

Global strength Local knowledge

Aberdeen Asset Management PLC
Annual Report and Accounts 2012

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Who we are

Aberdeen Asset Management is a global asset management group investing across the main investment strategies of equities, fixed income and property, complemented by our solutions business, which provides multi asset and fund of alternatives services. We are present in 24 countries with some 31 offices and over 1,900 staff.

What we do

Our business is the active management of financial assets for third parties. We deliver that expertise in the form of segregated and pooled products across borders. Key clients include leading national and corporate pension funds, central banks and other investment institutions. We have a broad shareholder base and are free from the ownership ties of a larger parent company structure.

Our culture

We believe in locating our investment and client service teams in or near the markets in which we invest or where our clients are based. The Group has grown rapidly in the last 29 years and values a flat management structure and being an open, diverse and accessible employer. To our clients, we believe we are transparent and approachable and we aim to deliver to the highest client service standards. We champion local decision making, close-knit teams and interdependence among our offices worldwide.

Our responsibilities

We see our role as being one where we do our utmost to provide the best possible working conditions for our employees, to protect the environment, to manage our business in a fair and ethical manner. Our corporate responsibility website may be found at www.aberdeen-asset.com/csr.

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Highlights

Net revenue

£869.2m +11%

2011: £784.0m

Underlying pre-tax profit¹

£347.8m +15%

2011: £301.9m

Statutory pre-tax profit

£269.7m +20%

2011: £224.1m

Dividend per share

11.5p +28%

2011: 9.0p

Dividend per share 11.5p

Underlying diluted EPS¹ 22.6p

Operating margin 40.6%

Assets under management £187.2 billion

¹ Underlying figures are stated before amortisation and impairment of intangibles. See page 27.

Chairman's statement

Roger Cornick Chairman

The year ending 30 September 2012 was, in general, another period of economic and market uncertainty, nevertheless, Aberdeen managed a number of notifiable achievements. We saw net revenue and underlying pre-tax profit increase by 11% and 15% respectively, and the net cash position grow to £266.4 million by the year end. A 21% increase in underlying earnings per share has enabled us to propose a total dividend for the year of 11.5p per share, a 28% increase on 2011. Over the year, our share price rose steadily, resulting in a year end market capitalisation of £3.7 billion. In March, Aberdeen was promoted to the FTSE-100 index for the first time in its 29 year history.

These results are directly attributable to the strong investment performance that is the product of a disciplined and rigorous investment process, illustrating that the Group flourishes when our clients prosper.

Financial highlights

Net revenue for the year of £869.2 million was 11% higher than in 2011, reflecting healthy growth in recurring management fees, supplemented by increased performance fee income. The quality of income remains high, with recurring fees accounting for 94% of net revenue and the blended average fee rate rising to 45.1 basis points (2011: 41.2 basis points).

Operating expenses increased by 9%, with some controlled addition to headcount in distribution and additional resource committed to the promotion of the Aberdeen brand and positioning of our product range to satisfy existing and expected investor trends.

Underlying operating profit, which is stated before amortisation of intangible assets, increased by 14% to £352.7 million (2011: £309.3 million) and the operating margin improved further to 40.6% (2011: 39.5%). Underlying earnings per share increased by 21% to 22.6p (2011: 18.7p).

Operating cashflow was strong, and this enabled us to grow the net cash position to £266.4 million (2011: £127.5 million) at the year end. We will use £80 million of this cash to pay the proposed final dividend, but will achieve our aim of meeting the regulatory capital requirements, without reliance on the consolidation waiver, by the end of 2012. The capital position has been strengthened further since the year end, with the holders of £65 million of convertible bonds having elected to convert their holdings to ordinary shares.

Dividend

The Board is recommending a final dividend of 7.1p per share, making a total payment for the year of 11.5p per share, an increase of 28% on the total payment for 2011. The Board remains committed to a progressive dividend policy.

New business

New business totalling £36.0 billion was added during the year, with two-thirds of those flows being into pooled funds. By contrast, over 50% of outflows, also £36.0 billion, were from lower margin segregated mandates. As a result, 45% of our year-end assets under management (AuM) is invested in pooled funds (2011: 40%). Gross inflows were sourced from investors in Continental Europe (36%), the UK (23%), the Americas (25%), Asia Pacific (15%) and the Middle East (1%).

Consistent with recent years, the major inflows were into our global emerging market (GEM), Asia Pacific and global equity products. We continue to work to moderate the scale of inflows to GEM, as we are committed to avoiding any dilution to the quality of the portfolios. We also saw healthy interest in our emerging market debt (EMD) and Asian fixed income capabilities, both higher margin products. Indeed, our flagship EMD fund passed the \$2 billion milestone during the year. However, overall fixed income flows remained negative, primarily due to outflows from the more traditional developed market strategies. We also experienced net outflows from the solutions business. Although our property funds reported a small net outflow, we have strengthened our global property platform with expanded multi manager teams in Asia and the US, and have added specialist distribution capabilities in both regions.

Our equity teams again delivered consistent outperformance against their respective benchmarks over both the longer and shorter term and, in due course, once sentiment towards the Eurozone improves, we believe that our pan-European equities team will attract interest from investors. Fixed income performance remains generally above benchmark over five years, although a few strategies underperformed over one year as the teams believe government bonds remain overvalued and so favoured a short duration stance.

Dividend

11.5p +28%

Within solutions, performance was good in fund of hedge funds (FoHF) although it was a mixed year for new business with outflows from the multi manager capability, which continues its transition following the acquisition of the RBS business. Nevertheless, we continue to widen the appeal to our existing investor and consultant base.

Business development

Our distribution efforts included the launch of a number of funds in various jurisdictions, led by multi asset, FoHF and EMD capabilities. Among these was a diversified growth fund in the UK, a multi strategy fund in Luxembourg and an emerging markets bond fund in the US.

In early October, we announced the opening of a new office in New York to support our expansion in North America. The office will serve as a business development and marketing centre and complements our existing North American headquarters in Philadelphia. In addition, we added business development staff in Chicago, Dallas, Los Angeles, Miami, San Francisco and Toronto.

Our main focus is on markets with the largest asset pools, particularly the Americas and Europe, and Aberdeen's marketing and sponsorship programmes continue to gain traction in these key geographies. As well as our continued sponsorship of Cowes Week, Aberdeen was also the main sponsor of this year's Scottish Open golf tournament, as part of a three year agreement.

Earlier in the year, the Group won a number of awards. UK wins included the Investment Week Fund Manager Group of the Year as well as Investment Trust Group of the Year from both What Investment and Money Observer. Around Europe (Belgium, Finland, Italy, Norway) we were named best Speciality Equity House, while in France we received an award for Best Equity Manager. Finally, our EMD, multi asset, FoHF capabilities were also recognised at various award ceremonies. Most recently, Aberdeen was named Best Overall Group at the 11th Annual European FoHF Awards.

In preparation for the Retail Distribution Review, the Group launched unbundled share classes in our UK and Luxembourg fund ranges ahead of the 31 December deadline.

The Board

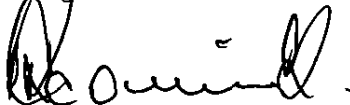
On behalf of the Board as a whole, I would like to thank all our staff for their continued hard work and dedication which is at the heart of these results.

During the year, I was pleased to welcome to the Board a new independent non-executive director, Richard Mully, and shortly after the year-end, Rod MacRae, our Global Head of Risk, joined as an executive director. Gerhard Fusenig resigned from the Board in March following Credit Suisse's sale of its shareholding, and I would like to record the thanks of the entire Board for his considerable contribution over the last three years.

Giles Weaver will retire from the Board at the conclusion of the Annual General Meeting in January, following twelve years' service. I would like to place on record the thanks of all of his colleagues for his valuable contribution and commitment throughout that period. I would expect to announce the appointment of a further independent non-executive director, as part of the ongoing refreshment of the Board, in due course.

Outlook

It is perhaps unwise to anticipate an end to the uncertainty engendered by the global economic and political backdrop, but I do believe that our clients and shareholders will be well served by the long term investment philosophy and rigorous process of our teams. While equity based products continue to generate healthy sales, we are confident that our sustained efforts in connection with other asset classes will make an increasingly important contribution to the Group's performance in the coming months.



R C Cornick
Chairman

Where we operate

We have the scale to provide global coverage of financial markets, yet we are flexible enough to focus on each and every portfolio decision.

We have teams of skilled investment professionals across a range of investment strategies including equities, fixed income, property and solutions to serve our institutional and retail clients.

Europe, Middle East & Africa

The British Isles accounts for 30% of our clients by AuM, some £54.7 billion. Our headquarters are in Aberdeen, where we locate many Group functions. Our largest office is in London and it is the investment centre for GEM, UK and European equities, fixed income and fund of alternatives teams. Edinburgh is the investment centre for our global equity team and the multi asset team.

We have a significant presence across Continental Europe with 13 offices in 12 countries. Europe, excluding UK, accounts for over 33% of Group AuM. Luxembourg is the domicile for the Aberdeen Global fund range.

The Middle East and Africa are important sources of institutional funds and we have a strong client base which we service from London. Around 8% of our AuM is managed for institutional and sovereign wealth entities in those regions.

Asia Pacific

Singapore is the Asian headquarters of the Group and is home to most of our Asian fund managers covering the main asset classes as well as substantial marketing, client servicing and administrative functions. We celebrated the twentieth anniversary of the Singapore office in 2012, reflecting our long and successful track record in the region.

Other full service offices are in Bangkok, Hong Kong, Kuala Lumpur, Sydney and Tokyo. Our Taiwan sales office services the retail market.

Asian clients account for around 12% of our AuM and our investments in Asian securities, of which equities, fixed income and property are core competencies for the Group.

Americas

Philadelphia is our hub for North America and includes fixed income, US equity and property teams. Our wholesale distribution team now has presence in the largest metropolitan centres across the US. We have opened an office in New York, which is intended as a clear statement to existing and potential clients about our growing presence and commitment to the US market.

We manage almost 17% of our AuM on behalf of clients throughout the Americas and have developed a strong platform on which to service institutional and wholesale channels.

The Toronto office services our burgeoning Canadian client base, while São Paulo is a research office for our emerging markets equity and debt teams. Our Americas team also cover Latin American clients investing in our Luxembourg fund range.

UK

Aberdeen (Head office)
Edinburgh
Jersey
London

Europe excl. UK

Amsterdam	Luxembourg
Brussels	Milan
Budapest	Oslo
Copenhagen	Paris
Frankfurt	Stockholm
Geneva	Zurich
Helsinki	

Net revenue

£489.6m

2011: £436.8m

Europe, Middle East & Africa

Americas

New York
Philadelphia
São Paulo
Toronto

Net revenue

£63.1m

2011: £37.2m

Asia Pacific

Bangkok	Shanghai
Hong Kong	Singapore
Kuala Lumpur	Sydney
Melbourne	Taipei
Seoul	Tokyo

Net revenue

£316.5m

2011: £310.0m

Market and industry overview

Market background

As the global economy continues to struggle in the wake of the financial crisis, the investment industry has faced several broad challenges. These include ultra-low interest rates, increased market volatility, risk aversion, and tighter regulation.

Europe has been the main economic drag. The failure of politicians to agree a strategy for growth amid gathering austerity has sapped investor confidence. In the US, the prolonged election battle has distracted leaders. The experiment in quantitative easing – and the price distortions that result – continues against a background of partisanship exemplified by the stand-off over the 'fiscal cliff'.

In the absence of clear economic direction, asset prices have fluctuated. After a steep plunge at the end of 2011, equities staged an improbable recovery through the early months of 2012. Since June they have resumed choppy progress. Markets have prematurely cheered solutions to the European debt crisis several times; yet the Continent's underlying fiscal position continues to deteriorate. This is starting to affect corporate profits worldwide.

Products and performance

We have done well because of our focus on identifying high quality companies rather than being diverted by macroeconomic issues. This has been reflected in good equity performance in areas of traditional strength – emerging markets, Asian and global equities, plus emerging market debt (EMD).

However, we have missed out on some trends. Chief among these has been the search for income amid record low interest rates. High yield bonds have been clear beneficiaries; equity income stocks have also been in demand. However, fixed income funds are now pushing further along the credit spectrum as yields compress. This has led to a boom in demand

for sub-investment grade bonds. Although spreads currently remain above historical lows, a bubble could be forming.

At the same time, objective-based products, including those that target particular levels of return or risk, have multiplied. High correlation across asset classes – as well as volatility – has proven tough for more complex strategies. In aggregate, hedge funds have not performed.

One prevailing trend is increasingly concentrated fund flows. In what others have called a 'winner takes all' environment, top quartile funds in Europe captured around 60% of the flows. Thus the big funds have got bigger. We have been a beneficiary of this trend in our equities products; and we are extending our reach with EMD.

Other fund manager groups have come unstuck before through hopeful product diversification. By focusing on performance and process, and aligning our marketing efforts, we believe that we can win over buyers to our products such as EMD with which they have not historically associated us.

Distribution

If fund flows have become concentrated, the same might increasingly be said of distribution. The top distributors in Europe and Asia appear to be tightening their grip.

Their job has been made easier by the stumbles among banks, some of which have stepped back from frontline retail because of regulatory reforms on giving advice (as in the UK) or because of the need to shore up capital by gathering deposits (Europe). Amid this change, much of the distribution industry is also trying to re-brand itself as 'wealth management'. The private banks market to high net worth individuals but banks, financial advisers and advisory platforms offer sometimes indistinguishable services. All of them are trying to attract investors back.

Emerging markets have grown faster than mature ones in 2011 partly due to stronger flows

Scepticism is widespread however. The erosion of trust that followed the financial crisis has affected asset management as much as banks and the emerging world as much as the developed one. Financial assets managed by asset managers have been dwindling in Asia (according to McKinsey), as people turn to property and alternative 'hard' assets. In Latin America the situation is similar; in fact the market base is much lower in part because pension systems, with one or two obvious exceptions, are less developed.

This decline in interest in the west is amplified by the retirement of the baby boomers (albeit median working ages are climbing fast in some Asian countries too). Doom-mongers warn colourfully of the 'death of equities'. The situation need not be permanent. Equities may have struggled to perform consistently during the current deleveraging; nonetheless they are real assets. The collapse in the finances of so-many western countries has underscored that bonds, even sovereign ones, pose a credit risk – as must any 'IOU'.

On closer inspection equity risk aversion masks significant take-up in so-called passive strategies that aim to capture market performance (or beta), be these regular index tracker funds or the new breed of synthetic exchange traded funds (ETFs) and, prospectively, confusingly-named 'active' ETFs. Another important qualification; this battle between active and passive managers is taking place in developed markets.

There has been no let-up in the rich world's transfer of money to developing markets, almost all of which goes into active strategies. Last, it is direct retail investors who have led the buyers' strike. Institutions have been less reactive; indeed, underlying flows into pensions and the like may even have helped them compensate for the retail shortfall. All of these

developments have played to our strengths. The growth in ETFs and passive strategies creates more market inefficiency for active managers such as Aberdeen to exploit, in the form of added value (or alpha). It also helps us to contrast our high conviction approach not only with passives, but with those actives whose portfolios are large and unfocused and whose performance can never be better than middling.

Our institutional client focus is well established. We were successful in gathering new assets because we have stuck to running money well. Our strategy now is to target prospects better and seek more frequent and thoughtful engagement. This is on our marketing agenda, as we seek to raise profile through conferences and sponsorship.

How long the current sweet spot lasts depends on various factors: our performance, of course, as well as market behaviour. Provided developing markets can sustain higher growth, and this growth translates into investment profits, we believe allocation re-balancing from the developed to the developing world will prove an enduring trend.

Tighter regulation

Regulators nearly everywhere have been looking to increase consumer protection, prevent a repeat of mis-selling and to ensure that fund managers are better run.

The most dramatic illustration of these concerns is the UK's Retail Distribution Review (RDR), which will ban wholesale retrocession (or commission payments) from January 2013. In effect this will create a pure advisory industry. It has radically redrawn the distribution industry in the UK by severing the conflict of interest that commissions present. This may lead to consolidation amongst independent financial advisors.

Top ten mutual fund strategies in the U.S.

Top ten mutual fund strategies in Europe

After consulting with a wide range of distributors to ensure that we meet the requirements of our clients, we have launched our series of RDR ready share classes.

Europe has a more bank-led distribution culture than Britain. Advice is the exception and costs are heavily bundled. Choice (and its corollary, consumer education) has not been an overriding concern. Neither an RDR regime nor one where customers are evaluated for their financial sophistication, the two poles of current debate, seems ideal. The next phase of MiFID, the European directive on the selling of financial instruments, will need to find common ground.

Mis-selling, or rather guarding consumers from unnecessary risks, has been an overarching concern of regulators since the crisis. The associated drive for transparency has largely been good. We have instilled an internal risk management culture that spans all areas of the business.

Risks and solutions

We reported last year on the convergence of traditional long only products with alternatives, especially in the use of derivatives, to generate more predictable returns. Multi asset funds are one outcome; retail-friendly hedge funds another.

We believe that multi asset 'solutions' as an umbrella idea has merit. Many investors today are as focused on the management of risk as the generation of positive returns. For them, the conventional way of looking at asset allocation, i.e. from an asset class return perspective may not work.

For example, income or inflation protection has become a starting point for many pension schemes now that in some markets cash returns are negative in real terms. The target for others is lower volatility. For those investors with very long run liability profiles, less liquid assets like infrastructure may have an appeal especially in instances when western banks can no longer participate and a premium return can be captured.

Any solutions proposal is, of necessity, very client specific and resource intensive. It must start with a definition of risk from the client's perspective a subject which can divide even sophisticated investors. Therefore, while solutions are an exciting departure for us (given our steadfast equity style), it is a calibrated one.

We are especially wary of growing market pressures to tempt income funds explicitly to target or promise a high level of yield, potentially at the expense of capital. Investors may be happy when promises are met; they will not be when these are not. Desisting from promises should be a point of agreement for the industry and regulators.

Summary

Having spent the past few years consolidating acquisitions, our business today is efficient. This matters because, although our distribution servicing network has been built for higher flows, a prolonged downturn in volumes and markets cannot be ruled out. To extract better economies of scale we need to offer products that people want – this includes more fixed income and solutions. Property is our natural stabiliser.

We have the advantages of comparative stability, low staff turnover and the positive regard in which clients hold us. Our culture (or brand) ought to be appealing as we are seen to be independent of the largest banking groups, as well as more grounded and approachable.

Progress is encouraging so far. Recognition of the Aberdeen name has risen among European industry professionals, even compared with a couple of years ago. In the US and Canada we have gained a similar profile among the closed end fund community. Our standing among institutional consultants is already strong. Getting ourselves better known elsewhere is our number one priority; we are on the map among institutions in Japan, and across channels in Australia and mainland Asia. But the US still represents the world's deepest pool of savings and hence its mass market remains our biggest challenge.

The dual growth model of flows and market performance has stopped at a global level

Aberdeen Asset Management commenced a three year sponsorship deal in 2012 for the Scottish Open to support brand growth in UK, Europe and the US.

Business model

Our sole focus is the active management of our customers' portfolios, with 94% of our net revenue coming from recurring management fees.

Our teams of investment professionals are based in the regions in which the assets under management are invested. A diversified product range, geographic reach and client base, along with our scale and focused approach, enables us to provide effective asset management and superior client service.

Our strategic objective

To deliver a high quality service to existing and new customers, across a diverse asset base, resulting in strong organic growth in management fee income.

Our goal is to deliver superior levels of risk-adjusted investment performance consistently and to secure client loyalty by providing a high quality service.

(Read more on our strategy on pages 12 and 13)

Diverse asset base

We seek consistent long-term investment performance across all investment strategies. We aim to develop each of the investment areas, ensuring that each team has a disciplined investment process, based on team based decision making and original research.

AuM by class:

	£bn
Equities	100.7
Fixed income	36.3
Solutions	23.6
Property	18.7
Money Market	7.9

Read more on our AuM and asset classes in the business review on pages 22 to 24.

International reach

Our global network of 31 offices in 24 countries supports a uniformly high standard of local client service.

Where possible our client relationship teams are located close to their markets. We will continue to expand and deepen our distribution footprint to enhance client service and create new business opportunities.

AuM by client domicile:

	£bn
Europe ex UK	62.2
UK	54.7
Middle East & Africa	15.0
Americas	32.4
Asia	22.9

Read more on our global presence and regional teams on pages 25 and 26.

Diverse client base

We have a diverse client base - both by channel and nature of client. Our institutional clients include pension funds, corporates, sovereign wealth funds, government agencies and insurance companies. We typically sell to retail clients through intermediaries, also known as distributors or third party advisors, such as private banks, financial advisors, wealth managers and platforms. We also call this the wholesale channel.

We sell products in pooled funds and segregated mandates. Over recent years, we have seen strong growth in our wholesale channel where flows are into pooled products. We expect this trend to continue.

Our key measurements of success

AuM (September 2012)

£187.2bn

Net revenue

£869.2m

Underlying profit before tax

£347.8m

Operating margin

40.6%

Revenues from net flows
in 2012

£70m

(Read more on our KPIs on pages 20
and 21)

Strategy

We aim to generate long-term returns for our shareholders by building a highly regarded global asset management group founded on providing the highest levels of investment management performance and client service.

This is achieved through:

1. Our investment process

Priorities

- Maintain and further develop our four established investment competencies.
- Focus on growing our business where we have strong capabilities.
- Enhance our reputation and capability for global emerging market products across all strategies.
- Strengthen the global investment process in areas such as credit and sovereign research.
- Develop our capability to combine our investment skills into providing more holistic, strategic advice.

Our investment process is founded on our own primary research and due diligence processes. This is implemented through a comprehensive and robust investment screening procedure which is applied consistently by our teams.

Our strong team culture, with distinctive and transparent investment processes, sets us apart.

As a truly active manager, it is key that our teams are based in the major locations where we invest.

2. Our distribution approach

Priorities

- Optimise revenue margins by focusing growth on higher margin products.
- Targeted approach to growth; concentrate on the capabilities where we have a strong track record in the markets where there is a demand for these products.
- Ensure that product development is driven by market and client demand and that it focuses on products where our capabilities allow for optimised returns.
- Build tailored business plans for each market.

We have built a global network of offices to serve our clients. To win new business in the current environment demands excellent client service and a strong brand, as well as top investment performance.

We have dedicated teams for client management with performance metrics geared around service levels and client satisfaction.

Our global distribution network allows us to service the largest private banks and wealth managers and build on our strategic distributor relationships.

3. Building on our brand

Priorities

- Increase profile and preference through appropriate marketing spend in our priority markets to support revenue growth.
- Prioritise marketing support on our top tier capabilities and channels.

We develop our brand and differentiation through a co-ordinated series of local and regional name awareness initiatives and sponsorship opportunities.

Whilst brand initiatives are tailored to the relevant country or region, they follow the common theme of Aberdeen's global capability and consistent processes, complemented by our local presence.

4. Our global operating model

Priorities

- Continue to invest in a robust and scalable global operating model.
- Consolidate software development to leverage global platforms whilst reducing costs and risks.
- Use of strategic third party service providers to outsource volume and reduce risk.

The Group's in-house systems cover strategic operations such as centralised dealing, as well as decision support, data, and compliance.

Most of our back office functions, such as investment administration, are outsourced to well established third parties who pass our stringent operational requirements.

Quality and continuity of service is of paramount importance.

Strategic highlights in the year

Investment process

Continued strong investment performance.

£10bn net inflows in equities, where we are among the market leaders.

Our global equities team has now been together for 10 years demonstrating our commitment to team approach and continuity.

Emerging market debt is a major growth product outside equities.

Brand

Our series of conferences toured Singapore, New York and Aberdeen. The audience comprised our institutional clients and fund selectors.

The Scottish Open golf and Cowes Week sponsorship in the UK highlighted our commitment to the UK market

Ongoing Dad Vail regatta sponsorship in the US reinforced our local footprint in Philadelphia.

Distribution

Increasing blended average management fee rate due to flows into higher margin investment products.

Targeted growth of distribution teams with particular emphasis on the US and Europe. *Significant net flows in these markets.*

New product specialists for solutions and property.

Operating model

Growth has been managed in a cost effective manner.

Balance sheet and capital strength

The Group has strengthened its balance sheet and capital position, with net cash of £266.4 million at 30 September 2012.

We remain on track to meet regulatory capital requirements without reliance on the consolidation waiver by the end of 2012 (page 29).

Principal risks

The principal risks associated with executing the strategy are explained on pages 31 to 33, along with how we manage risks. These include:

- | | |
|--|---|
| Investment process | <ul style="list-style-type: none">– Movements in AuM due to markets and investment decisions– Breach of an investment mandate– Loss of key investment personnel |
| Distribution | <ul style="list-style-type: none">– <i>Loss of clients due to misrepresentation or poor management of relationships</i>– Products that fail to meet clients' needs |
| Brand | <ul style="list-style-type: none">– Reputation risk if the brand is inconsistent with the culture, products and capabilities. |
| Client service and administration | <ul style="list-style-type: none">– Failure of external service providers or Aberdeen systems |

Our investment process

Equities

Key strengths

- Bottom-up investment style, emphasising company fundamentals
- Team approach, with asset managers based in the regions where we invest
- Low portfolio turnover, buying stocks and holding them for the long-term
- First-hand research is central to our process
- No investment without interviewing the company's management first

Aberdeen's mainstream equity process dates from the early 1990s and we believe its advantage lies in the consistency of its approach, irrespective of market conditions.

From the company visits and analysis carried out regionally, through to portfolio construction decisions, we adopt a team approach.

Cross-coverage of securities locally ensures objectivity.

Diversification at the stock level is our main control of risk.

We aim to add value by capitalising on original research and in avoiding fashions. We see equity risk in terms of investing in a poor quality company, or overpaying for a good one.

Active management

We aim to add value by identifying good quality stocks, defined chiefly in terms of management and business model, which are attractively priced. Good stock picking is the key to our performance. We downplay benchmarks in portfolio construction since these provide little clue to future performance. Our asset managers avoid businesses that we do not understand or those with discriminatory shareholder structures.

Proprietary research

Our mainstream equity managers always visit companies before investing, making thousands of visits annually to existing and prospective holdings. Every contact is documented in detail. If a security fails our screening, we will not own it, irrespective of its index weight.

Team approach

We employ over 130 equity investment professionals globally. Portfolio decisions are made collectively, and we avoid cultivating 'star' fund managers. Cross-coverage of securities also increases objectivity and lessens reliance on individuals.

Long-term focus

Our mainstream strategies are simple; we buy and hold, add on price dips and take profits on price rises. This reduces transaction costs and keeps portfolios focused. We rarely pursue short-term returns from mainstream equity strategies, albeit for specialist portfolios, activity may be more dynamic.

Equity investment process

Equities breakdown

Fixed income

Key strengths

- Active management, operating globally, in a transparent and accountable structure, within a risk framework
- Belief that multiple sources of added value improve the risk return profile
- Focus on proprietary research
- Local presence in London, Philadelphia, São Paulo, Singapore, Sydney, Bangkok, Tokyo and Budapest
- Strong derivatives capability to assist implementation of both active and liability matching strategies

We believe outperformance should be generated within a risk framework, adding value through multiple sources with low correlations to create natural diversification. As such, our fixed income structure comprises independent product teams, with their investment universes being as unconstrained as possible.

Our global product team is responsible for capturing these investment ideas into specific client portfolios, working within individual client portfolio guidelines. Team members are in continual discussion with the alpha teams to ensure that the best decisions of these teams are implemented across all mandates.

Fixed income investment process

Active management

We aim to add value by exploiting market inefficiencies in interest rates, currency, investment grade credit, emerging market debt, high yield, convertibles and money markets. We have dedicated portfolio managers and analysts in the three main time zones – Asia Pacific, Europe and the US. They operate as close-knit teams within a global framework, with investment decision-making devolved to specialists, based on their knowledge and expertise.

Flexible and disciplined investment process

Our investment structure enables us not only to follow a disciplined investment process but also to be flexible to manage portfolios for a wide variety of client requirements. This may range from strategies which employ multiple sources of uncorrelated returns to those that are focused on a particular specialist area.

Team approach

We employ over 120 investment professionals across our teams. They invest within clearly delineated parameters, with defined reporting lines. Our team structure is based on transparency and accountability.

Diverse solutions

Many clients are moving to higher performance or core plus mandates. Another trend is the move away from market based indices and the use of liability driven benchmarks. We aim to deliver performance across the full range of our fixed income capabilities. We also use derivatives, such as interest rate and credit default swaps, to add value and also to match liability exposures.

Fixed income breakdown

Property

Key strengths

- An active property investment manager
- Unrivalled local presence in key international markets
- Separate accounts and collective funds, including fund of funds
- Disciplined investment process, supported by research on the ground
- Team approach, with managers based in the regions where we invest

Active management, top-class research, local presence and a rigorous investment process are the means by which we add value to property investment. We offer a wide range of well-structured vehicles that provide strong risk-adjusted returns as well as a choice of geographic and sector allocations.

In addition to funds holding direct property, we have pioneered the development of funds of property funds, with exposure to UK, Continental Europe, Asia Pacific and North America. This team invests in third party funds, not in direct property and its clients are exclusively institutional investors. Their philosophy focuses on creating alpha and not on general market exposure. Our direct investment and multi manager teams manage client money in segregated mandates as well as pooled vehicles.

Active management

Our understanding of the factors that drive returns stems from our local presence and our dedicated research capability. A unique feature of property is the value that can be added

by active asset management, and selecting assets with this potential enables a skillful investment manager to create alpha and outperform the market.

Local presence

Active property investment requires a local presence. We have expanded in Europe's heartland, through our Singapore office into Asia and more recently into North America. We now number over 300 professionals based in 13 countries. This unrivalled local reach is essential to our understanding of local markets and our commitment to local decision making.

Structured investment process

Our robust investment process links the three essential disciplines of allocation, selection and asset management. We apply it rigorously to all property sectors and geographies. Our principle is to combine advanced top-down research with a pragmatic, but structured, bottom-up approach from our local professionals. The former focuses on managing beta, or portfolio risk, the latter on creating alpha.

Delivering risk-adjusted returns

We aim to help our institutional clients achieve well diversified property exposure by delivering superior risk-adjusted returns through funds that offer a clear choice of geographic or sectoral exposure. With our advanced portfolio modelling techniques, we provide an understanding of the risk of different property investments and their place in multi asset portfolios.

Property investment process

Property breakdown

Aberdeen solutions

Key strengths

- Active management of diversified multi asset portfolios, multi manager funds, fund of hedge funds and fund of private equity funds
- Bottom-up and proprietary research is the cornerstone of our investment process
- No investment in any asset is made without first interviewing management
- Continual improvement to risk management controls
- Team-based approach with managers based in London, Edinburgh, Paris, Singapore and Philadelphia, with access to all of the Group's skill sets worldwide

Our fund of hedge funds, fund of private equity funds and multi manager capabilities enhance and complement Aberdeen's traditional skills in multi asset investing. Our aim is to provide client portfolios and funds that diversify and control risk while optimising returns, whether using in-house capabilities or those of third party managers. A range of passive fund solutions is also available, according to client needs.

Active management

Our multi asset team builds portfolios by investing in securities that have been researched and selected by our specialist asset class teams in-house, while our multi manager and fund of hedge fund teams research and invest in highly-skilled third party managed funds.

Alternatives investment process

A focus on long-term investing

In multi manager funds, we aim to add value by identifying and building strong relationships with those managers which we believe will excel at providing risk-adjusted performance. This approach mirrors our mainstream equity investment process, which is based on regular company visits with management. In multi asset portfolios and the 'balanced' element of multi manager products, we also employ top-down processes to aid superior portfolio construction and reduce risk.

Risk management

Our risk management controls are both specific to asset classes and characterised by our institutional clients' own risk appetites, their agreed risk budgets and any other mandate constraints. While the strength of our investment decision-making process is predominantly qualitative, in our fund of hedge funds and multi manager businesses we also draw on a number of quantitative inputs to help guide our investment decision making.

Proprietary research

First-hand analysis is a central tenet to Aberdeen as an investment manager. Despite the differences of our alternative asset capabilities, our stock and manager selection processes share the key values of our mainstream investment processes, namely due diligence, repeated investment meetings to verify our decisions and a disciplined attention to risk control.

Alternative strategies breakdown

Our people

We are committed to recruiting and retaining talented and motivated individuals who put clients at the heart of our business.

We have a flat management structure and a culture of close knit teams, built up from a combination of experienced professionals and more recent recruits. This not only benefits our clients but also our employees, helping to develop long-term and personal relationships.

Recruitment and selection

Our strategy is to recruit from the bottom up, placing an emphasis on succession planning and developing our future leaders. We operate a summer internship programme which, for many, provides a stepping stone to a permanent career at Aberdeen. Our internships provide a unique insight into our Group, our people and our culture and is the basis for our graduate recruitment.

We have further developed our graduate rotation programme within the business over the last three years and increased the number of hires significantly. We have engaged with the business and the graduates to ensure both the business needs and the graduate development needs are being met. There are graduates in all UK offices, Philadelphia, Singapore and Sydney with additional rotations in Luxembourg, Germany, France, Finland, and Switzerland.

We have recruited 134 graduates globally from 1994 to 2012 and, of those hired, 107 are still employed by the Group.

Competitive compensation

Rewarding employees for their contribution is key to recruiting and retaining a talented workforce. More information on how we set compensation packages is given in the Remuneration report starting on page 50.

Mentoring

Our mentoring scheme is now established in the UK and we are in the process of expanding the scheme in Europe and the US and also plan to establish an Asian programme. Mentoring enhances personal and career development and, as a consequence, creates a sustainable talent pipeline. The role of the mentor is to independently offer advice and guidance to allow the individual the opportunity to develop their skills, knowledge and ability.

Learning, development & talent management

By providing learning and development opportunities, on-the-job coaching and mentoring, we aim to ensure that everyone who works within Aberdeen has the resources they need to learn and build their own career.

We fully support performance management and continuous development. Our annual appraisal process for all employees is at the core of our development process, providing an opportunity to discuss performance, set objectives and identify areas for future development.

For individuals in some areas of the business, professional training is necessary to ensure that they are proficient in the skills required for their jobs. Those wishing to pursue a career in fund management are required to complete relevant regulatory examinations. There are opportunities for others to complete industry qualifications.

Apprenticeship programme

In March 2012, we launched a pilot apprenticeship scheme in our Aberdeen office for local school leavers seeking to pursue a career in our operations division. This scheme stems from the recognition that there are many school leavers who want to move straight into the workplace from the classroom, as an alternative to higher education. If successful, we will open the scheme to a wider community across the Group.

Equality and diversity

As a global organisation with customers spanning a multitude of countries, cultures and professions, we view diversity as a valuable business asset.

We strive to be an employer of choice in the 24 countries in which we operate and to provide an environment in which everyone is treated equally. By having a workforce that reflects the communities where we work, we gain an important competitive advantage. We do not tolerate harassment or bullying.

Details of the Group's equal opportunities policy is available on the website and this policy is supplemented by specific policies that reflect local employment legislation and expectations.

The Group gives full and fair consideration to applications for employment from disabled persons. If employees become disabled, we provide continuing employment wherever possible and subject to local laws and regulations. For the purposes of training and career development, all employees are treated equally.

Aberdeen Asset Management has a sponsorship deal with Scottish Hockey. Our support also aims to encourage grass root development of the sport and encouragement of players to continue beyond school and participate in club hockey.

Key performance indicators

KPIs are discussed on the basis of presentation of financial results adopted for management purposes which we define as the underlying results. On page 27 of the financial review, we discuss the distinction between underlying results and IFRS results.

KPI	Rationale	Comment
Net revenue	<ul style="list-style-type: none"> Shows the growth of the business through an increasing asset base and/or product margins. 	<ul style="list-style-type: none"> Net revenue increased by 11% from £784.0 million in 2011 to £869.2 million. Net management fees increased from £739.2 million to £813.5 million (+10%). Performance fees increased from £36.3 million to £47.5 million, yet remain at only 5% of revenue.
Operating profit and operating margin	<ul style="list-style-type: none"> Key profitability metric as we expect revenues to grow by more than costs through effective cost management. Operating margin is underlying operating profit as a percentage of net revenue. 	<ul style="list-style-type: none"> Operating margin increased to 40.6% in 2012 from 39.5%. Margin increased through good revenue growth, coupled with continued cost discipline.
Conversion of operating profit to operating cash flow	<ul style="list-style-type: none"> Conversion of profits to cash to allow for operational growth, as well as strengthening the balance sheet and capital position. 	<ul style="list-style-type: none"> Core operating cash flows were £419.8 million (2011: £399.3 million). Cash conversion of 119% (2011: 129%). Cash used to strengthen balance sheet, pay an increased dividend to ordinary shareholders and purchase shares to neutralise potential EPS dilution from deferred share awards.

KPI**Rationale****Comment****Underlying diluted EPS**

- Includes all components of the Group's performance, based on profitability and capital structure.
 - Investors typically value the Group's shares as a multiple of underlying EPS.
- Underlying EPS increased by 21% to 22.6p (2011: 18.7p).

Assets under management

- AuM forms the basis on which recurring management fee revenue is earned.
 - Changes in AuM reflect both net new business flows and market performance.
- AuM grew by 10% from £169.9 billion at September 2011 to £187.2 billion at September 2012.
 - There were £10 billion of net flows into equities. This was offset by net losses of £10 billion from fixed income and solutions.
 - £16.5 billion appreciation due to markets, performance and exchange fluctuations.

Average management fee revenue margins and operating margin

- Fee margins vary according to the nature of the product or service provided.
 - The product mix effect of AuM flows impacts profitability.
- Average fee margins increased from 41.2bps in 2011 to 45.1bps in 2012.
 - Although net flows were neutral, the annualised revenue effect was +£70 million due to quality of net new business flows.

Business review

Highlights

- Closing AuM of £187.2 billion (+10%)
 - Net new business flat, but adds £70 million of new annualised revenue
 - Regulatory capital target will be achieved by December 2012
-

2012 has been another successful year for Aberdeen. We have delivered on our objectives and this is reflected in our KPIs. Strong growth in revenues and operating profits was driven by good flows into our higher margin products. Cashflow was strong, bringing us close to our regulatory capital target.

AuM increased to £187.2 billion and with robust investment performance, we will enter 2013 in excellent shape.

Objectives

Our objective remains to deliver long-term shareholder value by pursuing a strategy that involves organic growth supplemented, at appropriate times in the business cycle, by selective acquisitions. A fundamental element is to maintain complete focus on attaining the highest levels of investment management performance and client service.

We aim to deliver shareholder value by growing the recurring revenues generated from AuM, adding profitable new business and maintaining an efficient cost base - thus generating sustainable profits and cash flows.

The quality of net new business flows is the key driver of the growth in revenues and profits. Above all, the strong flows from our equities products that have been key to our strong financial performance.

Our balance sheet and cash position are significantly stronger. We were close to achieving our regulatory capital target by the year end but can affirm our earlier statements that we will be able to eliminate reliance on the consolidation waiver by 31 December 2012.

AuM

Our closing AuM is £187.2 billion, 10% higher than September 2011. This change is analysed in the table opposite.

Gross new business inflows for the period were £36.0 billion (2011: £43.0 billion). Outflows were £36.0 billion (2011: £44.7 billion), resulting in neutral net flows (2011: net outflow £1.7 billion).

£16.5 billion of AuM growth is from markets, foreign exchange movements and performance. Our investment performance remains good and our investment philosophy and disciplined

process have continued to deliver through variable market conditions.

The major element of these inflows was into our equity products, particularly global emerging market (GEM), global and Asia Pacific equities. We have also seen healthy interest in emerging market debt (EMD) and Asian fixed income, both higher margin fixed income strategies.

The growth of AuM in equities has been offset by continued losses in fixed income and solutions such that equities now account for over 50% of the Group's AuM. Whilst the strong demand is clearly an endorsement of the integrity of the franchise built over the years, we are not prepared to compromise the quality of the portfolios by diversifying into stocks of lesser quality. We have therefore taken action to moderate inflows to GEM and global equities. To do otherwise would not be in the best interests of existing clients. We believe that there is continued scope for AuM growth from these products, but not as significant as we have seen in recent years.

We have a number of other capabilities where we have a strong track record and good performance. Our focus is now to support these and, with increasing distribution effort and marketing promotion, to broaden the range of growth products. These include European equities, regional emerging market equities, EMD, Asian fixed income, property multi manager, multi asset and fund of hedge funds. The asset class review section explains some of the steps that we have taken in the year.

Notwithstanding the successful growth of EMD, the scale of losses in fixed income and solutions is disappointing, albeit there are different reasons behind the losses. We have put structure across a number of solutions products as we build the foundations for future growth and believe that we have attractive products with strong performance. We have taken steps in 2012 to improve the fixed income investment process in order to re-establish credibility in products such as global macro and credit.

Investment team review

Equities

Our core equities teams have continued to perform robustly. Overall, we had £10.2 billion of net inflows, mainly from GEM, global and Asia Pacific equities. As of September 2012, total funds managed by the equities teams stood at £100.7 billion. We have a leading franchise in these equity products.

Our investment performance is strong not only in GEM, Asia and global, but also in European, Japanese and regional emerging market products, including Latin America. We look for solid stock selection and believe that there remain good companies with balance sheet strength, good cash generation and excellent management teams that respect good long-term investments, even with the uncertain economic backdrop.

One landmark is the continued strong performance by the European desk, which has now built up a very respectable five year track record. We believe that we are well placed to market these strategies, though of course there still remains a reluctance amongst the international investing community to commit capital to Europe given the ongoing macroeconomic concerns.

There were solid inflows into existing pooled funds. We have a number of closed end funds consistently trading at a premium to their net asset value. This enabled Murray International investment trust, for example, to issue a further £100 million of new equity.

The global equity team will celebrate managing money for ten years with the same people and same process in December this year. The track record built on stability and continuity is a source of great pride to all involved.

Fixed income

We continued to see a disappointing level of fixed income outflows over the course of the year, with net outflows of £5.7 billion (2011: £4.8 billion). The largest portion of these outflows came from our UK and global products, where we lost £5.0 billion.

EMD is a key source of AuM growth, with net inflows of £0.9 billion. We also saw smaller net inflows into areas such as our high yield product suite (European, US and Global). Consistent with our distribution strategy, we view global product opportunities in emerging markets, high yield, Asia and convertibles to be among our most compelling, enabling us to grow both AuM and management fees in the years to come.

We have taken steps over the course of the year to build a stronger fixed income business. Earlier in the year we identified our EMD, Asia Pacific macro and US credit teams as areas of excellence that could be used to help reorganise our fixed income franchise. Drawing upon the example of our strong equity business, we decided to use these areas of best practice to support the creation of a common investment process, based on strong research and risk skillsets that will support robust portfolio construction across the Group. We are also now organised to better allow our global teams to tap more effectively into the success of many of the regional fixed income teams.

Over the short term, the changes we have implemented have created some uncertainty among clients and asset consultants; however we are confident that these re-established foundations will support our business and clients well in the future.

Notwithstanding, our performance has been strong in many of the products. Both European and US teams have seen a sharp improvement to their performance numbers, bringing them back alongside Australia in delivering a strong long-term track record. Our Asian fixed income team is one of the strongest among our peers.

	Equities £bn	Fixed income £bn	Aberdeen solutions £bn	Property £bn	Money market £bn	Total £bn
AuM at 30 September 2011	75.1	40.0	24.8	20.5	9.5	169.9
Net new business flows for the period	10.2	(5.7)	(3.2)	(0.2)	(1.1)	-
Corporate transactions	0.8	-	-	-	-	0.8
Market appreciation & performance	17.3	3.1	2.5	(0.8)	(0.2)	21.9
Foreign exchange movements	(2.7)	(1.1)	(0.5)	(0.8)	(0.3)	(5.4)
AuM at 30 September 2012	100.7	36.3	23.6	18.7	7.9	187.2
Average AuM	89.1	38.7	24.4	19.4	8.6	180.2

Property

The past year has seen more investors developing a global approach to their property investment activities. The repercussions of the financial crisis mean that they are typically risk averse, focusing on prime assets with strong, secure income streams, in western Europe, North America and the most advanced markets in the Asia Pacific region.

We have strengthened our global property platform with expanded multi manager teams in Asia and the US, and have added specialist distribution capabilities in both regions.

Work has been done to streamline Aberdeen's international property fund range, with some products merged or closed to new investors, and terms reviewed to ensure they are competitive and aligned with current best practice. The phased liquidation process for the German open ended funds inherited from DEGI is proceeding according to plan, with asset sales across Europe and in Canada.

The opportunity has been taken to roll out improvements to the investment process across the property business, with a strengthened focus on risk budgeting. Europe, Germany and the Nordic region have proved more resilient than most, and this was reflected in the successful launch of new residential property funds for institutional investors in both Sweden and Germany. In Norway, investors have voted to extend the life of the €800 million Norway I property fund. New segregated mandates include construction of a €150 million pan-European direct property, and a European multi manager account for a US institutional investor.

Net sales by asset class, £bn

Aberdeen solutions

We have spent much of the period putting structure in place in respect of products and staff to enable us to present coherent and competitive products.

In terms of fund flows some £3.2 billion exited, leaving total AuM of £23.6 billion. The outflows reflect the continued transition following the acquisition of the multi manager and fund of alternatives teams from Coutts. In revenue terms, some of these declines were cushioned by performance fees from the flagship capital return fund.

Fund of hedge fund performance has held up well, while long-term relative performance in long only multi manager assets is also sound. Aberdeen was named as the 'Best Overall Group' at the 2012 European Fund of Hedge Fund Awards reflecting our past performance and our efforts to broaden our capability. We have updated a number of fund structures to make them more attractive for institutional investors.

It was a very busy year for our multi asset team. At the beginning of the reporting period we launched the Aberdeen Diversified Growth Fund, specifically aimed at UK defined contribution pension schemes. This fund seeks to differentiate itself from other products in the market by emphasising investment in the developing world, an area where we believe we have a world class franchise. These types of vehicles aim to smooth the volatility of returns whilst still achieving reasonable growth in capital, and are increasingly being used by pension schemes as part of the default option for members. With the advent of auto-enrolment in the UK, fund flows into these products are expected to gather pace.

Complementing this, we have undertaken a review of the multi asset fund range that we offer globally and have restructured some existing vehicles to align the type of fund that is available across different geographical jurisdictions. These can be broadly categorised as income oriented or focused on controlling portfolio volatility. Where there have been gaps, for example in Europe, we have launched additional products. Performance continues to be the key focus of our multi asset team. The team won an award at the Investment Week Fund Manager of the Year Awards in July, for their flagship product the Aberdeen multi asset fund.

Source: Aberdeen Asset Management PLC

Regional review

The regional review covers the progress and trends for our distribution teams in our main markets. It is of prime importance to us that all of our teams deliver to the highest client service standards and that we maintain and grow a product range that meets client needs and market demand.

We have made strides in a number of these markets and focused spend on brand is paying off. These markets include the US, Benelux, Germany, the Nordics and Taiwan, where we are making progress through the wholesale distribution channel, building on our existing strength with institutional clients to strengthen our business model.

£6.3 billion of net flows were into higher margin pooled funds, with £6.3 billion of net flows out of segregated mandates. There has been net flows in pooled funds for each of the last five years. The AuM for our flagship Aberdeen global fund range, which is distributed globally, has increased from £27.3 billion to £34.9 billion.

EMEA

EMEA continues to be our largest region for winning new business. We won almost £22 billion of gross new business (2011: £27 billion).

We have capitalised on our local presence across the region and diversified offerings, further strengthened by additional resource and new fund launches. Towards the end of the year, we launched the dynamic multi asset fund, aimed at demand from our Benelux clients and an emerging market debt fund of funds. We have seen very strong initial interest in both.

We raised total commitments of US\$460 million from EMEA clients for the Asia III property fund of funds. Also, on the direct property front, we have successfully launched new residential funds in Germany and Sweden.

There were net outflows of £3.8 billion in the region. This was largely due to the loss of a small number of large global and UK fixed income mandates, as well as outflows from multi manager and fund of hedge fund products. We discussed the background to this in the asset class review.

There have been major successes in the growth of our wholesale business in continental Europe and the Nordics - where we raised £2.8 billion of net assets. Whilst retail markets across the region have generally been contracting, the investment in our brand in targeted markets, along with focus on our relationships with the key players at the wealth managers and private banks in the 'wholesale' market is paying off. Success has not just been in our equities offerings - we have had very strong demand for EMD from Dutch pension clients and German intermediaries.

We held our second successful year as the main sponsor of Cowes Week, and increased our visibility via sponsorship of ITV weather and hosting some of the Team GB Olympics sailing team. We also announced our sponsorship of the Scottish Open for an initial three years, as we continue efforts to broaden our brand recognition.

AUM by region

Source: Aberdeen Asset Management PLC

Gross sales by region, £bn

Source: Aberdeen Asset Management PLC

Asia Pacific

We won significant new institutional accounts this year, as well as a number of new closed end mandates managed in the region, such as the Greater China Fund Inc. and The India Fund, Inc.. On the other hand, retail distribution in the region has been difficult with Taiwan the bright spot.

In Japan we continued to attract funds through our relationship with Mitsubishi, albeit at a slower rate than before, but we are hopeful now of gaining pension fund support for our Japan equity product, which is performing exceptionally well. However, the retail side saw a steady exodus as investors flocked to high income products provided by competitors.

Distribution trends in Australia, the region's other most self-contained market, was the mirror opposite: our institutional business faced withdrawals as the superannuation industry seeks to restructure under bigger groups and bring mandates in house (an A\$230 million account from a specialist multi manager was a coup) whereas retail flows, at more attractive margins, were positive.

Taiwan was our stand-out retail market. We raised around £150 million in new assets. In March, we won eight Morningstar / Smart awards for performance, a record for any fund house. With an expanded sales team and a new office pending in Kaoshiung, the island's second largest city, we are gaining vital purchase with key distributors too.

Sales to private banks, which follow a Singapore-Hong Kong axis, also improved thanks to more engagement with the leading banks. They have a wider appetite than for just Asian/ GEM equities and are a valuable test-case for cross-selling other capabilities, including but not limited to, multi asset and solutions-based products.

Last, we put a full-time sales presence in Korea, and accordingly expect to see more activity there, starting with global property.

Americas

The past year has followed through on several initiatives established during the 2011 financial year, resulting in a broadened distribution presence as well as enhancements to our local fund management capability.

In the United States the wholesale distribution team now has a local presence in each of the largest metropolitan centres across the country. We opened a New York office in October to support various distribution functions as well as to serve as a flagship location for client activity and business growth. The addition of an emerging market debt analyst in Brazil underscores Aberdeen's commitment to the region, both for investment research and, looking forward, as a growing market for distribution.

We have growing AuM from Latin American clients investing in our flagship Luxembourg fund range and have targeted relationships with private banks that we believe will lead to further growth.

These expanded product sales and support teams have helped to grow investments from North and South American clients investing globally to £31 billion, up from £27 billion last year. A significant portion of these asset increases have come from the continued performance of our global equities and emerging market strategies, through interest in EMD, while our Asian bond and equity strategies were encouraging as well. In addition, we have reorganised the multi asset product range to focus on broad client objectives and align offering to our global multi asset business. Furthermore, feeder vehicles were created to provide access to two of our fund of hedge funds for U.S. clients.

These developments were augmented by an ongoing marketing effort to increase brand awareness both through sponsorships of local and regional events, and hosting high quality investment conferences for our client base.

Currently the largest such event remains the Aberdeen Dad Vail Regatta in Philadelphia, the largest inter-collegiate rowing regatta in North America, now entering its fourth year of Aberdeen sponsorship and 75th year of existence. These events in conjunction with digital and print marketing campaigns were aimed to ensure that the Aberdeen brand continues to grow in the Americas in 2013.

Financial review

Income statement

	2012	2011	Change
Net revenue	£869.2m	£784.0m	+11%
Underlying operating profit	£352.7m	£309.3m	+14%
Underlying profit before tax	£347.8m	£301.9m	+15%
Statutory profit before tax	£269.7m	£224.1m	+20%
Post-tax return on average equity	22.5%	20.0%	+2.5%
Underlying diluted EPS	22.6p	18.7p	+21%
Statutory diluted EPS	17.6p	14.1p	+25%
Dividend per share	11.5p	9.0p	+28%

Balance sheet and cash flow

Core operating cash flow	£419.8m	£399.3m	+5%
Net cash	£266.4m	£127.5m	+109%

The Board considers that the Group's results are most meaningfully considered on a basis which excludes the effects of amortisation and impairment of intangible assets because this shows the revenues and costs which drive the Group's recurring cashflow. We refer to this as the underlying results and the Group income statement on page 73 has been presented in a manner which enables this distinction. The Board's monitoring of the Group's performance and its key performance indicators, as set out on pages 20 and 21, are founded on the underlying results. As in previous years, this financial review focuses on the underlying figures.

The Group income statement discloses gross revenue, less commissions payable to arrive at net revenue. Commissions are paid to intermediaries such as banks, platforms and advisors who distribute our products. Management reviews financial information net of such commissions as it gives a fairer basis to compare revenues, regardless of the channel in which products are sold.

Operating margin is calculated as operating profit (before amortisation and impairment of intangibles) as a percentage of net revenue. We calculate post tax return on average equity by dividing statutory profit before tax by the average of opening and closing net assets.

Results

Net revenue for the year increased by 11% to £869.2 million, while operating expenses grew by 9% to £516.5 million. After net finance costs of £5.1 million, underlying profit before tax of £347.8 million is 15% higher than in 2011. With strong cashflow generation, we have strengthened the balance sheet and closing net cash is £266.4 million - 109% higher than last year.

Net revenue

	2012 £m	2011 £m
Management fees	813.5	739.2
Performance fees	47.5	36.3
Transaction fees	8.2	8.5
	869.2	784.0

The major element of the growth in net revenue was from recurring management fees which, at 94% of net revenues (2011: 94%), continue to provide a high quality base on which to build.

Performance fees grew by £11.2 million to £47.5 million. However they still account for only around 5% of total net revenues.

Revenue margins

Revenue margins have benefited from growth in AuM of equities, our highest margin asset class, and the trends in product mix discussed above.

The average management fee margin for the year was 45.1bps (2011: 41.2bps), as summarised in the following table:

	2012 bps	2011 bps
Equities	62.6	60.7
Fixed income	24.9	23.4
Money market	11.1	12.7
Solutions	18.0	16.1
Property	54.5	49.9
Average	45.1	41.2

We show money market as a separate component from fixed income as flows can be highly sensitive to investor risk appetite and movements can distort the margins earned on the wider fixed income assets.

Performance fee income added a further 3.0bps (2011: 2.5bps), so that the overall revenue margin for the year increased to 48.1bps (2011: 43.7bps).

Operating expenses

	2012 £m	2011 £m
Staff costs	301.5	273.7
Non staff costs	215.0	201.0
	516.5	474.7

Operating expenses have grown by £41.8 million (9%). Staff costs increased by 10%, with non-staff costs growing by 7%.

As expected, we increased spend in marketing, where we continue to build market awareness of our brand across our global markets, and added to our distribution team, where we have recruited product specialists as well as expanded our wholesale team in key markets. This is important to ensure that we are able to continue revenue growth across our range of capabilities.

Our compensation ratio, being total staff costs divided by net revenue, of 34.7% (2011: 34.9%) remains competitive within our peer group.

Third party administration costs cover the outsourcing of back office and certain mid office functions. The change in AuM mix, favouring pooled funds, has helped reduce these costs as a percentage of revenue.

Net finance costs

The main elements of net finance costs are interest paid on debt issued by the Group and on bank borrowings drawn from time to time, less interest earned on cash balances. Net finance costs have decreased from £7.7 million in 2011 to £5.1 million this year, reflecting the repayment of the subordinated debt in July 2011, and the build up of cash balances.

Tax

The effective tax rate, defined as the tax charge divided by underlying profit before taxation, was 18.0% in 2012 (2011: 19.9%).

While the UK is the country in which we pay the highest amount of taxes - the UK corporation tax rate has reduced to 25% (2011: 27%) - the overall rate is a blend of the rates which apply in all of the jurisdictions in which we operate. The effective rate benefits from the fact that a significant element of the Group's profit is earned in Asia where tax rates generally are lower than the UK corporation tax rate.

Earnings per share

As discussed above, the Board believes that the most appropriate measure of the Group's profitability is the underlying diluted EPS number, which excludes from its calculation the amortisation and impairment charges on intangible assets. On this measure the Group's underlying diluted EPS has increased by 21% to 22.6p per share.

Dividends

The Group has used the cash generated from the business to pay a progressive dividend.

An interim dividend of 4.4p per share was paid to ordinary shareholders in June 2012 and the Board is recommending payment of a final dividend of 7.1p per share, resulting in a total payment for 2012 of 11.5p, a 28% increase on 2011. This dividend is covered approximately 2.0 times by diluted underlying earnings per share and is covered 1.5 times by diluted earnings per share, reported on a statutory basis.

Cashflow

The year to 30 September 2012 has seen strong cashflow, with operating profit of £352.7 million converted into £419.8 million of core operating cash flow, a conversion rate of 119% (2011: 129%). The 2011 conversion rate was higher than normal due to some higher non cash expenses in the year, but we expect cash conversion to be between 110% and 115% going forward.

The core operating cash flow excludes the effect of short term timing differences on settlement of open end fund transactions (which are generally settled within four working days) and any acquisition related expenses, including deferred consideration.

The Group's cashflow performance over the last two years is set out in the following table.

An element of free cashflow has been used mainly to purchase shares for the employee benefit trust (EBT) to satisfy future share awards. The Group has the ability to issue new shares, but chooses to purchase shares to avoid shareholder dilution.

Capital and liquidity

The Group aims to have a strong balance sheet with low gearing. Net cash has increased from £127.5 million to £266.4 million. We spent £83.1 million buying shares in the market to satisfy outstanding deferred share awards. This negates potential EPS dilution from the vesting of deferred awards.

The Group currently operates under a waiver from the consolidated supervision rules of the Capital Requirements Directive. The waiver was granted by the FSA with effect from January 2007 and continues until August 2014. However, we expect to have sufficient capital headroom to eliminate reliance on the waiver by the end of 2012.

Subsequent to the year end we announced our intention to redeem all of the 3.5% convertible bonds 2014 which remain outstanding on 3 January 2013. However, bondholders are still able to exercise their conversion rights until December 2012, and many have already done so. Our net cash, balance sheet and regulatory capital, have strengthened further as a result.

Cash flow performance

	2012 £m	2011 £m
Core cash flow from operating activities	419.8	399.3
Short term timing differences on open end fund settlements	(5.3)	7.9
Operating cash flow before interest and tax	414.5	407.2
Interest and tax paid	(45.7)	(33.5)
Cash flow from operating activities after interest and tax	368.8	373.7
Maintenance capital expenditure	(7.6)	(5.9)
Dividends and coupons paid	(126.0)	(105.5)
Recurring free cash flow	235.2	262.3
Exceptional costs	–	(7.3)
Acquisitions and disposals	(13.4)	(5.7)
Purchase of investments	(1.4)	(11.9)
Debt repaid	–	(77.9)
Purchase of own shares	(83.1)	(98.1)
Exchange fluctuations	1.1	(2.7)
Movement in cash and cash equivalents	138.4	58.7

Financial position

Total equity increased by £66.0 million to £1,300.5 million at 30 September 2012. The main components of this increase were as follows:

Changes in equity

	£m
Profit for the year	223.6
Net income recognised directly in other comprehensive income	(8.1)
Issue of equity	0.1
Coupon paid on perpetual capital securities	(14.9)
Conversion of convertible bonds	3.0
Ordinary dividends paid	(106.2)
Movement in non-controlling interest	(2.2)
Release from reserves to match charge for share-based payments in Income Statement	53.8
Purchase of own shares	(83.1)
Increase in total equity	66.0

Coupon on 7.9% perpetual subordinated capital securities

The coupon payable on these equity securities, which were issued in 2007 to introduce additional flexibility to the capital structure, is fully deductible for UK tax purposes, so that the post-tax cost is approximately 5.9% pa. This is considerably less than the cost of ordinary share capital, currently estimated at around 10.2% pa.

Balance sheet

	Sep 2012 £m	Sep 2011 £m
Net cash	266.4	127.5
Other net tangible assets	75.4	91.4
Intangible assets (net of deferred tax)	958.7	1,015.6
Total net assets	1,300.5	1,234.5
Shareholders' funds	1,088.4	1,020.2
Minority interests	14.0	16.2
Perpetual capital securities	198.1	198.1
Total equity	1,300.5	1,234.5

Pension deficits

The net deficit on the Group's legacy defined benefit pension schemes has decreased to £15.4 million at 30 September 2012, compared to a net deficit of £24.3 million at the previous year end. Assets held by the schemes have increased by £10.3 million from a combination of improvements in markets and increased employer contributions.

In estimating the liabilities, we are required by IAS 19 to use a discount rate calculated by reference to the yield on AA-rated corporate bonds. The discount rate used this year is 4.6% compared to 5.1% in 2011.

While the lower discount rate led to an increase in the schemes' liabilities, the increase in the schemes' assets, from investment performance and the Group's ongoing contributions, has enabled a reduction in the net deficit.

Principal risks

The Board recognises the importance of a robust and intelligent risk management framework to safeguard Group and client assets, protect the interests of all stakeholders and meet its responsibilities as a UK listed company and parent company of a number of regulated subsidiaries.

There are a number of components to the risk management framework, each of which gives clear ownership to the management team. These components allow us to track the risk profile of the Group, understand mitigating controls and monitor the risk profile in order to ensure that the risks that we accept do not fall outside of our appetite.

These components include:

- A risk register that summarises the principal risks faced by the Group.
- Risk and control self assessments performed by teams across the Group and approved by senior management.
- Our risk management tool, which is used to capture risk and control assessments performed by each department head, as well as track events that give rise to loss or potential loss. This creates important management information.
- Risk appetite which is set by the Board to determine the size and type of risks that the Group is prepared to accept in delivering its strategic objectives. There are also a series of metrics that are reviewed by the Board risk committee to identify whether the risk being taken exceeds their appetite.
- Both the Board and executive management review emerging risks from time to time to check that all major risks have been identified.

The output from the activities in the risk management framework forms the basis for identifying key risks below.

Strategic risk

Risks	Mitigating factors and changes in risk profile
Investment process	
Movements in AuM due to markets and investment decisions.	We make investment decisions based on the long-term, which may occasionally lead to periods of underperformance. We mitigate this by ensuring clients and investment consultants fully understand our investment philosophy and by openly discussing performance drivers, supported by relevant analysis of the performance components.
The majority of the Group's revenue is earned from management fees which are calculated on the basis of the value of AuM. The value of AuM will be affected by general market movements, as well as investor appetite and actual investment performance achieved by the asset managers.	We believe that our conservative style has helped to attract assets through a period of ongoing economic uncertainty. Our equities business has grown significantly in recent years. We continue to work on moderating inflows to some of these products to avoid any risk of dilution in the quality of the portfolios.
The growth in revenues has been focused on key equities in recent years products. Future revenues may be sensitive to stock market fluctuations and changes in investor risk appetite to equities.	There is a market risk team, independent of the fund managers, which monitors the investment profile across all asset classes.
	We also forecast financial results using different scenarios to stress test the impact of major market falls on our capital base.
Investment mandate	
Risk of breach of an investment mandate terms leading to action for compensation.	We have controls throughout the client lifecycle to mitigate breaches. These include checks when we take on clients, trade and terminate. We monitor client and fund limits on our systems.
This could arise from mis-management of an investment mandate.	These are also over overarching controls in various committees (eg derivatives, investor protection), as well as an independent review of portfolio data by market risk.

Risks	Mitigating factors and changes in risk profile
Loss of key investment personnel	
Our reputation and client retention could be damaged through significant changes in investment personnel.	<p>We have a team based approach, which seeks to avoiding reliance upon any one individual.</p> <p>There is a strong development programme for the fund managers and we seek to encourage performance and loyalty through appropriate remuneration and our extensive benefits package, which includes a significant deferred element.</p>
Distribution	
<p>Client relationships are fundamental to our business and retention of AuM. We source business through two channels of distribution: directly from institutions, or through investment intermediaries.</p> <p>This incorporates the risk that we mislead or misrepresent products to clients – this could create regulatory censure as well as loss of clients.</p>	<p>We manage the risk of client retention by ensuring that our client relations teams keep in regular contact with clients to ensure that we address their changing needs. The Board views meeting customers needs and expectations as integral to the corporate culture.</p> <p>Aberdeen has a global network of offices that allows us to service local clients and the leading private banks and wealth managers.</p> <p>We have also brought in product specialists into distribution for key capabilities, such as property, money market and solutions.</p> <p>From 2013, the Retail Distribution Review will impact the distribution of both retail investment products and corporate pensions in the UK, affecting the shape of the intermediary market and distribution models. We have consulted with a wide range of distributors to ensure that we are well placed to meet the needs of clients.</p>
Product	
Risk of poor product design or that delivery of the final product was not what was intended. It can arise from creating new products, or risk that existing products no longer meet investor requirements.	We have a centralised product development team which oversees the assessment and launch of all new products across the Group. There is a groupwide approach covering all asset classes as well as product and competitor reviews.
Client and service administration	
Business continuity	
We have an obligation to ensure that the business can operate at all times.	There is offsite back up for our systems in place to cover each of the Group's principal operating sites and regularly test our back up plans. These tests also cover potential availability of key staff.
External service providers	
The Group relies on a number of third party relationships and services to carry out business functions. The risk arises from the inability to effectively carry out robust evaluations of third parties prior to Aberdeen engaging in dealings.	<p>We use a small number of strategic suppliers. This ensures a degree of competition, whilst ensuring that we have significant influence and leverage. However, it also exposes us to concentration risk and dependence on strategic providers. We have contingency plans reviewed by the Board on how we would best manage a withdrawal or failure of a strategic supplier.</p> <p>We regularly review the business recovery infrastructure and strategy of these suppliers. This includes visits by our senior executives to strategic suppliers during the year.</p>
Brand	
Our reputation could be damaged if our brand or marketing activities are inconsistent with our culture or way of doing things.	<p>During the year we performed a review of our brand – to ensure it is aligned to our culture.</p> <p>The compliance team works closely with the business to check that our marketing materials are consistent with our products and capabilities.</p>

Financial, legal and regulatory risks

Risks	Mitigating factors and changes in risk profile
Legal and regulatory <p>Aberdeen operates in a complex and dynamic regulatory environment. Risks arise from legal and regulatory obligations and the failure to correctly interpret law or changes in the law which may materially and adversely impact the Group. The Group may also be subject to regulatory sanctions or loss of reputation from failure to comply with regulation.</p>	<p>The management of legal and regulatory risk is the responsibility of senior management of all functions, supported by the in-house legal and compliance teams.</p> <p>The legal and compliance teams are responsible for tracking legal and regulatory development to ensure that the Group is well prepared for changes. As well as developing policies, delivering training and performing monitoring checks, they also provide advice to other divisions to enable compliance with legal and regulatory requirements.</p> <p>They are located at key locations across all three regions.</p>
Liquidity risk <p>The Group aims to ensure that it will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.</p>	<p>The Group's cash position, available facilities and forecast cash flows are monitored by the Group's treasury function.</p> <p>The headroom between available facilities and amounts drawn is substantial and will be maintained at a healthy level in the future, using committed borrowing facilities where necessary to supplement cash resources retained by the Group. We prepare long-term forecasts and use stress tests to assess the Group's future liquidity, as well as capital structure and compliance with regulatory capital.</p> <p>The cash and funding position of each subsidiary is monitored and each entity has access to appropriate liquidity.</p>
Credit risk <p>We face credit risk as a result of counterparty exposure. The principal risks are in respect of deposits placed with banks.</p>	<p>We monitor the value of deposits with our counterparties against limits in our treasury policy.</p> <p>During 2012, credit ratings of a number of major banks were downgraded. We monitor our exposure to banks continuously and have increased the number of counterparties where we deposit our cash. The Group's treasury function is supported by the front office credit team, as well as the market risk function who also perform internal credit reviews.</p> <p>Where appropriate, we extend our assessment of counterparty risk to include major suppliers.</p>
Foreign currency risk <p>The Group's results are reported in sterling. Due to the geographically diverse locations in which Aberdeen operates, business is conducted in a number of currencies. These include the US dollar, Singapore dollar and Euro.</p>	<p>The Board reviews the currency profile of the Group, including cash flows and balance sheet.</p> <p>Variations in the sterling value of operating costs and interest costs will, to an extent, offset any similar impact of fluctuating exchange rates on revenues.</p> <p>The treasury function prepares sensitivity analysis of the effect of changes in rates. Further details on sensitivity to changes in currencies are set out in note 30 of the financial statements.</p>

Corporate governance

Chairman's introduction

Corporate governance is very important to us at Aberdeen. It is one of the qualities that we look for in the companies in which we invest – and we believe that it is important that we achieve the same high standards. We have a conviction that companies adopting leading corporate governance practice will be more successful and deliver enhanced shareholder returns.

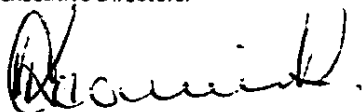
The Board is accountable to shareholders for the Group's activities and is responsible for the effectiveness of corporate governance practices within the Group. The responsibilities of the Board include setting the Group's strategic aims, providing the leadership to put them into effect, supervising management of the business and reporting to shareholders.

The Board has identified its five core values of integrity, quality, teamwork, ambition and challenge, providing a framework for communications of what matters to the Group for the benefit of all our stakeholders. Full details are available on our website.

The corporate governance section outlines our approach to governance, including:

- The composition of the Board, its committees and the executive Group management board (GMB)
- Compliance with the UK Corporate Governance Code (the Code)
- The activities of the Board and its committees
- The Board's oversight of risk management
- Our relationships with shareholders.

We have continued to refresh the membership of the Board. Richard Mully joined as an Independent Non-Executive Director and Rod MacRae, our Head of Risk, joined the Board from the beginning of October as an Executive Director. After Giles Weaver retires from the Board in January, we will have six Non-Executive Directors.



Roger Cornick
Chairman

The following were some of the key features of corporate governance oversight in 2012.

Overseas visits

The visits to our overseas offices are an important part of the Board programme. This gives the Board members an opportunity to meet the local teams – through both formal presentations, and 'at desk' demonstrations of the investment process.

Risk management

The Board believes that it is critical that the culture of risk management is set from the top.

The Board and its committees will actively engage with the executive in what it sees as emerging risks. The Board believes that a mindset that questions 'low likelihood, high impact risks' is critical.

Training

Board members receive regular training and updates from the business and all are obliged to carry out continuing professional development on their own in accordance with the Group's internal guidelines. All directors have, in the year under review, met the internally set requirements.

Corporate responsibility

We have included an update on corporate responsibility and our annual corporate responsibility report is available on our website.

We launched Aberdeen's corporate governance principles during the year and these can be found on our website www.aberdeen-asset.com/aam.nsf/aboutus/governancestewardship. These principles provide a framework for investment analysis, shareholder engagement and proxy voting for companies worldwide.

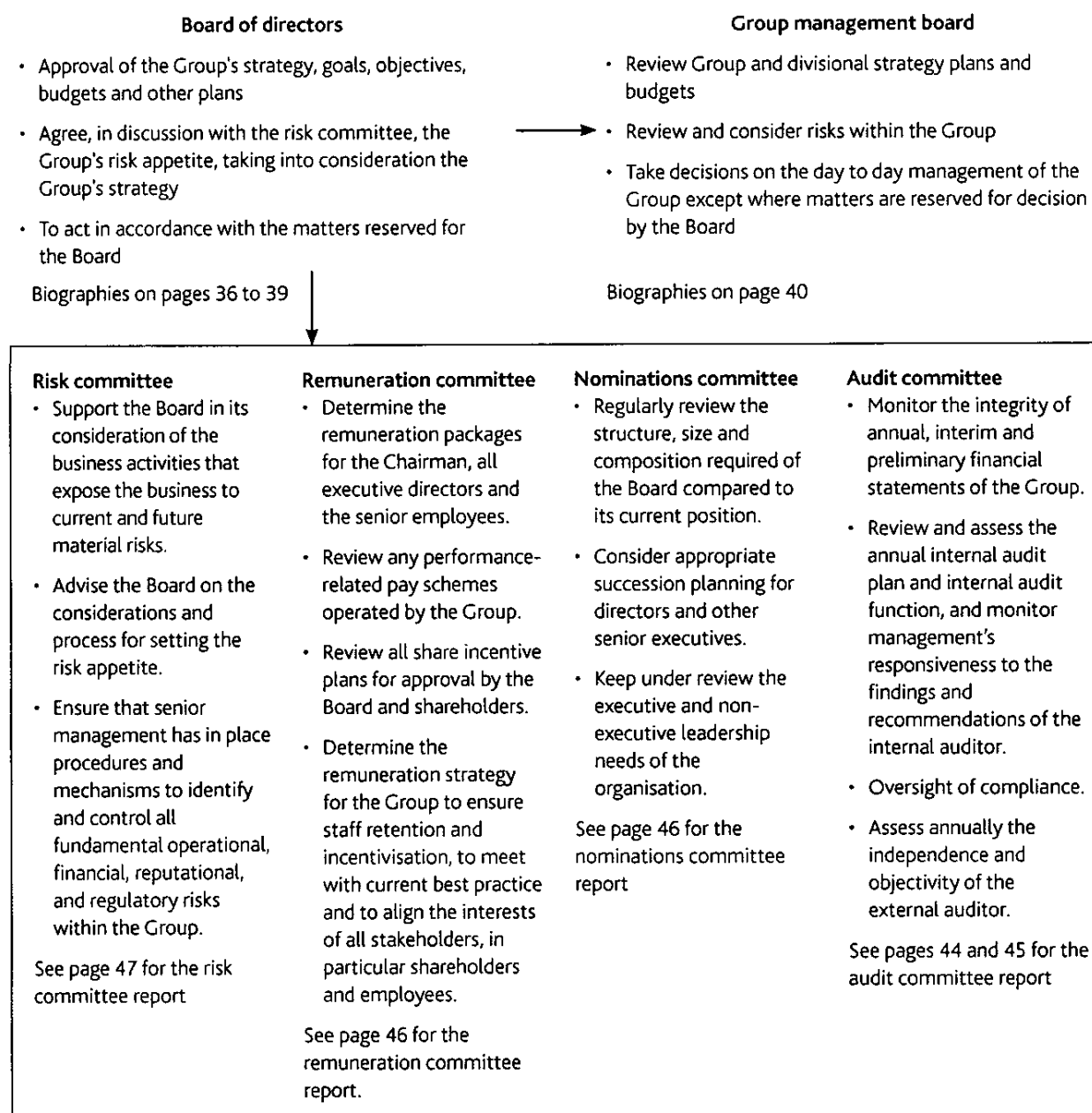
Board governance structure

The Board has set up four committees, which are populated by non-executive directors. The responsibilities of the committees continue to grow in scope and complexity in response to increasing regulatory requirements. A full description of their responsibilities is provided on the Group's website at <http://www.aberdeen-asset.com/aam.nsf/InvestorRelations/termsofreference>

Group management board

The operational management of the Group is delegated by the Board to the GMB which comprises the executive directors and other heads of department. The GMB meets three times each month, has specific terms of reference which have been approved by the Board, and has responsibility for implementing the Board's strategy.

Corporate governance framework and responsibilities



Board of directors

ROGER CORNICK ²

CHAIRMAN

Background and experience

Before coming to Aberdeen, Roger was with Perpetual PLC for over 20 years where, latterly, he served as deputy chairman. Roger has over 30 years' experience of marketing and distribution in financial services and is currently a trustee of the River and Rowing Museum.

Date of appointment

Roger was appointed to the Board as an independent non-executive director on 23 January 2004 and was appointed Chairman on 22 January 2009. Roger is also Chairman of the nominations committee.

Other appointments

- The River and Rowing Museum (trustee)

ANITA FREW ^{1, 2, 3, 4}

SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

Background and experience

Anita has been a plc director for fourteen years and a plural non-executive director of industrial and financial companies for eleven years. Anita is currently chair of the responsible business committee of Lloyds Banking Group and a member of its audit and risk committees. Prior to this, she was a non-executive director of Northumbrian Water, executive director at Abbott Mead Vickers PLC, director of corporate development at WPP Group plc, and held various investment and marketing roles at Scottish Provident and Royal Bank of Scotland in her early career.

Date of appointment

Anita was appointed to the Board on 1 October 2004.

Other appointments

- Victrex PLC (chairman)
- IMI plc (non-executive director)
- Lloyds Banking Group plc (non-executive director)

MARTIN GILBERT

CHIEF EXECUTIVE

Background and experience

Martin trained as a chartered accountant prior to moving into investment management with an Aberdeen firm of solicitors. He is a founding director and shareholder of the Company. Martin is also a director of a number of Aberdeen-managed investment trusts and funds' boards.

Date of appointment

Martin was appointed to the Board on 1 July 1983.

Other appointments

- FirstGroup PLC (chairman)
- British Sky Broadcasting Group PLC (non-executive director)

JULIE CHAKRAVERTY ^{1, 4}

INDEPENDENT NON-EXECUTIVE DIRECTOR

Background and experience

Julie was formerly a board member of UBS Investment Bank and a non-executive director of the insurance company Paternoster. Within UBS, she held a number of global leadership positions with a specialised background in risk management and fixed income. She started her financial career 20 years ago at JP Morgan, after graduating with first class honours in Economics from St John's College, Cambridge.

Date of appointment

Julie was appointed to the Board on 4 May 2011.

Other appointments

- Spirit Pub Company PLC (non-executive director)

ANDREW LAING

DEPUTY CHIEF EXECUTIVE

Background and experience

Andrew joined the Group in 1986 with responsibility for private equity investment. Andrew was subsequently appointed Chief Operating Officer. Prior to joining Aberdeen, Andrew practiced commercial law and was a private equity fund manager in Edinburgh.

He graduated from the University of Aberdeen with an MA in Politics and International Relations, and an LLB. Andrew serves on the board of the Investment Managers Association and is also a director of a number of Group subsidiary companies.

Date of appointment

Andrew was originally appointed to the Board in 1987 and then again on 23 January 2004 and was appointed Deputy Chief Executive in 2008.

ROD MACRAE

GROUP HEAD OF RISK

Background and experience

Rod is responsible for UK and global risk including regulatory compliance, legal services, business and investment risk. Rod joined Aberdeen in 2003, following the acquisition of Edinburgh Fund Managers.

He graduated with an MA in Economics from the University of Edinburgh and is a member of the Institute of Chartered Accountants of Scotland. Rod is a director of a number of Group subsidiary companies.

Date of appointment

Rod was appointed to the Board on 1 October 2012.

KENICHI MIYANAGA

NON-EXECUTIVE DIRECTOR

Background and experience

Kenichi is a CFA Charterholder and joined Aberdeen through the business and capital alliance with Mitsubishi UFJ Trust and Banking Corporation. He has fulfilled various roles within the bank, including proprietary investment as well as corporate strategic planning, and is currently executive officer and general manager in charge of the global asset management business division. Kenichi graduated with a degree in Economics from Sophia University.

Date of appointment

Kenichi was appointed to the Board on 26 November 2009.

RICHARD MULLY^{3, 4}

INDEPENDENT NON-EXECUTIVE DIRECTOR

Background and experience

Richard was formerly the co-founder and managing partner of Grove International Partners LLP, a major real estate private equity firm. He spent much of his 30 year career in financial services as an investment banker. Richard graduated with first class honours in Economics from University College London and also holds an MBA in Finance.

Date of appointment

Richard was appointed to the Board on 23 April 2012 and is Chairman of the risk committee.

Other appointments

- Hansteen Holdings PLC (senior independent director)
- ISG PLC (non-executive director)
- Alstria Office REIT-AG (supervisory board member)

JIM PETTIGREW^{1, 4}

INDEPENDENT NON-EXECUTIVE DIRECTOR

Background and experience

Jim was formerly chief executive of CMC Markets Plc. Prior to joining CMC, he was chief operating officer and finance director at Ashmore Group plc, chief financial officer of ICAP Plc from 1999-2006 and group treasurer at Sedgwick Group plc. Jim is a member of the Council of the Institute of Chartered Accountants of Scotland and is an LLB.

Date of appointment

Jim was appointed to the Board on 23 April 2010 and is Chairman of the audit committee.

Other appointments

- The Edinburgh Investment Trust Public Limited Company (chairman)
- AON UK Limited (non-executive director)
- Hermes Fund Managers Limited (non-executive director)
- Pacific Investments (non-executive director)
- RBC Europe Limited (deputy chairman)
- Clydesdale Bank plc (chairman of audit committee and non-executive director)

BILL RATTRAY

FINANCE DIRECTOR

Background and experience

Bill joined the Group in 1985 as Company Secretary and subsequently became Group Financial Controller. Prior to joining the Group, Bill trained as a chartered accountant with Ernst & Whinney in Aberdeen, qualifying in 1982. Bill is a director of a number of Group subsidiary companies.

Date of appointment

Bill was appointed to the Board on 31 January 1991.

ANNE RICHARDS

CHIEF INVESTMENT OFFICER

Background and experience

In addition to her role as Chief Investment Officer, Anne is Head of Aberdeen Solutions, and the EMEA region. Prior to Aberdeen, she worked for Merrill Lynch and Edinburgh Fund Managers, where she was chief investment officer and joint managing director. Anne graduated with first class honours in Electronics and Electrical Engineering from the University of Edinburgh, and has an MBA from Insead. Anne is also a director of a number of funds of hedge funds and funds of private equity funds, all managed by the Aberdeen Group.

Date of appointment

Anne was appointed to the Board on 22 March 2011.

Other appointments

- The Council of the Duchy of Lancaster (trustee)
- The Scottish Chamber Orchestra (trustee)
- EveryChild (trustee)
- The Court of the University of Edinburgh (lay member)
- esure Group Holdings Limited (non-executive director)

SIMON TROUGHTON ^{2, 3, 4}
INDEPENDENT NON-EXECUTIVE DIRECTOR

Background and experience

Simon was a partner at Cazenove and Company Limited before moving to Fauchier Partners in 2003 where he became chief operating officer. He qualified as a chartered surveyor having read Land Economy at Cambridge University.

Date of appointment

Simon was appointed to the Board on 29 July 2009 and is Chairman of the remuneration committee.

Other appointments

- Fauchier Partners (non-executive director)
- Redburn Partners Holding Company Limited (non-executive director)

GILES WEAVER ^{1, 3, 4}
INDEPENDENT NON-EXECUTIVE DIRECTOR

Background and experience

Giles is a chartered accountant and was formerly the managing director and chairman of Murray Johnstone Group until its acquisition by Aberdeen in 2000.

Date of appointment

Giles was appointed to the Board on 1 December 2000.

Other appointments

- Tamar European Industrial Fund (chairman)
- IRP Property Investments Limited (director)
- EP Global Opportunities Trust (director)

HUGH YOUNG
GLOBAL HEAD OF EQUITIES

Background and experience

Hugh is currently Global Head of Equities and Managing Director of Aberdeen Asset Management Asia Limited. He founded Singapore based Aberdeen Asia in 1992 and has been managing the Group's Asian equities since 1985. Hugh graduated with a BA in Politics from Exeter University. Hugh is a director of a number of Group subsidiary companies. Hugh is also a director of a number of Aberdeen-managed investment trusts and funds' boards.

Date of appointment

Hugh was appointed to the Board on 22 March 2011.

¹ Member of the audit committee.

² Member of the nominations committee.

³ Member of the remuneration committee.

⁴ Member of the risk committee.

Group management board

The Group management board (GMB) comprises the six executive directors, plus the following members of senior management:

John Brett

Global Head of Distribution

John joined Aberdeen on 1 November 2011 as Global Head of Distribution. He joined from Scottish Widows Investment Partnership where latterly he was head of distribution. John trained as a lawyer and was previously with Aberdeen until 2003 as Head of Legal. John is a qualified lawyer, having graduated LLB from the University of Aberdeen.

Gordon Brough

General Counsel & Deputy Group Head of Risk

Gordon joined Aberdeen in February 2009 to head up the Group's legal function having previously been the partner responsible for the Group's affairs at Maclay Murray & Spens LLP. Prior to its merger with Maclays, Gordon had helped found specialist law firm, The City Law Partnership. He was appointed General Counsel and Deputy Group Head of Risk in 2012. Gordon is qualified as a lawyer in both Scots and English law.

Kerry Christie

Global Head of Human Resources

Kerry is Global Head of Human Resources and was appointed to the GMB in 2010. She joined Aberdeen in March 2000 and was appointed Head of Human Resources in October 2003. Kerry graduated from Robert Gordon University with a BA in Public Administration and a postgraduate diploma in Personnel Management and is a chartered member of CIPD.

Brad Crombie

Global Co-Head of Fixed Income

Brad re-joined Aberdeen in 2012 after starting in the Group's graduate trainee programme twelve years ago. In the interim, he worked at Bank of America Merrill Lynch as a managing director, running the bank's non-financial corporate and high yield credit research team for the EMEA region. In addition to his fixed income leadership role, Brad is also the Global Head of High Yield. He graduated from McGill University with BA and MA degrees and read history at the University of Cambridge.

Ken Fry

Chief Operating Officer

Ken graduated from the University of Essex with a BA in Computer Science and joined Aberdeen with the acquisition of Frederick's Place Holdings in 1989 as Group IT Manager. He was appointed to the GMB in 2006 as Chief Technology Officer and to his current role in 2008.

Paul Griffiths

Global Co-Head of Fixed Income

Paul is the Global Co-Head of Fixed Income having joined Aberdeen in July 2009 via the acquisition of the Credit Suisse Asset Management business, where he was chief investment officer and global head of fixed income. Paul previously held a similar role at AXA Investment Managers, as well as being its UK chief executive officer. Paul graduated with a BSc in Physics from the University of York.

Gary Marshall

Head of Americas

Gary was appointed Head of the Americas in January 2010. He is Chief Executive of Aberdeen Asset Management Inc in the US and president of Aberdeen's US mutual fund range, Aberdeen Funds. Gary joined Aberdeen via the acquisition of Prolific Financial Management in 1997 and has had experience in many aspects of Aberdeen's operations, having been based in London and Edinburgh prior to moving to the US. He graduated with a BSc (Hons) in Actuarial Mathematics and Statistics from Heriot Watt University in Edinburgh and is a qualified actuary.

Andrew Smith

Global Head of Property Division

Andrew joined Aberdeen in 2002, taking overall responsibility for Aberdeen's international property investment team in 2010. He previously held senior positions at AMP Asset Management and Henderson Global Investors. Andrew graduated with a BA in Geography from the University of Birmingham.

Corporate governance report

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UK Corporate Governance Code

The Company has complied throughout the year with the UK Corporate Governance Code (the Code) except where noted in the report below. We have also considered the new edition of the Code, published in September 2012, applicable for the 2013 financial year, and are working to ensure full compliance with its provisions during the forthcoming financial year. This report describes Aberdeen's corporate governance arrangements, explaining how the Group has applied the principles of the Code.

Board composition

The Board currently comprises the Chairman, seven non-executive directors and six executive directors. The roles of the Chairman and Chief Executive are separate, clearly defined and have been approved by the Board. The Chairman, Roger Cornick, is responsible for leadership of the Board and ensuring its effectiveness on all aspects of its role. The Chief Executive, Martin Gilbert, is responsible for the day to day management of the Group. Anita Frew continues as the Senior Independent Director, providing a sounding board for the Chairman and serving as an intermediary for the other directors, where necessary. Further information regarding the experience of the Board is given in their biographies on pages 36 to 39.

All directors are subject to annual election by shareholders.

Independence

In considering director independence, the Board has taken into consideration the guidance provided by the Code. Of the non-executive directors, Kenichi Miyanaga has been appointed by a significant shareholder, Mitsubishi UFJ Trust and Banking Corporation, and he is therefore not considered to be independent. The Board, having given thorough consideration to the matter, considers the other six non-executive directors to be independent, notwithstanding the fact that Giles Weaver has served on the Board for twelve years. Taking into consideration his independence of character and judgement, his asset management background and other relevant external experience, the Board reiterates its view that Giles remains an independent non-executive director. Giles will retire from the Board at the conclusion of the 2013 Annual General Meeting.

Board changes

The Board has given careful consideration to its structure and its balance and is continuing to refresh Board and committee membership in an orderly manner. Richard Mully joined the Board as an independent non-executive director on 23 April 2012 and Rod MacRae was appointed as an executive director on 1 October 2012. Gerhard Fusenig resigned from his position as a non-executive director on 7 March 2012 and, as mentioned above, Giles Weaver will retire from the Board at the conclusion of the 2013 Annual General Meeting. A consequence of this series of changes is that, for a short period during the year, we did not comply with the Code requirements on the number of independent directors. The Board remains of the opinion that its size and composition should reflect the needs of the business and seeks to achieve this in compliance with the Code.

Board effectiveness

Summary of Board meetings

The Board met eight times during the year to review financial performance and strategy and to follow a formal schedule of matters reserved for its decision, which includes the setting of Group goals, objectives, budgets and other plans. Comprehensive board papers, comprising an agenda and formal reports and briefing papers, are sent to directors in advance of each meeting. Throughout their period in office, directors are continually updated by means of written and oral reports, from senior executives and external advisers, on the Group's business and the competitive and regulatory environments in which it operates, as well as on legal, environmental, social, governance and other relevant matters.

In addition to its formal business, the Board received a number of briefings and presentations from senior executives, local management and external advisers covering a wide range of topics relevant to the Group's business. The Board continued with its policy of making periodic visits to the Group's key overseas offices in order to meet local management and clients and to obtain an understanding of the local business environment. The Board visited the Singapore, Philadelphia and Paris offices during the year and directors also visited other overseas offices on an individual basis to meet with local management and staff. On each of these overseas visits, the Board has received presentations from local management on local and regional business conditions and "at desk" presentations from the local business teams. Whilst in Singapore, several members of the Board took advantage of the location to visit either the Hong Kong, Tokyo or Sydney offices in order to meet with local staff and clients.

Details of the individual directors' attendance at Board meetings are shown in the table below:

	Maximum possible attendance	Meetings attended
Roger Cornick	8	8
Martin Gilbert	8	8
Anita Frew	8	8
Julie Chakraverty	8	8
Gerhard Fusenig	3	3
Andrew Laing	8	8
Kenichi Miyanaga	8	8
Richard Mully	4	4
Jim Pettigrew	8	8
Bill Rattray	8	8
Anne Richards	8	8
Sir Malcolm Rifkind	3	2
Simon Troughton	8	8
Giles Weaver	8	8
Hugh Young	8	8

Relationships with shareholders

The Group places great importance on communication with investors and aims to keep shareholders informed by means of regular communication with institutional shareholders, analysts and the financial press throughout the year. Annual and interim reports and interim management statements are widely distributed to other parties who may have an interest in the Group's performance and these documents, together with copies of investor presentations, are also made available on the website. The Chief Executive and Finance Director make regular reports to the Board on investor relations and on specific

discussions with major shareholders and the Board receives copies of all research published on the Group. Investors are encouraged to attend the Annual General Meeting at which they have an opportunity to ask questions.

The Annual General Meeting is normally attended by all directors and the chairmen of each of the Board committees are available to answer questions. The Senior Independent Director is available to shareholders if they have concerns which contact through the normal channels of Chairman, Chief Executive or Finance Director has failed to resolve or for which such contact is inappropriate. The Group continues to offer major shareholders the opportunity to meet any or all of the Chairman, the Senior Independent Director, the Chairman of the remuneration committee and any new directors. The Group will continue its policy of announcing the number of proxy votes cast on resolutions at the Annual General Meeting and any other general meetings.

Conflicts of interest

The Board confirms that it has considered and authorised any conflicts or potential conflicts of interest in accordance with the Group's existing procedures and has also implemented specific guidelines to address any potential conflicts that may arise in the future. The Board has specifically considered the other appointments held by directors, details of which are contained in their biographies on pages 36 to 39 and has confirmed that it believes that each is able to devote sufficient time to fulfil the duties required of them under the terms of their contracts or letters of appointment.

Board evaluation

A formal process has been established, led by the Chairman, for the annual evaluation of the performance of the Board, its appointed committees and each director, to ensure that they continue to act effectively and efficiently and to fulfil their respective duties, and to identify any training requirements.

In contrast to the previous two Board evaluation exercises, which were carried out by an external consultant, this year's review was undertaken internally with the Chairman having received the advice of an external consultant, MWM Consulting, who did not provide the Group with any other services. The Chairman undertook interviews with each member of the Board and this was followed up with discussion at Board and committee meetings.

The non-executive directors also met without the Chairman present to discuss the results of the evaluation of the Chairman's performance, having taken into consideration the views of the executive directors, and the results of this meeting were subsequently discussed between the Senior Independent Director and the Chairman. Additionally, the Chairman and the non-executive directors held a meeting without the executive directors present at which the executive directors' performance was discussed.

Board training

All directors have access to independent professional advice, if required, at the Company's expense, as well as to the advice and services of the Company Secretary. New directors appointed to the Board receive a full, formal and tailored induction, which includes meetings with relevant members of senior management, in order to help them gain a detailed understanding of the Group and its activities. During the year under review, the new director undertook induction training, which provided him with a wide range of input, including copies of past meeting papers and other governance information, including the current strategy and details of the Company's processes and procedures. The induction plan also offers the opportunity for a new director to meet with members of the Board and the executive in order to better understand their roles and the operations of the Group.

The Company Secretary, under the direction of the Chairman, is responsible for facilitating this induction programme, ensuring good information flow between the Board, its committees and management, and assisting with directors' continuing professional development needs. Directors are also advised, at the time of their appointment, of the legal and other duties and obligations arising from the role of a director of a listed company and are reminded of these duties and obligations on a regular basis. All directors are obliged to undertake a required level of continuing professional development training on an annual basis, a mixture of both structured and unstructured training.

Risk management

Risk management has been implemented in a top down fashion throughout the Group, starting at Board and GMB level, through to the individual operational departments. The audit and risk committees support the Board in discharging its oversight duties with regard to internal control, risk management and capital adequacy. These committees also have responsibility for ensuring that the Group strategy is informed and aligned with the Board's risk appetite, as set out in a formal Board statement. The risk preferences arising from Board and committee discussions feed through to the planning processes for the individual business units whilst, at a higher level, help to define the overall risk appetite relating to economic capital, cashflow and earnings at risk and is embedded in the strategic planning process. The Board is also responsible for the Internal Capital Adequacy Assessment Process (ICAAP), a process required by the UK regulator, which summarises the risk management framework and regulatory capital requirements of UK regulated entities.

Throughout the year, the Board continued its review of the complex risks facing the Group, with the risk committee reviewing recurring thematic risk topics. Specifically, focus continued on derivatives risk management – a topical issue facing asset managers and financial markets in general. A Eurozone risk working group was formed, and met frequently

during the year, to discuss Eurozone-related issues and the anticipated fallout from a sovereign collapse. Additionally, an external consultant visited the London office in April to deliver a presentation on managing high-impact/low-probability risks. From time to time, the risk committee and executive management undertake 'blue sky' risk assessment exercises and the issues identified are discussed and taken forward as appropriate.

Internal control

The risk management framework includes a sound system of internal controls that are designed to:

- Identify and appraise all risks related to achieving the Group's objectives including all business, operational, reputational, financial and regulatory risks;
- Manage and control risk appropriately rather than eliminate it;
- Provide reasonable, but not absolute, assurance against material misstatement or loss;
- Ensure that appropriate internal controls are embedded within the business processes and form part of the Group's culture, which emphasises clear management responsibility and accountabilities;
- Respond quickly to emerging risks within the Group and the external business environment; and
- Include procedures for reporting any control failings or weaknesses to the appropriate level of management together with the details of corrective action.

Responsibility lies with the risk management committee, operating under terms of reference approved by the Board and chaired by the Group Head of Risk, for embedding the system of controls within the day-to-day operations of the Group and maintaining a strong control culture which emphasises clear management accountabilities. The committee drives the process of reporting and monitoring critical risks, issues and high priority projects. It serves to reconcile the key risks and issues identified by the business with those raised by the Group's monitoring functions and provides assurance to the Board that risks and issues are adequately escalated and managed.

Membership of the committee comprises executive directors and senior management from all business functions. The committee meetings are also attended by the heads of the primary control oversight functions comprising the following:

- The compliance team reviews the effectiveness of controls that ensure compliance with regulatory requirements in each jurisdiction in which the Group operates;
- The legal team is responsible for ensuring that the Group complies with statutory requirements globally;

- The business risk department is responsible for the management and oversight of operational risk;
- The market risk team covers the risk profiles within the various investment strategies as well as the credit risk associated with the counterparties with whom Aberdeen conducts its business;
- The internal audit function reviews the effectiveness of all controls, either by reviewing the methods and findings of the other independent monitoring functions, or by directly auditing the controls operated by management.

The heads of these functions, with the exception of internal audit, each report to the Group Head of Risk who, while also a director of the Group, in turn, reports to the Chief Executive and also attends and reports at meetings of the risk and the audit committees. The Head of Internal Audit reports to the Chief Executive as well as having unrestricted access to the Chairman of the audit committee.

The Board is ultimately responsible for the Group's system of internal controls and the ongoing management of significant matters. Furthermore, the audit committee is responsible for ensuring appropriate internal controls are in place for the Group financial consolidation and reporting processes. These bespoke controls are monitored and maintained through the risk management framework which addresses key financial reporting risks, including risks arising from changes in the business or accounting standards. Effectiveness is assessed through quarterly self-certification and independent testing of the controls. The integrity of the Company's external reporting is further supported by a number of processes and steps to provide the assurance over the completeness and accuracy of the content. These include internal management reviews, external verification, reviews by the audit committee and by the Board of directors.

Our operational risk system allows us to monitor, in detail, actual and potential risks and the expected financial impact of these on the Group, ensuring a stringent and comprehensive framework for controlling risk, with onward reporting to the audit and risk committees. More information on the specific risks facing the Group can be found on page 31 to 33 and further details on the operation of the audit and risk committees are detailed below.

Board committees

The Board has appointed the following committees to assist in the execution of its duties. All committees operate on written terms of reference, which are reviewed annually and which are available on the Company's website, and the Chairman of each committee reports to each meeting of the Board. Each of the committees is authorised to obtain, at the Group's expense, external legal or other professional advice to assist in the performance of its duties. Only the members of each committee are entitled to attend its meetings but others, such as senior management and external advisers, may be invited to attend, as appropriate.

The composition of the committees is reviewed annually, taking into consideration the recommendations of the nominations committee.

Audit committee

Composition

The audit committee is chaired by Jim Pettigrew. He is supported by three independent non-executive directors, Julie Chakraverty, Anita Frew and Giles Weaver. The Board is satisfied that all of the committee's members have recent and relevant commercial and financial knowledge and experience to satisfy the provisions of the Code, by virtue of their holding or having held various executive and non-executive roles in other financial and asset management institutions. Additionally, Jim Pettigrew and Giles Weaver are chartered accountants.

Responsibilities

The committee's role is to assist the Board in discharging its duties and responsibilities for financial reporting, internal control and risk management, and the appointment and remuneration of an independent external auditor. The committee is also responsible for reviewing the scope and results of audit work and its cost effectiveness, and the independence and objectivity of the auditor.

In order to ensure the objectivity and independence of the auditor, the committee has approved a comprehensive policy to regulate the provision of non-audit services by the Group's external auditor. The policy provides details of the types of service which are and are not permitted and those which require the explicit prior approval of the committee. Permitted non-audit services include the provision of tax compliance services; the provision of certain recruitment services; and acting as reporting accountant in appropriate circumstances, provided there is no element of valuation work involved. The provision of tax advisory services, due diligence / transaction services and litigation services may be permitted with the committee's prior approval. The provision of internal audit services, valuation work and any other activity that may give rise to any possibility of self-review are not permitted under any circumstance.

The committee also has responsibility for reviewing the Group's arrangements on whistle blowing, ensuring that appropriate arrangements are in place for employees to be able to raise, in confidence, matters of possible impropriety, with suitable subsequent follow-up action.

Report on the committee's activities during the year

During the year, the committee discharged its responsibilities, under its terms of reference, by:

- a) reviewing the Group's draft 2011 financial statements and 2012 interim results statement prior to discussion and approval by the Board, and reviewing the external auditor's reports thereon;
- b) reviewing the continuing appropriateness of the Group's accounting policies;
- c) reviewing the external auditor's plan for the audit of the Group's 2012 financial statements, receiving and reviewing confirmations of auditor independence and approving the terms of engagement and proposed fees for the 2012 audit;
- d) making recommendations to the Board for a resolution to be put to shareholders to approve the re-appointment of the external auditor;
- e) reviewing management's annual report on the Group's system of internal control and its effectiveness, reporting to the Board on the results of this review and receiving regular updates on key risks and controls;
- f) reviewing the compliance and internal audit departments terms of reference, their work programmes and receiving regular reports on their work during the year;
- g) receiving reports from the Group Head of Risk; and
- h) carrying out an annual performance evaluation exercise and noting the satisfactory operation of the committee.

The committee received a number of regular reports at each of its meetings during the year. Reports are received from risk, compliance, internal audit and finance in order that the committee can carry out its role. The Group's external auditor also provided regular reports, both written and verbal, to each of the meetings. The committee continues to look to ensure that issues and matters presented to them are resolved in a timely manner.

Representatives of each of the relevant divisions are invited to attend and present their reports in person. During the year under review, the committee requested and received reports on the operations of the compliance division, looking in depth at their levels of staffing, timelines of reporting and of matters under review.

As part of its review of the Group's financial statements, the committee received detailed presentations from the Finance Director on impairment testing, accounting for bonus awards and investments in new fund launches.

Other topics covered on finance included cash management, counterparty risk, transfer pricing and developments in narrative reporting in annual reports as well as updating the committee on developments in accounting standards. The committee encouraged management in its attempts to 'cut clutter' in the 2011 annual report and reduce the number of pages by removing repetition and immaterial disclosures.

In discharging its duties to review the effectiveness of the control environment, the committee also approved the 2011/12 Control Assurance Report produced by PWC.

This report is available to clients and consultants. The report describes the key roles in relation to Aberdeen's investment management services for equity, fixed income, multi asset portfolios; and some parts of the property portfolio.

The members of the committee also met, individually, with the executive throughout the year, and this provided a forum for discussion outwith the formality of the five meetings held during the year. The Chairman reports back on these meetings to the committee where appropriate.

The committee carried out a review of the effectiveness of the external audit process in the year and considered the re-appointment of KPMG Audit Plc. The review covered all aspects of the global audit service including, amongst other factors, the quality of the staff, the expertise, the resources, and the independence of KPMG Audit Plc. The committee also took into consideration the levels of fees paid for the global services provided by the auditor. Consideration was also given to the likelihood of a withdrawal of the auditor from the market and, it was noted that there were no contractual obligations which would restrict the choice of alternative auditor. The committee agreed that it was appropriate to recommend to the Board that KPMG Audit Plc be reappointed as auditor for a further year and, accordingly a resolution will be put to shareholders at the 2013 Annual General Meeting recommending their reappointment.

Meetings and attendance

The committee operates under formal terms of reference and held five meetings during the year, with representatives of KPMG Audit Plc in attendance at each meeting. Other regular attendees at the meetings of the committee included the Chairman of the Board, the Chief Executive, the Finance Director and the other members of the Board, the Head of Risk, the Head of Internal Audit, the Compliance Officer, the General Counsel and the Deputy Finance Director. In addition, the risk committee is scheduled to hold no less than four meetings per annum, three of which are to be held on the same days as the meetings of the audit committee, in order to facilitate appropriate interaction between the two committees. To assist in this interaction, a standing agenda item for the meetings of the audit committee is to receive an oral report from the Chairman of the risk committee, providing an update on matters relevant to the audit committee of those issues considered by the risk committee.

There was full attendance at all meetings by members, as shown in the table below:

	Maximum possible attendance	Meetings attended
Jim Pettigrew	5	5
Julie Chakraverty	5	5
Anita Frew	5	5
Giles Weaver	5	5

Nominations committee

Composition

The nominations committee is chaired by Roger Cornick and he is supported by two independent non-executive directors, Anita Frew and Simon Troughton. All members served on the committee throughout the year.

Responsibilities

The committee is responsible for reviewing the structure, size and composition of the Board and for recommending new directors for appointment to the Board. The Board, as a whole, has responsibility for the appointment of new directors and for nominating them for election by shareholders at the first opportunity following their appointment. The committee is also responsible for considering and making recommendations to the Board on succession planning for directors and other senior executives.

Report on the committee's activities during the year

During the year, the committee;

- reviewed the proposals for rotation and re-election of directors at the Annual General Meeting;
- considered and made recommendations to the Board for the appointment of two new directors;
- reviewed the succession plans for the executive directors and the other members of the GMB;
- discussed the results of the annual performance evaluation exercise; and
- noted the satisfactory operations of the committee and reviewed its terms of reference.

In respect of the appointment of Richard Mully, the committee appointed an external search consultant, Odgers Berndtson, which has no other connection with the Group, and provided a full specification of the skill set required from a new appointee. In addition, Richard was interviewed by the members of the committee and other members of the Board and was thereafter approved by the FSA prior to being appointed.

Board diversity

We are long-standing supporters of diversity in the boardroom and we are supportive of the Financial Reporting Council's aims to encourage diversity in the boardroom and, more generally, throughout the Group. Our current Board is made up of

fourteen directors of whom three (21%) are women. We remain of the opinion that appointments to the Board should be made relative to a number of different criteria, including diversity of gender, background and personal attributes, alongside the appropriate skill set, experience and expertise. We will continue to insist that long lists and short lists of possible appointments to the Board reflect that position.

Meetings and attendance

The committee operates under formal terms of reference and held four meetings during the year. The Chief Executive was also a regular attendee at the meetings of the committee. There was full attendance at all meetings by the members, as shown in the table below:

	Maximum possible attendance	Meetings attended
Roger Cornick	4	4
Anita Frew	4	4
Simon Troughton	4	4

Remuneration committee

Composition

The remuneration committee is chaired by Simon Troughton, and he is supported by two independent non-executive directors, Anita Frew and Giles Weaver. Each member of the committee served throughout the year. Richard Mully was appointed to the committee after the year end in October 2012. Sir Malcom Rifkind served on the committee up until his retirement from the Board at the conclusion of the 2012 Annual General Meeting.

Responsibilities

The report on the committee's activities is contained in the remuneration report, as set out on pages 50 to 62, and in the summary of Board meetings section on page 41 and 42.

Meetings and attendance

The committee operates under formal terms of reference and held six meetings during the year. Details of the individual attendance of members at the meetings is shown in the table below:

	Maximum possible attendance	Meetings attended
Simon Troughton	6	6
Anita Frew	6	6
Giles Weaver	6	6
Sir Malcom Rifkind	2	1

Risk committee

Composition

The risk committee was chaired during the year by Giles Weaver and he was supported by four independent non-executive directors, Anita Frew, Richard Mully, Jim Pettigrew and Simon Troughton. Richard Mully joined the committee in April 2012 and was appointed Chairman of the committee subsequent to the year end in October 2012. Julie Chakraverty was appointed to the committee subsequent to the year end and all other members served throughout the year.

Responsibilities

The committee has oversight of the risk management framework and, more specifically, the effectiveness of risk management, governance and compliance activity within the Group. The committee also advises the Board on considerations and processes relevant to setting the risk appetite and related tolerances. In addition, the committee has a responsibility to review the implementation of appropriate procedures to identify and control all fundamental operational, financial, reputational and regulatory risks within the Group. The committee has appointed PWC to provide independent technical support and advice and to assist in the development of the risk management framework.

Report on the committee's activities during the year

During the year the committee discharged its responsibilities, under its terms of reference and, in particular:

- a) reviewed the effectiveness of risk management, governance and compliance activity within the Group;
- b) advised the Board on considerations and processes for setting the Group's risk appetite and related tolerances;
- c) sought to ensure that senior management has in place procedures and mechanisms to identify and control all fundamental prudential operational, financial, reputational, and regulatory risks;
- d) reviewed and recommended the internal capital adequacy assessment process;
- e) sought to ensure that all risks were being addressed by management in line with the Group's risk appetite; and
- f) reviewed the committee's terms of reference, carrying out an annual performance evaluation exercise and noting the satisfactory operation of the committee.

The committee received a number of regular reports at each of its four meetings during the year. The Group Head of Risk, Rod MacRae, provided updates to the committee on each area of the risk division's functions, including business, investment and market risk, as well as reporting on legal and compliance issues. The committee has met informally on a number of occasions on the year under review and the members of the committee have also continued to meet independently with the executive and

staff from different divisions throughout the year. Earlier in the year the committee requested updates on the developments in the Eurozone from the newly established internal Eurozone working group, set up under the Chairmanship of the Group Head of Business Risk. The committee has continued to monitor developments in the Eurozone, through regular reporting to the committee and the holding of an informal committee meeting to discuss the matter further. The committee has also focused on cash management within the Group, receiving updates on the management of both the Group's and clients' cash balances.

The committee has also continued to receive advice from PWC, who attend meetings on a periodic basis to provide guidance on the continuing development of the committee. Representatives of PWC have also held informal meetings with the Chairman of the committee and the Group Head of Risk in order to provide further assistance and discuss relevant matters.

Meetings and attendance

The committee operates under formal terms of reference and held four formal meetings during the year, three of which were held on the same day as the meetings of the audit committee, in order to facilitate appropriate interaction between the two committees. In addition to the members of the committee, other regular attendees at the meetings included the Chairman of the Board, the Chief Executive and the other members of the Board, the Head of Risk, the Head of Internal Audit, the General Counsel and representatives of KPMG Audit plc. There was full attendance at all meetings by members, as shown in the table below:

	Maximum possible attendance	Meetings attended
Richard Mully	3	3
Anita Frew	4	4
Jim Pettigrew	4	4
Simon Troughton	4	4
Giles Weaver	4	4

Corporate responsibility

This year, we have worked to further align corporate responsibility with our core business strategy, engaging with stakeholders on a range of issues from our responsible investing capabilities to corporate governance public policy debates, managing our talent pipeline and developing our environmental programme. Of special note this year is the establishment of the Aberdeen Asset Management Charitable Foundation, the aim of which is to expand and formalise philanthropic efforts across our global operations.

The corporate responsibility steering committee meets every two months and is chaired by the Deputy Chief Executive, Andrew Laing, who reports to the Board on developments, risks and opportunities. Attracting and retaining talent and maintaining high quality client service and delivery remain the key risks and appropriate focus is placed on having the initiatives in place to ensure that they are managed accordingly. Further details on the material environmental, social and governance (ESG) issues faced by the Group can be found in our annual corporate responsibility report, which is available on the Group website and, for the first time, has been prepared according to the Global Reporting Initiative's Sustainability Reporting Framework.

As with last year, we continue to enjoy commitment from the Board through to regional offices and individual teams, ensuring a seamless flow between our responsible business practices and day to day global operations.

Stewardship

Corporate governance lies at the heart of our investment process as we believe that those companies adopting best practices in corporate governance will be more successful in their core activities and deliver enhanced returns to shareholders. The Group's Corporate Governance Principles provide a global framework for investment analysis, shareholder engagement and proxy voting, combining international best practice with an emphasis on understanding the economic, legal and cultural context of each company. This year, the Group published its second annual equity engagement report which details the breath of our engagement with investee companies and illustrates how this engagement may affect investment decisions. This is published on the corporate governance page of our website.

We endeavour to exercise proxy votes at all shareholder meetings where we are authorised to do so by our clients. Voting decisions are made by our investment managers, not outsourced to a third party, and therefore reflect our knowledge of the investee company and discussions held with management. In the year to 30 September 2012, Aberdeen voted on over 18,000 resolutions at more than 1,600 shareholder meetings, supporting management in over 92% of proposals. Our voting record is regularly updated on the corporate governance page of our website.

Charity and community

The Group recognises its responsibility to make a positive impact on the communities in which it operates. Alongside our employee volunteering programme, which is now in its second year, 2012 marks a milestone in the Group's philanthropic activities with the launch of the Aberdeen Asset Management Charitable Foundation. The Foundation was established in March 2012 with two core themes identified by the Board - emerging markets and local communities, reflecting our ambition to give back to those areas which are key strategic focuses of the business and to build on the established pattern of giving to communities in which Aberdeen employees live and work.

Under the emerging markets theme and in light of the multiple issues of disadvantage that exist there, the Foundation has chosen to support a children's charity in Brazil.

At a community level, local foundation committees have been encouraged to seek partnerships with smaller charities where funds can be seen to have a meaningful and measurable impact and where employees can use their time and skills to support the selected projects. In the first seven months of operation, donations were made to 46 charities in 14 of the Group's global office locations. These charities have ranged from those focused on supporting underprivileged children and education, to disaster relief and working with young people involved in the youth justice system or at risk of involvement.

In addition, the Group also has strategic sponsorships such as Aberdeen Asset Management Cowes Week and the Aberdeen Asset Management Scottish Open and the Group has been able to go beyond the Foundation to assist partner charities at all of the events.

Environment

Since the development of our Environmental Management System (EMS), we have worked to reduce our carbon footprint and minimise waste and resource use. Given the nature of the business, carbon emissions from our offices, emissions from business travel and waste generation are our most significant direct environmental impact.

The global environmental committee and facilities teams have responsibility for coordinating environmental activities across the business and ensuring that activities are carried out in line with the Group wide environmental policy. Regional committees are in place to implement programmes at a local level and to build on the work that has taken place in previous years to reduce our environmental footprint.

Highlights this year include the certification of our UK operations to the globally recognised environmental standard ISO 14001:2004 and the expansion of the EMS to cover over 75% of the Group by headcount.

Carbon emissions from our offices

Initiatives including the installation of smart meters and rolling replacement of LED lights have resulted in carbon emissions from our UK offices reducing by 8% on the prior year. Elsewhere, energy audits have been completed in our Frankfurt, Helsinki and Stockholm offices and our Sydney office continues to purchase electricity generated from renewable sources.

Carbon emissions from business travel

Reducing emissions from business travel remains a challenge, however, we are committed to making progress in this area. We classify business travel as air, train, car mileage and hotel accommodation. This year, focus was placed on extending and improving our video conferencing capabilities, with high quality facilities now installed in 14 of our global offices. As a result, video conferencing usage has more than doubled from last year.

Waste

Increasing recycling rates and reducing waste are key priorities. In the UK, all paper and cardboard are recycled and represent 70% of our total waste. Paper used in all of our offices is FSC sourced.

Key performance indicators and targets

To help focus efforts and achieve improvements, key performance indicators and targets have been set across the seven pillars of our corporate responsibility programme, details of which can be found in our corporate responsibility report on page 48.

Variable	Absolute figure			Relative figure		
	2012	2011	Units	2012	2011	Units
Carbon footprint – office energy	2,138	2,191	tonnes CO ₂	2.50	2.79	tonnes CO ₂ / FTE
Carbon footprint – business travel	3,055	2,668	tonnes CO ₂	3.50	3.40	tonnes CO ₂ / FTE
General waste	46.9	47.1	tonnes	56.9	59.9	kgs / FTE
Recycled waste	85.8	85.6	tonnes	104.2	109.0	kgs / FTE

Remuneration report

I am pleased to present the remuneration report for the year to 30 September 2012.

Aberdeen has performed strongly in 2012, as more fully discussed in other sections of the annual report, with an increase of 21% in underlying diluted earnings per share and a 28% increase in the ordinary dividend. Total shareholder return for the last 5 years was 110%. Against this background, the aggregate value of bonus awards has increased by 10%, but there have been no increases in awards to executive directors.

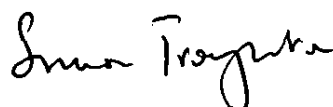
Aberdeen's remuneration policies are designed to support our business strategy, as a leading international asset manager. The objective is to attract, retain and reward talented individuals for the delivery of sustained, superior returns for our clients and shareholders. Aberdeen operates in a highly competitive international employment market, and aims to maintain its strong track record of success in developing and retaining talent.

During the course of the past year, the remuneration committee has reviewed a number of aspects of the remuneration policies, seeking to enhance further the close alignment with shareholders' interests. This has resulted in some important developments, including:

- For executive directors and members of the GMB, the vesting period for the deferred portion of annual bonus awards has been extended. Awards will now vest over a period of four years instead of three years. The deferred element remains unchanged at 75% of the total bonus award, substantially higher than the market norm;
- The principle of clawback has been formalised in the annual bonus plan, to enable the committee to reclaim annual bonus where justified by exceptional adverse events or circumstances;
- The minimum shareholding requirement for executive directors has been increased to 200% of annual salary (from 100% previously); each of our executives has a major investment in Aberdeen shares and complies comfortably with this requirement; and
- The committee has for many years maintained control of the aggregate level of annual bonuses by reference to the Group's overall profitability. However, as explained later in this report, this has not previously been formally reported to shareholders and we have agreed that we should now do so more explicitly.

For the second consecutive year, we propose that there be no increases in the base salaries for executive directors at the 1 January 2013 review. In future years, we expect that increases will be in line with inflation.

The committee would be pleased to have your support for the policies and practices detailed in our report.



Simon Troughton
Chairman of the remuneration committee

Governance

This report discusses the remuneration arrangements for directors and other senior employees, including those identified as Code staff as defined by the Financial Services Authority remuneration code (FSA Code); it has been prepared in compliance with the Companies Act 2006 and related regulations (the Regulations) and the UK Corporate Governance Code. Those sections of the report which have been audited by KPMG are identified as such.

A resolution to approve this report will be proposed at the forthcoming Annual General Meeting.

Membership	<p>The members of the committee, all independent non-executive directors, who served during the year are:</p> <p>Simon Troughton (Chairman);</p> <p>Anita Frew; and</p> <p>Giles Weaver</p> <p>Richard Mully joined the committee on 10 October 2012 to replace Giles Weaver who will retire from the Board following the forthcoming Annual General Meeting.</p>
Attendance	<p>The committee held six scheduled meetings during the year, at which all members were present, and also held ad hoc meetings and several telephone conferences on matters arising. The Chairman of the Board, as well as the Chief Executive, Deputy Chief Executive and Finance Director, attend meetings of the committee by invitation, as does the Head of HR. None of these executives was present when matters relating to their own remuneration were discussed.</p>
Advisers & support	<p>New Bridge Street (NBS) provided independent advice to the committee throughout the year. NBS does not provide any other services to the Group.</p> <p>McLagan provided the committee and management with information on market positioning and employment market conditions in the various countries and regions in which the Group operates.</p> <p>The Company Secretary acts as secretary to the committee.</p>

Key responsibilities of the committee

The committee operates on the basis of detailed written terms of reference, which are reviewed annually and are published on the Group's website. The committee was established by the Board to:

- a) determine and recommend to the Board the Group's policy on remuneration of executive directors and senior employees;
- b) determine the specific remuneration levels of the Chairman, the executive directors and other senior employees;
- c) determine the overall size of the annual bonus pool;
- d) ensure that appropriate performance targets are set and that any payments made to executive directors and senior employees reflect achievement against such targets;
- e) consider individual awards under any incentive scheme to all executive directors and other senior employees;
- f) consider any redundancy or severance payment which exceeds the terms of the Group's standard policies;
- g) ensure that the Group maintains contact with its principal shareholders on remuneration matters - the committee Chairman keeps in regular contact with major shareholders and actively consults them on remuneration policies;
- h) approve all substantive changes to the Group's pension arrangements;
- i) ensure proportionate compliance with the FSA Code; and
- j) report to shareholders in accordance with relevant legal requirements and associated codes of practice.

The Chairman and all members of the remuneration committee also serve on the risk committee. Their membership helps to ensure that the management of risk and any circumstances which could materially increase the Group's exposure are fully considered by the committee when remuneration decisions are taken. Richard Mully, who has recently been appointed as Chairman of the risk committee, has also joined the remuneration committee.

Activities during the year

The principal activities of the committee during the year included:

- Reviewing the committee's terms of reference;
- Reviewing the levels of base salary for executive directors and other senior staff;
- Determining the maximum value of the overall annual bonus pool, taking account of the Group's financial and operational performance;
- Reviewing the policy for long-term remuneration, including considering whether long-term incentive awards should be re-introduced or whether the deferral period for annual bonus should be extended for members of the GMB and senior members of the fund management teams;
- Considering the shareholding requirements for executive directors;
- Assessing whether individual annual bonuses should be subject to a cap;
- Formalising a policy on clawback of bonus awards in appropriate circumstances;
- Assessing the level of performance against objectives for executive directors and senior employees and reviewing and recommending bonus awards accordingly;
- Assessing the extent to which the performance conditions for vesting of LTIP awards were met and determining the appropriate vesting proportion; and

- Discussing the proposed recruitment of certain key employees, and the remuneration packages for new appointments.

The committee takes into account the remuneration and employment conditions of employees throughout the Group when considering remuneration for executive directors, and seeks to apply a consistent remuneration philosophy. This includes, for example, considering the general levels of base salary increase and the principles applying to incentive pay.

Remuneration policy

The Group's remuneration policy is designed with the intention of achieving the following aims:

- the recruitment, retention and motivation of employees of the necessary calibre to maintain and develop the Group's position in the asset management sector;
- linking of the major element of reward to performance, thereby aligning the interests of directors and employees with those of shareholders and clients;
- prudent management of risk, within the limits of the Group's risk appetite and the risk management framework; and
- maximising long-term shareholder value creation.

The key principles of the remuneration policy apply to executive directors, members of the GMB and other senior employees and are expected to remain unchanged for 2013 and subsequent years.

Review of incentive plans during 2011-12

The committee reviewed the incentive plans for executives, including addressing the items in the table below:

Items addressed	Outcomes
Annual bonus caps	<p>The committee considered whether to apply an absolute cap on the level of individual bonus awards. Having reviewed market practice, it concluded that this would place Aberdeen in an uncompetitive position relative to its peer group. However, the committee believes that its practice, which it has adopted consistently for several years, of relating the maximum level of aggregate bonus pool to the Group's profits provides a robust control over the risk of excessive awards. The committee believes that the aggregate bonus pool in any year should normally be no more than 25% of pre-bonus operating profit. The committee also takes account of the ratio of total compensation costs to revenue, which at 34.8% for 2012 (2011: 34.9%) is competitive within Aberdeen's peer group.</p> <p>The high proportion of bonus deferral (75%), the extended vesting period (4 years) for executive directors and members of the GMB, supplemented by clawback arrangements and the risk controls incorporated in Aberdeen's team-based investment process, ensure that the uncapped bonus opportunity encourages both excellent performance and the prudent management of risk.</p>

Items addressed	Outcomes
Clawback	The committee has formalised the clawback principle applied in the annual bonus plan. This enables annual bonus in the exceptional event of: a misstatement or misleading representation of performance; a significant failure of risk management and control; or serious misconduct by an individual.
Long-term remuneration	<p>The committee has not granted long-term incentive (LTI) awards since 2009. As part of the recent review, the committee considered whether it was appropriate to re-commence LTI awards.</p> <p>The committee concluded that its policy of deferring 75% of annual bonus already provides a substantial proportion of long-term remuneration. Rather than augmenting the existing package with new LTI awards, the committee has decided to: extend the period over which deferred bonuses vest to four years; formalise the clawback provision in the bonus plan; and increase the shareholding requirement for executive directors.</p> <p>The committee also concluded that the absence of a separate LTI programme helps to reduce the complexity of the package.</p>
Shareholding requirements	The committee increased the shareholding requirement for executive directors to 200% of base salary, twice the previous requirement. Deferred share awards arising from annual bonus awards are recognised as part of an individual's shareholding.

Elements of remuneration

Element	Fixed or variable	Policy	How it operates	Any changes, or other comments
Base salary	Fixed	<ul style="list-style-type: none"> To pay a fair salary commensurate with the individual's role, responsibilities and experience, and having regard to the market rates being offered for similar roles in the asset management sector and other comparable companies. 	<ul style="list-style-type: none"> Reviewed annually, with any increases effective from 1 January. Any increases to reflect inflation are applied in a manner consistent with other Group employees; any other increases to be justified by reference to promotion or changes in responsibilities. 	<ul style="list-style-type: none"> There were no salary increases for executive directors in January 2012 and no increases are proposed for the January 2013 review.
Pension and other benefits	Fixed	<ul style="list-style-type: none"> To make contributions for the benefit of employees to appropriate defined contribution pension arrangements, subject to normal practice in the relevant country. Legacy defined benefit plans from corporate acquisitions are closed to all future accrual at the earliest reasonable opportunity. The policy relating to other fringe benefits for executive directors is generally the same as for other Aberdeen employees. 	<ul style="list-style-type: none"> Employer contribution of up to 20% of basic salary, depending on relevant market practice in each country; rates of pension contribution within each country are consistent between executives and other employees. Executive directors and other staff receive medical insurance and life insurance cover in accordance with market practice in each country. 	<ul style="list-style-type: none"> No change to policy. Since 2010, the Chief Executive has waived his entitlement to a pension contribution or a cash allowance in lieu of pension contribution.

Element	Fixed or variable	Policy	How it operates	Any changes, or other comments
Annual bonus	Variable	<ul style="list-style-type: none"> In line with practice amongst other asset management companies, individual bonuses are not subject to an absolute cap. However, the aggregate size of the bonus pool is dependent on the Group's overall performance and profitability. 75% of the annual bonus is deferred for the executive directors into Aberdeen shares. Other senior employees have the opportunity to defer half of their 75% deferral into holdings in funds managed by Aberdeen, with the balance compulsorily deferred into Aberdeen shares. No matching applies to the deferred bonus. 	<ul style="list-style-type: none"> The committee determines the KPIs that will be applied in considering the overall size of the bonus pool. The committee considers individual bonus awards for executives taking account of their personal contribution to the Group's performance, and the levels of incentive pay for similar roles in the market. Bonus is non-pensionable. For bonuses awarded to executive directors and members of the GMB in respect of 2012 performance, the 75% deferred component will vest in four equal tranches, over four years. 	<ul style="list-style-type: none"> The period of deferral has been extended. The 75% deferred element will vest over four years rather than three. Clawback provisions have been formalised. Annual bonuses for excellent performance are not subject to an individual cap, as this would place Aberdeen at a competitive disadvantage in the market – the norm in the sector is not to cap bonuses. However, the committee sets an effective cap at an aggregate level, based on the Group's profits.

Balance between elements of remuneration

The bar chart below shows the weighting of the main remuneration components for executive directors. As the chart indicates, performance-related remuneration represents between 64% and 89% of the total, and three-quarters of the performance-related remuneration is delivered in Aberdeen shares.

Relative sizes of remuneration components

Compliance with the FSA Remuneration Code

The committee regularly reviews its remuneration policies to ensure compliance with the FSA Code principles that apply to Aberdeen. The remuneration policy is designed to be consistent with the prudent management of risk, and the sustained, long-term performance of the Group. The review of the remuneration policy in light of the Code is undertaken with the involvement from Aberdeen's Group Head of Risk; he also has an important role in keeping the committee informed of Aberdeen's risk profile so that this can be taken into account in determining variable remuneration.

Further details

i) Base salary

Executive directors' base salaries are unchanged since January 2011 and will remain unchanged at the forthcoming annual review in January 2013. Thereafter, increases will be considered in relation to inflation and the level of increases considered for staff overall.

ii) Annual bonus for 2012 performance

The policy is to recognise corporate and individual achievements each year through an appropriate annual bonus scheme. The aggregate value of awards in any year is dependent on the Group's overall performance and profitability. Consideration is also given to the levels of bonuses paid in the market. Individual awards, which are payable to all members of staff and are non-pensionable, are determined by a rigorous assessment of achievement against defined objectives, and are reviewed and approved by the committee.

Awards to individuals in any year are made 25% in cash and 75% deferred. The deferred element is awarded as follows:

	Form of deferred award	Vesting period
Executive directors	Aberdeen shares	In equal tranches over four years, vesting on the 1st, 2nd, 3rd and 4th anniversaries of the award.
Members of Group management board	Minimum of 50% in Aberdeen shares, up to 50% in funds managed by Aberdeen	In equal tranches over four years, vesting on the 1st, 2nd, 3rd and 4th anniversaries of the award.
Other staff	Minimum of 50% in Aberdeen shares, up to 50% in funds managed by Aberdeen	In equal tranches over three years, vesting on the 1st, 2nd, and 3rd anniversaries of the award.

The deferral policy is intended to assist in the retention of talent and to create additional alignment of executives' interests with Aberdeen's sustained performance and, in respect of the deferral into funds, managed by Aberdeen, to align the interest of asset managers with our clients. The table below summarises performance outcomes for 2012, relative to a number of KPIs that were taken into account by the committee in considering annual bonus awards:

	2012	2011	2010
Change in underlying profit before taxation	+14%	+44%	+147%
Change in underlying diluted EPS (diluted)	+21%	+41%	+110%
Operating margin	40.6%	39.5%	34.8%
Conversion of underlying operating profit to core operating cash flow	119%	129%	115%

In addition to these KPIs, there are specific personal objectives for the year, which are linked to the principal strategic objectives of the Group. For 2012, the principal objectives selected by the committee for the executive directors focused on the delivery of organic growth, the meeting of budgets and operating efficiencies, and ensuring key client and staff retention.

The table below shows the bonuses awarded to each of the executive directors for 2012 performance, and the split between cash and deferred shares.

Individual	Cash £000	Deferred £000 ¹	Total £000
Martin Gilbert	1,000	3,000	4,000
Hugh Young	1,000	3,000	4,000
Anne Richards	425	1,275	1,700
Andrew Laing	194	581	775
Bill Rattray	187	563	750

¹ The deferred component will vest in four equal tranches in December 2013, 2014, 2015 and 2016.

The committee's policy is that the aggregate bonus pool, covering awards made to all of the Group's staff, should normally be no more than 25% of pre-bonus operating profit.

iii) Long-term Incentive Plan (LTIP)

No awards have been made under the LTIP since December 2009. The 2008 award reached its vesting date in December 2011. Awards made in 2009 remained unvested as at 30 September 2012, and will vest in December 2012.

The participant does not obtain absolute ownership of any LTIP awards until the end of the measurement period and then only to the extent that the performance targets have been satisfied. Participants are entitled to receive any dividends paid on the shares during the measurement period. Such dividends paid to directors are disclosed in the audited section of the report.

Vesting of awards is dependent on the extent to which growth in the Group's adjusted earnings per share exceeds growth in the composite index, which measures the weighted average performance of the stock markets in which the Group's AuM are invested, as set out in the following table.

Excess of EPS Growth over average Movement in stock markets	Proportion of award vesting
Less than 5% per annum	0%
5% per annum	30%
10% per annum	100%
Between 5% and 10% per annum	Pro rata

The composite index is derived from movements in the following indices, which are considered as being representative of the assets managed by the Group and includes the following:

FTSE All-Share	MSCI Emerging Markets
FTSE Europe excluding UK	MSCI World
FTSE Asia Pacific excluding Japan	Barclays Capital Sterling Aggregate Bond
FTSE Japan	Barclays Capital US Aggregate Bond
IPD Pan European Property Index	Barclays Capital Euro Aggregate Bond
JP Morgan EMBI Global Diversified	Barclays Capital Global Aggregate Bond
HFRI Composite	Barclays Capital Australian Aggregate Bond
	Russell 1000

Further, the LTIP rules state that no award will vest unless, in the opinion of the committee, the underlying financial performance of the Group over the relevant measurement period has been satisfactory.

The table below summarises the vesting outcomes of awards made in previous years.

Award date	Vesting date	Growth in adjusted Aberdeen EPS ¹	Growth in stock market composite index	Excess growth	Proportion of awards vesting
Dec 2005	Dec 2008	+268.4%	+35.6%	+202.8%	100.0%
Dec 2006	Dec 2009	-28.5%	+18.1%	-46.6%	0%
Dec 2007	Dec 2010	+42.1%	+15.4%	+26.7%	84.7%
Dec 2008	Dec 2011	+114.3%	+15.2%	+99.1%	100.0%
Dec 2009	Dec 2012	+259.1%	+9.7%	+249.4%	100.0%

¹ To the extent the committee deems appropriate, EPS is subject to adjustments to exclude the effects of (i) amortisation and impairment of intangible assets; (ii) impairment of goodwill; (iii) charges arising from share options and LTIP awards; and (iv) exceptional items.

iv) Share option scheme

The Group has an executive share option scheme which is approved by HM Revenue and Customs and was approved by shareholders prior to its introduction. In March 2004, the scheme reached the end of the ten year period during which the grant of options was permitted. All options outstanding are now capable of being exercised, having met their performance criteria. Incentive options were also issued under the Group's LTIP in 2008.

Details of share options held by the executive directors are shown in the audited section of the report.

Shareholder dilution

As at the date of this report, LTIP Conditional Ownership Awards, LTIP Incentive Options and executive share options are outstanding over the following numbers of shares:

	Number of Shares	Percentage of issued share capital
LTIP Conditional Ownership Awards	177,831	0.02
LTIP Incentive Options	8,395,283	0.73
Executive share options	1,886,400	0.16

Details of the awards which have been made to directors of the Company under the LTIP are shown on page 62.

v) Other benefits

Private health care and life assurance is provided to all executive directors.

vi) Pension

The Group provides defined contribution pension arrangements for its employees, with contribution rates of up to 20% of basic salary, according to normal practice in the various countries in which the Group operates. In light of changes to pensions legislation introduced in the UK from 6 April 2006, and subsequent legislative changes from 6 April 2010, some of the Group's UK employees, including the UK based executive directors, have elected for employer contributions to the scheme to cease. In these cases, the committee has approved cash allowances to be paid, such that the overall cost to the Group is no greater than the pension contribution which would otherwise have been made. Any similar requests which may be made by employees in future will be treated in the same manner. No such request will arise in respect of the Group's legacy defined benefit schemes, all of which are closed to future accrual.

Clawback

A clawback principle applies to the annual bonus plan. This will enable the committee to recoup annual bonus in the exceptional event of: a misstatement or misleading representation of performance; a significant failure of risk management and control; or, serious misconduct by an individual.

Total shareholder return

The Regulations require the inclusion of a graph which illustrates the total shareholder return (TSR) for a holding in the Company's shares against a broad equity market index. The FTSE All-Share Index has been used as it includes all UK listed stocks, including the Company's ordinary shares. The graph below also includes as a comparator the FTSE All-Share General Financial Index. The committee considers this to be an appropriate index against which to measure performance because it includes all other UK-listed financial stocks. Both of these indices are calculated on a total return basis assuming reinvestment of dividends.

As the graph shows Aberdeen's TSR of 110% for the five year period was substantially above the two comparator indices.

**Total shareholder return (dividends reinvested)
Cumulative : 5 years ending 30 September 2012**

Source: Thomson Reuters.

External directorships

Executive directors are permitted to accept a limited number of directorships outside the Group, recognising that this can assist in their personal development. All such appointments are approved in advance by the Board. Where the appointment is accepted in furtherance of the Group's business, any fees received are remitted to the Company. If the appointment is not connected to the Group's business, the director is entitled to retain any fees received. The Group earned fees of £41,000 for Martin Gilbert's services as a non-executive director of two Aberdeen-managed companies and £21,000 for Hugh Young's services as a non-executive director of one Aberdeen-managed company. Martin Gilbert earned and retained fees of £246,000 for acting as chairman of FirstGroup plc and as a non-executive director of British Sky Broadcasting Group plc. Anne Richards earned and retained fees of £17,000 for being a member of the Council of the Duchy of Lancaster.

Shareholding requirement

The Board reviewed and refined its policy on shareholding requirements for executive directors. The Board has decided that executive directors should acquire and retain a beneficial shareholding (which includes deferred share awards which have not yet vested) equivalent to 200% of salary (previously 100% of salary), to be acquired over a period of no more than five years from the date of appointment. The beneficial holdings of all of the executive directors, which are summarised in the following table, comfortably exceed this requirement.

Name	Held on main register	Deferred awards – unconditional ¹	Deferred awards – conditional ²	Total holding	Total holding as multiple of base salary ³
Martin Gilbert	2,267,508	3,012,781	2,701,127	7,981,416	49.7x
Bill Rattray	2,208,409	404,367	499,831	3,112,607	27.7x
Hugh Young	150,000	–	2,742,946	2,892,946	25.9x
Anne Richards	890,639	573,477	1,128,092	2,592,208	23.0x
Andrew Laing	669,622	412,624	518,615	1,600,861	14.2x

¹ Unconditional awards represent deferred awards which have passed their earliest vesting dates and on which the individual can require formal vesting at any time without restriction.

² Conditional awards represent deferred awards which have not yet reached their earliest vesting dates and on which the individual cannot yet require formal vesting.

³ At the year-end 30 September 2012 share price.

Audited information on executive directors' interests in the shares of the Company is set out later in the report.

Service contracts

The executive directors have service contracts which may be terminated on twelve months' notice from the Company or six months' notice from the director. If the Company decides to terminate the director's appointment without giving the required period of notice then the director is entitled to receive one year's remuneration, which will include the value of all benefits including any bonus to which the director would otherwise have been entitled. The directors' contracts also provide for termination on three months' notice if, in the opinion of the Board and having given the director adequate opportunity to improve, the director has failed to perform at a satisfactory standard; in such circumstances no liquidated damages would be paid.

Name	Date of contract	Notice period from Company	Notice period from directors	Provision of compensation for loss of office
Martin Gilbert	30 August 1996	12 months	6 months	One year's remuneration
Andrew Laing	30 August 1996	12 months	6 months	One year's remuneration
Bill Rattray	30 August 1996	12 months	6 months	One year's remuneration
Hugh Young	30 August 1996	12 months	6 months	One year's remuneration
Anne Richards	9 December 2004	12 months	6 months	One year's remuneration

Non-executive directors

Non-executive directors are engaged under letters of appointment and they do not have contracts of service.

The letters of appointment are available for inspection at the Company's registered office during normal business hours and are available on the Company's website.

The appointment will normally terminate on:

- i) a director choosing to resign voluntarily; or
- ii) a director being prohibited from serving by law, bankruptcy or illness; or
- iii) annually, if the nominations committee does not approve the extension of his/her appointment; or
- iv) a director being found guilty of misconduct; or
- v) a director not being re-elected by the shareholders following retirement by rotation at an Annual General Meeting.

The remuneration of non-executive directors is determined by the Board and the Chairman's remuneration is determined by the remuneration committee. The level of fees was reviewed during the year and changes were made to ensure that they remained competitive and appropriate in light of the increased time commitment necessary for a non-executive director in a financial services business to fulfil his duties.

Fees are paid to the Chairman and non-executive directors at the following annual rates:

	From 1 January 2012 £	Previous £
Chairman	240,000	200,000
Board member	52,000	48,000
Supplement for Senior Independent Director	12,000	10,000
Supplement for Chairman of audit, remuneration and risk committees	20,000	16,000
Supplement for member of audit, remuneration and risk committees	10,000	8,000
Supplement for membership of the nominations committee	2,500	-

Directors' emoluments (audited information)

	Salary & fees £000	Pension allowance £000	Non-cash benefits £000	Bonus in cash £000	Deferred bonus £000	Total 2012 £000	Total 2011 £000
EXECUTIVE							
Martin Gilbert	500	–	1	1,000	3,000	4,501	4,501
Andrew Laing	350	62	2	194	581	1,189	1,188
Bill Rattray	350	62	1	187	563	1,163	1,162
Anne Richards	350	66	1	425	1,275	2,117	1,911 ²
Hugh Young	347	–	131 ¹	1,000	3,000	4,478	4,240 ²
Total	1,897	190	136	2,806	8,419	13,448	13,002
NON-EXECUTIVE							
Roger Cornick	230	–	–	–	–	230	187
Anita Frew	93	–	–	–	–	93	75
Giles Weaver	89	–	–	–	–	89	75
Simon Troughton	81	–	–	–	–	81	62
Jim Pettigrew	80	–	–	–	–	80	69
Julie Chakraverty	61	–	–	–	–	61	23
Richard Mully	28	–	–	–	–	28	–
Malcolm Rifkind	19	–	–	–	–	19	55
Donald Waters	–	–	–	–	–	–	18
	681	–	–	–	–	681	564
Total	2,578	190	136	2,806	8,419	14,129	13,566

¹ Expatriate benefits paid to Hugh Young include allowances for housing, and expenses over medical and travel.² 2011 totals for Anne Richards and Hugh Young cover the period from their date of appointment rather than a full year.

Directors' interests in ordinary shares arising from deferred element of annual bonus awards (audited information)

	Interest at 1 October 2011	Awarded during year	Exercised in year	Issue price	Interest at 30 September 2012	Earliest vesting dates ¹
Martin Gilbert	799,331	-	-	164.2p	799,331	Vested
	1,207,444	-	-	84.2p	1,207,444	Vested
	545,112	-	-	139.9p	545,112	Vested
	272,556	-	-	139.9p	272,566	Dec 2012
	460,894	-	-	179.0p	460,894	Vested
	921,788	-	-	179.0p	921,788	Dec 2012 & 2013
	-	1,506,783	-	199.1p	1,506,783	Dec 2012, 2013 & 2014
Andrew Laing	83,740	-	-	164.2p	83,740	Vested
	158,354	-	-	84.2p	158,354	Vested
	76,256	-	-	139.9p	76,256	Vested
	38,128	-	-	139.9p	38,128	Dec 2012
	94,274	-	-	179.0p	94,274	Vested
	188,548	-	-	179.0p	188,548	Dec 2012 & 2013
	-	291,939	-	199.1p	291,939	Dec 2012, 2013 & 2014
Bill Rattray	83,740	-	-	164.2p	83,740	Vested
	158,354	-	-	84.2p	158,354	Vested
	71,490	-	-	139.9p	71,490	Vested
	35,745	-	-	139.9p	35,745	Dec 2012
	90,783	-	-	179.0p	90,783	Vested
	181,564	-	-	179.0p	181,564	Dec 2012 & 2013
	-	282,522	-	199.1p	282,522	Dec 2012, 2013 & 2014
Anne Richards	253,366	-	-	84.2p	253,366	Vested
	152,513	-	-	139.9p	152,513	Vested
	152,513	-	-	139.9p	152,513	Dec 2012
	167,598	-	-	179.0p	167,598	Vested
	335,196	-	-	179.0p	335,196	Dec 2012 & 2013
	-	640,383	-	199.1p	640,383	Dec 2012, 2013 & 2014
Hugh Young	751,209	-	(751,209)	84.2p	-	Vested
	393,249	-	(393,249)	139.9p	-	Vested
	393,249	-	-	139.9p	393,249	Dec 2012
	421,457	-	(421,457)	179.0p	-	Vested
	842,914	-	-	179.0p	842,914	Dec 2012 & 2013
	-	1,506,783	-	199.1p	1,506,783	Dec 2012, 2013 & 2014

¹ Awards stated as having vested have reached the earliest vesting dates set at the date of award; as such, the participant can exercise his or her right to require formal vesting at any time without restriction.

These interests represent ordinary shares which will vest on the dates stated

Directors' interests in share options (audited information)

	Date of grant	2011	Exercised in year	Market price at exercise	2012	Exercise price	Earliest exercise	Latest exercise	Status of performance
Martin Gilbert	23.1.04	413,000	–	–	413,000	59p	Jan 2007	Jan 2014	Achieved
Andrew Laing	11.6.03	89,000	–	–	89,000	42p	Jun 2006	Jun 2013	Achieved
	23.1.04	89,000	–	–	89,000	59p	Jan 2007	Jan 2014	Achieved
Bill Rattray	23.1.04	144,000	–	–	144,000	59p	Jan 2007	Jan 2014	Achieved
Hugh Young	17.6.08	150,000	(150,000)	212p	–	130.25p	Jun 2011	Jun 2018	Achieved
	17.6.08	150,000	–	–	150,000	130.25p	Jun 2012	Jun 2018	Achieved
	17.6.08	150,000	–	–	150,000	130.25p	Jun 2013	Jun 2018	Achieved
Anne Richards	17.6.08	150,000	–	–	150,000	130.25p	Jun 2011	Jun 2018	Achieved
	17.6.08	150,000	–	–	150,000	130.25p	Jun 2012	Jun 2018	Achieved
	17.6.08	150,000	–	–	150,000	130.25p	Jun 2013	Jun 2018	Achieved

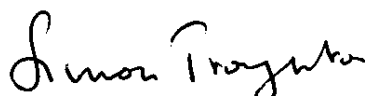
The market price of the Company's ordinary shares at 30 September 2012 was 311.1p and the range during the year was 167.8p to 311.3p.

Directors' interests in Long-term Incentive Plan (audited information)

	Held at 1 October 2011	Vested in year	Lapsed in year	Issue price	Held at 30 September 2012	Vesting date	Partial settlement of share awards in year
Martin Gilbert	148,456	(148,456)	–	84.2p	–	Dec 2011	–
	67,022	–	–	139.9p	67,022	Dec 2012	£6,434
Andrew Laing	118,765	(118,765)	–	84.2p	–	Dec 2011	–
	57,192	–	–	139.9p	57,192	Dec 2012	£5,490
Bill Rattray	118,765	(118,765)	–	84.2p	–	Dec 2011	–
	53,617	–	–	139.9p	53,617	Dec 2012	£5,147

The market price of the Company's ordinary shares at the vesting date, 6 December 2011, was 212p.

The remuneration report was approved by the Board of directors on 23 November 2012 and signed on its behalf by:



Simon Troughton
Non-executive director

Directors' report

The directors have pleasure in submitting their annual report and financial statements for the year to 30 September 2012.

Principal activity and business review

The principal activity of the Group is the provision of asset management services. Further information on the Group's business, which is required by section 417 of the Companies Act 2006, can be found in the following sections of the Annual report, which are incorporated by reference into this report:

- Chairman's statement on pages 2 and 3;
- Business model and strategy on pages 10 to 13;
- Employees on page 18;
- Business review on pages 22 to 30;
- Principal risks on pages 31 to 33;
- Environmental, social and community matters on pages 48 to 49.

Financial

The results for the year are shown in the Group income statement on page 73.

An interim ordinary dividend of 4.4p per share was paid on 14 June 2012. The directors recommend a final ordinary dividend of 7.1p per share, making a total of 11.5p per share for the year to 30 September 2012.

The proposed final dividend, if approved, will be paid on 24 January 2013 to shareholders on the register at the close of business on 7 December 2012. Coupon payments of £19.8 million have been paid on the 7.9% perpetual capital securities.

Directors

The names and biographical details of the present directors of the Company are given on pages 36 to 39. Richard Mully was appointed on 23 April 2012 and Rod MacRae was appointed after the year end on 1 October 2012. Both will stand for election at the 2013 Annual General Meeting. Sir Malcolm Rifkind retired as a director on 19 January 2012 and Gerhard Fusenig stepped down from the Board on 7 March 2012. Giles Weaver has decided to retire at the conclusion of the 2013 Annual General Meeting and will not seek re-election. All other directors, who served throughout the year, will retire and, being eligible, offer themselves for re-election. Directors' interests in the share capital and equity of the Company at the year end were as follows:

	Ordinary shares of 10p		Options		7.9% Perpetual subordinated capital securities	
	2012 Number	2011 Number	2012 Number	2011 Number	2012 US\$000	2011 US\$000
Martin Gilbert ¹	2,267,508	5,452,920	413,000	413,000	–	–
Bill Rattray ¹	2,208,409	2,327,174	144,000	144,000	–	–
Andrew Laing ¹	669,622	1,188,793	178,000	178,000	–	–
Anne Richards	890,639	1,090,639	–	–	–	–
Hugh Young	150,000	–	–	–	–	–
Giles Weaver	112,173	112,173	–	–	256	256
Roger Cornick	111,000	111,000	–	–	–	–
Gerhard Fusenig ³	100,000	100,000	–	–	–	–
Simon Troughton	40,000	40,000	–	–	–	–
Anita Frew	37,500	37,500	–	–	–	–
Jim Pettigrew	25,000	25,000	–	–	–	–
Sir Malcolm Rifkind ³	17,500	17,500	–	–	–	–
Kenichi Miyanaga	–	–	–	–	–	–
Julie Chakraverty	–	–	–	–	–	–
Richard Mully ²	–	–	–	–	–	–

¹ The holdings for Messrs Gilbert, Rattray and Laing include shares awarded under the Group's LTIP and which have achieved the relevant performance criteria and will vest in December 2012. Full details are given in the remuneration report.

² At date of appointment.

³ At date of retirement.

There have been no other changes to the directors' holdings between 30 September 2012 and 23 November 2012.

Substantial interests

At 23 November 2012, the Company has been notified of the following interests, other than the directors', of 3% or more in the ordinary shares:

	Number	% of class
Mitsubishi UFJ Trust & Banking Corporation	226,253,982	19.1
Legal & General Group Plc	36,486,297	3.1
MFS Investment Management	36,654,558	3.1

Share capital

Details of changes in share capital are set out in note 21 of the financial statements. The authority for the Company to purchase, in the market, up to 114,464,627 of its ordinary shares, representing approximately 10% of its issued ordinary share capital, expires at the forthcoming Annual General Meeting. This authority was not required during the year; however, at the forthcoming Annual General Meeting, shareholders will be asked to renew such authority for a further year.

Employees

Details of the Group's employment practices can be found in the our people section of the report on page 18.

Corporate governance

A report on corporate governance and compliance with the provisions of the UK Corporate Governance Code, which forms part of this directors' report, is set out on pages 34 to 49.

Going concern

The business review discusses the Group's business activities, together with the factors likely to affect its future development, performance and position and sets out the financial position of the Group, its cash flows and liquidity. Note 30 of the financial statements sets out the Group's objectives, policies and processes for managing capital and its financial risk management objectives, together with details of financial instruments and exposure to credit risk and liquidity risk. The Group has considerable financial resources and a strong cash position. The Board has prepared forecasts, including rigorous sensitivity analysis, which demonstrate that the Group will continue to operate within its available resources. After making these enquiries, the Board considers that the Group has adequate resources to meet its business needs and it is therefore appropriate to adopt the going concern basis in preparing these financial statements.

Charitable contributions

During the year, the Group made various charitable contributions totalling £1,045,000 (2011: £953,000), an element of which was contributed to the Group's Charitable Foundation. It is the Group's policy not to make contributions for political purposes.

Acquisition of shares by the employee benefit trust

During the year, the Group Employee Benefit Trust, funded by the Company, purchased 42,553,270 ordinary shares in the Company, which have an aggregate nominal value of 10p each, for a consideration of £83.1 million. The shares were purchased in order to hedge the Group's future commitment in relation to the vesting of awards under the Group's deferred share award scheme.

Directors' indemnities

The Company maintains directors and officers' liability insurance which provides appropriate cover for any legal action brought against its directors.

Policy on payment of creditors

All open end fund repurchase settlements are paid within four working days of receipt of the appropriate documentation from investors. Unless otherwise agreed, payments to other creditors are made within thirty days of receipt of an invoice. At the year end, the Group and Company had an average of 23 days' purchase outstanding in respect of trade creditors and an average of 4 days outstanding in respect of open end fund repurchase settlements.

Audit information

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

2013 Annual General Meeting

A separate document, the Notice of Annual General Meeting 2013, covering the Annual General Meeting, of the Company to be held on 17 January 2013 at noon, will be sent or made available to all shareholders and will contain an explanation of the business before that meeting.

Electronic proxy voting

Registered shareholders have the opportunity to submit their votes (or abstain) on all resolutions proposed at the Annual General Meeting by means of an electronic voting facility operated by the Company's registrar, Equiniti Limited. This facility can be accessed by visiting www.sharevote.co.uk. CREST members may appoint a proxy or proxies by using the CREST electronic appointment service.

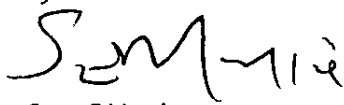
Electronic copies of the annual report and financial statements and other publications

Copies of the 2012 Annual Report and financial statements, the notice of Annual General Meeting, other corporate publications, press releases and announcements are available on the Company's website at www.aberdeen-asset.com. Shareholders are encouraged to take advantage of the provisions allowing the Company to deliver notices of meetings and associated documentation electronically via the Company's investor relations webpages at www.aberdeen-asset.com/investorrelations, or by email.

Company Information

The Company is registered in Scotland (No. 82015) and its Registered Office is located at 10 Queen's Terrace, Aberdeen, AB10 1YG.

By order of the Board



Scott E Massie

Secretary
10 Queen's Terrace
Aberdeen AB10 1YG
23 November 2012

Directors' responsibilities

The directors are responsible for preparing the Annual Report and the Group and Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the Company financial statements on the same basis.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of their profit or loss for that period. In preparing each of the Group and Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Directors' Report, Directors' Remuneration Report and Corporate Governance statement that complies with that law and those regulations.

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

Independent auditor's report to the members of Aberdeen Asset Management PLC

We have audited the financial statements of Aberdeen Asset Management PLC for the year ended 30 September 2012 set out on pages 67 to 124. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 65, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 30 September 2012 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 64, in relation to going concern;
- the part of the Corporate Governance Statement on page 41 relating to the company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the Board on directors' remuneration.

G. Bainbridge

G Bainbridge (Senior Statutory Auditor)

for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
37 Albyn Place
Aberdeen
AB10 1JB

23 November 2012

Accounting policies

Basis of preparation

The financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards endorsed by the EU (adopted IFRS).

The financial statements have been prepared on the historical cost basis, except that certain of the Group's financial instruments are stated at their fair values and the measurement of long-term employee benefits at present value of the obligation less fair value of any assets held to settle the obligation. The principal accounting policies, which have been consistently applied, unless otherwise stated, are set out below.

In publishing these financial statements, the Company is taking advantage of the exemption provided by section 408 of the Companies Act 2006 not to present its individual income statement and related notes that form part of the approved financial statements.

Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. Further detail is included in the directors' report (unaudited) on page 64.

Accounting estimates and judgements

Preparation of the financial statements necessitates the use of estimates, assumptions and judgements, which affect the reported values of assets, liabilities and contingent liabilities at the balance sheet date as well as affecting the reported income and expenses for the year. Although the estimates are based on management's knowledge and judgement of information and financial data, the actual outcome may differ from these estimates. The key assumptions which affect these results for the year and the balances as at the year-end are specifically identified, where appropriate, in the following notes to the Group financial statements:

- Periods used for amortisation of intangible assets – note 12
- Impairment testing of goodwill and intangible assets – note 12
- Deferred tax assets – note 15
- Provisions – note 27
- Pensions – note 32

Standards not affecting the reported results nor the financial position

The following new and revised Standards and Interpretations have been adopted in the current year. Their adoption has not had any significant impact on amounts reported in these financial statements.

		Effective date
IFRIC 14	'Prepayments of a minimum funding requirement'	1 January 2011
IAS 24 (revised)	'Related party disclosures'	1 January 2011
Amendments to IFRS 7	'Transfer of financial assets'	1 July 2011

New standards and interpretations not applied

The International Accounting Standards Board has issued the following standards, which are relevant to the Group's reporting but which have not yet been applied and have an effective date after the date of these financial statements:

Endorsed by the EU and available for early adoption:

		Effective date
Amendments to IAS 1 (June 2011)	'Financial statement presentation'	1 July 2012

Standards and interpretations not endorsed:

IFRS 9 (October 2010)	'Financial Instruments: Classification and Measurement'	1 January 2015
Amendments to IAS 12 (December 2010)	'Deferred Tax: recovery of underlying assets'	1 January 2012
IFRS 10 (May 2011)	'Consolidated financial statements'	1 January 2013
IFRS 11 (May 2011)	'Joint arrangements'	1 January 2013
IFRS 12 (May 2011)	'Disclosure of Interest in Other Entities'	1 January 2013
IFRS 13 (May 2011)	'Fair Value Measurement'	1 January 2013
Amendments to IFRS 10, 11 and 12 (December 2011)	'Transition guidance'	1 January 2013
Amendments to IFRS 7 (December 2011)	'Offsetting financial assets and financial liabilities'	1 January 2013

Amendments to IAS 32 (December 2011)	'Offsetting financial assets and financial liabilities'	1 January 2014
Annual Improvements 2011 (May 2012)	'Improvements to IFRS 1, IAS 1, IAS 16, IAS 32, IAS 34'	1 January 2013

The directors are still assessing the impact of these standards on the Group's financial results in the period of initial application.

Basis of consolidation

The consolidated financial information contained within these financial statements incorporates the results, cash flows and financial position of the Company and its subsidiaries for the period to 30 September 2012. Subsidiaries are entities controlled by the Company and are included from the date that control commences until the date that control ceases. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

All intercompany transactions, balances, income and expenses between Group entities are eliminated on consolidation. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Business combinations

Purchases of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values at the acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in the income statement as incurred.

Where applicable, consideration for an acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its fair value at acquisition date. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant IFRS. Changes in the fair value of contingent consideration classified as equity are not recognised.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 (Revised 2008) are recognised at their fair values at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with IFRS 2 *Share-based Payments*; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed at the acquisition date, and is subject to a maximum of one year.

Revenue

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and such revenue can be reliably measured. Revenue is recognised as services are provided and includes management fees, transaction fees and performance fees.

Commissions and similar expenses payable to intermediaries are recognised when services are provided.

Initial income from the sale of shares in open end investment companies is taken to the balance sheet and amortised over the period of the asset management service, which is estimated based on the Group's experience of the average holding periods by investors.

The Group is entitled to earn performance fees from a number of clients where the actual performance of the clients' assets exceeds defined benchmarks by an agreed level of outperformance over a set time period. Performance fees are recognised when the quantum of the fee can be reliably estimated and it is probable that the fee will be received.

Finance revenue

Finance revenue comprises interest and dividends. Interest income is recognised using the effective interest rate method as it accrues. Dividend income is recognised when the Group's right to receive payment is established which, in the case of listed securities, is the ex-dividend date.

Finance costs

Finance costs comprise interest payable on borrowings recognised using the effective interest rate method. They also include non-utilisation fees charged on the undrawn portion of the revolving credit facility.

Leases

All Group leases are operating leases, being leases where the lessor retains substantially all the risks and rewards of ownership of the leased asset.

Rental payments made under operating leases are charged to the income statement on a straight line basis over the term of the lease. Lease incentives received by the Group are recognised as a reduction in the rental expense, recognised on a straight line basis over the term of the lease.

Rental income from sub-leases is recognised on a straight-line basis over the term of the relevant sub-lease.

Pension costs

The principal pension scheme operated by the Group is a Group personal pension scheme. In addition, overseas subsidiaries make contributions to various trade and state defined contribution schemes. Contributions to these defined contribution pension schemes are recognised as an expense in the income statement as they become payable under the rules of the schemes.

The Group also operates a number of legacy defined benefit pension schemes which arose on acquisitions, one of which is operated by the Company. All schemes are closed to new membership and to future service accruals. The Group's net obligation in respect of these schemes is calculated separately for each scheme by estimating the amount of future benefit that members have earned in return for their service in prior periods; that benefit is discounted to determine its present value, and the fair value of any scheme assets is deducted. The benefits are discounted at a rate equal to the yield on high credit rated corporate bonds that have maturity dates approximating to the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

The surplus or deficit in respect of defined benefit schemes is expressed as the excess or shortfall of the fair value of the assets of the scheme compared to the present value of the scheme liabilities and is recognised as an asset or liability of the Group or Company.

Interest costs on the liability, expected return on plan assets and the costs of curtailments and settlements are recognised in the income statement.

Actuarial gains and losses are recognised directly in other comprehensive income in the period in which they occur. When the calculation results in a benefit to the Group or Company, the recognised asset is limited to the present value of any future refunds from the plan or reductions in future contributions to the plan.

Other employee benefits

Bonus payments

These are recognised when there is a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made.

Share based payments

The Group issues equity-settled and cash-settled share based payments to certain employees. Valuation approach, assumptions and schemes are disclosed in note 22.

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the service period to vesting, based on the Group's estimate of equity instruments that will eventually vest. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At each balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

Employee Benefits Trust

The Group has an Employee Benefits Trust (EBT) which owns shares in the Company for the purposes of administering the Group's LTIP and deferred share schemes. The EBT is consolidated into the Group and Company's financial statements, with any shares held by the EBT deducted from equity. Any consideration received for such shares is recognised within retained earnings. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of equity shares.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable profit for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities

in the financial statements and the corresponding basis used for tax purposes.

Deferred tax is provided using the balance sheet liability method and is calculated at the tax rates substantively enacted that are expected to apply when the asset is realised or the liability settled.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised, except:

- in respect of taxable or deductible temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that they will not reverse in the foreseeable future.
- where the deferred tax asset or liability arises from the initial recognition of goodwill.
- where the deferred tax asset or liability arises from the initial recognition of an asset or liability in a transaction that:
 - is not a business combination; and
 - at the time of the transaction, affects neither accounting profit nor loss.

Property, plant & equipment

Property, plant & equipment is stated at cost less accumulated depreciation and accumulated impairment losses.

Expenditure on property, plant & equipment is capitalised on initial recognition. Subsequent expenditure is only capitalised when it is probable that there will be future economic benefits attributable to the item and the cost of the item can be measured reliably. All other expenditure is recognised as an expense in the income statement as incurred.

Property, plant & equipment is depreciated so as to write off the cost of assets, on a straight line basis, over their estimated useful lives as follows:

- Heritable property: 50 years
- Leasehold property: over the period of the lease
- Property improvements: shorter of five years or the period of the lease
- Computers, fixtures and fittings: three to ten years
- Motor vehicles: four years

Depreciation is recognised as an expense in the income statement.

The carrying value of these assets is reviewed at each reporting date to consider whether there is any indication that the value of any asset may be impaired; if any such indication exists and where the carrying value exceeds the estimated recoverable

amount, the asset is written down to its recoverable amount, being the greater of fair value less costs to sell and value in use. Any impairment losses are recognised in the income statement.

An item of property, plant & equipment is derecognised upon disposal or when no further economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the income statement in the year the asset is derecognised.

Intangible assets

Goodwill

Goodwill, representing the excess of the cost of acquisition over the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired, is capitalised in the balance sheet. Following initial recognition, goodwill is stated at cost less any accumulated impairment losses.

Management contracts and distribution agreements

Intangible assets, such as management contracts and distribution agreements acquired as part of a business combination, are capitalised where it is probable that future economic benefits attributable to the assets will flow to the Group and the fair value of the assets can be measured reliably.

Management contracts and distribution agreements are recorded initially at fair value and then amortised, if appropriate, over their useful lives. The fair value at the date of acquisition is calculated using discounted cash flow methodology and represents the valuation of the net residual income stream arising from the management contracts or distribution agreements in place at the date of acquisition. The contracts are included in the balance sheet as an intangible asset.

The useful lives of management contracts in respect of certain open end funds, which have no limit of time or termination provisions, are considered to be indefinite and are therefore not subject to amortisation. The indefinite nature of these contracts is re-assessed on an annual basis to ensure that the policy remains appropriate. The Group tests for impairment of these assets annually, or more frequently if there is an indication that the carrying amount may not be recoverable. The recoverable amount is the greater of fair value less costs to sell and value in use. Management contracts in respect of segregated mandates and certain open end funds are considered to have a finite life and are therefore amortised on a straight line basis over their estimated average contract term of between two and ten years, with amortisation charged to the income statement. The useful lives of distribution agreements are determined by the expiry date of the agreement.

Software

Purchased intangible assets have a finite life and are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged to the income statement on a straight

line basis according to the useful economic life of the intangible asset which, for software, is estimated at five years. Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

All other expenditure is expensed as incurred. At each reporting date, an assessment is made as to whether there is any indication that an asset in use may be impaired. If any such indication exists and the carrying values exceed the estimated recoverable amount, the asset is written down to its recoverable amount. The recoverable amount is the greater of the fair value less costs to sell and value in use.

Impairment

The Group performs annual impairment reviews in respect of goodwill and intangible fixed assets with indefinite lives. The Group carries out impairment reviews in respect of intangible fixed assets with definite lives, property, plant & equipment and other assets, including fixed asset investments, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised in the income statement whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The recoverable amount is the higher of its value in use and its fair value less costs to sell.

Impairment losses in respect of goodwill are not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial instruments

Financial instruments are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. They are categorised as described below.

The fair value of financial instruments that are actively traded on organised financial markets is determined by reference to market bid prices at the close of business on the balance sheet date. For investments where there is no active market, the fair value is determined using valuation techniques. These techniques include recent arm's length market transactions, reference to the current market value of another financial instrument which is substantially the same, discounted cash flow analysis and option pricing models.

Financial investments at fair value through profit or loss include investments acquired principally for the purpose of selling in the short term or if so designated by management. They are

carried at fair value in the balance sheet and gains or losses are taken to the income statement in the period in which they arise. The following assets and liabilities are classified as financial instruments at fair value through profit or loss:

- **Current assets**
 - Assets backing investment contract liabilities
 - Stock of units and shares
 - Seed capital
 - Other investments
- **Current liabilities**
 - Investment contract liabilities

Available for sale financial assets are also carried at fair value in the balance sheet. Movements in fair value are taken to the fair value reserve until derecognition of the asset, at which time the cumulative amount dealt with through this reserve is recognised in the income statement.

Where there is objective evidence that an available for sale financial asset is impaired, the cumulative impairment loss is reclassified from equity to profit and loss with subsequent movements recognised in profit and loss.

The following assets are designated as available for sale:

- **Non-current assets**
 - Other investments

Loans and receivables and other financial liabilities are recognised at amortised cost using the effective interest rate method.

Convertible bonds that can be converted to share capital at the option of the holder, where the number of shares issued does not vary with changes in their fair value, are accounted for as compound financial instruments with a liability and equity component. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds. The equity component of the convertible bonds is calculated as the excess of the issue proceeds over the present value of the future interest and principal payments, discounted at the market rate of interest applicable to similar liabilities that do not have a conversion option. The interest expense recognised in the income statement is calculated using the effective interest rate method.

The Group has adopted trade date accounting. Accordingly, a financial investment is recognised on the date the Group commits to its purchase and derecognised on the date on which the Group commits to its sale.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits and investments in money market instruments with an original maturity of three months or less. Bank overdrafts that are repayable on demand are included as a component of cash and cash equivalents for the purposes of the statement of cash flows.

Investment contracts

The Group sells unit linked life and pension contracts through its insurance subsidiary, Aberdeen Asset Management Life and Pensions Limited (L&P). Management fees earned from these contracts are accounted for as described in the accounting policy for revenue.

L&P is consolidated in the Group financial statements on a line-by-line basis. Unit linked policyholder assets (described as assets backing investment contract liabilities) held by L&P and related policyholder liabilities are carried at fair value, with changes in fair value taken to profit or loss.

Amounts received from and paid to investors under these contracts are treated as deposits received or paid and therefore not recorded in the income statement. Charges to investors due under these contracts are recognised in the income statement. At the balance sheet date the value of these contracts is stated at an amount equal to the fair value of the net assets held to match the contractual obligations.

Investments in subsidiaries

In the Company balance sheet, investments in subsidiaries are carried at cost less any provision for impairment.

Equity instruments

Perpetual subordinated capital securities

The 7.9% perpetual subordinated capital securities are classified as an element of equity as the securities are irredeemable, except at the Company's option, and coupon payments are discretionary. Coupon payments, net of attributable tax, are recognised as distributions within equity.

Dividends

Dividends on ordinary shares are recognised on the date of payment or, if subject to approval, the date approved by shareholders.

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense. No provision is established where a reliable estimate of the obligation cannot be made.

Foreign currencies

The consolidated financial statements are presented in sterling, the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured in that functional currency.

Transactions in foreign currencies are translated to the functional currency at the exchange rate ruling at the date of the transaction. At each balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the balance sheet date and any exchange differences arising are taken to the income statement. Non-monetary assets and liabilities measured at historical cost in a foreign currency are translated to the functional currency using the exchange rate at the date of the transaction and so no exchange differences arise. Non-monetary assets and liabilities stated at fair value in a foreign currency are translated at the exchange rate ruling at the balance sheet date. Where fair value movements in assets and liabilities are reflected in the income statement, the corresponding exchange movements are also recognised in the income statement. Where fair value movements in assets and liabilities are reflected directly in other comprehensive income, the corresponding exchange movements are also recognised directly in other comprehensive income.

The assets and liabilities of foreign operations are translated to sterling at the exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to sterling at rates approximating to the exchange rates ruling at the dates of the transactions. Exchange differences arising are recognised in other comprehensive income and accumulated in equity. On disposal of a foreign operation, all of the accumulated foreign exchange differences in respect of that operation are recycled to the profit and loss account.

Group income statement

For the year to 30 September 2012

	Notes	2012			2011		
		Before amortisation and impairment £m	Amortisation and impairment £m	Total £m	Before amortisation and impairment £m	Amortisation and impairment £m	Total £m
Gross revenue		1,048.8	–	1,048.8	954.5	–	954.5
Commissions payable		(179.6)	–	(179.6)	(170.5)	–	(170.5)
Net revenue	2	869.2	–	869.2	784.0	–	784.0
Operating costs		(516.5)	–	(516.5)	(474.7)	–	(474.7)
Amortisation and impairment of intangible assets		–	(78.1)	(78.1)	–	(77.8)	(77.8)
Operating expenses		(516.5)	(78.1)	(594.6)	(474.7)	(77.8)	(552.5)
Operating profit		352.7	(78.1)	274.6	309.3	(77.8)	231.5
Net finance costs	6	(5.1)	–	(5.1)	(7.7)	–	(7.7)
Other gains and losses	7	0.2	–	0.2	0.3	–	0.3
Profit before taxation		347.8	(78.1)	269.7	301.9	(77.8)	224.1
Tax expense	8	(62.7)	16.6	(46.1)	(60.2)	20.0	(40.2)
Profit for the year		285.1	(61.5)	223.6	241.7	(57.8)	183.9
Attributable to:							
Equity shareholders of the Company				208.7			169.7
Other equity holders				14.9			14.2
				223.6			183.9
Earnings per share							
Basic	11			18.88p			15.01p
Diluted	11			17.55p			14.06p

Statements of comprehensive income

For the year to 30 September 2012

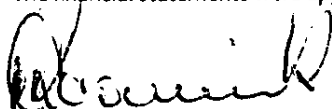
	Group		Company	
	2012 £m	2011 £m	2012 £m	2011 £m
Profit for the year	223.6	183.9	213.4	156.8
Net actuarial gain (loss) on defined benefit pension schemes	0.6	6.0	(1.6)	(0.1)
Translation of foreign currency net investments	(9.2)	2.3	-	-
Available for sale assets:				
– losses during the period	(0.7)	(4.7)	(1.4)	(2.8)
– losses recycled from equity to the income statement	4.6	1.7	0.4	-
Tax on items of other comprehensive income	(3.4)	1.6	0.2	0.7
Other comprehensive (expense) income, net of tax	(8.1)	6.9	(2.4)	(2.2)
Total comprehensive income for the year	215.5	190.8	211.0	154.6
Attributable to:				
Equity shareholders of the Company	200.6	176.6	196.1	140.4
Other equity holders	14.9	14.2	14.9	14.2

Balance sheets

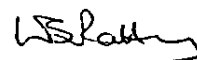
30 September 2012

		Group		Company	
	Notes	2012 £m	2011 £m	2012 £m	2011 £m
Assets					
Non-current assets					
Intangible assets	12	994.1	1,060.0	60.1	64.8
Property, plant and equipment	13	19.1	20.1	9.4	10.3
Other investments	14	53.1	46.8	1,712.9	1,588.4
Deferred tax assets	15	15.9	22.5	3.8	8.0
Pension surplus	32	12.9	5.4	–	–
Trade and other receivables	16	3.6	4.4	–	–
Total non-current assets		1,098.7	1,159.2	1,786.2	1,671.5
Current assets					
Stocks of shares in managed funds	17	0.2	0.4	–	–
Assets backing investment contract liabilities	18	2,311.9	1,128.1	–	–
Trade and other receivables	16	254.2	325.8	152.3	209.8
Other investments	19	58.5	63.3	42.7	19.2
Cash and cash equivalents	20	347.9	209.5	180.5	50.1
Total current assets		2,972.7	1,727.1	375.5	279.1
Total assets		4,071.4	2,886.3	2,161.7	1,950.6
Equity					
Called up share capital	21	115.1	114.9	115.1	114.9
Share premium account	23	815.9	812.2	815.9	812.2
Other reserves	23	209.0	216.8	213.3	215.2
Retained (loss) profit	23	(51.6)	(123.7)	181.4	119.4
Total equity attributable to shareholders of the parent		1,088.4	1,020.2	1,325.7	1,261.7
Non-controlling interest		14.0	16.2	–	–
Perpetual capital securities	24	198.1	198.1	198.1	198.1
Total equity		1,300.5	1,234.5	1,523.8	1,459.8
Liabilities					
Non-current liabilities					
Interest bearing loans and borrowings	25	–	82.0	–	82.0
Pension deficit	32	28.3	29.7	–	0.7
Provisions	27	5.9	2.2	0.9	2.2
Deferred tax liabilities	15	36.4	46.5	1.0	1.6
Total non-current liabilities		70.6	160.4	1.9	86.5
Current liabilities					
Investment contract liabilities	18	2,311.9	1,128.1	–	–
Interest bearing loans and borrowings	25	81.5	–	451.9	280.0
Trade and other payables	26	269.4	329.7	174.0	118.3
Current tax payable		37.5	33.6	10.1	6.0
Total current liabilities		2,700.3	1,491.4	636.0	404.3
Total liabilities		2,770.9	1,651.8	637.9	490.8
Total equity and liabilities		4,071.4	2,886.3	2,161.7	1,950.6

The financial statements were approved by the Board of Directors on 23 November 2012, and signed on its behalf by:



R C Cornick Chairman



W J Rattray Finance Director

Statements of changes in equity

For the year to 30 September 2012

	Share capital £m	Share premium account £m	Capital redemption reserve £m
Group			
Balance at 30 September 2010	114.8	812.1	31.1
Profit for the period	–	–	–
Other comprehensive income (expense)	–	–	–
Total comprehensive income (expense)	–	–	–
Arising on the issue of shares	0.1	0.1	–
Share based payment charge	–	–	–
Purchase of own shares	–	–	–
Dividends paid to shareholders	–	–	–
Non-controlling interest in consolidated funds	–	–	–
Balance at 30 September 2011	114.9	812.2	31.1
Profit for the period	–	–	–
Other comprehensive (expense) income	–	–	–
Total comprehensive (expense) income	–	–	–
Arising on the issue of shares	–	0.1	–
Conversion of convertible bonds	0.2	2.8	–
Conversion of preference shares	–	0.8	–
Share based payment charge	–	–	–
Purchase of own shares	–	–	–
Dividends paid to shareholders	–	–	–
Non-controlling interest in consolidated funds	–	–	–
Balance at 30 September 2012	115.1	815.9	31.1
Company			
Balance at 30 September 2010	114.8	812.1	31.1
Profit for the period	–	–	–
Other comprehensive expense	–	–	–
Total comprehensive (expense) income	–	–	–
Arising on the issue of shares	0.1	0.1	–
Share based payment charge	–	–	–
Purchase of own shares	–	–	–
Dividends paid to shareholders	–	–	–
Balance at 30 September 2011	114.9	812.2	31.1
Profit for the period	–	–	–
Other comprehensive expense	–	–	–
Total comprehensive (expense) income	–	–	–
Arising on the issue of shares	–	0.1	–
Conversion of convertible bonds	0.2	2.8	–
Conversion of preference shares	–	0.8	–
Share based payment charge	–	–	–
Purchase of own shares	–	–	–
Dividends paid to shareholders	–	–	–
Balance at 30 September 2012	115.1	815.9	31.1

Merger reserve £m	Foreign currency translation reserve £m	Fair Value £m	Warrant/ other reserve £m	Retained earnings £m	Non controlling interest £m	Perpetual capital securities £m	Total equity £m
172.7	8.4	(5.7)	10.3	(170.5)	13.6	198.1	1,184.9
-	-	-	-	169.7	-	14.2	183.9
-	2.3	(2.3)	-	6.9	-	-	6.9
-	2.3	(2.3)	-	176.6	-	14.2	190.8
-	-	-	-	-	-	-	0.2
-	-	-	-	54.4	-	-	54.4
-	-	-	-	(98.1)	-	-	(98.1)
-	-	-	-	(86.1)	-	(14.2)	(100.3)
-	-	-	-	-	2.6	-	2.6
172.7	10.7	(8.0)	10.3	(123.7)	16.2	198.1	1,234.5
-	-	-	-	208.7	-	14.9	223.6
-	(9.2)	2.5	-	(1.4)	-	-	(8.1)
-	(9.2)	2.5	-	207.3	-	14.9	215.5
-	-	-	-	-	-	-	0.1
-	-	-	(0.3)	0.3	-	-	3.0
-	-	-	(0.8)	-	-	-	-
-	-	-	-	53.8	-	-	53.8
-	-	-	-	(83.1)	-	-	(83.1)
-	-	-	-	(106.2)	-	(14.9)	(121.1)
-	-	-	-	-	(2.2)	-	(2.2)
172.7	1.5	(5.5)	9.2	(51.6)	14.0	198.1	1,300.5
172.7	1.0	2.2	10.3	106.7	-	198.1	1,449.0
-	-	-	-	142.6	-	14.2	156.8
-	-	(2.1)	-	(0.1)	-	-	(2.2)
-	-	(2.1)	-	142.5	-	14.2	154.6
-	-	-	-	-	-	-	0.2
-	-	-	-	54.4	-	-	54.4
-	-	-	-	(98.1)	-	-	(98.1)
-	-	-	-	(86.1)	-	(14.2)	(100.3)
172.7	1.0	0.1	10.3	119.4	-	198.1	1,459.8
-	-	-	-	198.5	-	14.9	213.4
-	-	(0.8)	-	(1.6)	-	-	(2.4)
-	-	(0.8)	-	196.9	-	14.9	211.0
-	-	-	-	-	-	-	0.1
-	-	-	(0.3)	0.3	-	-	3.0
-	-	-	(0.8)	-	-	-	-
-	-	-	-	54.1	-	-	54.1
-	-	-	-	(83.1)	-	-	(83.1)
-	-	-	-	(106.2)	-	(14.9)	(121.1)
172.7	1.0	(0.7)	9.2	181.4	-	198.1	1,523.8

Statements of cash flows

For the year to 30 September 2012

	Notes	Group		Company	
		2012 £m	2011 £m	2012 £m	2011 £m
Core cash generated from operating activities		419.8	399.3	271.3	203.7
Short-term timing differences on open end fund settlements		(5.3)	7.9	–	–
Cash generated from operations		414.5	407.2	271.3	203.7
Net interest paid		(2.1)	(7.1)	(3.2)	(9.7)
Tax (paid) recovered		(43.6)	(26.4)	1.5	–
Net cash generated from operations		368.8	373.7	269.6	194.0
Non-recurring costs paid		–	(7.3)	–	–
Net cash generated from operating activities	4	368.8	366.4	269.6	194.0
Cash flows from investing activities					
Proceeds from sale of investments		52.4	50.2	28.4	38.6
Acquisition of businesses, net of cash acquired		–	(3.3)	–	–
Investment in existing subsidiary undertakings		–	–	0.1	(18.6)
Purchase of intangible assets		(13.4)	(2.4)	(6.4)	(2.3)
Sale of intangible assets		–	–	4.4	–
Purchase of property, plant & equipment		(7.6)	(5.9)	(3.3)	(3.1)
Purchase of investments		(53.8)	(62.1)	(43.3)	(40.8)
Net cash used in investing activities		(22.4)	(23.5)	(20.1)	(26.2)
Cash flows from financing activities					
Purchase of own shares		(83.1)	(98.1)	(83.1)	(98.1)
Repayment of borrowings		–	(77.9)	–	(77.9)
Dividends paid and coupon payments		(126.0)	(105.5)	(126.0)	(105.5)
Net cash used in financing activities		(209.1)	(281.5)	(209.1)	(281.5)
Net increase (decrease) in cash and cash equivalents		137.3	61.4	40.4	(113.7)
Cash and cash equivalents at 1 October		209.5	150.8	(229.9)	(117.5)
Exchange rate fluctuations on cash and cash equivalents		1.1	(2.7)	(0.4)	1.3
Cash and cash equivalents at 30 September		347.9	209.5	(189.9)	(229.9)

Notes to the financial statements

For the year to 30 September 2012

1 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 and fund of alternatives services. 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.

Year to 30 September 2012	UK £m	Europe £m	Singapore £m	Rest of Asia £m	US £m	Total £m
Net revenue	351.8	137.8	214.3	102.2	63.1	869.2
Non-current assets	690.9	65.1	19.2	206.4	31.6	1,013.2

Year to 30 September 2011	UK £m	Europe £m	Singapore £m	Rest of Asia £m	US £m	Total £m
Net revenue	311.1	125.7	206.7	103.3	37.2	784.0
Non-current assets	722.1	80.6	19.7	212.2	45.5	1,080.1

2 Revenue

	2012 £m	2011 £m
Revenue comprises:		
Gross management fees	993.1	909.7
Commissions payable to intermediaries	(179.6)	(170.5)
Net management fees	813.5	739.2
Performance fees	47.5	36.3
Transaction fees	8.2	8.5
Net revenue	869.2	784.0

3 Operating expenses

	2012 £m	2011 £m
Operating profit is stated after charging (crediting):		
Fees payable to the Company's auditor for the audit of the Company's accounts	0.2	0.2
Fees payable to the Company's auditor and its associates for other services		
– audit of the Company's subsidiaries pursuant to legislation	1.0	1.1
Total audit fees	1.2	1.3
– tax compliance services	0.2	0.4
– other non audit services	0.1	0.1
Total non audit fees	0.3	0.5
Operating lease payments	13.5	14.4
Depreciation	8.3	5.7
Amortisation of intangible assets	78.1	67.8
Impairment of intangible assets	–	10.0
Directors' emoluments	11.9	11.8
Exchange loss (gain)	4.1	(1.8)

Fees paid to the Company's auditor

Other services pursuant to legislation includes £41,000 (2011: £40,000) for review of the interim statement.

Details of Directors' remuneration are given in the Remuneration report on pages 50 to 62.

4 Analysis of cash flows

	Group		Company	
	2012 £m	2011 £m	2012 £m	2011 £m
Reconciliation of profit after tax to operating cash flow				
Profit after tax	223.6	183.9	213.4	156.8
Depreciation	8.3	5.7	4.2	2.9
Amortisation and impairment of intangible assets	78.1	77.8	6.7	2.6
Unrealised foreign currency (gains) losses	(1.0)	1.2	0.5	(2.8)
Gains on investments	(0.2)	–	(7.0)	(4.8)
Share based element of remuneration	61.9	60.4	9.8	8.3
Net finance costs	5.1	7.7	6.2	10.5
Income tax expense	46.1	40.2	4.5	6.6
	421.9	376.9	238.3	180.1
Increase (decrease) in provisions	3.7	0.1	(1.3)	(1.4)
Decrease (increase) in stock	0.2	(0.1)	–	–
(Increase) decrease in trade and other receivables	(1.4)	0.9	(24.2)	16.0
Decrease (increase) in open end fund receivables	69.7	(30.4)	–	–
(Decrease) increase in trade and other payables	(4.6)	14.2	58.5	9.0
(Decrease) increase in open end fund payables	(75.0)	38.3	–	–
Net cash inflow from operating activities	414.5	399.9	271.3	203.7
Net interest paid	(2.1)	(7.1)	(3.2)	(9.7)
Income tax paid	(43.6)	(26.4)	1.5	–
Net cash generated from operating activities	368.8	366.4	269.6	194.0

5 Employees

	2012 £m	2011 £m
Group		
Aggregate employee costs, including directors:		
Salaries and cash bonuses	184.8	165.2
Share-based element of remuneration (note 22)	61.9	60.4
Other benefits	6.3	5.5
Social security costs	26.9	22.7
Pension costs (note 32)	21.6	19.9
	301.5	273.7

	2012 Number	2011 Number
Average number of employees during the year	1,947	1,851

5 Employees (continued)

Company	2012 £m	2011 £m
Aggregate employee costs, including directors:		
Salaries and cash bonuses	31.4	30.4
Share-based element of remuneration (note 22)	9.8	8.3
Other benefits	0.6	0.7
Social security costs	5.3	4.0
Pension costs	4.0	4.0
	51.1	47.4
	2012 Number	2011 Number
Average number of employees during the year	351	391

6 Net finance costs

	2012 £m	2011 £m
Interest on 7.2% subordinated notes 2016	–	4.3
Interest on 3.5% convertible bonds 2014	3.2	3.2
Interest on overdrafts, revolving credit facilities and other interest bearing accounts	1.7	0.2
	4.9	7.7
Release of discount on liability component of convertible bonds	2.0	1.7
Amortisation of issue costs on convertible bonds	0.5	0.6
Total finance costs	7.4	10.0
Finance revenue – interest income	(2.3)	(2.3)
Net finance costs	5.1	7.7

7 Other gains and losses

	2012 £m	2011 £m
Gains on disposals of held for trading investments	3.2	–
Gains on disposal of available for sale investments	1.6	4.7
Recycling of losses on available for sale assets to income statement	(4.6)	(1.7)
Changes in fair value of investments	–	(2.7)
	0.2	0.3

8 Tax expense

	2012 £m	2011 £m
Current tax expense		
UK corporation tax on profit for the year	24.4	23.2
Adjustments in respect of prior periods	(2.6)	(1.3)
	21.8	21.9
Foreign tax – current	30.0	24.2
Foreign tax – adjustments in respect of prior periods	0.5	0.3
Total current tax	52.3	46.4
Deferred tax credit		
Origination and reversal of temporary differences	(6.8)	(8.1)
Adjustments in respect of prior periods	0.6	1.9
Total tax expense in income statement	46.1	40.2

The deferred tax credit is analysed in note 15.

	2012 £m	2011 £m
Reconciliation of effective tax rate		
Profit before tax	269.7	224.1
Income tax calculated at the UK corporation tax rate 25% (2011: 27%)	67.4	60.5
Effect of lower tax rates applicable in foreign jurisdictions	(25.5)	(33.0)
Effect of capital gains deductions and exempt capital losses	(0.4)	0.8
Movement in unrecognised deferred tax asset	8.2	13.7
Change in UK tax rates on deferred tax balances	1.9	(1.7)
Non-taxable income	(4.9)	(0.9)
Other timing differences	0.9	(0.1)
Adjustments in respect of prior years	(1.5)	0.9
Total tax expense in income statement	46.1	40.2

Domestic tax rate

The UK tax rate for the year is 25% (2011: 27%).

A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. The Budget on 23 March 2012 announced that the UK corporation tax rate will reduce further to 22% by 2014.

The effective tax charge borne by the Group's UK subsidiaries will reduce accordingly in future years.

All UK deferred tax assets and liabilities that will unwind after 1 April 2013 have been recognised at the rate of 23%, being the rate substantively enacted by the UK Parliament, effective from that date.

Factors affecting future tax charge

The Group's overseas profits are subject to overseas tax rates some of which are lower than the standard rate of UK corporation tax.

All other deferred tax assets and liabilities at 30 September 2012 have also been calculated based on the rate which will be substantively enacted that is expected to apply when the asset is realised or the liability settled. Future changes in tax rates will also impact deferred tax assets and liabilities.

9 Profit for the financial year

The profit dealt with in the accounts of the Company was £213.4 million (2011: £156.8 million).

10 Dividends and coupons payable

	2012 £m	2011 £m
Dividend on convertible preference shares:		
Dividend paid	0.2	0.3
Coupon payments on perpetual capital securities		
Coupon payments made during the year	19.8	19.4
Dividends on ordinary shares		
Declared and paid during the year:		
Final dividend for 2011 – 5.2p (2010: 3.8p)	57.5	42.9
Interim dividend for 2012 – 4.4p (2011: 3.8p)	48.5	42.9
	106.0	85.8
Total dividends and coupon payments paid during the year	126.0	105.5
Proposed for approval at the Annual General Meeting (not recognised as a liability at 30 September)		
Dividends on ordinary shares:		
Final dividend for 2012 – 7.1p (2011: 5.2p)	81.2	59.5

The total ordinary dividend for the year is 11.5p per share including the proposed final dividend for 2012 of 7.1p per share.

The coupon payments on perpetual capital securities are tax deductible. The deduction for 2012 is £4.9 million (2011: £5.2 million), resulting in a net cost of £14.9 million (2011: £14.2 million).

11 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 profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts 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 and impairment of intangible assets. 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 items.

	IAS 33		Underlying	
	2012 £m	2011 £m	2012 £m	2011 £m
Basic earnings per share				
Profit attributable to shareholders	223.6	183.9	223.6	183.9
Dividend on convertible preference shares	(0.2)	(0.3)	(0.2)	(0.3)
Coupon payments in respect of perpetual capital securities (net of tax)	(14.9)	(14.2)	(14.9)	(14.2)
Profit for the financial year	208.5	169.4	208.5	169.4
Amortisation and impairment of intangible assets, net of attributable taxation			61.5	57.8
Underlying profit for the financial year			270.0	227.2
Weighted average number of shares (millions)	1,104.2	1,128.4	1,104.2	1,128.4
Basic earnings per share	18.88p	15.01p	24.45p	20.13p
Diluted earnings per share				
Profit for calculation of basic earnings per share, as above	208.5	169.4	270.0	227.2
Add: interest on 2014 convertible bonds, net of attributable taxation	4.3	4.0	4.3	4.0
Add: dividend on convertible preference shares	0.2	0.3	0.2	0.3
Profit for calculation of diluted earnings per share	213.0	173.7	274.5	231.5
Weighted average number of shares (millions)				
For basic earnings per share	1,104.2	1,128.4	1,104.2	1,128.4
Dilutive effect of 2014 convertible bonds	48.6	48.6	48.6	48.6
Dilutive effect of convertible preference shares	3.1	4.4	3.1	4.4
Dilutive effect of LTIP awards	0.2	0.6	0.2	0.6
Dilutive effect of exercisable share options and deferred shares	57.5	53.8	57.5	53.8
	1,213.6	1,235.8	1,213.6	1,235.8
Diluted earnings per share	17.55p	14.06p	22.62p	18.73p

12 Intangible assets

Group	Goodwill £m	Management contracts £m	Distribution contracts £m	Software £m	Total £m
Cost					
At 1 October 2010	653.7	554.8	45.2	17.1	1,270.8
Additions	–	–	–	2.5	2.5
Exchange movement	0.7	0.3	–	–	1.0
At 30 September 2011	654.4	555.1	45.2	19.6	1,274.3
Additions	–	10.3	–	6.5	16.8
Disposals	–	–	–	(0.5)	(0.5)
Exchange movement	(1.5)	(3.1)	–	–	(4.6)
At 30 September 2012	652.9	562.3	45.2	25.6	1,286.0
Amortisation and impairment					
At 1 October 2010	–	118.1	6.0	12.4	136.5
Amortisation for year	–	56.9	9.0	1.9	67.8
Impairment losses	–	10.0	–	–	10.0
At 30 September 2011	–	185.0	15.0	14.3	214.3
Amortisation for year	–	66.7	9.0	2.4	78.1
On disposals	–	–	–	(0.5)	(0.5)
At 30 September 2012	–	251.7	24.0	16.2	291.9
Net book value					
At 30 September 2012	652.9	310.6	21.2	9.4	994.1
At 30 September 2011	654.4	370.1	30.2	5.3	1,060.0

Company	Goodwill £m	Management contracts £m	Software £m	Total £m
Cost				
At 1 October 2010	34.8	31.7	14.6	81.1
Additions	–	–	2.3	2.3
At 30 September 2011	34.8	31.7	16.9	83.4
Additions	–	–	6.4	6.4
Disposals	–	–	(0.5)	(0.5)
Transfer to subsidiary undertakings	–	(6.0)	–	(6.0)
At 30 September 2012	34.8	25.7	22.8	83.3
Amortisation and impairment				
At 1 October 2010	3.7	1.8	10.5	16.0
Amortisation for year	–	1.0	1.6	2.6
At 30 September 2011	3.7	2.8	12.1	18.6
Amortisation for year	–	4.4	2.3	6.7
On disposals	–	–	(0.5)	(0.5)
Transfer to subsidiary undertakings	–	(1.6)	–	(1.6)
At 30 September 2012	3.7	5.6	13.9	23.2
Net book value				
At 30 September 2012	31.1	20.1	8.9	60.1
At 30 September 2011	31.1	28.9	4.8	64.8

12 Intangible assets (continued)

Impairment testing of goodwill and intangibles**Goodwill and intangibles**

The Group has one cash generating unit (CGU) for the purpose of assessing the carrying value of goodwill and intangible assets reflecting the fact that the Group is managed as a single asset management business. It previously had two CGUs: (i) property asset management and (ii) investment management. However, management of the property asset class was fully integrated with the other asset classes, such that cashflows can no longer be identified independently. The carrying value of goodwill and intangible assets are as follows:

	Group		Company	
	2012	2011	2012	2011
	£m	£m	£m	£m
Investment management		906.8		64.8
Property asset management		153.2		–
Combined investment management	994.1	1,060.0	60.1	64.8

The recoverable amount of the CGU is determined by value-in-use calculations which use five year cash flow projections based on the Group's approved budget for the year to 30 September 2013 and which take into account the market conditions prevailing at the time. A long-term growth rate is used to extrapolate the cash flows within the value-in-use calculations for later years. The long-term growth rate assumption of 2% is in line with the long-term nature of the Group's business and in line with the Board's view that the Group will operate as a going concern in the long-term.

The principal assumptions are:

	2012	2011
	%	%
Annual increase in assets under management	6.0	6.0
Annual increase in operating costs	5.5	5.0 - 5.5

The assumed annual increases in operating costs include provision for inflation of salaries and other operating costs, as well as provision for the additional costs associated with the assumed increased levels of business. There are no changes to assumed management fee margins.

The following discount rates have been used in the impairment analysis. They are based on the Group's weighted average cost of capital using a risk free interest rate, together with a beta for the sector and allied to an equity risk premium.

	2012	2012	2011	2011
	Post tax	Pre tax	Post tax	Pre tax
	%	%	%	%
Investment management			9.6	11.5
Property asset management			11.1	13.8
Combined investment management	9.5	11.2		

The impairment review included a sensitivity analysis on the key assumptions underpinning the cash flow projections and the rate at which the projections were discounted to arrive at the final value-in-use. The sensitivity analysis included testing assumptions relating to future revenue growth and the assumptions surrounding the level of operating costs and margins.

The absolute levels, on a standalone basis, of the key assumptions which most closely resulted in a match in the values-in-use to the carrying values of goodwill were:

	2012 Combined investment management £m	2011 Investment management £m	2011 Property asset management £m
Discount rate – pre tax	27.6	24.3	16.9
Long-term growth rate	(98.8)	(49.3)	(8.4)
Inflation rate	25.2	26.4	8.7

The value-in-use, calculated in accordance with the process described above, was compared with the carrying values of goodwill, intangible assets and property plant and equipment. The comparison resulted in a surplus of value-in-use over the carrying value of these assets as shown in the table below, and therefore no impairment of goodwill has been recognised in the year.

	2012 Combined investment management £m	2011 Investment management £m	2011 Property asset management £m
Excess of recoverable amount over carrying value	3,163.0	2,332.0	79.5

Management contracts and distribution agreements

The Group reviewed the management contracts and distribution agreements held at 30 September 2012 including contracts which are considered to have an indefinite life. Management contracts at 30 September 2012 include £79.3 million (2011: £99.3 million) of assets which are considered to have an indefinite life. These assets comprise contracts for the management of open end funds which have no limit of time or termination provisions. The Group also reviewed definite life assets for impairment indicators and performed impairment tests where required.

Impairment tests were performed using the higher of value-in-use calculations (using methods and assumptions described above in relation to goodwill) and estimates of fair value less costs to sell. Both measures of value were compared with the carrying value of the contracts. An impairment charge of £10.0 million was recognised in the year to 30 September 2011 following the decision that DEGI International was to be placed into a controlled wind-down over a three year period.

The categories of management contracts and distribution agreements, their carrying amounts at the year end, remaining amortisation periods and estimated useful lives are as follows:

	30 September 2012			30 September 2011		
	Net book values £m	Remaining amortisation period (years)	Estimated useful life (years)	Net book values £m	Remaining amortisation period (years)	Estimated useful life (years)
Definite life – management contracts	231.4	1-7	2-10	270.8	1-8	6-10
Definite life – distribution contracts	21.1	2.3	5	30.2	3.3	5
Indefinite life – open end fund contracts	79.3	N/A	Indefinite	99.3	N/A	Indefinite
	331.8			400.3		

Company impairment review

A review of goodwill and management contracts held by the Company was carried out on the same basis as the Group review described above. There were no indicators of impairment in respect of the management contracts held by the Company. No impairment of goodwill or management contracts has been recognised in the year.

At 30 September 2012, the Company held indefinite life open end fund contracts with a value of £3.4 million (2011: £23.5 million).

13 Property, plant & equipment

Group	Heritable property £m	Short leasehold property £m	Computers fixtures and fittings £m	Motor vehicles £m	Total £m
Cost					
At 1 October 2010	2.4	14.8	29.8	0.4	47.4
Additions	–	1.8	4.4	0.1	6.3
Disposals	–	(2.6)	(16.6)	(0.1)	(19.3)
Exchange movement	–	–	0.2	–	0.2
At 30 September 2011	2.4	14.0	17.8	0.4	34.6
Additions	–	1.6	5.8	0.2	7.6
Disposals	–	–	(2.2)	(0.1)	(2.3)
Exchange movement	–	(0.2)	–	–	(0.2)
At 30 September 2012	2.4	15.4	21.4	0.5	39.7
Depreciation					
At 1 October 2010	0.5	6.2	20.7	0.2	27.6
Charge for year	–	2.5	3.0	0.2	5.7
On disposals	–	(2.6)	(16.2)	(0.1)	(18.9)
Exchange movement	–	–	0.1	–	0.1
At 30 September 2011	0.5	6.1	7.6	0.3	14.5
Charge for year	–	3.4	4.8	0.1	8.3
On disposals	–	–	(2.1)	(0.1)	(2.2)
At 30 September 2012	0.5	9.5	10.3	0.3	20.6
Net book value					
At 30 September 2012	1.9	5.9	11.1	0.2	19.1
At 30 September 2011	1.9	7.9	10.2	0.1	20.1

Company	Heritable property £m	Short leasehold property £m	Computers fixtures and fittings £m	Motor vehicles £m	Total £m
Cost					
At 1 October 2010	2.4	9.2	19.8	0.1	31.5
Additions	–	0.2	2.8	–	3.0
Disposals	–	(1.6)	(14.3)	–	(15.9)
At 30 September 2011	2.4	7.8	8.3	0.1	18.6
Additions	–	–	3.3	–	3.3
Disposals	–	–	(1.6)	–	(1.6)
At 30 September 2012	2.4	7.8	10.0	0.1	20.3
Depreciation					
At 1 October 2010	0.5	4.4	16.3	0.1	21.3
Charge for year	–	1.4	1.5	–	2.9
On disposals	–	(1.6)	(14.3)	–	(15.9)
At 30 September 2011	0.5	4.2	3.5	0.1	8.3
Charge for year	–	1.3	2.9	–	4.2
On disposals	–	–	(1.6)	–	(1.6)
At 30 September 2012	0.5	5.5	4.8	0.1	10.9
Net book value					
At 30 September 2012	1.9	2.3	5.2	–	9.4
At 30 September 2011	1.9	3.6	4.8	–	10.3

14 Other investments – non-current

Group	£m
Shares	
At 1 October 2010	58.6
Additions	18.9
Fair value gains – reserves	0.1
Fair value losses – reserves	(0.6)
Fair value losses – income statement	(0.5)
Disposals	(29.4)
Exchange movement	(0.3)
At 30 September 2011	46.8
Additions	17.9
Fair value losses – reserves	(1.1)
Fair value losses – income statement	(3.0)
Disposals	(5.7)
Exchange movement	(1.8)
At 30 September 2012	53.1

14 Other investments – non-current (continued)

Additions in 2012 includes £15.9 million of loan capital provided to a third party which is classified as an amortised cost investment.

Company	Subsidiary undertakings £m	Other investments £m	Total £m
At 1 October 2010	1,510.6	22.8	1,533.4
Additions: increase in existing subsidiary undertakings	65.3	–	65.3
other investments	1.4	17.6	19.0
Fair value adjustment	–	0.1	0.1
Amounts written off	–	(0.4)	(0.4)
Disposals	–	(29.0)	(29.0)
At 30 September 2011	1,577.3	11.1	1,588.4
Additions: increase in existing subsidiary undertakings	114.1	–	114.1
other investments	–	16.7	16.7
Fair value adjustment	–	(0.9)	(0.9)
Amounts written off	–	(0.8)	(0.8)
Disposals	–	(4.6)	(4.6)
At 30 September 2012	1,691.4	21.5	1,712.9

The Company's investments in subsidiary undertakings are measured at cost less provision for impairment. The increase during the year relates to an internal legal entity restructuring.

Other investments are designated in the following categories.

	Group		Company	
	2012 £m	2011 £m	2012 £m	2011 £m
Available for sale	37.2	46.8	5.6	11.1
Amortised cost	15.9	–	15.9	–
	53.1	46.8	21.5	11.1

The principal subsidiaries at 30 September 2012 were as follows:

Subsidiary undertakings	Principal activity	% of ordinary shares owned	Country of registration	Country of operation
Aberdeen Asset Management Asia Limited	Fund management	100	Singapore	Singapore
Aberdeen Asset Managers Limited	Fund management	100	Scotland	UK
Aberdeen Asset Management, Inc	Fund management	100	USA	USA
Aberdeen Global Services SA	Fund management	100	Luxembourg	Luxembourg
Aberdeen International Fund Managers Limited	Fund distribution	100	Hong Kong	Hong Kong
Aberdeen Asset Management Life and Pensions Limited	Life and Pensions	100	England	UK
Aberdeen Unit Trust Managers Limited	Unit trust management	100	England	UK
Aberdeen Investment Limited	Intermediate holding company	100	Jersey	Jersey

15 Deferred tax assets and liabilities

Deferred tax assets and liabilities recognised are as follows:

Group	Balance at 1 Oct 2010 £m	Recognised in profit or loss £m	Recognised in equity £m	Balance at 30 Sep 2011 £m	Recognised in profit and loss £m	Recognised in equity £m	Balance at 30 Sep 2012 £m
Available for sale financial assets	2.0	–	0.7	2.7	–	(1.4)	1.3
Defined benefit pension schemes	7.2	(2.7)	0.8	5.3	(1.2)	(1.3)	2.8
Share-based payments	6.1	1.8	0.7	8.6	3.8	(0.7)	11.7
Tax loss carry-forward	12.9	(7.1)	–	5.8	(5.8)	–	–
Other items	1.5	(1.4)	–	0.1	–	–	0.1
Deferred tax assets	29.7	(9.4)	2.2	22.5	(3.2)	(3.4)	15.9
Intangible assets	(59.9)	15.0	–	(44.9)	8.8	0.7	(35.4)
Convertible bonds	(2.2)	0.6	–	(1.6)	0.6	–	(1.0)
Deferred tax liabilities	(62.1)	15.6	–	(46.5)	9.4	0.7	(36.4)
	(32.4)	6.2	2.2	(24.0)	6.2	(2.7)	(20.5)

The Group has tax losses which arose in the UK of £87.5 million (2011: £87.5 million) and overseas of £118.9 million (2011: £115.8 million). Deferred tax assets of £nil (2011: £5.8 million) have been recognised in respect of these losses, reflecting their use to offset taxable profits forecast in future years.

Company	Balance at 1 Oct 2010 £m	Recognised in profit or loss £m	Recognised in equity £m	Balance at 30 Sep 2011 £m	Recognised in profit and loss £m	Recognised in equity £m	Balance at 30 Sep 2012 £m
Available for sale financial assets	(0.8)	–	0.8	–	–	0.3	0.3
Defined benefit pension schemes	0.2	(0.1)	0.1	0.2	–	(0.2)	–
Share based payments	1.8	(0.6)	0.1	1.3	0.9	–	2.2
Tax loss carry forward	12.9	(7.7)	–	5.2	(5.2)	–	–
Other items	0.3	1.0	–	1.3	–	–	1.3
Deferred tax assets	14.4	(7.4)	1.0	8.0	(4.3)	0.1	3.8
Convertible bonds	(2.2)	0.6	–	(1.6)	0.6	–	(1.0)
Deferred tax liabilities	(2.2)	0.6	–	(1.6)	0.6	–	(1.0)
	12.2	(6.8)	1.0	6.4	(3.7)	0.1	2.8

16 Trade and other receivables

	Group		Company	
	2012 £m	2011 £m	2012 £m	2011 £m
Current assets				
Due from trustees for open end fund redemptions	41.2	117.6	–	–
Due from investors for open end fund sales	14.8	8.1	–	–
	56.0	125.7	–	–
Other trade receivables	29.2	38.0	0.5	0.7
Amounts due by subsidiary undertakings	–	–	138.7	198.7
Other receivables	8.8	18.0	4.9	4.0
Accrued income	145.7	127.3	–	–
Prepayments	14.5	16.8	8.2	6.4
	254.2	325.8	152.3	209.8
Non-current assets				
Other receivables	3.5	4.0	–	–
Prepayments	0.1	0.4	–	–
	3.6	4.4	–	–

17 Stocks of shares in managed funds

	Group	
	2012 £m	2011 £m
Shares in managed funds	0.2	0.4

Stocks of shares are held in a number of open end funds managed by the Group and are classified as held for trading current assets.

18 Assets backing investment contract liabilities

The following assets are held by the Group's life assurance and pooled pensions subsidiary to meet its contracted liabilities:

	Group	
	2012 £m	2011 £m
Listed investments	1,895.7	674.3
Unit trusts and OEICs	334.0	410.8
Cash, deposits and liquidity funds	71.2	36.9
Other net assets	11.0	6.1
	2,311.9	1,128.1

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.

19 Other investments – current

	Group		Company	
	2012 £m	2011 £m	2012 £m	2011 £m
Seed capital investments	40.4	29.8	31.2	19.2
Investments in funds to hedge deferred bonus liabilities	11.5	–	11.5	–
Investments of life and pensions subsidiary	6.6	23.1	–	–
Listed securities – held for trading	–	10.4	–	–
	58.5	63.3	42.7	19.2

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

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

20 Cash and cash equivalents

	Group		Company	
	2012 £m	2011 £m	2012 £m	2011 £m
Cash at bank and in hand	298.6	209.5	143.4	50.1
Short term money market funds	49.3	–	37.1	–
Bank overdrafts	–	–	(370.4)	(280.0)
Cash and cash equivalents in the statements of cash flows	347.9	209.5	(189.9)	(229.9)

Cash and cash equivalents are subject to floating rates of interest. Cash at bank earns interest at floating rates based on daily bank deposit rates. Short term money market funds generate income based on underlying investments, principally in cash deposits and money market instruments with a weighted average maturity of less than 60 days.

At 30 September 2012, the Group had £100 million (2011: £100 million) of undrawn committed borrowing facilities under its revolving credit arrangements (note 25).

The carrying amounts of the Group's cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2012 £m	2011 £m	2012 £m	2011 £m
Sterling	29.7	7.3	(200.1)	(228.0)
US dollar	52.2	90.0	0.4	(4.8)
Euro	38.5	45.6	9.8	2.9
Singapore dollar	168.2	7.0	–	–
Nordic currencies	27.2	18.4	–	–
Other currencies	32.1	41.2	–	–
	347.9	209.5	(189.9)	(229.9)

21 Share capital

	2012 £m	2011 £m
Allotted, called up and fully paid:		
1,150,958,744 (2011: 1,144,646,272) Ordinary shares of 10p	115.1	114.5
Nil (2011: 3,941) 6.75% Non-cumulative, non-voting perpetual preference shares of £100	–	0.4
	115.1	114.9

	2012 No. of ordinary shares millions	2011 No. of ordinary shares millions
At 1 October	1,144.6	1,144.3
Shares issued in respect of options exercised	0.3	0.2
Shares issued on conversion of preference share units	4.4	0.1
Shares issued on conversion of 3.5% convertible bonds 2014	1.6	–
At 30 September	1,150.9	1,144.6

289,700 ordinary shares of 10p each were issued at an average price of 52.8p pursuant to the exercise of options granted to employees under the 1994 Executive Share Option Scheme.

4,401,151 ordinary shares of 10p each were issued on conversion of convertible preference share units.

1,621,621 ordinary shares of 10p each were issued in respect of the conversion of £3 million of 3.5% convertible bonds 2014.

22 Share-based payments

	Group		Company	
	2012 £m	2011 £m	2012 £m	2011 £m
Employee expense				
Deferred share awards - equity settled	50.2	49.8	7.6	7.0
Deferred share awards - cash settled	9.5	5.9	0.9	0.4
Expense arising from the award of shares and options under the LTIP	2.2	4.7	1.3	0.9
Total expense recognised as employee costs	61.9	60.4	9.8	8.3

Deferred share awards - equity settled

The Group has made the following deferred share awards, which are equity settled, do not have ongoing performance conditions, but have a time vesting condition:

Date of award	Share price on date of grant	Number			Balance at 30 Sept 2012	Earliest vesting dates
		Original award total	Leavers/ forfeited awards	Exercised awards		
1 December 2007	167.5p	8,879,284	(41,180)	(7,865,507)	972,597	Dec 2010
17 June 2008	135.2p	245,358	(15,000)	(192,858)	37,500	Jun 2011 – Jun 2013
1 December 2008	88.0p	40,171,397	(54,103)	(37,951,198)	2,166,096	Dec 2009 – Dec 2011
1 July 2009	127.0p	2,565,167	(75,410)	(2,402,256)	87,501	Jul 2012
1 December 2009	138.6p	24,410,288	(1,909,392)	(14,348,398)	8,152,498	Dec 2010 – Dec 2012
1 December 2010	179.0p	27,354,664	(1,343,720)	(7,383,407)	18,627,537	Dec 2011 – Dec 2013
25 March 2011	205.3p	893,199	–	(297,733)	595,466	Dec 2011 – Dec 2013
1 April 2011	212.0p	254,220	–	(7,076)	247,144	Dec 2011 – Dec 2013
31 December 2011	199.1p	24,454,611	(363,816)	(46,123) ¹	24,044,672	Dec 2012 – Dec 2014
24 April 2012	191.1p	450,400	–	–	450,400	Dec 2012 – Dec 2014
Total		129,678,588	(3,802,621)	(70,494,556)	55,381,411	

¹ Vested awards relate to good leavers, as defined by the rules of the deferred bonus scheme.

Awards made in 2009 to 2012 reach their earliest vesting dates in three equal tranches over a three year period, subject to the continued employment of the participant. On reaching the earliest vesting date, participants may require immediate exercise or may choose to defer exercise until a later date; if deferred, participants may thereafter require exercise, without condition, at any time (except during close periods) until the end of the exercise period.

	Weighted average share price 2012	2012 Number	Weighted average share price 2011	2011 Number
Outstanding 1 October		58,596,116		54,652,901
Granted during the year	198.96p	24,905,011	180.11p	30,045,851
Exercised during the year	216.04p	(26,596,468)	186.19p	(24,519,659)
Forfeited during the year		(1,523,248)		(1,580,977)
Outstanding 30 September		55,381,411		58,598,116
Exercisable at 30 September		6,075,851		1,852,498

The awards outstanding at 30 September 2012 had a weighted average remaining contractual life of 8 years.

Deferred share awards - cash settled

An element of bonus awards will be settled in cash by reference to the share prices of certain Aberdeen managed funds. These are accounted for as cash settled awards and are revalued to market price at the end of each reporting period. At 30 September 2012, the value of liabilities arising from cash settled deferred awards was £12.5 million (2011: £5.9 million). The fair value movement of the awards from grant date to the 30 September 2012 was £0.3 million.

LTIP

£2.2 million (2011: £4.3 million) of the LTIP charge arises from 20,400,000 incentive options granted on 17 June 2008. These awards vest, subject to the satisfaction of the performance conditions, one third after 3 years, one third after 4 years and one third after 5 years. The vesting in years 4 and 5 remains subject to continued employment with the Group.

The performance criteria for the awards are linked to the growth in diluted earnings per share over the measurement period (3 years from date of award) compared with the average movement in the stock markets in which assets managed by the Group are invested. The share price at 17 June 2011 was 216.0p, compared to 130.25p at date of award.

23 Reserves

Nature and purpose of reserves**Share premium account**

The share premium account is used to record the issue of share capital above par value. This reserve is not distributable and can only be reduced with court approval.

Capital redemption reserve

The capital redemption reserve is created on the cancellation of share capital and the balance reflects the value of preference share capital redeemed by the Company. This reserve is not distributable.

Merger reserve

The merger reserve is used to record share premium on shares issued by way of consideration in respect of acquisitions. The realised element of the merger reserve can be used to offset amortisation and impairment of intangible assets charged to the income statement. This reserve is not distributable.

Warrant and other reserve

The warrant reserve was created on the issue of the convertible preference share units in June 2005. Each convertible preference share unit issued comprised one preference share and one warrant to subscribe for ordinary shares, of which £800 related to the preference share and £200 to the warrant. During the year, all remaining warrants were exercised or expired.

The equity element of the convertible bond, net of deferred tax, is shown within warrant and other reserves. This element of reserves will transfer to retained earnings on conversion of the bonds (note 33).

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Fair value reserve

This reserve records fair value changes on available for sale investments until the investments are derecognised.

Retained profit

Retained earnings comprises:

- all realised gains and losses through the income statement less dividend distributions;
- actuarial gains and losses recognised in the pension liability, and related deferred tax;
- gains and losses on available for sale assets and deferred tax on these movements;
- transactions relating to equity-settled share-based payments, and all deferred tax movements on share-based payments reflected through equity; and
- the purchase and sale of own shares in respect of share based payments.

The total movements in retained earnings relating to the issue of the LTIP shares represent the value of the shares issued to participants in any period less the annual amortisation of these shares which is charged through the income statement.

The Company reserve is distributable.

Group and Company	2012				2011			
	Number of shares	% of issued shares	Cost £m	Market value £m	Number of shares	% of issued shares	Cost £m	Market value £m
Own shares	42,048,410	3.7	84.0	130.8	31,143,274	2.7	55.1	53.9

These shares are held by the Group's Employee Benefits Trust for the purpose of satisfying deferred share bonuses that will vest in future periods.

The maximum number held by the Employee Benefits Trust during the year was 42,599,701 (3.7% of issued shares); (2011: 37,193,852, 3.2%).

Movements during the year are as follows:

	2012 millions	2011 millions
At 1 October	31.1	2.6
Own shares purchased	42.5	57.9
Own shares disposed through vesting	(31.6)	(29.4)
At 30 September	42.0	31.1

The Company is authorised pursuant to section 701 of the Companies Act 2006 to make market purchases of ordinary shares.

24 Perpetual subordinated capital securities

	2012 £m	2011 £m
US \$400 million 7.9% Perpetual subordinated capital securities	196.5	196.5
Coupon outstanding at 30 September	1.6	1.6
	198.1	198.1

The 7.9% Perpetual subordinated capital securities were issued on 29 May 2007. They have no fixed redemption date but the Company may, at its sole discretion, redeem all (but not part) of these securities at their principal amount on 29 May 2012 or any subsequent coupon payment date. In addition, under certain circumstances defined in the terms and conditions of the issue, the Company may at its sole discretion:

- on any coupon payment date, exchange all (but not part) of the securities for fully paid non-cumulative preference shares in the Company. The preference shares would entitle holders to receive a preferential dividend, if declared by the Board, at a fixed rate of 7.9% per annum of their nominal value. Such preference shares may be redeemed, at the Company's sole option, on any coupon payment date later than five years after their issue.

The Company has the option to defer coupon payments on the securities on any relevant payment date. Deferred coupons shall be satisfied only in the following circumstances, all of which occur at the sole option of the Company:

- redemption; or
- substitution by preference shares.

No interest will accrue on any deferred coupon. Deferred coupons will be satisfied by the issue and sale of ordinary shares in the Company at their prevailing market value, to a sum as near as practicable to (and at least equal to) the relevant deferred coupons. In the event of any coupon deferral the Company would not declare or pay any dividend on its ordinary or preference share capital.

Coupon payments are made quarterly in arrears on 28 February, 29 May, 29 August and 29 November in each year.

25 Interest bearing loans and borrowings

	Group		Company	
	2012 £m	2011 £m	2012 £m	2011 £m
Non-current liabilities				
3.5% convertible bonds 2014	–	83.7	–	83.7
Unamortised issue costs	–	(1.7)	–	(1.7)
	–	82.0	–	82.0
Current liabilities				
3.5% convertible bonds 2014	82.7	–	82.7	–
Unamortised issue costs	(1.2)	–	(1.2)	–
Bank overdraft	–	–	370.4	280.0
	81.5	–	451.9	280.0

On 17 December 2009, the Group issued £90 million 3.5% convertible bonds 2014. The bonds have a term of five years and unless previously redeemed, converted, or purchased and cancelled the bonds will be redeemed at their principal amount on 17 December 2014. Interest is payable semi-annually in arrears on 17 June and 17 December. The bonds are convertible into ordinary shares of the Company at any time after 28 January 2010 at a conversion price of 185p.

During the year the holders of bonds with a value of £3 million exercised their right to convert to ordinary shares. A total of 1,621,621 ordinary shares of 10p each were issued on conversion. On 31 October 2012, the Company notified remaining bondholders that all outstanding bonds in issue on 3 January 2013 will be redeemed in full (note 33). The liability for the convertible bonds has been reclassified as a current liability at 30 September 2012.

The Company has negotiated revolving credit facilities totalling £100 million with Lloyds Banking Group and Barclays Capital which run to 6 July 2014. Interest is charged at 1.75% over LIBOR on drawn amounts, with non-utilisation fees of 0.6125% on undrawn balances.

The Company's bank overdraft is part of a Group working capital facility in support of which cross guarantees are provided by certain subsidiary undertakings. At 30 September 2012 the net amount guaranteed under this arrangement was £nil (2011: £nil). The Group's bank borrowings are subject to a number of covenants which, in accordance with standard practice, are reviewed and discussed with lenders from time to time. The Board, having regard to its business plans is confident that the Group will continue to comply with applicable conditions for the foreseeable future.

26 Trade and other payables

	Group		Company	
	2012 £m	2011 £m	2012 £m	2011 £m
Due to trustees for open end fund creations	24.3	20.7	–	–
Due to investors for open end fund redemptions	30.8	109.4	–	–
	55.1	130.1	–	–
Other trade creditors	17.3	7.3	8.7	4.1
Accruals	154.0	149.1	22.3	28.4
Tax and social security	14.9	12.1	4.8	3.4
Amounts due to subsidiary undertakings	–	–	136.9	76.6
Deferred income	2.8	2.6	–	–
Other creditors	25.3	28.5	1.3	5.8
	269.4	329.7	174.0	118.3

27 Provisions and contingent liabilities

Group and Company	Group			Company
	Legal £m	Onerous lease £m	Total £m	Onerous lease £m
At 1 October 2011	–	2.2	2.2	2.2
Utilised in the year	–	(1.3)	(1.3)	(1.3)
Provided in the year	5.0	–	5.0	–
At 30 September 2012	5.0	0.9	5.9	0.9

As more fully set out in the discussion of principal risks on pages 31 to 33, the Group is, from time to time and in the normal course of business, subject to a variety of legal claims, actions or proceedings. 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 considered 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.

28 Operating leases

The Group and Company have non-cancellable operating lease rentals which are payable as follows:

	Group				Company	
	Land and buildings		Motor vehicles and plant and equipment		Land and buildings	
	2012 £m	2011 £m	2012 £m	2011 £m	2012 £m	2011 £m
Within one year	16.1	16.1	0.6	0.4	5.2	4.8
Between two and five years	50.5	46.4	1.0	0.5	19.9	19.0
After five years	36.0	40.4	–	–	27.5	30.3
	102.6	102.9	1.6	0.9	52.6	54.1

During the year ended 30 September 2012, £13.5 million was recognised as an expense in the income statement in respect of operating leases (2011: £14.4 million).

Sub-lease receivables

At the year end future minimum rentals under non-cancellable operating leases were as follows:

	Group		Company	
	Land and buildings		Land and buildings	
	2012 £m	2011 £m	2012 £m	2011 £m
Within one year	1.1	0.5	0.1	0.1
Between two and five years	5.0	4.1	0.3	0.2
After five years	5.2	5.2	3.8	5.2
	11.3	9.8	4.2	5.5

29 Fair value of financial instruments

Set out below is a comparison by category of the carrying amounts and fair values of all the Group and Company's financial instruments that are carried in the financial statements.

	Group				Company			
	Carrying amount		Fair value		Carrying amount		Fair value	
	2012 £m	2011 £m	2012 £m	2011 £m	2012 £m	2011 £m	2012 £m	2011 £m
Financial assets								
Designated as fair value through profit or loss:								
Stock of units and shares	0.2	0.4	0.2	0.4	–	–	–	–
Assets backing investment contract liabilities	2,311.9	1,128.1	2,311.9	1,128.1	–	–	–	–
Seed capital investments	40.4	29.8	40.4	29.8	31.2	19.2	31.2	19.2
Other investments	11.5	10.4	11.5	10.4	11.5	–	11.5	–
Investments of life and pensions subsidiary	6.6	23.1	6.6	23.1	–	–	–	–
Designated as available for sale:								
Other investments	37.2	46.8	37.2	46.8	5.6	11.1	5.6	11.1
Other financial assets:								
Investments in subsidiaries	–	–	–	–	1,691.4	1,577.3	1,691.4	1,577.3
Other investment held at amortised cost	15.9	–	15.9	–	15.9	–	15.9	–
Cash and cash equivalents	347.9	209.5	347.9	209.5	180.5	50.1	180.5	50.1
Trade and other receivables	254.2	325.8	254.2	325.8	152.3	209.8	152.3	209.8
Financial liabilities								
Interest bearing loans and borrowings:								
– Fixed rate borrowings	82.7	83.7	82.3	83.7	82.7	83.7	82.3	83.7
– Floating rate borrowings	–	–	–	–	370.4	280.0	370.4	280.0
Insurance contract liabilities	2,311.9	1,128.1	2,311.9	1,128.1	–	–	–	–
Trade and other payables	269.4	329.7	269.4	329.7	174.0	118.3	174.0	118.3

The major methods and assumptions used in estimating the fair values of financial instruments reflected in the above table are:

Securities

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

The fair value of unlisted investments have been valued in accordance with International Private Equity and Venture Capital Valuation guidelines where relevant.

Interest bearing loans

The fair value of borrowings has been calculated by discounting the expected future cash flows at prevailing interest rates.

The valuations have considered similar issues available in the market and the liquidity of liabilities. This excludes the unamortised issue costs of £1.2 million.

Where discounted cash flow techniques are used, estimated cash flows are based on management's best estimates and the discount rate is a market related rate for a similar instrument at the balance sheet date. Where other pricing models are used, inputs are based on market related data at the balance sheet date.

The fair value of the liability component of the convertible bonds is determined using a 5.85% yield based on a similar instrument, assuming three years to maturity without conversion.

29 Fair value of financial Instruments (continued)

Trade receivables and payables

Trade receivables and payables are typically settled in a short time frame. As a result, the fair value of these balances is considered to be materially equal to the carrying value, after taking into account potential impairment losses.

Financial instruments relating to unit linked contracts

The Group's life assurance subsidiary provides unit linked wrappers which allow clients to benefit from investing in pooled funds. As explained in note 18, the risks and rewards of managing these assets are the same as other assets under management as the financial risks and rewards attributable to these assets also fall to be borne by, or to the benefit of, clients. Hence, while a number of significant financial instruments are recognised in the balance sheet in respect of the subsidiary, the key risk to the Group is the impact of the level of the fees which are earned from this entity which are directly impacted by the underlying value of the policyholder assets. While by necessity this subsidiary company has some insurance risks, these risks are completely reinsured, thereby negating any ultimate insurance risk to the Group's equity holders.

The assets above are all unit linked and held for the sole benefit of the policyholders within Aberdeen Asset Management Life and Pensions Limited. Investment and credit risk in respect of assets and liabilities held within unit linked funds is borne by the policyholders. Accordingly, these assets are not included in fair value measurements disclosure below.

Fair value measurements recognised in the balance sheet

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

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

	Level 1 £m	Level 2 £m	Level 3 £m	2012 Total £m
Fair value through profit or loss				
Stock of units and shares in managed funds	0.2	–	–	0.2
Seed capital investments	40.4	–	–	40.4
Other investments	11.5	–	–	11.5
Investments in life and pensions subsidiary	6.6	–	–	6.6
Available for sale financial assets				
Other investments	1.4	–	35.8	37.2
	60.1	–	35.8	95.9

	Level 1 £m	Level 2 £m	Level 3 £m	2011 Total £m
Fair value through profit or loss				
Stock of units and shares in managed funds	0.4	–	–	0.4
Seed capital investments	29.8	–	–	29.8
Other investments	0.4	7.7	2.3	10.4
Investments in life and pensions subsidiary	23.1	–	–	23.1
Available for sale financial assets				
Other investments	2.1	–	44.7	46.8
	55.8	7.7	47.0	110.5

Reconciliation of Level 3 fair value measurements of financial assets

	Available for sale financial assets £m	Designated as held for trading £m	Total £m
Balance at 1 October 2011	44.7	2.3	47.0
Total gains or losses:			
– In income statement	(1.9)	–	(1.9)
– In other comprehensive income	1.1	–	1.1
– loss recycled from equity	(4.2)	–	(4.2)
Purchases	1.2	–	1.2
Settlements	(5.1)	(2.3)	(7.4)
Balance at 30 September 2012	35.8	–	35.8

There were no transfers between Level 1, Level 2 or Level 3 investments.

Investments classified as level 3 principally comprise investments in property funds. While the Group is not aware of significant differences between valuations received and reasonably possible alternatives, the value of these investments would be directly impacted by changes in the European and Asian property markets. The Group estimates that a 10% increase/decrease in the fair value of these investments will have a favourable/unfavourable impact on equity of £3.6 million.

30 Financial risk management

Overview

This note describes the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

i) Risk management

The Group is exposed to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market price risk
- foreign exchange risk
- interest rate risk

The Board of directors has overall responsibility for the establishment and ongoing management of the Group's risk management framework and the implementation and operation of the Board's policies are handled by the Group's risk management committee.

The Group's risk committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Board has approved the risk appetite statement, which sets out the quantum and types of risk that the Group is willing to accept in pursuing its objectives. The risk appetite statement is a top-down framework against which policies, systems and limits can be set. The Group's risk committee monitors compliance with the risk appetite statement through a series of key performance indicators.

The Group's audit committee is responsible for overseeing financial reports and internal control. Internal audit assist the Group audit committee in its oversight role by undertaking both regular and ad hoc reviews of risk management controls and procedures and report the results of these reviews directly to the audit committee.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees are involved and understand their roles and obligations.

30 Financial risk management (continued)

ii) Credit risk

Credit risk is the risk of financial loss to the Group if a client or counterparty to a financial instrument is unable to pay in full amounts when due, and arises principally from the Group's cash and cash equivalents and trade receivables and accrued income.

As detailed in note 29, the carrying value of financial instruments approximate their fair value, with the exception of interest bearing loans and borrowings. The Group's maximum exposure to credit risk is represented by the carrying amount of its financial assets.

A breakdown of the Group's relevant financial assets by credit rating is set out below.

Group

	AAA £m	AA £m	A £m	Not rated £m	Total £m
As at 30 September 2012					
Cash and cash equivalents	49.3	142.1	152.0	4.5	347.9
As at 30 September 2011					
Cash and cash equivalents	–	159.2	43.9	6.4	209.5
Liquid investments in life and pension subsidiary	11.8	–	–	–	11.8
	11.8	159.2	43.9	6.4	221.3

Company

	AAA £m	AA £m	A £m	Not rated £m	Total £m
As at 30 September 2012					
Cash and cash equivalents	37.2	30.1	113.2	–	180.5
As at 30 September 2011					
Cash and cash equivalents	–	50.0	0.1	–	50.1

No other relevant financial assets are rated.

The Group adopts a low risk strategy in respect of its treasury management, at all times ensuring, as far as possible, that its capital is preserved and financial risks are managed in line with the Group's treasury policy as approved by the audit committee. The treasury function manage the cash resources on a daily basis in accordance with the treasury policy. We continuously monitor the credit ratings of all institutions where we deposit money.

Trade receivables and accrued income represent amounts recognised in revenue in the Group income statement which have not been settled by clients. Outstanding balances are monitored locally by senior management and historically the level of default has not been significant and in the majority of cases there is an ongoing relationship with the client.

An analysis of ageing of financial assets is shown below

Group

	Neither past due nor impaired £m	Past due and not impaired			Total £m
		Less than 30 days £m	Between 30 and 90 days £m	Between 90 days and 1 year £m	
As at 30 September 2012					
Trade receivables	17.6	4.7	5.2	1.7	29.2

	Neither past due nor impaired £m	Past due and not impaired			Total £m
		Less than 30 days £m	Between 30 and 90 days £m	Between 90 days and 1 year £m	
As at 30 September 2011					
Trade receivables	26.4	6.3	2.7	2.6	38.0

All other financial assets are neither past due nor impaired.

Company

	Neither past due nor impaired £m	Past due and not impaired			Total £m
		Less than 30 days £m	Between 30 and 90 days £m	Between 90 days and 1 year £m	
As at 30 September 2012					
Trade receivables	0.3	–	0.1	0.1	0.5

	Neither past due nor impaired £m	Past due and not impaired			Total £m
		Less than 30 days £m	Between 30 and 90 days £m	Between 90 days and 1 year £m	
As at 30 September 2011					
Trade receivables	0.4	–	0.2	0.1	0.7

All other financial assets are neither past due nor impaired.

30 Financial risk management (continued)

Details of provisions against trade receivables at 30 September are as follows:

	Group	
	2012	2011
	£m	£m
Trade receivables provision:		
Balance at 1 October	0.6	0.5
Bad debt (release) charge in the year	(0.1)	0.1
Balance at 30 September	0.5	0.6

This is a 100% provision held against gross trade receivable balances of £0.5 million at 30 September 2012 (2011: £0.7 million).

Fees are billed to clients as soon as values are available and settlement is due within agreed contractual terms. As a result, the average level for debtors and accrued income outstanding, at any point in time, will represent approximately 2.5 months' revenue.

At 30 September 2012 the Group had three (2011: six) individual clients with greater than £1 million outstanding. The total outstanding was £4.6 million (2011: £22.7 million).

The Group, in some situations, may be exposed to a concentration of credit risk, particularly from some of its larger clients or groups of connected clients. This may arise during the period from recognition of management fees in the income statement and settlement of fees by clients. Very few clients have external credit ratings.

The Group operates and manages a number of open end funds and in doing so it seeks as far as possible to match the purchase and sale of investments in order to match the receipt or payment of funds from or to clients. Where these positions are not matched the Group may be required to fund any shortfall although due to the short settlement period for these transactions the risk relating to unsettled transactions is considered to be small. In addition should any investor default on any payment due the Group would be entitled to recover any costs from the investor.

iii) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due or can only do so at a significantly increased cost.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's facilities include £100 million of revolving credit facilities, which are undrawn. The Group has cash balances of £347.9 million at 30 September 2012. Therefore, the current headroom between available facilities and amounts drawn is substantial and the Group's intention will be to maintain the headroom at a healthy level in the future.

The expected cash flows related to the Group's financial liabilities are as follows:

	Within 1 year or repayable on demand £m	Within 1–2 years £m	Within 2–5 years £m	More than 5 years £m	Total £m
As at 30 September 2012					
3.5% convertible bonds 2014	88.6	–	–	–	88.6

	Within 1 year or repayable on demand £m	Within 1–2 years £m	Within 2–5 years £m	More than 5 years £m	Total £m
As at 30 September 2011					
3.5% convertible bonds 2014	3.2	3.2	94.6	–	101.0

As disclosed in note 33, the Company has notified remaining holders of the convertible bonds that all outstanding bonds in issue on 3 January 2013 will be converted into ordinary shares.

Liquidity risk – Company

The expected cash flows related to the Company's financial liabilities are as follows:

	Within 1 year or repayable on demand £m	Within 1–2 years £m	Within 2–5 years £m	More than 5 years £m	Total £m
As at 30 September 2012					
Bank overdraft	370.4	–	–	–	370.4
3.5% convertible bonds 2014	88.6	–	–	–	88.6
	459.0	–	–	–	459.0

	Within 1 year or repayable on demand £m	Within 1–2 years £m	Within 2–5 years £m	More than 5 years £m	Total £m
As at 30 September 2011					
Bank overdraft	280.0	–	–	–	280.0
3.5% convertible bonds 2014	3.2	3.2	94.6	–	101.0
	283.2	3.2	94.6	–	381.0

All other Group and Company financial liabilities are repayable within one year or on demand.

30 Financial risk management (continued)

iv) Market price risk

Market price risk is the risk that the fair value or future cash flows of financial instruments will change due to movements in market prices, other than foreign exchange rates or interest rates. These financial instruments include the Group's investments in seed capital and is invested to support the launch of new funds. Seed capital is typically invested in quoted funds for less than one year. These investments have been measured at fair value through profit or loss. Investments in property funds are usually for longer term (eg five to seven years) and are measured as available for sale. These securities are managed on an individual basis and all buy and sell decisions are approved by the GMB. The objective of market price risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. The Board sets the limits for investing seed capital and regularly monitors the exposure.

The following financial assets are exposed to market risk:

	Group		Company	
	2012 £m	2011 £m	2012 £m	2011 £m
Financial assets at fair value through profit or loss				
Financial investments	11.5	10.4	11.5	–
Stock of units and shares	0.2	0.4	–	–
Seed capital	40.4	29.8	31.2	19.2
Available for sale financial assets				
Financial investments	37.2	46.8	5.6	11.1
	89.3	87.4	48.3	30.3

The Group's defined benefit pension schemes hold assets which are exposed to market price risk. Details of these assets are shown in note 32.

Sensitivity analysis is disclosed below.

v) Foreign currency risk

The Group is exposed to foreign currency risk at a transactional and translational level. Transaction risk is the risk that the domestic value of a foreign currency denominated cash flow will vary adversely. Translation risk arises from translating the balances of overseas subsidiaries which report their results in a currency other than sterling and therefore the sterling value of those balances could vary adversely.

Foreign currency transaction risk

The Group undertakes transactions in a number of currencies and foreign currency risk arises through fluctuations in foreign currency changing the fair value or future cash flows of financial instruments.

Revenues are earned principally from fees which are calculated on the basis of the value of AuM managed for clients and many mandates include investments valued in currencies other than sterling. The fact that we operate on a global basis, with offices in a number of countries worldwide, means that a proportion of operating costs is also incurred in foreign currencies. Further, coupons on the 7.9% perpetual capital securities are incurred in US dollars. Variations in the sterling value of these operating costs and interest cost will, to an extent, offset any similar impact of fluctuating exchange rates on revenues. The Board has therefore decided that it is not appropriate to undertake any specific hedging of the Group's revenues or costs.

The Group's financial assets and liabilities are denominated in the following currencies:

Group

	Total £m	Sterling £m	US\$ £m	Euro £m	Nordic currencies £m	Singapore dollar £m	Other currencies £m
As at 30 September 2012							
Financial assets							
Non current asset investments	53.1	26.9	3.5	16.5	6.1	0.1	–
Trade and other receivables	254.2	116.5	83.9	19.9	11.1	3.2	19.6
Stock	0.2	0.2	–	–	–	–	–
Cash and cash equivalents	347.9	29.7	52.2	38.5	27.1	168.2	32.2
Current asset investments	18.1	16.8	0.7	0.6	–	–	–
Seed capital	40.4	15.8	22.1	0.1	–	2.0	0.4
	713.9	205.9	162.4	75.6	44.3	173.5	52.2

Financial liabilities							
Trade and other payables	269.4	151.1	54.4	31.3	11.9	9.8	10.9
Interest bearing loans and borrowings	82.7	82.7	–	–	–	–	–
	352.1	233.8	54.4	31.3	11.9	9.8	10.9

	Total £m	Sterling £m	US\$ £m	Euro £m	Nordic currencies £m	Singapore dollar £m	Other currencies £m
As at 30 September 2011							
Financial assets							
Non current asset investments	46.8	19.6	3.1	3.5	20.5	0.1	–
Trade and other receivables	325.8	210.7	60.0	26.0	11.1	4.4	13.6
Stock	0.4	0.4	–	–	–	–	–
Cash and cash equivalents	209.5	7.3	90.0	45.6	18.4	6.2	42.0
Current asset investments	33.5	23.1	10.0	–	–	0.4	–
Seed capital	29.8	18.5	8.7	0.1	–	2.0	0.5
	645.8	279.6	171.8	75.2	50.0	13.1	56.1

Financial liabilities							
Trade and other payables	329.7	221.8	47.4	26.9	11.0	8.8	13.8
Interest bearing loans and borrowings	83.7	83.7	–	–	–	–	–
	413.4	305.5	47.4	26.9	11.0	8.8	13.8

30 Financial risk management (continued)

Company

	Total £m	Sterling £m	US\$ £m	Euro £m	Nordic currencies £m	Other currencies £m
As at 30 September 2012						
Financial assets						
Current asset investments	11.5	10.2	0.7	0.6	–	–
Non current asset investments	21.5	21.5	–	–	–	–
Trade and other receivables	152.3	152.3	–	–	–	–
Cash and cash equivalents	180.5	170.3	0.4	9.8	–	–
Seed capital	31.2	15.8	14.9	0.1	–	0.4
	397.0	370.1	16.0	10.5	–	0.4
Financial liabilities						
Trade and other payables	174.0	173.6	0.3	–	–	0.1
Interest bearing loans and borrowings	453.1	453.1	–	–	–	–
	627.1	626.7	0.3	–	–	0.1
As at 30 September 2011						
Financial assets						
Non current asset investments	11.1	11.1	–	–	–	–
Trade and other receivables	209.8	77.9	3.3	85.0	11.5	32.1
Cash and cash equivalents	50.1	50.1	–	–	–	–
Seed capital	19.2	18.5	0.1	–	–	0.6
	290.2	157.6	3.4	85.0	11.5	32.7
Financial liabilities						
Trade and other payables	118.3	102.8	11.6	0.6	–	3.3
Interest bearing loans and borrowings	363.7	361.7	4.8	(2.8)	–	–
	482.0	464.5	16.4	(2.2)	–	3.3

Foreign currency translation risk

The foreign currency net financial assets and liabilities of subsidiaries which adopt a different reporting currency are as follows:

	2012 £m	2011 £m
US dollar	67.1	55.2
Euro	31.5	26.7
Nordic currencies	28.5	41.9
Singapore dollar	169.5	50.6
Other	28.9	34.0

vi) Interest rate risk

The Group is exposed to interest rate risk through borrowing at both fixed and floating rates. The risk is managed by maintaining an appropriate mix. The Group's debt consists of convertible debt and the revolving credit facilities, which were undrawn at 30 September 2012. The convertible bonds, which were issued in December 2009, bear interest at a fixed rate throughout their five year life. Interest on the revolving credit facilities, which have been undrawn throughout the year, is at LIBOR plus a margin.

The Group also receives variable rate interest on cash deposits.

	2012			2011		
	Fixed rate £m	Variable rate £m	Total £m	Fixed rate £m	Variable rate £m	Total £m
Group						
3.5% convertible bonds 2014	82.7	–	82.7	83.7	–	83.7

	2012			2011		
	Fixed rate £m	Variable rate £m	Total £m	Fixed rate £m	Variable rate £m	Total £m
Company						
Bank overdraft	–	370.4	370.4	–	280.0	280.0
3.5% convertible bonds 2014	82.7	–	82.7	83.7	–	83.7
	82.7	370.4	453.1	83.7	280.0	363.7

30 Financial risk management (continued)

The interest rate profiles of the Group's and Company's financial assets excluding the assets backing the liabilities relating to the life assurance subsidiary at 30 September were as follows:

Group	2012			2011		
	Floating rate £m	No interest £m	Total £m	Floating rate £m	No interest £m	Total £m
Non current asset investments	15.9	37.2	53.1	3.8	43.0	46.8
Trade and other receivables	–	254.2	254.2	–	325.8	325.8
Stock	–	0.2	0.2	–	0.4	0.4
Cash and cash equivalents	347.9	–	347.9	209.5	–	209.5
Current asset investments	–	18.1	18.1	11.8	21.7	33.5
Seed capital	0.4	40.0	40.4	–	29.8	29.8
Total	364.2	349.7	713.9	225.1	420.7	645.8
Company						
Non current asset investments	15.9	5.6	21.5	3.8	7.3	11.1
Trade and other receivables	–	152.3	152.3	–	209.8	209.8
Cash and cash equivalents	180.5	–	180.5	50.1	–	50.1
Current asset investments	–	11.5	11.5	–	–	–
Seed capital	0.4	30.8	31.2	–	19.2	19.2
Total	196.8	200.2	397.0	53.9	236.3	290.2

The no interest financial assets do not have maturity dates. They principally comprise available for sale investments, seed capital investments and other debtors.

The floating rate financial assets principally comprise cash and deposit balances which earn interest at rates which fluctuate according to money market rates.

The carrying value and maturity profile of the Group's and Company's financial instruments that are exposed to interest rate risk are shown in the following table:

	Group		Company	
	2012 Within 1 year £m	2011 Within 1 year £m	2012 Within 1 year £m	2011 Within 1 year £m
As at 30 September				
Floating rates				
Cash and cash equivalents	347.9	209.5	180.5	50.1
Bank overdraft	–	–	(370.4)	(280.0)
	347.9	209.5	(189.9)	(229.9)

vii) Sensitivity analysis

The following analysis provides an indication of the impact of changes in the significant market risk variables on the fair value and cash flows of the Group's financial instruments.

The sensitivity analysis covers the financial instruments at each of the balance sheet dates and assumes changes in market variables. It should however be noted that due to the inherent uncertainty in world financial markets the assumptions made may differ significantly from the actual outcome particularly as market risks tend to be interdependent and are therefore unlikely to move in isolation.

The following assumptions have been made in respect of the market risks:

- Sterling exchange rates are assumed to increase or decrease by 10%
- Market interest rates are assumed to increase or decrease by 1%
- Market prices are assumed to increase or decrease by 10% at each reporting date

The impact of the assumptions on the financial assets and liabilities net of tax, are as follows:

Group

	Impact on profit or loss £m	Impact on profit or loss £m	Impact on equity £m	Impact on equity £m
As at 30 September 2012				
Exchange rate movement	+10%	-10%	+10%	-10%
Currency				
Sterling/US dollar	8.9	(8.9)	6.7	(6.7)
Sterling/Euro	3.6	(3.6)	3.1	(3.1)
Sterling/Nordic currencies	2.7	(2.7)	2.9	(2.9)
Sterling/Singapore dollar	13.4	(13.4)	16.9	(16.9)
Market price movement	+10%	-10%	+10%	-10%
Financial investments at fair value through profit or loss	3.3	(3.3)	-	-
Financial investments available for sale	-	-	2.7	(2.7)
Interest rate movement	+1%	-1%	+1%	-1%
Sterling market interest rates	1.8	(1.8)	-	-

	Impact on profit or loss £m	Impact on profit or loss £m	Impact on equity £m	Impact on equity £m
As at 30 September 2011				
Exchange rate movement	+10%	-10%	+10%	-10%
Currency				
Sterling/US dollar	6.0	(6.0)	5.5	(5.5)
Sterling/Euro	1.7	(1.7)	2.7	(2.7)
Sterling/Nordic currencies	0.2	(0.2)	4.2	(4.2)
Market price movement	+10%	-10%	+10%	-10%
Financial investments at fair value through profit or loss	3.2	(3.2)	-	-
Financial investments available for sale	-	-	3.0	(3.0)
Interest rate movement	+1%	-1%	+1%	-1%
Sterling market interest rates	1.4	(1.4)	-	-

30 Financial risk management (continued)

Company

	Impact on profit or loss £m	Impact on profit or loss £m	Impact on equity £m	Impact on equity £m
As at 30 September 2012				
Exchange rate movement	+10%	-10%	+10%	-10%
Currency				
Sterling/US dollar	1.3	(1.3)	-	-
Sterling/Euro	0.9	(0.9)	-	-
Sterling/Nordic currencies	-	-	-	-
Market price movement	+10%	-10%	+10%	-10%
Financial investments at fair value through profit or loss	2.6	(2.6)	-	-
Financial investments available for sale	-	-	0.1	(0.1)
Interest rate movement	+1%	-1%	+1%	-1%
Sterling market interest rates	(1.8)	1.8	-	-

	Impact on profit or loss £m	Impact on profit or loss £m	Impact on equity £m	Impact on equity £m
As at 30 September 2011				
Exchange rate movement	+10%	-10%	+10%	-10%
Currency				
Sterling/US dollar	(1.0)	1.0	-	-
Sterling/Euro	7.0	(7.0)	-	-
Sterling/Nordic currencies	1.0	(1.0)	-	-
Market price movement	+10%	-10%	+10%	-10%
Financial investments at fair value through profit or loss	1.6	(1.6)	-	-
Financial investments available for sale	-	-	0.1	(0.1)
Interest rate movement	+1%	-1%	+1%	-1%
Sterling market interest rates	(1.7)	1.7	-	-

viii) Capital management

The Board's policy with respect to capital is to maintain a strong capital base in order to maintain investor, creditor and market confidence and to provide a sufficient base to sustain the future development of the business while at the same time ensuring compliance with all regulatory capital requirements. The Board receives monthly updates on headroom over regulatory capital and supervises key decisions that may impact the future capital position of the Group. Further information on the Group's regulatory capital position is given below.

The Group's capital structure consists of equity instruments, retained earnings and other equity reserves together with the perpetual capital securities. The perpetual capital securities satisfy the requirements of financial reporting standards for treatment as equity and are treated as an element of capital for regulatory purposes.

Subsequent to the year-end, the capital position has been strengthened further by the conversion of £65.1 million of convertible bonds to ordinary shares. This is discussed in note 33.

The Group uses cash generated from its operations to pay a progressive dividend. The Board seeks to avoid further dilutive issuance of new shares and has, since 2010, satisfied vesting of deferred bonus awards by purchasing shares in the market through the Employee Benefit Trust.

Regulatory capital requirements

In accordance with the Capital Requirements Directive (CRD), as implemented in the UK by the Financial Services Authority (FSA), the Group is required to maintain a minimum level of capital. In common with many other independent asset managers, the Group currently operates under the terms of a waiver from the requirement to meet the full consolidated supervision rules of the CRD. The waiver was granted by the FSA with effect from January 2007 and is effective until August 2014. However, the Board expects to achieve its objective of eliminating reliance on this waiver by the end of 2012.

The Group is required to undertake an Internal Capital Adequacy Assessment Process (ICAAP), under which the Board quantifies the level of capital required to meet operational risks; this is referred to as the Pillar 2 capital requirement. The objective of this process is to ensure that firms have adequate capital to enable them to manage their risks which may not be adequately covered under the Pillar 1 requirements. This is a forward looking exercise which includes stress testing for the effects of major risks, such as those discussed on pages 31 to 33. These tests consider how the Group would cope with a significant market downturn, for example, and include an assessment of the Group's ability to mitigate the risks.

At 30 September 2012 the Group had three subsidiaries which are registered in the United Kingdom and regulated by the FSA and a further 35 subsidiaries which are subject to regulation in a number of overseas jurisdictions. With the exception of Aberdeen Asset Management Life and Pensions Limited, which is a regulated insurance firm, all others are regulated investment firms and are part of the Group consolidation for regulatory capital reporting purposes. The overseas regulated companies are subject to regulatory capital requirements which are determined by the respective local regulators.

All the regulated companies in the Group maintained surpluses over their respective regulatory capital requirements throughout the year.

31 Related party transactions

In the ordinary course of business, the Company and its subsidiary undertakings carry out transactions with related parties, as defined by IAS 24 Related Party Disclosures. Material transactions for the year are set out below.

The principal subsidiary undertakings of the Company are shown in note 14. During the year, the Group entered into the following transactions with related parties:

a) Compensation of key management personnel of the Group

	2012 £m	2011 £m
Short-term employee benefits	9.2	9.1
Share based payments	12.0	12.4
Pension contributions	0.4	0.5
Total	21.6	22.0
Deferred elements of employee benefits outstanding at the year end:		
Amounts owed to related parties (including amounts deferred from previous years)	34.6	32.2

The remuneration policy is described in more detail in the Remuneration report on pages 50 to 62.

b) Transactions with subsidiaries

Details of transactions between the Company and its subsidiaries, which are related parties of the Company are shown below:

	2012 £m	2011 £m
Interest receivable	1.2	3.8
Interest payable	0.4	0.6
Management fees	107.2	85.5
Dividends	217.6	180.7
Transfer of goodwill and intangibles to subsidiaries	4.4	-
Amounts due from subsidiaries	138.7	198.7
Amounts due to subsidiaries	136.9	76.6

c) Post employment benefit plans

The Group operates and participates in several post employment benefit plans as detailed in note 32.

The Group contributed the following amounts to defined benefit and defined contribution plans and had amounts outstanding at 30 September each year as follows:

	Employer contributions		Outstanding at 30 September	
	2012 £m	2011 £m	2012 £m	2011 £m
CGA Staff Pension Fund	2.3	0.3	–	–
Murray Johnstone Retirement Benefits Plan	4.1	4.0	–	–
Edinburgh Fund Managers Group plc Retirement & Death Benefits Plan	3.3	3.2	–	–
DEGI Pension Plan	0.4	–	–	–
Other defined benefit plans	0.7	0.7	–	–
Defined contribution schemes	18.4	18.7	–	–

The increased contribution to the CGA Staff Pension Fund was to enable the trustees of the scheme to buy out the liabilities with an insurer and commence wind-up of the scheme. No further contribution will be payable.

d) Asset management vehicles

The Group provides investment management services for a number of collective investment schemes where Group companies directly sponsor or are investment advisors of underlying funds, which meet the criteria or related parties. In return the Group receives management fees for provision of these services

These asset management vehicles and the investment management fees are summarised below:

	Gross Revenues 2012 £m	Outstanding at 30 Sep 2012 £m	Gross Revenues 2011 £m	Outstanding at 30 Sep 2011 £m
Collective investment schemes	256.4	23.6	262.6	23.7

32 Retirement benefits

The Group's principal form of pension provision is by way of three defined contribution schemes operated worldwide. The Group also operates several legacy defined benefit schemes: the CGA Staff Pension Fund, the Murray Johnstone Limited Retirement Benefits Plan and 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 total contributions charged to the income statement in respect of the schemes operated by the Group were as follows:

		2012 £m	2011 £m
i)	In respect of the Group's defined contribution schemes:		
	Pension cost charged to operating profit: UK schemes	9.0	9.3
	Overseas schemes	9.4	7.9
		18.4	17.2
ii)	In respect of the Group's defined benefit schemes:		
	Pension cost charged to operating profit: UK and DEGI schemes	1.9	1.3
	Other schemes	1.3	1.4
		3.2	2.7

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

The pension surplus and deficits of the Group are summarised as follows:

	2012 £m	2011 £m
Pension surplus (deficits)		
Edinburgh Fund Managers Retirement & Death Benefits Plan	12.9	5.4
Murray Johnstone Limited Retirement Benefits Plan	(17.9)	(20.9)
CGA Staff Pension Fund	–	(0.7)
DEGI Pension Plan	(6.3)	(5.2)
Deficit in main schemes (see (4) below)	(11.3)	(21.4)
Other defined benefit pension schemes	(4.1)	(2.9)
	(15.4)	(24.3)

Disclosure relating to the Group's defined benefit obligations

The information given in (1) and (4) below reflects the aggregate disclosures in respect of the Group's three UK defined benefit pension arrangements and the DEGI scheme in Germany. The information given in (2) reflects the three UK schemes only. The information provided in (3) relates to the DEGI pension scheme.

1) Plan assets

	2012		2011	
	£m	%	£m	%
Plan assets				
Equities and alternatives	43.8	29.1	39.2	30.9
Gilts and other bonds	43.2	28.7	40.9	32.2
LDI funds	46.2	30.7	38.7	30.5
Other	12.3	8.2	6.9	5.4
Cash	5.0	3.3	1.3	1.0
	150.5	100.0	127.0	100.0

Basis used to determine the expected rate of return on plan assets

To develop the expected long-term rate of return on assets assumption, the Group considered the current level of expected returns on risk-free investments (primarily government bonds), the historical level of risk premium associated with the other asset classes in which the portfolio is invested, and the expectations for the future returns of each asset class. The expected return for each asset class was then weighted, based on the target asset allocation, to develop the expected long-term rate of return on assets assumptions for the portfolio.

2) Major assumptions used by UK schemes' actuaries

	2012 %	2011 %
Expected rate of return		
Equities and alternatives	6.2	6.5
Gilts and other bonds	3.4	3.5
LDI funds	3.1	3.4
Cash	0.5	0.5
	2012 %	2011 %
Discount rate	4.6	5.1
Pension increases		
– pre July 1997 accrual (Edinburgh 3%)	5.0	5.0
– post July 1997 accrual	2.8	3.2
Contributory salary increases (applies to Murray Johnstone only)	4.8	5.2
Rate of price inflation (RPI)	2.8	3.2
Rate of price inflation (CPI)	2.3	2.7

32 Retirement benefits (continued)

The weighted average assumptions used to determine the net pension cost are as follows:

	2012 %	2011 %
Discount rate	5.1	5.0
Expected long-term rate of return on plan assets	4.8	5.0
Rate of compensation increase (applies to Murray Johnstone only)	5.2	5.2
Rate of price inflation (RPI)	3.2	3.2

Mortality assumptions

The mortality assumptions for the UK defined benefit schemes at 30 September 2012 follow the SINA LIGHT CMI 2009 1.25% (YOB) tables. The impact of these assumptions on life expectancies is shown in the table below:

	2012 Years	2011 Years
Impact of mortality assumptions		
Expected age at death for a male currently aged 40 retiring in the future at age 60	90.5	89.6
Expected age at death for a female currently aged 40 retiring in the future at age 60	91.8	90.9
Expected age at death for a current male pensioner aged 60	88.6	88.2
Expected age at death for a current female pensioner aged 60	89.8	89.3

3) Major assumptions used by the DEGI scheme actuaries

	2012 %	2011 %
Major assumptions used by DEGI scheme actuaries		
Discount rate	3.4	5.7
Rate of compensation increase	2.0	2.0
Expected long-term rate of return on plan assets	3.4	5.7
Rate of price inflation	2.0	2.0
Assumed retirement age	RVAGAnpG2007	RVAGAnpG2007

The mortality tables used for the DEGI scheme were RT2005G with 80% invalidity.

4) Aggregate disclosure obligations

The following disclosure relates to the Group's three UK schemes plus the DEGI scheme in Germany:

	2012 £m	2011 £m
Change in benefit obligation		
Benefit obligation at beginning of year	148.4	149.5
Interest cost	7.5	7.3
Amendments	0.3	–
Actuarial loss (gain) recognised	10.8	(4.3)
Benefits paid from scheme	(4.3)	(4.0)
Exchange movement	(0.9)	(0.1)
Benefit obligation at end of year	161.8	148.4
Change in scheme assets		
Fair value of plan assets at beginning of year	127.0	116.7
Expected return on scheme assets	5.5	5.9
Actuarial gain on scheme assets	12.7	0.4
Employer contributions	10.1	8.0
Benefits paid from scheme	(4.3)	(4.0)
Exchange movement	(0.5)	–
Fair value of scheme assets at end of year	150.5	127.0
Deficit recognised at end of year	(11.3)	(21.4)
	2012 £m	2011 £m
Movement in deficit during the year		
Deficit in schemes at beginning of year	(21.4)	(32.8)
Movement in year:		
Transfer and amendments	(0.4)	–
Employer contributions	10.1	8.0
Pension expense recognised in income statement	(2.0)	(1.3)
Amounts recognised in the statement of comprehensive income	1.9	4.7
Exchange movement	0.5	–
Net deficit in schemes at end of year	(11.3)	(21.4)
Surplus in scheme at end of year	12.9	5.4
Deficits in schemes at end of year	(24.2)	(26.8)
	(11.3)	(21.4)

Amounts recognised in the statement of comprehensive income in the year include the amount shown above for the Group's main defined benefit schemes plus an actuarial loss of £1.2 million for other schemes.

32 Retirement benefits (continued)

The Group expects to pay approximately £7.1 million to the UK defined benefit schemes in the next financial year.

	2012 £m	2011 £m
Expense recognised in the income statement		
Interest cost	7.5	7.3
Expected return on scheme assets	(5.5)	(5.9)
	2.0	1.4
Actual return on scheme assets	18.3	6.2
Amount recognised in other comprehensive income		
Actuarial gain in the year	1.9	4.7
Cumulative amount recognised	(34.4)	(36.3)

5) Five year summary

The following disclosures relate to all Group schemes.

	2012 £m	2011 £m	2010 £m	2009 £m	2008 £m
Defined benefit schemes – five year history					
Benefit obligations at 30 September	(169.4)	(154.1)	(154.8)	(138.6)	(106.1)
Fair value of plan assets at 30 September	154.0	129.8	119.8	105.2	94.2
Net pension deficit	(15.4)	(24.3)	(35.0)	(33.4)	(11.9)
Difference between expected and actual return on plan assets					
Amount	11.3	2.4	8.6	(1.6)	(14.4)
Percentage of plan assets	7.3%	1.8%	7.2%	-1.6%	-15.3%
Experience gains and losses on benefit obligations					
Amount	1.7	1.7	(13.4)	1.8	6.5
Percentage of benefit obligations	1.0%	1.1%	-8.6%	1.3%	6.1%
Total gains and losses					
Amount	6.4	2.7	(5.0)	(25.4)	7.2
Percentage of benefit obligations	3.8%	1.8%	-3.2%	-18.3%	6.8%

Relationships between Aberdeen Asset Management and the trustees of the defined benefit schemes

The schemes assets are held in separate trustee-administered funds to meet long-term pension liabilities to past employees.

The trustees of the funds are required to act in the best interests of the funds' beneficiaries.

6) Company disclosures

	Company	
	2012 £m	2011 £m
Net liability for defined benefit obligations at 1 October	0.7	0.9
Contributions paid	(2.3)	(0.3)
Actuarial losses recognised	1.6	0.1
Net liability for defined benefit obligations at 30 September	–	0.7

33 Post balance sheet event

On 31 October, 2012, the Company notified the holders of the 3.5% convertible bonds 2014 that all outstanding bonds in issue on 3 January 2013, together with accrued interest on such date, will be redeemed. Bondholders remain able to exercise their conversion rights until 27 December 2012. As at 23 November 2012, holders of £68.1 million had exercised their rights to convert to ordinary shares with £21.9 million still capable of conversion or otherwise failing to be redeemed on 3 January 2013.


The liability for outstanding bonds of £82.7 million, stated before deduction of unamortised issue costs, at 30 September 2012 has been reclassified as a current liability.

Responsibility statement

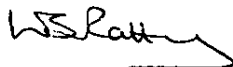
We confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with the applicable set of accounting standards give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- The directors' report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

For and on behalf of the Board



R C Cornick
Chairman



W J Rattray
Finance Director

23 November 2012

Five year summary

	2012 £m	2011 £m	2010 £m	2009 £m	2008 £m
Net revenue	869.2	784.0	638.2	421.9	430.1
Operating expenses					
– Operating costs	(516.5)	(474.7)	(416.3)	(326.2)	(330.8)
– Exceptional integration costs	–	–	(18.2)	(44.5)	(25.0)
– Amortisation and impairment of intangible assets	(78.1)	(77.8)	(66.2)	(30.1)	(13.8)
Total operating expenses	(594.6)	(552.5)	(500.7)	(400.8)	(369.6)
Other operating income	–	–	–	–	4.8
Operating profit before amortisation, impairment and exceptional items	352.7	309.3	221.9	95.7	100.0
Amortisation, impairment and exceptional operating items	(78.1)	(77.8)	(66.2)	(30.1)	(13.8)
Exceptional gains and charges	–	–	(18.2)	(44.5)	(20.9)
Operating profit	274.6	231.5	137.5	21.1	65.3
Net finance costs	(4.9)	(7.4)	(11.9)	(10.6)	(4.9)
Profit before taxation	269.7	224.1	125.6	10.5	60.4
Tax on profit on ordinary activities	(46.1)	(40.2)	(18.3)	(3.8)	(13.6)
Profit for the year	223.6	183.9	107.3	6.7	46.8
Earnings (loss) per share – IAS 33 basis					
– Basic	18.88p	15.01p	8.32p	(1.71p)	4.57p
– Diluted	17.55p	14.06p	8.04p	(1.71p)	4.52p
Underlying profit before taxation	£347.8m	£301.9m	£210.0	£85.1m	£95.1m
Underlying earnings per share					
– Basic	24.45p	20.13p	14.09p	6.52p	9.45p
– Diluted	22.62p	18.73p	13.28p	6.31p	9.01p
Dividend per share	11.5p	9.0p	7.0p	6.0p	5.8p
Assets under management at year end	£187.2bn	£169.9bn	£178.7bn	£146.2bn	£111.1bn

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KPMG Audit Plc

Chartered Accountants
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Stockbrokers

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London E14 5JP

Financial Calendar

Annual General Meeting

17 January 2013

Payment of final dividend

24 January 2013

Announcement of interim results

29 April 2013

Payment of interim dividend

June 2013

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