



# **Aberdeen Asset Management PLC Interim Report and Accounts 2009**



## About Aberdeen Asset Management

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### Who we are

Aberdeen Asset Management is an independent asset management group that has been listed on the London Stock Exchange since 1991 and is today a FTSE-250 company. Founded 26 years ago in Aberdeen, Scotland, the Group has 25 offices in 21 countries. We invest worldwide on behalf of clients across the three major asset classes of equities, fixed income and property and aim for superior investment performance through original thinking and first-hand research.

### What we do

Our business is the active management of financial assets, chiefly equities, fixed income and property, for third parties. We package and sell that expertise in the form of segregated and pooled products across borders. Our key clients include leading national and corporate pension funds, central banks and other investment institutions.



## CONTENTS

2	Operational and Financial Highlights
3	Chairman's Statement
6	Group Income Statement
7	Group Statement of Recognised Income and Expense
8	Group Balance Sheet
9	Summary Group Cash Flow Statement
10	Notes to the interim condensed financial statements
18	Principal Risks
18	Responsibility Statement
19	Independent Review Report
20	Principal offices
21	Corporate information

## FINANCIAL CALENDAR

**Payment of interim dividend**  
18 June 2009

**Announcement of annual results**  
December 2009

**Annual General Meeting**  
21 January 2010

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### Our culture

Given Aberdeen's roots as an investment boutique, we value a flat management structure, openness and accessibility both to each other and our clients. We believe this openness, allied to small, tight-knit investment teams, helps to build trust and long-lasting business relationships. The Group has expanded quickly through organic growth and selective acquisition. Over the years, the Group has acquired knowledge as to how to integrate new teams and staff members. Change is part of our industry and we respect the innovation, new ideas and the experience that our new colleagues bring to our business.

### Our approach

We know global markets from the local level upwards. We are big enough to have global coverage of stocks and markets. But we are small enough to focus on each and every portfolio decision. Our teams value original thinking and knowledge, so decisions are only based on our own research. Clear investment decisions matter to us. We aim for our funds to be the right size and scale and not become too large or unwieldy which can detract from performance. We think our size and approach are optimum to deliver effective asset management and superior client service.

# Operational and Financial Highlights

## Operational highlights

- Previously announced cost savings of £77m proceeding on schedule; further efficiencies of £20 million to be implemented
- Solid balance sheet; new banking facilities agreed to mid-2011
- First closing of Credit Suisse acquisition completed on 30 April; final closing remains on schedule for 30 June 2009

## Historical summary

### Underlying earnings per share (pence)

2009	2.43	
2008	4.71	4.3
2007	5.07	6.02

### Dividend per share (pence)

2009	2.8	
2008	2.8	3.0
2007	2.6	2.9

### Assets under management (£bn)

Mar 2008	96.3	
Sep 2008		111.1
Mar 2008		107.3
Sep 2007		95.3
Mar 2007	80.4	

# Chairman's statement

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Over the six month period ended 31 March 2009, Aberdeen Asset Management has maintained a resolute approach to the difficult financial environment. We have achieved both healthy levels of new business and our targeted cost savings, whilst the acquisition of certain assets and businesses of the traditional asset management business of Credit Suisse is proceeding on schedule.

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**Roger Cornick** Chairman

The financial crisis continues to weigh heavily on the global economy and markets. De-leveraging across the developed world has impacted both credit and equity markets and we expect it will be some time before the effects of the fiscal stimuli take effect and countries begin to emerge from recession. In common with other asset management houses, the Group's revenues have been adversely affected by sharply declining and volatile markets, and currency exchange rates.

Despite these challenges, the Group's diversified business model and the breadth and scale of its client and asset base provides considerable resilience. In addition, since the current downturn began, we have focussed on our cost base. We have previously announced some £77 million of gross annualised cost reductions which, net of consequent income loss, will deliver £60 million of net annualised savings, with £50 million expected to benefit the current financial year. Implementation of these savings, is proceeding on schedule, with a net benefit of £20 million in the first half year and a further £30 million due to be completed during the second half. In light of the continuing market weakness we have identified a further £20 million of annualised cost savings which will be implemented during the remainder of 2009. We expect the full benefit of this latest phase to be reflected in the financial year to 30 September 2010.

Meanwhile the acquisition of certain of Credit Suisse's traditional asset management businesses, announced at the end of 2008 is on track and this transaction will considerably strengthen Aberdeen's position as a major global asset manager, providing significant potential for growth. The business and capital alliance with Mitsubishi UFJ Trust & Banking Corporation (MUTB) which we announced in October 2008 will also provide advantageous new distribution opportunities in the Japanese institutional market once conditions become more favourable.

The Group achieved profit before taxation of £17.9 million (2008: £ 32.5 million). Underlying profit, stated before exceptional items and amortisation of intangible assets, was £33.0 million (2008: £47.3 million). This represents underlying earnings per share, on a diluted basis of 2.43p (2008: 4.71p). The Board has decided to pay an interim dividend of 2.8 pence per share, unchanged from the equivalent payment last year. This interim dividend will be paid on 18 June 2009 to qualifying shareholders on the register at 15 May 2009.

The Group's balance sheet and financing remains robust and we have agreed new bank facilities through to mid-2011. Shortly before the end of the first half year we announced the conversion into ordinary shares of £36.1 million of convertible preference shares, for which we paid the holders a small premium. With regard to regulatory capital, we continue to maintain a substantial surplus over the required levels and the Group now has a waiver from the requirements of consolidated supervision through to February 2014.

## Review of operations

Despite the challenging markets, the Group continues to benefit from its globally diversified client base and investment capabilities and has attracted healthy levels of new business, principally into equity mandates.

However, the first half has been characterised by higher redemptions than this time last year as investors have reduced exposure to risk assets. The majority of the outflows have been experienced within the fixed income business where performance has underperformed benchmark, principally due to the unprecedented widening of credit spreads.

Analysis of these flows is provided in the tables below and it is encouraging to note that the average fee rate of 47 basis points on inflows exceeds the average fee of 29 basis points given up on outflows during the period.

The Group's AuM at 31 March 2009 decreased by 13% to £96.3 billion. The decrease arose as follows:

	£bn	%
At 30 September 2008	111.1	
Net new business flows for the period	(8.5)	-7.6
Expiry of fixed term mandates	(2.8)	-2.5
Business terminated as part of cost reduction programme	(3.0)	-2.7
Market appreciation and performance	(16.1)	-14.5
Exchange rate movements	15.6	+14.0
At 31 March 2009	96.3	-13.3

Gross new business inflows for the period totalled £5.4 billion (2008: £10.8 billion) and these flows are included in assets under management at 31 March 2009. A further £2.6 billion of mandates were awarded but not funded at this

date. Gross outflows totalled £13.8 billion (2008: £10.4 billion).

The composition of the new business flows is summarised in the following table.

#### New business flows

	Funded £m	Yet to fund £m	Total £m
<b>Fixed income:</b> Gross inflows	1,591	569	2,160
Outflows	(10,566)	–	(10,566)
<b>Net flows</b>	<b>(8,976)</b>	<b>569</b>	<b>(8,406)</b>
<b>Equities:</b> Gross inflows	2,674	1,492	4,166
Outflows:	(2,388)	–	(2,388)
<b>Net flows</b>	<b>286</b>	<b>1,492</b>	<b>1,778</b>
<b>Property:</b> Gross inflows	1,011	542	1,553
Outflows	(682)	–	(682)
<b>Net flows</b>	<b>329</b>	<b>542</b>	<b>(871)</b>
<b>Multi-asset:</b> Gross inflows	91	–	91
Outflows	(247)	–	(247)
<b>Net flows</b>	<b>(156)</b>	<b>–</b>	<b>(156)</b>
<b>Group totals:</b> Gross inflows	5,366	2,603	7,969
Outflows	(13,883)	–	(13,883)
<b>Net flows</b>	<b>(8,516)</b>	<b>2,603</b>	<b>(5,913)</b>

Further details of the activities in each of our three main asset classes is set out below.

#### Equities

Investment performance in equities remains strong, with the Group's core disciplines of global equities, global emerging markets, Asia Pacific and US all performing consistently ahead of their respective benchmarks. As a result, considerable success has been achieved through new business wins especially into global and global emerging market equities where we are seeing good demand from investors. We are particularly pleased that our global equities strategy is gaining traction within the consultant community.

#### Fixed Income

Fixed income performance, particularly US credit, has been adversely affected by de-leveraging and illiquidity. The Group has had an overweight position in credit relative to bonds and this has been impacted by the wide spreads despite the high quality investments.

In February, we announced that we will strengthen the management team in this area with the appointment of Paul Griffiths as Global Head of Fixed Income. Paul, who currently occupies the equivalent role within Credit Suisse's asset management division, will join

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Aberdeen following completion of the second closing of our acquisition with Credit Suisse and has vast experience and knowledge of managing a global fixed income operation.

We continue to believe that there are attractive investment opportunities in credit, particularly in high quality corporate debt and we have seen some slight narrowing of credit spreads during the latest quarter. This has enabled us to reclaim some performance against benchmark and we believe that this theme will continue, albeit slowly, as investors regain confidence in credit markets. The outflows for the first half year include the expiry of some fixed term mandates and have been exacerbated by some corporate activity and portfolio rebalancing by some of our clients. We expect that the rate of outflows will begin to slow during the second half and into 2010.

#### Property

Both Goodman Property Investors and DEGI are now fully integrated into the enlarged property division and considerably strengthen Aberdeen's product offering especially into the UK and Europe. The outsourcing of the low margin facilities management business and sale of the Belgian property subsidiary, together with the cost efficiencies implemented during the latter part of 2008, will in due course increase the division's operating margin. Offsetting this in the short term are lower revenues as a consequence of reduced transaction fees. Whilst property has not been immune to the downturn and the falls in the UK commercial property market have been well flagged, we expect to see some good asset growth in the medium term, albeit we remain cautious for 2009.

#### Corporate activity

The acquisition of certain assets and businesses of Credit Suisse's traditional asset management business is well underway and completion of the first closing, involving the Asia Pacific (ex Japan) business, was completed on 30 April 2009. This element of the business had AuM of CHF 11.5 billion (£7.2 billion) at 31 March 2009. The second and final closing of the transaction remains on track for completion at end June 2009.

The Group has an excellent track record of integrating businesses with a clear global operating model and experienced integration team. Although Credit Suisse is a multi-jurisdictional transaction with a number of office locations, we regard it as a large but manageable transaction where the focus is on capacity planning rather than the significant systems development required following the acquisition of various businesses from Deutsche Asset Management in 2005.

#### Outlook

We expect the challenging market conditions to continue for the rest of 2009, until such time as de-leveraging by investors is completed and the various government stimulus packages encourage a return of confidence and loosening of credit. The Group's priorities for the remainder of the financial year are to integrate the Credit Suisse business, continue to manage the cost base efficiently and to deliver superior and consistent investment performance. The market cycle is currently at a stage where attractive acquisition opportunities are likely to arise and we are well placed to benefit from industry consolidation.



**Roger Cornick**  
Chairman

5 May 2009

# Group Income Statement

For the six months to 31 March 2009

	Notes	6 months to 31 March 2009 £'000	6 months to 31 March 2008 £'000	Year to 30 September 2008 £'000
<b>Revenue</b>	2	<b>192,176</b>	201,474	430,086
Operating costs		<b>(154,860)</b>	(153,898)	(330,794)
Exceptional costs	3	<b>(6,700)</b>	(9,625)	(25,002)
Amortisation of intangible assets		<b>(8,424)</b>	(5,192)	(13,785)
<b>Operating expenses</b>		<b>(169,984)</b>	(168,715)	(369,581)
Exceptional gains		<b>–</b>	–	4,129
Gains on investments and other income		<b>983</b>	372	724
<b>Other operating income</b>	4	<b>983</b>	372	4,853
<b>Operating profit before:</b>		<b>38,299</b>	47,948	100,016
Exceptional gains and charges		<b>(6,700)</b>	(9,625)	(20,873)
Amortisation of intangible assets		<b>(8,424)</b>	(5,192)	(13,785)
<b>Operating profit</b>		<b>23,175</b>	33,131	65,358
Finance revenue		<b>939</b>	3,199	5,697
Finance costs		<b>(6,203)</b>	(3,808)	(10,598)
<b>Net finance costs</b>		<b>(5,264)</b>	(609)	(4,901)
Profit before exceptional items, amortisation and taxation		<b>33,035</b>	47,339	95,115
Exceptional items and amortisation before taxation		<b>(15,124)</b>	(14,817)	(34,658)
<b>Profit before taxation</b>		<b>17,911</b>	32,522	60,457
Tax expense before exceptional items and amortisation		<b>(5,248)</b>	(8,276)	(16,491)
Tax on exceptional items		<b>2,563</b>	3,233	2,881
<b>Tax expense</b>	6	<b>(2,685)</b>	(5,043)	(13,610)
Profit after taxation before exceptional items and amortisation		<b>27,787</b>	39,063	78,624
Exceptional items and amortisation after taxation		<b>(12,561)</b>	(11,584)	(31,777)
<b>Profit for the period</b>		<b>15,226</b>	27,479	46,847
Attributable to:				
Equity shareholders of the Company		<b>7,236</b>	21,992	35,216
Other equity holders		<b>7,990</b>	5,487	11,631
		<b>15,226</b>	27,479	46,847
<b>Earnings per share</b>				
Basic	8	<b>0.52p</b>	3.21p	4.57p
Diluted	8	<b>0.52p</b>	3.07p	4.52p
<b>Underlying earnings per share</b>				
Basic	8	<b>2.44p</b>	5.14p	9.45p
Diluted	8	<b>2.43p</b>	4.71p	9.01p

# Group Statement of Recognised Income and Expense

For the six months to 31 March 2009

	Notes	6 months to 31 March 2009 £'000	6 months to 31 March 2008 £'000	Year to 30 September 2008 £'000
Net actuarial gain on defined benefit pension schemes		–	–	7,223
Translation of foreign currency net investments		4,795	4,256	(1,425)
Movement in fair value of available for sale investments		(869)	(71)	(4,992)
Tax on items taken directly to equity		243	(236)	(1,269)
<b>Net income (expense) recognised directly in equity</b>	14	<b>4,169</b>	3,949	(463)
Profit for the period		<b>15,226</b>	27,479	46,847
<b>Total recognised income and expense for the period</b>		<b>19,395</b>	31,428	46,384
Attributable to:				
Equity shareholders of the Company		<b>11,405</b>	25,941	34,753
Other equity holders		<b>7,990</b>	5,487	11,631

# Group Balance Sheet

31 March 2009

	Notes	31 March 2009 £'000	31 March 2008 £'000	30 September 2008 £'000
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets	9	856,042	705,340	828,461
Property, plant and equipment		16,602	24,712	15,661
Other investments	10	58,700	41,072	50,335
Pension surplus	17	6,587	–	5,481
Deferred tax assets		27,324	23,283	24,109
Trade and other receivables		5,943	13,982	8,898
<b>Total non-current assets</b>		<b>971,198</b>	<b>808,389</b>	<b>932,945</b>
<b>Current assets</b>				
Stock of units and shares	11	345	520	268
Financial investments	12	984,027	1,213,171	1,131,060
Trade and other receivables		178,564	163,851	191,558
Other investments	10	9,214	41,025	15,441
Cash and cash equivalents		34,712	53,456	82,161
Assets classified as held for sale	13	16,573	–	17,596
<b>Total current assets</b>		<b>1,223,435</b>	<b>1,472,023</b>	<b>1,438,084</b>
<b>Total assets</b>		<b>2,194,633</b>	<b>2,280,412</b>	<b>2,371,029</b>
<b>Equity</b>				
Called up share capital		80,298	73,111	79,691
Share premium account		406,817	307,545	396,010
Other reserves		213,059	226,468	216,876
Retained loss		(153,653)	(151,263)	(147,216)
<b>Total equity attributable to equity holders of the parent</b>	14	<b>546,521</b>	<b>455,861</b>	<b>545,361</b>
Attributable to other equity holders - perpetual capital securities		198,302	197,662	197,942
<b>Total equity</b>		<b>744,823</b>	<b>653,523</b>	<b>743,303</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Interest bearing loans and borrowings	15	216,217	175,468	172,340
Other creditors		3,325	1,912	11,970
Provisions		–	500	–
Pension deficit	17	16,827	16,450	17,376
Deferred tax liabilities		61,963	34,279	60,930
<b>Total non-current liabilities</b>		<b>298,332</b>	<b>228,609</b>	<b>262,616</b>
<b>Current liabilities</b>				
Investment contract liabilities	12	984,027	1,213,171	1,131,060
Interest bearing loans and borrowings	15	39,424	28,448	46,529
Trade and other payables		116,004	139,402	169,269
Provisions		1,303	2,376	2,000
Deferred income		1,291	1,780	1,588
Current tax payable		9,429	13,103	14,664
<b>Total current liabilities</b>		<b>1,151,478</b>	<b>1,398,280</b>	<b>1,365,110</b>
<b>Total liabilities</b>		<b>1,449,810</b>	<b>1,626,889</b>	<b>1,627,726</b>
<b>Total equity and liabilities</b>		<b>2,194,633</b>	<b>2,280,412</b>	<b>2,371,029</b>

# Summary Group Cash Flow Statement

For the six months to 31 March 2009

	Notes	6 months to 31 March 2009 £'000	6 months to 31 March 2008 £'000	Year to 30 September 2008 £'000
Core cashflow from operating activities		<b>(15,536)</b>	21,210	82,174
Effects of short-term timing differences on unit trust settlements		<b>1,399</b>	2,530	(3,314)
		<b>(14,137)</b>	23,740	78,860
Other non-recurring costs paid		<b>(6,700)</b>	(1,125)	(14,358)
<b>Net cash (used in) generated from operating activities</b>	5	<b>(20,837)</b>	22,615	64,502
<b>Cash flows from investing activities</b>				
Proceeds from sale of investments		<b>15,528</b>	5,245	19,877
Proceeds from sale of property, plant and equipment		<b>713</b>	–	17,161
Acquisition of subsidiaries, net of cash acquired		–	(87,161)	(195,741)
Acquisition of intangible assets		<b>(1,704)</b>	(467)	(2,433)
Acquisition of property, plant & equipment		<b>(2,389)</b>	(1,231)	(2,959)
Acquisition of investments		<b>(14,242)</b>	(34,179)	(37,031)
<b>Net cash used in investing activities</b>		<b>(2,094)</b>	(117,793)	(201,126)
<b>Cash flows from financing activities</b>				
Issue of ordinary share capital		<b>516</b>	161	95,206
Premium paid on conversion of preference shares		<b>(1,082)</b>	–	–
Purchase of own shares		<b>(327)</b>	–	–
New borrowings		<b>29,641</b>	90,559	98,582
Repayment of borrowings		<b>(26,878)</b>	–	(373)
Dividends paid and coupon payments		<b>(30,699)</b>	(26,266)	(54,959)
<b>Net cash (used in) generated from financing activities</b>		<b>(28,829)</b>	64,454	138,456
Net (decrease) increase in cash and cash equivalents		<b>(51,760)</b>	(30,724)	1,832
Cash and cash equivalents at 1 October		<b>82,161</b>	80,680	80,680
Effect of exchange rate fluctuations on cash and cash equivalents		<b>4,311</b>	3,500	(351)
<b>Cash and cash equivalents at end of period</b>		<b>34,712</b>	53,456	82,161

# Notes to the interim condensed financial statements

For the six months to 31 March 2009

## 1 Basis of preparation

This condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU.

As required by the Disclosure and Transparency Rules of the Financial Services Authority, the condensed set of financial statements has been prepared using the accounting policies and presentation applied in the preparation of the Company's published consolidated financial statements for the year ended 30 September 2008.

The preparation of the interim financial statements requires management to make estimates and assumptions that affect the reported income and expense, assets and liabilities and disclosure of contingencies at the date of the interim financial statements. Although these estimates and assumptions are based on management's best judgement at the date of the interim financial statements, actual results may differ from these estimates. The interim financial statements, which are in a condensed format, do not include all the information and disclosures required in the Group's annual report, and should be read in conjunction the Group's annual report for the year ended 30 September 2008.

The comparative figures for the financial year ended 30 September 2008 are not the Company's statutory accounts for that financial year. Those accounts have been reported on by the Company's auditors and delivered to the registrar of companies. The report of the auditors was (i) was unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 237(2) or (3) of the Companies Act 1985.

## 2 Segmental information

Segment information is presented in respect of the Group's business segments. The primary business segments, based on the Group's management and reporting structure, are the investment management division and the property asset management division. The results, analysed by these two business segments, are shown below.

Six months to 31 March 2009	Investment management £'000	Property asset management £'000	Group total £'000
Turnover	136,316	55,587	191,903
Net fair value gains on assets at fair value through income	257	16	273
Revenue	136,573	55,603	192,176
Operating costs	(108,009)	(46,851)	(154,860)
Exceptional costs	(4,864)	(1,836)	(6,700)
Amortisation of intangible assets	(6,174)	(2,250)	(8,424)
Operating expenses	(119,047)	(50,937)	(169,984)
Other operating income	983	–	983
Operating profit (before exceptional items and amortisation of intangibles)	29,547	8,752	38,299
Operating profit (after exceptional items and amortisation of intangibles)	18,509	4,666	23,175
Profit before tax	14,586	3,325	17,911

## 2 Segmental information continued

	Investment management £'000	Property asset management £'000	Group total £'000
<b>Six months to 31 March 2008</b>			
Turnover	157,476	45,370	202,846
Net fair value losses on assets at fair value through income	(1,372)	–	(1,372)
Revenue	156,104	45,370	201,474
Operating costs	(113,676)	(40,222)	(153,898)
Exceptional costs	(3,125)	(6,500)	(9,625)
Amortisation of intangible assets	(5,192)	–	(5,192)
Operating expenses	(121,993)	(46,722)	(168,715)
Other operating income	372	–	372
Operating profit (before exceptional items and amortisation of intangibles)	42,800	5,148	47,948
Operating profit (loss) (after exceptional items and amortisation of intangibles)	34,483	(1,352)	33,131
Profit before tax	32,265	257	32,522

	Investment management £'000	Property asset management £'000	Group total £'000
<b>Year to 30 September 2008</b>			
Turnover	315,291	117,300	432,591
Net fair value gains on assets at fair value through income	(2,505)	–	(2,505)
Revenue	312,786	117,300	430,086
Operating costs	(229,704)	(101,090)	(330,794)
Exceptional costs	(11,094)	(13,908)	(25,002)
Amortisation of intangible assets	(11,940)	(1,845)	(13,785)
Operating expenses	(252,738)	(116,843)	(369,581)
Exceptional gain on sale of property	–	4,129	4,129
Gains on investments and other income	724	–	724
Other operating income	724	4,129	4,853
Operating profit (before exceptional items and amortisation of intangibles)	83,806	16,210	100,016
Operating profit (after exceptional items and amortisation of intangibles)	60,772	4,586	65,358
Profit before tax	56,587	3,870	60,457

### 3 Exceptional costs

Exceptional costs incurred in the six months to 31 March 2009 related to integration costs for acquisitions completed in previous periods plus non-recurring costs, including redundancy costs, arising from the implementation of the cost reduction programmes announced by the Group.

	6 months to 31 March 2009 £'000	6 months to 31 March 2008 £'000	Year to 30 September 2008 £'000
Duplicate staff costs redundancy costs and third party integration costs arising from acquisitions	1,877	1,125	4,074
Redundancy and other non-recurring costs from implementation of the cost reduction programme	4,823	–	10,284
VAT expense on investment trusts	–	2,000	2,000
Exceptional impairment provision on property seed capital	–	6,500	8,644
<b>Total exceptional costs</b>	<b>6,700</b>	<b>9,625</b>	<b>25,002</b>

### 4 Other operating income

	6 months to 31 March 2009 £'000	6 months to 31 March 2008 £'000	Year to 30 September 2008 £'000
Other operating income comprises the following items:			
Exceptional gain on disposal of property	–	–	4,129
Gain on disposal of other investments	983	372	724
<b>Other operating income</b>	<b>983</b>	<b>372</b>	<b>4,853</b>

The gain on disposal of other investments in the six months ended 31 March 2009 relates to the sale of an unlisted investment held by the Group.

### 5 Reconciliation of profit after tax to operating cash flow

	6 months to 31 March 2009 £'000	6 months to 31 March 2008 £'000	Year to 30 September 2008 £'000
Profit after tax	15,226	27,479	46,847
Depreciation charge	2,117	1,737	3,815
Amortisation of intangible assets	8,424	5,192	13,785
Fair value (gains) losses on investments	(273)	1,372	2,505
Impairment of investments	–	6,500	–
Gain on disposal of investments and other assets	(983)	(372)	(4,723)
Share based element of remuneration	10,805	4,068	14,716
Net finance costs	5,264	609	4,901
Income tax expense	2,685	5,043	13,610
	<b>43,265</b>	<b>51,628</b>	<b>95,456</b>
(Decrease) increase in provisions	(697)	(151)	1,500
(Increase) decrease in stock	(77)	17	269
Decrease (increase) in trade and other receivables	15,949	20,241	(16,764)
Decrease in short-term loans to property funds	–	11,767	24,027
Decrease in trade and other payables	(63,714)	(51,527)	(12,570)
<b>Net cash (outflow) inflow from operating activities</b>	<b>(5,274)</b>	<b>31,975</b>	<b>91,918</b>
Net interest paid	(5,704)	(647)	(5,146)
Corporation tax paid	(9,859)	(8,713)	(22,270)
<b>Net cash (used in) generated from operating activities</b>	<b>(20,837)</b>	<b>22,615</b>	<b>64,502</b>

## 6 Tax expense

	6 months to 31 March 2009 £'000	6 months to 31 March 2008 £'000	Year to 30 September 2008 £'000
Current tax expense	5,731	3,681	24,497
Adjustments in respect of previous periods	2	31	(3,412)
Deferred tax (credit) expense	(3,121)	1,331	(6,966)
Adjustments in respect of previous periods	73	–	(509)
<b>Total tax expense in income statement</b>	<b>2,685</b>	<b>5,043</b>	<b>13,610</b>

The tax charge for the six month period ended 31 March 2009 is calculated using the effective annual tax rate in each country of operation and applying these rates to the results of each country for the first six months of the year.

## 7 Dividends and coupon payments

	6 months to 31 March 2009 £'000	6 months to 31 March 2008 £'000	Year to 30 September 2008 £'000
<b>Dividends on perpetual preference shares</b>			
Dividend paid	1,745	–	5,395
<b>Coupon payments in respect of perpetual capital securities (net of tax)</b>			
Coupon payments made during the period	7,731	5,453	11,461
<b>Ordinary dividends</b>			
<b>Declared and paid during the year</b>			
Dividends paid on ordinary shares:			
Final dividend for 2008 – 3.0p (2007 – final dividend 2.9p)	21,223	18,451	18,451
Interim dividend for 2008 – 2.8p	–	–	19,652
	<b>21,223</b>	<b>18,451</b>	<b>38,103</b>
<b>Total dividends and coupon payments paid during the year</b>	<b>30,699</b>	<b>23,904</b>	<b>54,959</b>

The dividend paid on perpetual preference shares in the period ended 31 March 2009 was in respect of the dividend accrued on preference shares which converted on 24 March 2009.

The interim ordinary dividend of 2.8p per share will be paid on 18 June 2009 to qualifying shareholders on the register at 15 May 2009.

## 8 Earnings per share

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

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

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

Underlying earnings per share figures are calculated by adjusting the net profit to exclude exceptional items and amortisation 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 exceptional and amortisation of intangibles.

## 8 Earnings per share continued

	IAS 33			Underlying		
	6 months to 31 March 2009 £'000	6 months to 31 March 2008 £'000	Year to 30 September 2008 £'000	6 months to 31 March 2009 £'000	6 months to 31 March 2008 £'000	Year to 30 September 2008 £'000
<b>Basic earnings per share</b>						
Profit for the financial period	15,226	27,479	46,847	15,226	27,479	46,847
Dividends on perpetual preference shares	(3,503)	(2,697)	(5,395)	(3,503)	(2,697)	(5,395)
Coupon payments in respect of perpetual capital securities (net of tax)	(7,990)	(5,487)	(11,631)	(7,990)	(5,487)	(11,631)
Profit for the financial period, attributable to ordinary shareholders	3,733	19,295	29,821	3,733	19,295	29,821
Amortisation of intangible assets net of attributable taxation				7,033	4,654	12,285
Exceptional integration costs, net of attributable taxation				5,528	810	22,424
Premium paid on conversion of preference shares				1,082	–	–
Exceptional VAT expense on investment trusts, net of attributable taxation				–	1,440	–
Exceptional impairment costs, net of attributable taxation				–	4,680	–
Exceptional gains on disposal of investments, and property net of attributable taxation				–	–	(2,932)
Profit for the financial period - underlying basis				17,376	30,879	61,598
Weighted average number of shares	712,514	600,433	652,149	712,514	600,433	652,149
Basic earnings per share	0.52p	3.21p	4.57p	2.44p	5.14p	9.45p
<b>Diluted earnings per share</b>						
Profit for calculation of basic earnings per share, as above	3,733	19,295	29,821	17,376	30,879	61,598
Add: interest on 2010 convertible bonds, net of attributable taxation	–	–	–	–	101	170
Add: dividend on convertible preference share units	–	–	–	–	2,697	5,395
Profit for calculation of diluted earnings per share	3,733	19,295	29,821	17,376	33,677	67,163
<b>Weighted average number of shares (000's)</b>						
For basic earnings per share	712,514	600,433	652,149	712,514	600,433	652,149
Dilutive effect of 2010 convertible bonds	–	–	–	–	2,793	2,793
Dilutive effect of convertible preference share units	–	–	–	–	82,395	82,395
Dilutive effect of LTIP awards	2,042	26,217	5,745	2,042	26,217	5,745
Dilutive effect of exercisable share options	1,413	2,730	2,202	1,413	2,730	2,202
	715,969	629,380	660,096	715,969	714,568	745,284
Diluted earnings per share	0.52p	3.07p	4.52p	2.43p	4.71p	9.01p

## 9 Intangible assets

	31 March 2009 £'000	31 March 2008 £'000	30 September 2008 £'000
Intangible assets	310,300	197,287	291,856
Goodwill	545,742	508,053	536,605
	<b>856,042</b>	705,340	828,461

## 10 Other investments

	31 March 2009 £'000	31 March 2008 £'000	30 September 2008 £'000
<b>Non-current assets</b>			
Non-current investments	58,700	41,072	50,335
<b>Current assets</b>			
Listed equities - held for trading	850	27,986	846
Liquid investments of life and pensions subsidiary	8,364	13,039	14,595
	<b>9,214</b>	41,025	15,441

## 11 Stock of units and shares

	31 March 2009 £'000	31 March 2008 £'000	30 September 2008 £'000
Units and shares in managed funds	345	520	268

## 12 Other financial investments/investment contract liabilities

These balances represent unit linked business carried out by the Group's life and pensions subsidiary. The assets represent investments held to meet contracted liabilities.

## 13 Assets classified as held for sale

	31 March 2009 £'000	31 March 2008 £'000	30 September 2008 £'000
Seed capital investments	16,573	–	17,596

The Group has injected seed capital into two funds with the expectation that these will be disposed of as soon as practicable.

The Group holds more than 50 per cent of the beneficial and voting rights attached to the holdings and technically controls the funds. As the Group is committed to the disposal of its entire investment in these funds they have not been consolidated and are classified as held for sale.

## 14 Statement of changes in equity

	6 months to 31 March 2009 £'000	6 months to 31 March 2008 £'000	Year to 30 September 2008 £'000
Profit for the period	15,226	27,479	46,847
Other recognised income and expense	4,169	3,949	(463)
Dividends paid	(30,699)	(23,904)	(54,959)
Issue of ordinary share capital	3,428	22,203	117,248
Premium paid on conversion of preference shares	(1,082)	–	–
Purchase of own shares	(327)	–	–
Share based payments	10,805	4,068	14,716
Movement on coupon outstanding on perpetual capital securities	(360)	(34)	(128)
Net additions to shareholders' funds	1,160	33,761	123,261
Opening shareholders' funds	545,361	422,100	422,100
Closing shareholders' funds	546,521	455,861	545,361

During the period the holders of 39,932 convertible preference share units and warrants opted to convert these securities resulting in the issue of 42,354,199 ordinary shares.

## 15 Interest bearing loans and borrowings

	31 March 2009 £'000	31 March 2008 £'000	30 September 2008 £'000
<b>Non-current liabilities</b>			
Amount drawn under bank revolving credit facility	100,000	110,431	100,000
Amount drawn under bank credit facility	29,641	–	–
7.2% Subordinated notes 2016	86,576	62,210	69,470
4.5% Convertible bonds 2010	–	2,827	2,870
	<b>216,217</b>	<b>175,468</b>	<b>172,340</b>
<b>Current liabilities</b>			
Amount drawn under bank revolving credit facility	39,424	28,075	46,529
Unsecured guaranteed loan notes 2003 - 2008	–	373	–
	<b>39,424</b>	<b>28,448</b>	<b>46,529</b>

On 20 March 2009 the holders of £3.0 million 4.5% Convertible bonds 2010 opted to convert the notes held into ordinary shares which resulted in the issue of 2,793,036 ordinary shares.

## 16 Analysis of changes in net debt

	At 1 October 2008 £'000	Cash flow £'000	Other non cash changes £'000	Exchange movement £'000	At 31 March 2009 £'000
Cash at bank and in hand	82,161	(51,760)	–	4,311	<b>34,712</b>
Debt due within one year	(46,529)	7,105	–	–	<b>(39,424)</b>
Debt due after more than one year	(169,470)	(9,868)	(27)	(36,852)	<b>(216,217)</b>
Convertible debt due after more than one year	(2,870)	–	2,870	–	–
<b>Total debt</b>	<b>(218,869)</b>	<b>(2,763)</b>	<b>2,843</b>	<b>(36,852)</b>	<b>(255,641)</b>
<b>Net debt</b>	<b>(136,708)</b>	<b>(54,523)</b>	<b>2,843</b>	<b>(32,541)</b>	<b>(220,929)</b>
<b>Net gearing</b>	<b>18.4%</b>				<b>29.7%</b>

## 17 Net pension deficit

The Group's principal form of pension provision is by way of three defined contribution schemes operated world-wide. The Group also operates four legacy defined benefit schemes, three in the UK and one in Germany. All four defined benefit schemes are closed to new membership and to future service accrual.

The actuarial valuations of the defined benefit pension schemes referred to above were updated to 30 September 2008 by the respective independent actuaries using the projected unit method. Contributions to the schemes since 30 September 2008 have been set off against the scheme deficits.

	31 March 2009 £'000	31 March 2008 £'000	30 September 2008 £'000
Surplus in scheme at end of period	<b>6,587</b>	–	5,481
Deficits in schemes at end of period	<b>(16,827)</b>	(16,450)	(17,376)
Net deficit in schemes at end of period	<b>(10,240)</b>	(16,450)	(11,895)

## 18 Post balance sheet events

On 31 December 2008 the Group announced that it had entered into an agreement with Credit Suisse Group AG ('Credit Suisse') to acquire certain fund management assets and businesses, subject to shareholder approval and certain regulatory approvals. Shareholder approval for the acquisition was gained at a General Meeting held on 17 April 2009.

Under the terms of the acquisition, and subject to all relevant conditions being satisfied, the acquisition will be completed in two stages. The first closing was in relation to the Asia Pacific target business and this was completed on 30 April 2009. Final closing (being the completion of the Rest of the World target business) is expected to take place on or around 30 June 2009. The consideration for the acquisition will be satisfied by the issue to Credit Suisse of a maximum of 240 million new ordinary shares in Aberdeen. The actual number of new ordinary shares to be issued to Credit Suisse will depend on the run rate revenues delivered at the two closing dates. The assets under management subject of the acquisition were £40 billion as at 30 November 2008, with associated run-rate revenues of approximately £118 million per annum.

# Principal Risks

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In common with many businesses, the Group is exposed to a range of risks. Some of these risks are an inherent part of the business conducted by the Group such as taking investment decisions on behalf of clients and our energies are focussed on managing this risk as opposed to eliminating it. On the other hand there is regulatory risk which we actively seek to avoid.

The management of risk is embedded in the culture of the business and in the way in which the Group carries out its business. The Risk Management Committee together with the Risk, Compliance, and Internal Audit department are responsible for overseeing the implementation of the Group's risk strategies and this involves the provision of regular reports to the Group Board.

The principal risks to which the Group will be exposed in the second half of the financial year are substantially the same as those discussed in the 2008 annual report.

# Responsibility Statement

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We confirm that to the best of our knowledge:

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

For and on behalf of the board



**Scott E Massie**  
Secretary

5 May 2009

*Copies of this statement are being sent to all shareholders. Copies can be obtained from the Company's registered office, 10 Queen's Terrace, Aberdeen, AB10 1YG.*

# Independent Review Report to Aberdeen Asset Management PLC

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## Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2009 which comprises the Group Income Statement, the Group Balance Sheet, the Summary Group Cash Flow Statement, the Group Statement of Recognised Income and Expense and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the Disclosure and Transparency Rules ("the DTR") of the UK's Financial Services Authority ("the UK FSA"). Our review has been undertaken so that we might state to the company those matters we are required to state to it in this 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 for our review work, for this report, or for the conclusions we have reached.

## Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FSA.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU.

## Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

## Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2009 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FSA.



**G Bainbridge**  
for and on behalf of KPMG Audit Plc

Chartered Accountants  
37 Albyn Place  
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5 May 2009

# Principal offices

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Details of other office locations can be  
found on the Group's website at  
[www.aberdeen-asset.com](http://www.aberdeen-asset.com)

# Corporate information

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## Company Secretary

Scott E Massie

## Registered Office

10 Queen's Terrace  
Aberdeen AB10 1YG

## Registered Number

82015

## Registrar

### **Equiniti Limited**

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## Auditors

### **KPMG Audit Plc**

Chartered Accountants  
37 Albyn Place  
Aberdeen AB10 1JB

## Bankers

### **Bank of Scotland Corporate**

North of Scotland  
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## Stockbrokers

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The photography of the front cover and inside front pages feature Aberdeen Asset Management's new administration offices at Union Plaza in the West End of the City of Aberdeen, Scotland. Aberdeen Asset Management took space on the fourth and fifth floors of the building, moving much of its local operations there in October 2008. Photography© C. Irby, 2008.

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