

Aberdeen Asset Management PLC

Interim Report and Accounts 2005



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Financial Overview

Financial Highlights	March 2005	March 2004
Turnover	£72.9m	£73.4m
Pre-tax profit (loss)		
Before goodwill amortisation & exceptional items	£10.4m	£5.5m
Goodwill amortisation	(£9.3m)	(£9.7m)
Gain on disposals & exceptional operating items	£4.8m	(£5.4m)
After goodwill amortisation, gain on disposals & exceptional items	£5.9m	(£9.6m)
Earnings (loss) per share		
Before goodwill amortisation & exceptional items	3.41p	1.56p
Goodwill amortisation	(3.94p)	(4.59p)
Gain on disposals & exceptional operating items	2.02p	(2.58p)
After goodwill amortisation, gain on disposals & exceptional items	1.49p	(5.61p)
Dividend per share	2.20p	2.00p

Highlights

- Net new business of £2 billion
- Assets under management grew 15% to £25.4 billion
- Continued expansion in Asia Pacific region
- Balance sheet to be strengthened by issue of £75m convertible preference share units, to be used to repurchase a significant proportion of the existing 5.875% convertible bonds

Assets Under Management	March 2005 £m	September 2004 £m
Institutional funds	13,897	11,821
Unit trusts & unit-linked	2,874	2,594
UK Investment trusts	5,016	4,966
Offshore funds	2,851	1,961
Discretionary accounts	412	393
Private equity	362	363
	25,412	22,098
Equities:		
UK	6,076	6,740
European	1,087	994
USA	1,098	1,215
Asia Pacific	5,557	4,006
Japan	640	560
Emerging markets	278	266
	14,736	13,781
Fixed interest & cash	5,406	4,405
Property	5,270	3,912
	25,412	22,098

Chairman's Statement

The Group has made substantial progress during the six month period to 31 March 2005, building on the improvements in profits and margins delivered during the second half of 2004.

The Group earned a profit before taxation, goodwill amortisation and exceptional items of £10.4 million for the first half year, compared to £5.5 million for the same period last year. This healthy improvement has continued into the second half year and the Group should continue to benefit from increasing revenues arising from new business inflows. The Board has therefore decided to pay an interim dividend of 2.2p per share, a 10% increase on the interim payment for 2004.

We have also continued to strengthen the balance sheet and we are pleased to announce that JP Morgan has agreed to underwrite an issue of £75 million (subject to an overallotment option of a further £5 million) of convertible preference share units. These units will initially carry a fixed coupon of between 6.25% and 6.75% and have a conversion price at a premium of between 23% and 27% to the average price of the ordinary shares over no more than two consecutive London business days beginning on 3 May 2005. £25 million of the units (subject to the overallotment option of a further £5 million) will be placed firm and £50 million will be placed subject to clawback by existing Aberdeen shareholders pursuant to an open offer to be made to shareholders in due course.

The proceeds of the issue will be used to finance the repurchase of existing Aberdeen 5.875% convertible bonds due 2007. JP Morgan has committed to sell to Aberdeen not less than £75 million of the existing 5.875% convertible bonds at a price of 101% plus accrued interest.

Continued steady investment performance and a demonstrably robust investment process has enabled us to win substantial amounts of new business, with a total of £3.7 billion of gross new business (including £0.5 billion of mandates awarded but not yet funded). Inevitably, some outflows also occur, but our net new business for the first half year is very satisfactory at £2 billion, as summarised below:

	Total net inflows	Yet to fund	Funded in period
	£m	£m	£m
Net inflows to open-end funds	711	–	711
Segregated account mandates	736	360	376
Closed-end funds	163	–	163
Total fund management division	1,610	360	1,250
Net inflows to property open-end funds	360	110	250
Group total	1,970	470	1,500

The new business flows reported above include inflows from investors in Europe, North America, the Middle East and the Asia Pacific region. UK-originated mandates include The New India Investment Trust and our recent appointment as one of the two new managers of the F & C Pacific Investment Trust.

Assets under management at 31 March totalled £25.4 billion, a 15% increase on the equivalent figure at 30 September 2004. Of the total increase in assets under management, £1.5 billion came from net new business, £0.6 billion from market movements and performance, and £1.2 billion from small acquisitions in Thailand and by the property division in Belgium and the Netherlands.

These new business inflows have contributed to improved revenues and consequently to a higher operating margin. The major cost cutting exercise was completed during 2004 but, while we recognise that additional costs inevitably arise on winning new business, we continue to focus on cost efficiencies. The fund management division achieved an operating margin of 27.2% for the first half year, compared to 16.1% for the same period last year and 20.7% for 2004 as a whole. We still view an operating margin of 30% as being both achievable and sustainable.

We continue to see opportunities for growth in a number of areas but two developments in Asia are worthy of mention. First, we now own 100% of Aberdeen Asset Management Company Limited, based in Thailand, following the exercise of the call option negotiated at the time of our initial investment. Second, it has recently been announced that Aberdeen has been granted a licence to open a fund management office in Malaysia and we expect to open a small office in Kuala Lumpur in the second half of 2005. Both of these developments represent further significant steps in extending our investment and asset gathering capabilities more widely across the Asia Pacific region.

The property management division continues to develop and has achieved £0.3 billion of new investment in its Norwegian

property fund, with good progress also being made on a similar Danish property fund. This division is well positioned to add further assets under management from a number of initiatives currently under development, with commitments of over £100 million already in place for a further fund. The Board recognises that to maximise the growth opportunities available in this division will require additional financing and we have entered exclusive discussions with a potential partner who can provide the additional resources required to properly seed these new initiatives.

We have completed successfully several disposals of non-core assets and have used the cash proceeds to pay down debt. Cash proceeds received during the first half year include a total of £33.7 million from the sale of the investment in Lombard International Assurance and £7.4 million from the sale of the Isle of Man life subsidiary. In both cases, further proceeds are anticipated in future years. The recent £26.6 million convertible bond issue and the agreement of a £55 million revolving credit facility with Bank of Scotland provide a comfortable level of financial resources going forward.

We were pleased to announce the Group's participation in the settlement, on Christmas Eve, of the split capital investigation. The uplift plan offered to investors in the Aberdeen Progressive Growth Unit Trust, for which we made provision in the results to 30 September 2004, has been well received and we have now received acceptances from investors representing approximately 94% by value of those entitled to participate. In accordance with the terms of the uplift plan, we have made interim payments totalling £5.6 million to those who have accepted and this amount has been set against the provision set up last year. There have been no developments in the dispute with Real Estate Opportunities Limited ("REO") over the termination of Aberdeen's management contract without notice. The Board is resolute in its belief that REO has no proper cause for complaint and, on the basis of legal advice, remains of the view that there is no need to make any provision in respect of any action threatened.

Three of our major shareholders, who had each invested for their own separate strategic reasons, have departed the register in early 2005 and I would like to note the Board's appreciation of their support over the years. It was very encouraging to note

that these shares were readily absorbed by the market, with each of the three placings being considerably oversubscribed. I would like to welcome the new shareholders and we look forward to reporting the Group's further progress in the future.

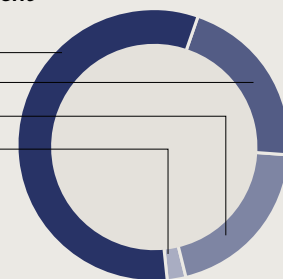


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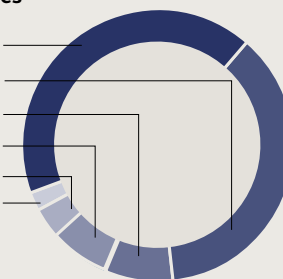
Type of asset under management

Equities	57%
Property	21%
Fixed income	20%
Cash	2%



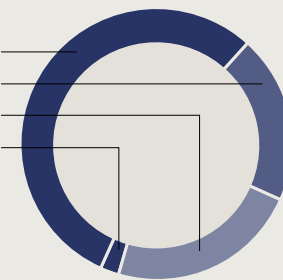
Geographical profile of equities

UK	42%
Asia-Pacific ex Japan	37%
North America	8%
Europe	7%
Japan	4%
Emerging markets ex Asia	2%



Funds profile

Segregated funds	55%
Investment trusts	20%
Open-ended / Pooled	23%
Other	2%



Group Profit and Loss Account

For the six months to 31 March 2005

	Notes	6 mths to 31 Mar 2005 £'000	6 mths to 31 Mar 2004 £'000	Year to 30 Sep 2004 £'000
Turnover		72,948	73,393	140,011
Operating expenses		(56,728)	(61,479)	(113,783)
Costs relating to settlement of regulatory issues	3	–	(1,176)	(38,519)
Provision for Progressive Growth Uplift Plan	3	–	–	(39,200)
Other exceptional costs	3	–	(4,281)	(7,589)
Amortisation of goodwill		(9,306)	(9,701)	(19,122)
Provisions for impairment of goodwill & intangible assets		–	–	(584)
Total administrative expenses		(66,034)	(76,637)	(218,797)
Other operating income		–	–	1,116
Operating profit before goodwill amortisation, impairment provisions & exceptional costs		16,220	11,914	27,344
Amortisation of goodwill, impairment provisions & exceptional costs		(9,306)	(15,158)	(105,014)
Operating profit (loss)		6,914	(3,244)	(77,670)
Gain on disposals	4	4,775	–	2,361
Net interest payable and similar charges		(5,776)	(6,402)	(12,273)
Profit (loss) on ordinary activities before taxation		5,913	(9,646)	(87,582)
Tax on profit (loss) on ordinary activities		(2,314)	(1,961)	6,981
Profit (loss) on ordinary activities after taxation		3,599	(11,607)	(80,601)
Minority interests - equity		(89)	(211)	(170)
Profit (loss) for the financial period		3,510	(11,818)	(80,771)
Dividends				
Equity dividends on ordinary shares	1	(5,196)	(4,715)	(9,437)
Non-equity dividends on preference shares		–	(45)	(46)
		(5,196)	(4,760)	(9,483)
Retained loss for the financial period		(1,686)	(16,578)	(90,254)
Earnings (loss) per share - basic				
Before goodwill amortisation, impairment provisions & exceptional items	6	3.41p	1.56p	4.68p
After goodwill amortisation, impairment provisions & exceptional items	6	1.49p	(5.61p)	(34.90p)
Earnings (loss) per share - diluted				
Before goodwill amortisation, impairment provisions & exceptional items	6	3.41p	1.56p	4.68p
After goodwill amortisation, impairment provisions & exceptional items	6	1.49p	(5.61p)	(34.90p)

Turnover and operating profit (loss) in the current and previous periods arise wholly from continuing activities.

Group Statement of Total Recognised Gains and Losses

For the six months to 31 March 2005

	6 mths to 31 Mar 2005 £'000	6 mths to 31 Mar 2004 £'000	Year to 30 Sep 2004 £'000
Profit (loss) for the financial period	3,510	(11,818)	(80,771)
Revaluation of fixed asset investment	–	4,428	4,428
Translation of foreign currency net investments	(284)	(915)	(475)
Total recognised gains (losses) since last report	3,226	(8,305)	(76,818)

Note of Historical Costs Profits and Losses

For the six months to 31 March 2005

	6 mths to 31 Mar 2005 £'000	6 mths to 31 Mar 2004 £'000	Year to 30 Sept 2004 £'000
Profit (loss) on ordinary activities before taxation	5,913	(9,646)	(87,582)
Realisation of investment revaluation gains of prior years	19,901	–	–
Historical cost profit (loss) on ordinary activities before taxation	25,814	(9,646)	(87,582)
Historical cost profit (loss) for the period retained after taxation, minority interests and dividends	18,215	(16,578)	(90,254)

Group Balance Sheet

As at 31 March 2005

	Notes	31 Mar 2005 £'000	31 Mar 2004 £'000	30 Sept 2004 £'000
ASSETS				
Fixed assets				
Intangible assets		28,991	41,598	40,788
Goodwill		293,062	332,577	297,083
Tangible assets		10,095	15,760	10,567
Investments		26,038	43,911	46,654
		358,186	433,846	395,092
Current assets				
Stock		658	335	519
Debtors		65,287	44,454	45,730
Investments		2,102	1,703	424
Cash at bank and in hand	7	15,546	14,741	17,763
		83,593	61,233	64,436
Assets attributable to equity shareholders				
Assets of long-term life assurance business		52,888	238,854	231,045
Total assets		494,667	733,933	690,573
LIABILITIES				
Capital and reserves				
Called up share capital		23,620	23,575	23,620
Share premium account		19,710	19,484	19,710
Revaluation reserve		–	19,957	19,901
Other reserves		203,805	209,702	203,805
Profit & loss account		(116,183)	(66,774)	(134,114)
Equity shareholders' funds		130,952	205,944	132,922
Minority interests - equity		–	403	282
Provisions for liabilities and charges	8	35,961	7,525	45,625
Creditors: due within one year, including convertible debt				
Creditors		94,218	127,990	162,962
Convertible debt		–	14,963	15,197
		94,218	142,953	178,159
Creditors: due after more than one year, including convertible debt				
Creditors		56,379	40,353	4,267
Convertible debt		124,269	97,901	98,273
		180,648	138,254	102,540
Liabilities of long - term life assurance business		441,779	495,079	459,528
		52,888	238,854	231,045
Total liabilities		494,667	733,933	690,573

Summary Group Cash Flow Statement

For the six months to 31 March 2005

	Notes	6 mths to 31 Mar 2005 £'000	6 mths to 31 Mar 2004 £'000	Year to 30 Sept 2004 £'000
Core cashflow from operating activities		14,356	4,548	14,510
Effects of short-term timing differences on unit trust settlements		6,887	9,786	(2,550)
		21,243	14,334	11,960
Split capital settlement costs paid		(25,539)	–	–
Other exceptional costs paid		(1,329)	(7,455)	(10,317)
Net cash (outflows) inflows from operating activities	5	(5,625)	6,879	1,643
Returns on investments and servicing of finance		(6,168)	(5,679)	(10,241)
Taxation received (paid)		472	(4,378)	(6,194)
Capital expenditure and financial investment		23,399	32,795	32,290
Acquisitions and disposals		(3,248)	(4,869)	29,305
Equity dividends paid		(4,724)	(3,538)	(8,251)
Net cash inflow before financing		4,106	21,210	38,552
Financing				
Issue of ordinary share capital		–	316	586
Redemption of preference share capital		–	(10,343)	(10,343)
Decrease in debt		(18,763)	(11,722)	(44,241)
Decrease in cash		(14,657)	(539)	(15,446)
	Notes	6 mths to 31 Mar 2005 £'000	6 mths to 31 Mar 2004 £'000	Year to 30 Sept 2004 £'000
Reconciliation of net cash flow to movement in net debt				
Decrease in cash		(14,657)	(539)	(15,446)
Decrease in long term debt		18,763	11,722	44,241
Amortisation of issue costs of convertible bonds		(372)	(372)	(744)
Loans assumed on acquisition of subsidiary		–	(11,844)	(11,844)
Translation difference		(315)	(915)	(140)
Movement in net debt		3,419	(1,948)	16,067
Net debt brought forward	7	(169,265)	(185,332)	(185,332)
Net debt carried forward	7	(165,846)	(187,280)	(169,265)

Notes

1. Interim dividend

The interim ordinary dividend of 2.2p per share will be paid on 15 June 2005 to qualifying shareholders on the register at 13 May 2005.

2. Segmental information

Six months to 31 March 2005

	Investment management £'000	Property asset management £'000	Group total £'000
Turnover	51,550	21,398	72,948
Operating expenses	(37,455)	(19,273)	(56,728)
Amortisation of goodwill	(8,894)	(412)	(9,306)
Total administrative expenses	(46,349)	(19,685)	(66,034)
Operating profit (before goodwill amortisation)	14,095	2,125	16,220
Operating profit (after goodwill amortisation)	5,201	1,713	6,914
Profit before interest and tax	9,976	1,713	11,689

Six months to 31 March 2004

	Investment management £'000	Property asset management £'000	Group total £'000
Turnover	44,743	28,650	73,393
Operating expenses	(37,554)	(23,925)	(61,479)
Costs relating to settlement of regulatory issues	(1,176)	–	(1,176)
Other exceptional costs	(4,281)	–	(4,281)
Amortisation of goodwill	(8,526)	(1,175)	(9,701)
Total administrative expenses	(51,537)	(25,100)	(76,637)
Operating profit (before goodwill amortisation & exceptional costs)	7,189	4,725	11,914
Operating (loss) profit (after goodwill amortisation & exceptional costs)	(6,794)	3,550	(3,244)
(Loss) profit before interest and tax	(6,794)	3,550	(3,244)

Year to 30 September 2004

	Investment management £'000	Property asset management £'000	Group total £'000
Turnover	91,659	48,352	140,011
Other operating income	1,116	–	1,116
Total operating income	92,775	48,352	141,127
Operating expenses	(73,565)	(40,218)	(113,783)
Costs relating to settlement of regulatory issues	(38,519)	–	(38,519)
Provision for Progressive Growth Uplift Plan	(39,200)	–	(39,200)
Other exceptional costs	(7,589)	–	(7,589)
Amortisation of goodwill	(17,282)	(1,840)	(19,122)
Provisions for impairment of goodwill	(584)	–	(584)
Total administrative expenses	(176,739)	(42,058)	(218,797)
Operating profit (before goodwill amortisation, impairment provisions & exceptional costs)	19,210	8,134	27,344
Operating (loss) profit (after goodwill amortisation, impairment provisions & exceptional costs)	(83,964)	6,294	(77,670)
(Loss) profit before interest and tax	(81,603)	6,294	(75,309)

	6 mths to 31 Mar 2005 £'000	6 mths to 31 Mar 2004 £'000	Year to 30 Sept 2004 £'000
3. Exceptional costs			
Recognised within operating profit (loss)			
Costs relating to settlement of regulatory issues	–	1,176	38,519
Provision for Uplift Plan to eligible investors in Aberdeen Progressive Growth Unit Trust	–	–	39,200
Expenses in relation to the cost reduction and rationalisation programme	–	4,281	6,829
Costs of aborted sale, subsequent rationalisation and other costs	–	–	760
	–	5,457	85,308

4. Gain on disposals

The gain on disposals represents the net gains recognised on the disposal of the Group's investment in Lombard International Assurance SA and of the Group's life assurance subsidiaries. The net gain excludes the effect of contingent deferred proceeds which are expected to be received by the Group.

	6 mths to 31 Mar 2005 £'000	6 mths to 31 Mar 2004 £'000	Year to 30 Sept 2004 £'000
5. Reconciliation of operating profit (loss) to operating cash flow			
Operating profit (loss)	6,914	(3,244)	(77,670)
Depreciation charges	1,745	2,324	4,415
Amortisation of goodwill	9,306	9,701	19,122
Provision for impairment of goodwill	–	–	584
Amortisation of intangible assets	607	810	1,620
Gain on disposal of tangible fixed assets	–	–	(199)
Loss (gain) on disposal of fixed and current asset investments	–	816	(590)
Amounts written off current asset investments	–	–	286
Share of results of associated undertakings	–	–	(116)
Decrease in liabilities for split capital settlement	(25,539)	–	–
(Decrease) increase in provisions for liabilities and charges	(1,907)	(1,654)	31,753
Increase in stock	(139)	(143)	(327)
(Increase) decrease in debtors	(11,513)	335	(6,407)
Increase (decrease) in creditors	14,901	(2,066)	29,172
Net cash (outflow) inflow from operating activities	(5,625)	6,879	1,643

	31 Mar 2005 £'000	Change in period £'000	30 Sept 2004 £'000	Change in period £'000	31 Mar 2004 £'000
Analysis of the balances of cash as shown in the balance sheet					
Cash at bank and in hand	15,546	(2,217)	17,763	3,022	14,741
Bank overdraft	–	41,435	(41,435)	(16,920)	(24,515)
	15,546	39,218	(23,672)	(13,898)	(9,774)

	6 mths to 31 Mar 2005 £'000	6 mths to 31 Mar 2004 £'000
Analysis of changes in cash		
Net cash outflow before adjustment for the effects of foreign exchange	(14,657)	(539)
Conversion of overdraft to revolving credit facility	55,000	–
Effects of foreign exchange rate changes	(1,125)	(2,721)
	39,218	(3,260)

6. Earnings per share

The calculations of earnings per share are based on the following profits (losses) and numbers of shares:

	6 mths to 31 Mar 2005 £'000	Basic 6 mths to 31 Mar 2004 £'000	Year to 30 Sept 2004 £'000	6 mths to 31 Mar 2005 £'000	Diluted 6 mths to 31 Mar 2004 £'000	Year to 30 Sept 2004 £'000
Profit (loss) attributable to shareholders	3,510	(11,818)	(80,771)	3,510	(11,818)	(80,771)
Less non-equity dividends	–	(45)	(46)	–	(45)	(46)
Profit (loss) for financial period - FRS 14 basis	3,510	(11,863)	(80,817)	3,510	(11,863)	(80,817)
Goodwill amortisation and impairment provisions	9,306	9,701	19,706	9,306	9,701	19,706
Exceptional operating items, net of attributable taxation	–	5,457	74,308	–	5,457	74,308
Gain on disposals	(4,775)	–	(2,361)	(4,775)	–	(2,361)
Profit for the financial period before goodwill amortisation, impairment provisions & exceptional items	8,041	3,295	10,836	8,041	3,295	10,836
				31 Mar 2005 Number of shares 000's	31 Mar 2004 Number of shares 000's	30 Sept 2004 Number of shares 000's
Weighted average number of shares						
For basic earnings per share				236,199	211,314	231,597
Dilutive effect of exercisable share options				147	133	–
For diluted earnings per share				236,346	211,447	231,597

The Directors believe that the Group's results are more fairly represented by a measure of earnings per share which excludes exceptional items, impairment provisions and amortisation of goodwill and therefore also present earnings per share figures stated before these items are charged (credited) to the profit and loss account. The two measures of earnings per share can be reconciled as follows:

	6 mths to 31 Mar 2005	Basic 6 mths to 31 Mar 2004	Year to 30 Sept 2004	6 mths to 31 Mar 2005	Diluted 6 mths to 31 Mar 2004	Year to 30 Sept 2004
After goodwill amortisation, impairment provisions & exceptional operating items - FRS 14 basis	1.49p	(5.61p)	(34.90p)	1.49p	(5.61p)	(34.90p)
Goodwill amortisation and impairment provisions	3.94p	4.59p	8.51p	3.94p	4.59p	8.51p
Exceptional operating items, net of attributable taxation	–	2.58p	32.09p	–	2.58p	32.09p
Gain on disposals	(2.02p)	–	(1.02p)	(2.02p)	–	(1.02p)
Before goodwill amortisation, impairment provisions & exceptional items	3.41p	1.56p	4.68p	3.41p	1.56p	4.68p

	At 30 Sept 2004 £'000	Cash flow £'000	Non cash changes £'000	Exchange movement £'000	At 31 Mar 2005 £'000
7. Analysis of changes in net debt					
Cash at bank and in hand	17,763	(1,092)	–	(1,125)	15,546
Bank overdraft	(41,435)	(13,565)	55,000	–	–
	(23,672)	(14,657)	55,000	(1,125)	15,546
Debt due within one year	(28,316)	27,500	–	–	(816)
Convertible debt due within one year	(15,197)	14,387	–	810	–
Debt due after more than one year	(3,807)	2,500	(55,000)	–	(56,307)
Convertible debt due after more than one year	(98,273)	(25,624)	(372)	–	(124,269)
	(145,593)	18,763	(55,372)	810	(181,392)
Total	(169,265)	4,106	(372)	(315)	(165,846)
Net gearing	127.3%				126.6%

	Provision for Uplift Plan £'000	Provision for liabilities on pension scheme £'000	Deferred taxation £'000	Total £'000
8. Provisions for liabilities and charges				
At 1 October 2004	39,200	5,732	693	45,625
Utilised	(8,039)	(1,907)	–	(9,946)
Provided in the year	–	–	295	295
Exchange movement	–	–	(13)	(13)
At 31 March 2005	31,161	3,825	975	35,961

The provision for Uplift Plan represents the provision made for eligible investors in Aberdeen Progressive Growth Unit Trust. The amount utilised represents payments made to investors and legal fees incurred in relation to split capital issues in the six month period to 31 March 2005.

9. Contingent liabilities

The dispute with Real Estate Opportunities Limited ("REO") over the termination of Aberdeen's management contract without notice remains outstanding. Full disclosure of the circumstances surrounding this dispute has been provided in previous Annual Reports. Although REO has yet to take any of the action that it has repeatedly threatened, we believe that it is likely that REO will issue proceedings. Aberdeen would welcome the opportunity to have this claim litigated in court and the Board is resolute in its belief that REO has no proper cause for complaint. Aberdeen will continue to vigorously defend the claim and, if proceedings are brought by REO, will pursue a substantial counterclaim for outstanding fees and compensation for breach of the termination provisions of up to £17 million. The Board, on the basis of legal advice, remains of the view that there is no need to make any provision in respect of any action threatened by REO.

10. The interim results have been prepared on the basis of the accounting policies set out in the Group's 2004 statutory accounts. The comparative figures for the financial year ended 30 September 2004 are not the company's statutory accounts for that 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 unqualified and did not contain a statement under section 237(2) or (3) of the Companies Act 1985.

11. 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 Auditors' Report to the Members of Aberdeen Asset Management PLC

Introduction

We have been instructed by the Company to review the financial information for the six months ended 31 March 2005 which comprises the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet, Cash Flow Statement and Notes to the Accounts and we have read the other information contained in the Interim Report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

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 Listing Rules of the Financial Services Authority. 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 interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Interim Report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where they are to be changed in the next annual accounts in which case any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4: *Review of interim financial information* issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of Group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review is substantially less in scope than an audit performed in accordance with United Kingdom Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 31 March 2005.



KPMG Audit Plc

Chartered Accountants

Registered Auditor, Aberdeen

3 May 2005

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United Kingdom and Channel Islands

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Details of other office locations can be found on the Group's website at www.aberdeen-asset.com

Corporate Information

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Company Secretary

Scott E Massie

Registered Office

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Auditors

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Chartered Accountants
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Aberdeen AB10 1JB

Bankers

Bank of Scotland Corporate
North of Scotland
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Aberdeen AB10 1YP

Registered Number

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