March 2016 Before amortisation, restructuring and acquisition-related items £m	Amortisation, restructuring and acquisition-related items £m	Total £m	Year to 30 September 2016 Before amortisation, restructuring and acquisition-related items £m	Amortisation, restructuring and acquisition-related items £m	Total £m
Gross revenue		**589.0**	**-**	**589.0**	539.1	-	539.1	1,114.0	-	1,114.0
Commissions payable		**(54.1)**	**-**	**(54.1)**	(55.5)	-	(55.5)	(106.9)	-	(106.9)
Net revenue	3	**534.9**	**-**	**534.9**	483.6	-	483.6	1,007.1	-	1,007.1
Operating costs		**(346.3)**	**-**	**(346.3)**	(327.7)	-	(327.7)	(679.0)	-	(679.0)
Amortisation and impairment of intangible assets		-	**(68.0)**	**(68.0)**	-	(59.9)	(59.9)	-	(128.4)	(128.4)
Restructuring and acquisition-related (costs) income	4	-	**(9.8)**	**(9.8)**	-	(3.0)	(3.0)	-	0.7	0.7
Operating expenses		**(346.3)**	**(77.8)**	**(424.1)**	(327.7)	(62.9)	(390.6)	(679.0)	(127.7)	(806.7)
Operating profit		**188.6**	**(77.8)**	**110.8**	155.9	(62.9)	93.0	328.1	(127.7)	200.4
Net finance income (costs)	6	**1.3**	**(2.4)**	**(1.1)**	0.9	(1.2)	(0.3)	1.6	(3.1)	(1.5)
Net gains on investments		**5.3**	**-**	**5.3**	6.1	-	6.1	23.0	-	23.0
Profit before taxation		**195.2**	**(80.2)**	**115.0**	162.9	(64.1)	98.8	352.7	(130.8)	221.9
Tax expense	7	**(31.5)**	**10.0**	**(21.5)**	(25.8)	9.8	(16.0)	(58.2)	25.5	(32.7)
Profit for the period		**163.7**	**(70.2)**	**93.5**	137.1	(54.3)	82.8	294.5	(105.3)	189.2
Attributable to:										
Equity shareholders of the Company				**79.9**			70.6			164.9
Other equity holders				**13.8**			12.2			24.8
Non-controlling interests				**(0.2)**			-			(0.5)
				93.5			82.8			189.2
Earnings per share										
Basic	9			**6.22p**			5.50p			12.83p
Diluted	9			**6.10p**			5.41p			12.62p

Condensed consolidated statement of comprehensive income

For the six months to 31 March 2017

	6 months to 31 March 2017 £m	6 months to 31 March 2016 £m	Year to 30 September 2016 £m
Profit for the period	**93.5**	82.8	189.2
Items that will not be reclassified subsequently to profit or loss			
Remeasurement loss on defined benefit pension schemes	**-**	-	(76.2)
Tax on net remeasurement of defined benefit pension schemes	**-**	-	12.6
	-	-	(63.6)
Items that may be reclassified subsequently to profit or loss			
Translation of foreign currency net investments	**13.4**	46.6	107.0
Available for sale assets:			
Gains during the period	**2.1**	1.3	1.5
Tax on items that may be recycled to profit or loss	**(0.4)**	-	(0.5)
	15.1	47.9	108.0
Other comprehensive income, net of tax	**15.1**	47.9	44.4
Total comprehensive income for the period	**108.6**	130.7	233.6
Attributable to:			
Equity shareholders of the Company	**95.0**	118.5	214.3
Other equity holders	**13.8**	12.2	19.8
Non-controlling interests	**(0.2)**	-	(0.5)

Condensed consolidated balance sheet
31 March 2017

	Notes	**31 March 2017 £m**	31 March 2016 (restated[1]) £m	30 September 2016 £m
Assets				
Non-current assets				
Intangible assets	10	**1,438.5**	1,525.3	1,489.4
Property, plant & equipment		**18.4**	23.0	21.5
Investments	11	**75.9**	62.8	62.9
Deferred tax assets		**31.9**	20.5	32.4
Pension surplus	15	**-**	30.1	-
Trade and other receivables		**5.7**	4.0	5.2
Total non-current assets		**1,570.4**	1,665.7	1,611.4
Current assets				
Assets backing investment contract liabilities	12	**1,685.9**	1,706.0	1,670.6
Trade and other receivables		**921.9**	458.1	427.1
Investments	11	**252.4**	247.3	254.6
Derivative financial assets	13	**-**	53.1	-
Cash and cash equivalents	14	**682.6**	537.3	847.9
Total current assets		**3,542.8**	3,001.8	3,200.2
Total assets		**5,113.2**	4,667.5	4,811.6
Equity				
Called up share capital		**131.8**	131.8	131.8
Share premium account		**898.7**	898.7	898.7
Other reserves		**798.8**	723.6	783.7
Retained earnings		**(201.3)**	(63.9)	(123.3)
Total equity attributable to shareholders of the parent		**1,628.0**	1,690.2	1,690.9
Non-controlling interest		**(0.8)**	(0.5)	(0.6)
7.0% Perpetual cumulative capital notes		**321.6**	321.6	321.6
5.0% Preference shares		**100.0**	100.0	100.0
Total equity		**2,048.8**	2,111.3	2,111.9
Liabilities				
Non-current liabilities				
Deferred contingent consideration	13	**20.3**	59.5	45.1
Pension deficit	15	**42.5**	4.9	48.0
Provisions		**1.0**	-	1.0
Deferred tax liabilities		**71.1**	96.4	80.3
Total non-current liabilities		**134.9**	160.8	174.4
Current liabilities				
Investment contract liabilities	12	**1,685.9**	1,706.0	1,670.6
Interest bearing loans and borrowings	14	**184.6**	135.9	299.1
Trade and other payables		**984.8**	465.8	512.3
Deferred contingent consideration	13	**32.3**	-	-
Current tax payable		**41.9**	35.4	43.3
Derivative financial liabilities	13	**-**	52.3	-
Total current liabilities		**2,929.5**	2,395.4	2,525.3
Total liabilities		**3,064.4**	2,556.2	2,699.7
Total equity and liabilities		**5,113.2**	4,667.5	4,811.6

[1] Restated to reflect gross position for cash pooling arrangements (see note 14).

Condensed consolidated statement of changes in equity

For the six months to 31 March 2017	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 1 October 2016	**131.8**	**898.7**	**783.7**	**(123.3)**	**(0.6)**	**421.6**	**2,111.9**
Profit for the period	**-**	**-**	**-**	**79.9**	**(0.2)**	**13.8**	**93.5**
Other comprehensive income	**-**	**-**	**15.1**	**-**	**-**	**-**	**15.1**
Total comprehensive income	**-**	**-**	**15.1**	**79.9**	**(0.2)**	**13.8**	**108.6**
Share-based payments	**-**	**-**	**-**	**19.7**	**-**	**-**	**19.7**
Purchase of own shares	**-**	**-**	**-**	**(23.4)**	**-**	**-**	**(23.4)**
Dividends paid to shareholders	**-**	**-**	**-**	**(154.2)**	**-**	**(13.8)**	**(168.0)**
At 31 March 2017	**131.8**	**898.7**	**798.8**	**(201.3)**	**(0.8)**	**421.6**	**2,048.8**

For the six months to 31 March 2016	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 1 October 2015	131.8	898.7	675.7	30.3	(0.1)	421.6	2,158.0
Profit for the period	-	-	-	70.6	-	12.2	82.8
Other comprehensive income	-	-	47.9	-	-	-	47.9
Total comprehensive income	-	-	47.9	70.6	-	12.2	130.7
Share-based payments	-	-	-	23.8	-	-	23.8
Purchase of own shares	-	-	-	(34.4)	-	-	(34.4)
Dividends paid to shareholders	-	-	-	(154.2)	-	(12.2)	(166.4)
Non-controlling interest	-	-	-	-	(0.4)	-	(0.4)
At 31 March 2016	**131.8**	**898.7**	**723.6**	**(63.9)**	**(0.5)**	**421.6**	**2,111.3**

For the year to 30 September 2016	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 1 October 2015	131.8	898.7	675.7	30.3	(0.1)	421.6	2,158.0
Profit for the period	-	-	-	164.9	(0.5)	24.8	189.2
Other comprehensive income (expense)	-	-	108.0	(63.6)	-	-	44.4
Total comprehensive income (expense)	-	-	108.0	101.3	(0.5)	24.8	233.6
Share-based payments	-	-	-	39.2	-	-	39.2
Purchase of own shares	-	-	-	(43.5)	-	-	(43.5)
Dividends paid to shareholders	-	-	-	(250.6)	-	(24.8)	(275.4)
At 30 September 2016	**131.8**	**898.7**	**783.7**	**(123.3)**	**(0.6)**	**421.6**	**2,111.9**

Condensed consolidated cash flow statement

For the six months to 31 March 2017

	Notes	**6 months to 31 March 2017 £m**	6 months to 31 March 2016 £m	Year to 30 September 2016 £m
Core cash generated from operating activities		**152.9**	114.3	362.9
Short-term timing differences on open end fund settlements		**(0.1)**	5.1	(0.5)
Cash generated from operations		**152.8**	119.4	362.4
Net interest received		**1.3**	0.9	1.5
Tax paid		**(30.1)**	(25.7)	(50.0)
Net cash generated from operations		**124.0**	94.6	313.9
Restructuring and acquisition-related costs paid		**(0.8)**	(4.3)	(7.8)
Net cash generated from operating activities	5	**123.2**	90.3	306.1
Cash flows from investing activities				
Proceeds from sale of investments		**58.6**	51.4	83.1
Purchase of investments		**(35.5)**	(68.1)	(73.5)
Acquisition of businesses, net of cash acquired		**-**	(55.1)	(55.1)
Sale of subsidiary, net of cash acquired		**-**	-	0.2
Purchase of intangible assets		**(10.1)**	(9.0)	(18.5)
Purchase of property, plant & equipment		**(0.6)**	(4.2)	(6.0)
Net cash generated (used) in investing activities		**12.4**	(85.0)	(69.8)
Cash flows from financing activities				
Purchase of own shares		**(23.4)**	(34.4)	(43.5)
Dividends paid and coupon payments		**(170.7)**	(168.8)	(280.4)
Net cash used in financing activities		**(194.1)**	(203.2)	(323.9)
Net decrease in cash and cash equivalents		**(58.5)**	(197.9)	(87.6)
Cash and cash equivalents at 1 October		**548.8**	567.7	567.7
Effect of exchange rate fluctuations on cash and cash equivalents		**7.7**	31.6	68.7
Cash and cash equivalents at end of period	14	**498.0**	401.4	548.8

Notes to the interim condensed consolidated financial statements

1 General information

The interim results have not been audited but have been reviewed by the auditor. The condensed comparative figures for the financial year to 30 September 2016 are not the company's statutory accounts for that financial year. Those accounts have been reported on by the company's auditor and delivered to the Registrar of Companies. The auditor's report was unqualified and did not contain a statement under section 498 of the Companies Act 2006.

2 Accounting policies

Basis of preparation

These condensed financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU. The annual financial statements are prepared in accordance with IFRS as adopted by the EU.

As required by the Disclosure and Transparency Rules of the Financial Conduct Authority, the condensed financial statements have been prepared applying the accounting policies and presentation that were applied in the preparation of the Group's published consolidated financial statements for the year ended 30 September 2016.

The preparation of interim financial statements requires management to make estimates and assumptions that affect the reported income and expense, assets and liabilities and disclosure of contingencies at the date of the interim financial statements. Although these estimates and assumptions are based on management's best judgement at the date of the interim financial statements, actual results may differ from these estimates. The interim financial statements, which are in a condensed format, do not include all the information and disclosures required in the Group's annual report, and should be read in conjunction with the Group's annual report for the year ended 30 September 2016.

Going concern

The directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than twelve months from the date of this report. Accordingly, it is appropriate to adopt the going concern basis in preparing the condensed financial statements.

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.

3 Revenue

	6 months to 31 March 2017 £m	6 months to 31 March 2016 £m	Year to 30 September 2016 £m
Revenue comprises:			
Gross management fees	**569.3**	534.9	1,091.8
Commissions payable to intermediaries	**(54.1)**	(55.5)	(106.9)
Net management fees	**515.2**	479.4	984.9
Performance fees	**7.8**	1.5	15.8
Transaction fees	**11.9**	2.7	6.4
Net revenue	**534.9**	483.6	1,007.1

4 Restructuring and acquisition-related items

Restructuring costs

During 2016 we implemented a cost efficiency programme, reflecting our long-term focus on achieving further business efficiencies.

One-off costs of achieving these efficiencies totalling £3.5 million have been recognised in the period (financial year to 30 September 2016: £13.0 million).

Acquisition-related items

The rate of growth of the AuM and revenues of Parmenion Capital Partners LLP ("Parmenion") continue to exceed our initial expectations and we have, accordingly, increased our estimate of the earn-out payment by £4.5 million to £15.7 million at 31 March 2017 (30 September 2016: £11.2 million). The final amount payable will be determined by performance and growth over the period to 30 September 2017.

	6 months to 31 March 2017 £m	6 months to 31 March 2016 £m	Year to 30 September 2016 £m
Restructuring costs			
Redundancy and other severance costs	**3.5**	-	13.0
Transaction & deal costs	**-**	-	1.0
	3.5	-	14.0
Acquisition-related costs			
Arising on SWIP acquisition			
Redundancy and other severance costs	**-**	-	-
Costs of separation, migration & integration	**-**	2.0	2.0
Transitional service costs	**-**	0.2	0.2
Migration & integration costs	**-**	2.2	2.2
Transaction & deal costs	**-**	-	-
Reduction in fair value of deferred contingent consideration	**-**	-	(17.8)
	-	2.2	(15.6)
Arising on other acquisitions			
Increase in fair value of deferred contingent consideration	**4.5**	-	-
Transaction & deal costs	**1.8**	0.8	0.9
Total restructuring and acquisition-related costs (income)	**9.8**	3.0	(0.7)

5 Analysis of cash flows

	6 months to 31 March 2017 £m	6 months to 31 March 2016 £m	Year to 30 September 2016 £m
Reconciliation of profit after tax to operating cash flow			
Profit after tax	**93.5**	82.8	189.2
Depreciation	**3.9**	3.7	8.1
Amortisation of intangible assets	**68.0**	59.9	120.7
Impairment of intangibles	**-**	-	7.7
Unrealised foreign currency (losses) gains	**0.7**	(3.0)	(2.6)
Other gains	**-**	-	(17.8)
Loss on disposal of property, plant & equipment	**-**	-	0.1
Gains on investments	**(5.3)**	(6.1)	(23.0)
Equity settled share-based element of remuneration	**19.7**	23.8	39.4
Net finance costs	**1.1**	0.3	1.5
Income tax expense	**21.5**	16.0	32.7
	203.1	177.4	356.0
Decrease in trade and other receivables	**42.2**	31.1	49.4
(Increase) decrease in open end fund receivables	**(539.5)**	157.5	173.5
Decrease in trade and other payables	**(93.2)**	(93.5)	(46.3)
Increase (decrease) in open end fund payables	**539.4**	(152.4)	(174.0)
Decrease in provisions	**-**	(5.0)	(4.0)
Net cash inflow from operating activities	**152.0**	115.1	354.6
Interest received	**2.1**	2.6	5.0
Interest paid	**(0.8)**	(1.7)	(3.5)
Income tax paid	**(30.1)**	(25.7)	(50.0)
Net cash generated from operating activities	**123.2**	90.3	306.1

6 Net finance costs

	6 months to 31 March 2017 £m	6 months to 31 March 2016 £m	Year to 30 September 2016 £m
Interest on overdrafts, revolving credit facilities and other interest bearing accounts	**0.8**	1.7	3.6
Unwinding of discount on deferred contingent consideration	**2.4**	1.2	3.1
Finance revenue – interest income	**(2.1)**	(2.6)	(5.2)
Net finance costs	**1.1**	0.3	1.5

7 Tax expense

	6 months to 31 March 2017 £m	6 months to 31 March 2016 £m	Year to 30 September 2016 £m
Current tax expense	**33.2**	24.9	58.4
Current tax adjustments in respect of previous periods	**(1.8)**	0.8	1.2
Deferred tax credit	**(12.1)**	(10.0)	(21.1)
Effect of tax rate change on opening deferred tax balance	**-**	-	(4.8)
Deferred tax adjustments in respect of previous periods	**2.2**	0.3	(1.0)
Total tax expense in income statement	**21.5**	16.0	32.7

The tax charge for the six month period ended 31 March 2017 is calculated using the expected effective annual tax rate in each country of operation and applying these rates to the results of each country for the first six months of the year.

8 Dividends and coupon payments

	6 months to 31 March 2017 £m	6 months to 31 March 2016 £m	Year to 30 September 2016 £m
Coupon payments on perpetual capital securities			
7.0% Perpetual cumulative capital notes	**14.0**	12.1	24.8
Ordinary dividends			
Declared and paid during the year:			
Final dividend for 2016 – 12.0p (2015: 12.0p)	**154.2**	154.2	154.2
Interim dividend for 2016 – 7.5p (2015: 7.5p)	**-**	-	96.4
	154.2	154.2	250.6
Preference dividends			
5.0% Preference shares	**2.5**	2.5	5.0
Total dividends and coupon payments paid during the period	**170.7**	168.8	280.4

The interim ordinary dividend of 7.5p per share will be paid on 15 June 2017 to qualifying shareholders on the register at 12 May 2017.

9 Earnings per share

The calculations of earnings per share are based on the following profits and numbers of shares.

Basic earnings per share amounts are calculated by dividing net profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the net profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period 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 and impairment of intangible assets, restructuring 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 certain non-cash items or one-off items.

	IAS 33			Underlying		
	6 months to 31March 2017 £m	6 months to 31 March 2016 £m	Year to 30 September 2016 £m	**6 months to 31 March 2017 £m**	6 months to 31 March 2016 £m	Year to 30 September 2016 £m
Basic earnings per share						
Profit for the financial period, attributable to equity shareholders	**79.9**	70.6	164.9	**79.9**	70.6	164.9
Amortisation and impairment of intangible assets, net of attributable taxation				**58.3**	50.5	101.1
Restructuring and acquisition-related costs, net of attributable taxation				**11.9**	3.8	4.2
Underlying profit for the financial period				**150.1**	124.9	270.2
Weighted average number of shares (millions)	**1,285.2**	1,284.7	1,284.8	**1,285.2**	1,284.7	1,284.8
Basic earnings per share	**6.22p**	5.50p	12.83p	**11.68p**	9.72p	21.03p
Diluted earnings per share						
Profit for calculation of basic earnings per share, as above	**79.9**	70.6	164.9	**150.1**	124.9	270.2
Weighted average number of shares (millions)						
For basic earnings per share	**1,285.2**	1,284.7	1,284.8	**1,285.2**	1,284.7	1,284.8
Dilutive effect of exercisable share options and deferred shares	**18.7**	20.4	22.1	**18.7**	20.4	22.1
Dilutive effect of deferred consideration	**5.2**	-	-	**5.2**	-	-
	1,309.1	1,305.1	1,306.9	**1,309.1**	1,305.1	1,306.9
Diluted earnings per share	**6.10p**	5.41p	12.62p	**11.47p**	9.57p	20.67p

Profit for the period used in calculating earnings per share is based on profit after tax after deducting non-controlling interest, coupon payments in respect of perpetual capital securities (net of tax) and preference dividends.

10 Intangible assets

	31 March 2017 £m	31 March 2016 £m	30 September 2016 £m
Intangible assets	**452.7**	558.1	507.7
Goodwill	**985.8**	967.2	981.7
	1,438.5	1,525.3	1,489.4

Goodwill and intangibles are reviewed for impairment annually or more frequently if there are indicators that the carrying value may be impaired.

During the period to 31 March 2017, no impairments were identified.

A small proportion of the Group's intangible assets were designated as having indefinite lives on initial implementation of IFRS in 2006 and were therefore not amortised, but have been subject to regular impairment reviews. We have undertaken a review to consider whether this treatment remains appropriate. These assets comprise contracts for the management of open end funds. Although these contracts, for the management of certain open end funds, have no limit of time or termination provisions, the review was carried out to ensure consistency across our asset base and consistency with more recent market practice. We have concluded that it is more appropriate to now attribute definite useful lives for these contracts, which we have estimated to be 5 years from 1 October 2016. This represents a change in accounting estimate under IAS 8 *Accounting policies, changes in accounting estimates and errors*. Additional amortisation of £7.9 million on these contracts has been recognised in the income statement to 31 March 2017.

The assets were reviewed for indicators of impairment following the change in useful life. Impairment tests were carried out using fair value less costs to sell and compared with the carrying value of the contracts. No impairment was identified.

11 Investments

	31 March 2017 £m	31 March 2016 £m	30 September 2016 £m
Non-current assets			
Available for sale investments carried at fair value	**62.3**	44.8	46.4
Other investments held at amortised cost	**13.6**	18.0	16.5
	75.9	62.8	62.9
Current assets			
Seed capital investments	**195.7**	200.4	200.6
Investments in funds to hedge deferred fund awards	**56.4**	46.6	53.7
Other investments	**0.3**	0.3	0.3
	252.4	247.3	254.6

Seed capital investments comprise amounts invested in funds when the intention is to dispose of these as soon as practicably possible.

12 Assets backing investment contract liabilities

These balances represent unit linked business carried out by the Group's life assurance and pooled pensions subsidiary. 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.

13 Fair value of financial instruments

All financial instruments held by the Group are carried at fair value. The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, and grouped into levels 1 to 3 based on the degree to which fair value is observable:

- Level 1 measurements are derived from quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2 measurements are derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 measurements are derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	31 March 2017			
	Level 1 £m	**Level 2 £m**	**Level 3 £m**	**Total £m**
Held for trading				
Seed capital investments	**142.6**	**53.1**	**-**	**195.7**
Other investments	**53.0**	**3.7**	**-**	**56.7**
Available for sale financial assets				
Other investments	**11.6**	**-**	**50.7**	**62.3**
Financial liabilities				
Third party interest in consolidated funds	**(44.2)**	**(10.9)**	**-**	**(55.1)**
Deferred contingent consideration	**-**	**-**	**(52.6)**	**(52.6)**
	163.0	**45.9**	**(1.9)**	**207.0**

	30 September 2016			
	Level 1 £m	**Level 2 £m**	**Level 3 £m**	**Total £m**
Held for trading				
Seed capital investments	123.7	76.9	-	200.6
Other investments	50.4	3.6	-	54.0
Available for sale financial assets				
Other investments	2.7	-	43.7	46.4
Financial liabilities				
Third party interest in consolidated funds	(26.0)	(8.9)	-	(34.9)
Deferred contingent consideration	-	-	(45.1)	(45.1)
	150.8	71.6	(1.4)	221.0

The principal methods and assumptions used in estimating the fair values of the financial instruments in the above tables are:

Investments

The fair value of listed investments is based on market bid prices at the balance sheet date without any deduction for transaction costs.

Where investments are not listed, fair value is determined in accordance with independent professional valuers or international Private Equity and Venture Capital Valuation Guidelines where relevant.

The fair value of unlisted investments in infrastructure funds is based on the phase of individual projects forming the overall investment and discounted cash flow techniques based on projected earnings.

Third party interest in consolidated funds

The Group recognises a third party interest in seed capital investments where the Group is deemed to have control, in accordance with IFRS10 *Consolidated Financial Statements*. The fair value of the third party interest is determined on the same basis as the investments listed above.

Derivative financial instruments

In limited circumstances, the Group enters into short term forward foreign exchange and equity futures contracts to hedge its exposure to associated risks in relation to certain seed capital investments.

All forward foreign exchange and equity futures contracts were settled during the year to 30 September 2016, following the disposal of the associated seed capital investments.

Fair value of deferred contingent consideration

The Group recognises a liability for performance related earn-out payments in connection with acquisitions. The fair value of each earn-out is determined by the probability weighted expected return and growth over the period of the earn-out, discounted to present value.

Reconciliation of Level 3 fair value measurements of financial assets and liabilities

	31 March 2017		
	Available for sale financial assets £m	**Deferred contingent consideration £m**	**Total £m**
Balance at 1 October 2016	43.7	(45.1)	(1.4)
Total gains or losses:			
• In income statement	0.1	(4.5)	(4.4)
• In other comprehensive income	2.8	(0.6)	2.2
Unwinding of discount through profit or loss	-	(2.4)	(2.4)
Purchases	6.6	-	6.6
Disposals	(2.5)	-	(2.5)
Balance at 31 March 2017	**50.7**	**(52.6)**	**(1.9)**

Where applicable, transfers between levels are assumed to take place at the beginning of the year. Seed capital investments and associated third party interests of £24.7 million, were transferred from Level 2 to Level 1 during the period due to increased trading activity, with £1.1 million transferred from Level 1 to Level 2. There were no other transfers between Level 1, Level 2 or Level 3 investments during the period.

Investments classified as Level 3 principally comprise investments in property and infrastructure funds. While the Group is not aware of significant differences between the valuations received and reasonable possible alternatives for the property funds, the value of these investments would be directly impacted by changes in the European and Asian property markets. The fair value of the infrastructure funds would be impacted by a number of factors described above.

The Group estimates that a 10% increase/decrease in the fair value of investments will have a favourable/unfavourable impact on equity of £5.0 million, of which £1.9 million and £0.5 million relates to investments in infrastructure and private equity funds respectively.

The fair value of the earn-out agreements included in Level 3 is determined based on a number of unobservable inputs. A change in one or more of these inputs could result in a significant increase or decrease in the fair value. On a standalone basis, without the impact of those changes on other variables, changes in the discount rate of +/- 1% would have an impact of approximately £0.5 million and a change in revenue growth of +/- 10% would have an impact of approximately £11.3 million on the fair value of the earn-outs respectively.

14 Cash and cash equivalents

	31 March 2017 £m	31 March 2016 (restated) £m	30 September 2016 £m
Cash at bank and in hand	**582.4**	524.4	838.1
Short term money market funds	**100.2**	12.9	9.8
Bank overdrafts	**(184.6)**	(135.9)	(299.1)
Cash and cash equivalents in the statements of cash flows	**498.0**	401.4	548.8

The IFRS Interpretations Committee (“IFRIC”) issued a clarification on IAS 32 *Financial Instruments Presentation* - Offsetting and cash pooling arrangements in April 2016. This clarifies a requirement to gross up cash and overdraft balances associated with cash pooling arrangements on the Group balance sheet.

As a result the Group has grossed up the balance sheet for 31 March 2017, 30 September 2016 and restated the comparative balance sheet at 31 March 2016. The impact is to increase cash and cash equivalents and interest bearing loans and borrowings by £135.9 million at 31 March 2016. The changes have no impact on the Group’s results or cash flows.

Cash at bank and in hand includes an offsetting overdraft of £118.4 million (March 2016 restated: £314.7 million) where the Group has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis.

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 number of legacy defined benefit schemes. There are two schemes in the UK which are closed to new membership and to future service accrual, plus schemes in Japan, Germany, Norway, Finland and Thailand.

The actuarial valuations of the defined benefit pension schemes referred to above were updated to 30 September 2016 by the respective independent actuaries. Contributions to the schemes since 30 September 2016 have been set off against the scheme deficits.

	31 March 2017 £m	31 March 2016 £m	30 September 2016 £m
Surplus in scheme at end of period	**-**	30.1	-
Deficits in schemes at end of period	**(42.5)**	(4.9)	(48.0)
	(42.5)	25.2	(48.0)

16 **Contingent liabilities**

The Group may, from time to time, be subject to claims, actions or proceedings in the normal course of its business. When such circumstances arise, the Board considers the likelihood of a material outflow of economic resources and provides for its best estimate of costs where an outflow of economic resources is probable. While there can be no assurances, the directors believe, based on information currently available to them, that the likelihood of other material outflows is remote.

Responsibility statement

We confirm that to the best of our knowledge:

- the condensed set of financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU.
- the interim management report includes a fair review of the information required by:
  (a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the current financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
  (b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

For and on behalf of the Board

Scott E Massie
Secretary
10 Queen's Terrace
Aberdeen AB10 1YG

28 April 2017

Independent review report to Aberdeen Asset Management PLC
Report on the condensed consolidated financial statements

Our conclusion

We have reviewed Aberdeen Asset Management PLC's Condensed consolidated financial statements (the "interim financial statements") in the Interim Report and Accounts of Aberdeen Asset Management PLC for the 6 month period ended 31 March 2017. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, ‘Interim Financial Reporting’, as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom’s Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the condensed consolidated balance sheet as at 31 March 2017;
- the condensed consolidated income statement and condensed consolidated statement of comprehensive income for the period then ended;
- the condensed consolidated cash flow statement for the period then ended;
- the condensed consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Interim Report and Accounts have been prepared in accordance with International Accounting Standard 34, ‘Interim Financial Reporting’, as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom’s Financial Conduct Authority.

As disclosed in note 2 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial statements and the review
Our responsibilities and those of the directors

The Interim Report and Accounts, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Interim Report and Accounts in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom’s Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the Interim Report and Accounts based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom’s Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, ‘Review of Interim Financial Information Performed by the Independent Auditor of the Entity’ issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Interim Report and Accounts and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopersLLP
Chartered Accountants
Edinburgh
28 April 2017

a) The maintenance and integrity of the Aberdeen Asset Management PLC website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim financial statements since they were initially presented on the website.

b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Appendix – Assets under management and new business flows

Assets under management at 31 March 2017

	30 September 2016 £bn	31 December 2016 £bn	31 March 2017 £bn
Equities	89.1	83.1	**88.2**
Fixed income	70.0	65.8	**65.4**
Multi asset	89.9	89.9	**90.5**
Alternatives	21.8	22.5	**21.9**
Quantitative investments	22.8	23.5	**23.9**
Property	18.5	17.9	**18.2**
	312.1	302.7	**308.1**

	Equities £bn	Fixed income £bn	Multi asset £bn	Alternatives £bn	Quantitative investments £bn	Property £bn	Total £bn
AuM at 30 September 2016	89.1	70.0	89.9	21.8	22.8	18.5	312.1
Net new business flows for the period	(8.6)	(1.3)	(1.3)	(0.5)	(0.9)	(0.8)	(13.4)
Market appreciation & performance	6.0	(0.8)	4.3	0.1	2.0	0.6	12.2
Exchange movements	1.7	0.8	-	0.5	-	(0.1)	2.9
Business rationalisation	-	(3.3)	(2.4)	-	-	-	(5.7)
AuM at 31 March 2017	88.2	65.4	90.5	21.9	23.9	18.2	308.1

Overall new business flows for 6 months to 31 March 2017

	3 months to 31 December 2016 £m	3 months to 31 March 2017 £m	6 months to 31 March 2017 £m
Gross inflows:			
Equities	2,999	3,502	6,501
Fixed income	4,042	3,931	7,973
Multi asset	2,171	3,349	5,520
Alternatives	281	169	450
Quantitative investments	249	550	799
Property	420	1,020	1,440
	10,162	12,521	22,683
Outflows:			
Equities	9,597	5,513	15,110
Fixed income	5,179	4,081	9,260
Multi asset	3,588	3,249	6,837
Alternatives	458	495	953
Quantitative investments	743	996	1,739
Property	1,086	1,104	2,190
	20,651	15,438	36,089
Net flows:			
Equities	(6,598)	(2,011)	(8,609)
Fixed income	(1,137)	(150)	(1,287)
Multi asset	(1,417)	100	(1,317)
Alternatives	(177)	(326)	(503)
Quantitative investments	(494)	(446)	(940)
Property	(666)	(84)	(750)
	(10,489)	(2,917)	(13,406)

New business flows for 6 months to 31 March 2017 – Equities

	3 months to 31 December 2016 £m	3 months to 31 March 2017 £m	6 months to 31 March 2017 £m
Gross inflows:			
Asia Pacific	1,063	934	1,997
Global emerging markets	1,144	1,877	3,021
Europe	5	14	19
Global & EAFE	198	313	511
UK	40	31	71
US	549	333	882
	2,999	3,502	6,501
Outflows:			
Asia Pacific	3,928	2,302	6,230
Global emerging markets	1,485	1,216	2,701
Europe	81	506	587
Global & EAFE	3,816	995	4,811
UK	115	292	407
US	172	202	374
	9,597	5,513	15,110
Net flows:			
Asia Pacific	(2,865)	(1,368)	(4,233)
Global emerging markets	(341)	661	320
Europe	(76)	(492)	(568)
Global & EAFE	(3,618)	(682)	(4,300)
UK	(75)	(261)	(336)
US	377	131	508
	(6,598)	(2,011)	(8,609)

New business flows for 6 Months to 31 March 2017 – Fixed income

	3 months to 31 December 2016 £m	3 months to 31 March 2017 £m	6 months to 31 March 2017 £m
Gross inflows:			
Asia Pacific	32	60	92
Australia	171	124	295
Convertibles	23	11	34
Emerging markets	269	387	656
Europe	6	133	139
Global	131	57	188
High yield	114	153	267
Money Market	1,660	2,086	3,746
UK	1,342	856	2,198
US	294	64	358
	4,042	3,931	7,973
Outflows:			
Asia Pacific	85	51	136
Australia	115	933	1,048
Convertibles	25	23	48
Emerging markets	552	214	766
Europe	27	23	50
Global	399	34	433
High yield	355	189	544
Money Market	1,645	1,161	2,806
UK	1,802	1,287	3,089
US	174	166	340
	5,179	4,081	9,260
Netflows:			
Asia Pacific	(53)	9	(44)
Australia	56	(809)	(753)
Convertibles	(2)	(12)	(14)
Emerging markets	(283)	173	(110)
Europe	(21)	110	89
Global	(268)	23	(245)
High yield	(241)	(36)	(277)
Money Market	15	925	940
UK	(460)	(431)	(891)
US	120	(102)	18
	(1,137)	(150)	(1,287)