ABERDEEN ASSET MANAGEMENT PLC
RESULTS FOR THE YEAR TO 30 SEPTEMBER 2016 (AUDITED)

Highlights

- Net revenue is down 14% to £1,007.1 million (2015: £1,169.0 million)
- Underlying profit before tax decreased to £352.7 million (2015: £491.6 million)
- Strong year-end net cash position of £548.8 million (2015: £567.7 million)
- Final dividend of 12.0p per share (2015: 12.0p), making 19.5p for the full year (2015: 19.5p)
- AuM £312.1 billion (2015: £283.7 billion)
- Product diversification and cost discipline progress in line with strategy

	2016	**2015**
Net revenue	£1,007.1m	£1,169.0m
Underlying results: before amortisation, restructuring and acquisition-related items		
Profit before tax	£352.7m	£491.6m
Diluted earnings per share	20.7p	30.0p
Statutory results		
Profit before tax	£221.9m	£353.7m
Diluted earnings per share	12.6p	21.8p
Total dividend per share	19.5p	19.5p
Gross new business	£39.0bn	£42.5bn
Net new business	(£32.8bn)	(£33.9bn)
Assets under management at the year-end	£312.1bn	£283.7bn

Martin Gilbert, Chief Executive of Aberdeen Asset Management commented:

"These financial results reflect, in part, our diversified business model and strict cost management. Economic and political newsflow has weighed on investor sentiment and as expected has led to further outflows from our business.

"Structural themes including fee pressure, technological innovation and greater regulatory requirements are a focus for all asset managers. Aberdeen's broad range of investment capabilities and global distribution platform means we are well placed to address these challenges and also benefit from the opportunities they create. By continuing to invest in the business and by being a good steward of our customers money we are committed to helping our investors – from individuals through to institutions – achieve their financial goals."

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

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Chairman's statement

I am pleased to present my first statement as Chairman, following Roger Cornick's retirement on 30 September.

The early part of 2016 saw the continuation of the volatile and challenging market conditions experienced in 2015. In part, our exposure to developed market equities, fixed income and property assets cushioned us from some of this volatility. By mid-year, sentiment rallied strongly. The benefits of improved markets, especially for our emerging market and Asian focused asset classes, and the depreciation of sterling supported assets under management ("AuM") and profit for the year.

Recognising that markets and investor sentiment may continue to fluctuate, we have remained resolute on the objectives that we outlined last year: diversification of our business, cost management and cash management, and these will remain in focus in 2017.

We ended the year with AuM of £312.1 billion, an increase of 10% over September 2015. The acquisitions of FLAG Capital Management ("FLAG"), Arden Asset Management ("Arden"), Advance Emerging Capital Ltd ("Advance") and Parmenion Capital Partners LLP ("Parmenion") have brought wider capabilities and resource to our alternatives business, as well as the opportunity to develop our digital distribution capacity to meet the future needs of our clients. Alongside alternatives, we have continued to promote our multi asset capability with the launch of several new funds.

Our investment teams have remained dedicated to following our fundamental investment processes in pursuit of consistent long term performance and we have seen a recovery in equity performance. However, the US election is another in a series of political events which continue to impact markets.

Net outflows were £32.8 billion, which included £8 billion of multi asset and quantitative investment outflows from lower margin insurance books, some of which are in long-term run-off. The level of equities outflows declined steadily throughout the year, although we do still expect some fluctuation from quarter to quarter. We will have outflows in the first quarter of 2017 from two lower margin, but large blocks of AuM. It has been pleasing to see more positive investor sentiment towards emerging markets as the year progressed and, while industry flows have initially favoured passive and Exchange Traded Funds ("ETF") strategies, we saw healthy net inflows to our emerging markets equities in the final quarter.

We have maintained tight control of costs throughout the year and are well advanced in our programme to achieve longer term efficiencies. We had implemented £50 million of annualised savings by the year end and remain on track to achieve the full £70 million target by March 2017. The balance sheet remains strong with healthy levels of cash generation which has enabled the Board to propose an unchanged dividend for the year.

The management team has been strengthened with a number of highly regarded external appointments, including Campbell Fleming who joined the Group as Global Head of Distribution just before the year-end. Hugh Young has taken on the role of Head of Investment, with responsibility for the oversight of the entire investment division across all asset classes.

Financial highlights

Net revenue for the year of £1,007.1 million was 14% lower than in 2015; recurring management fee income was also 14% lower, while performance fees increased slightly to £15.8 million (2015: £13.5 million). The blended average management fee rate was 33.6 basis points.

We have implemented the first £50 million of our cost efficiency programme during the year and, on a constant currency basis, the phasing of these savings has reduced 2016 costs by £28 million, thus negating the additional costs introduced by the FLAG, Arden, Advance and Parmenion acquisitions. However, the effect of sterling weakness has increased our overseas costs, such that, overall, costs have increased by 1%.

Conversion of underlying operating profit to cash has remained robust with core operating cash flow of £362.9 million (2015: £531.7 million), representing a conversion rate of 111% (2015: 107%). The balance sheet remains strong with a year-end net cash position of £548.8 million (2015: £567.7 million) and, despite an increase in the requirement during the year, we retain healthy headroom above our regulatory capital requirement.

The blended fee rate has reduced from 36.1bps to 33.6bps. This is principally due to product mix, given outflows from higher margin equities, emerging market debt and high yield products and inflows into money market funds. Fee margins within individual investment capabilities remain constant year-on-year.

As a consequence of lower revenues, underlying earnings per share were 20.7p, compared to 30.0p in 2015.

Dividend

The Board is recommending a final dividend of 12.0p per share, making a total payment for the year of 19.5p per share, which is unchanged from 2015. The final dividend will be paid on 9 February 2017 to qualifying shareholders on the register at 9 December 2016.

Acquisitions

During the year we completed the acquisitions of Arden, Advance and Parmenion adding £9.5 billion of assets under management. Arden and Advance, together with FLAG which was completed in August 2015, have been integrated with Aberdeen's wider alternatives business.

Parmenion will continue to operate as a distinct business under our ownership, as part of our strategy to capitalise on advancements in financial technology systems and to become a leader in using technology to provide investors with portfolios appropriate to their needs.

Investment review

Whilst this has been another tough year for flows overall, the mix effect of these outflows has varied within strategies and asset classes from 2015 when we saw significant outflows from equities mainly due to macroeconomic factors towards Asia and emerging markets.

Equity net outflows have reduced to £13.6 billion this year from £16.4 billion in 2015, with much of the improvement being in the second half year. Emerging market equities recorded a small net inflow of £0.6 billion for the final quarter, albeit negative for the year overall with net outflows for the year of £0.8 billion (2015: £4.0 billion). We have also been encouraged by new business wins with growing traction from broader based asset classes into diversified growth strategies within multi asset and in equities from North American and Australian small cap and Japanese equities.

Gross new business of £39.0 billion was added during the year, sourced from investors in EMEA ex UK 35%, the Americas 13%, the UK 46% and Asia Pacific 6%. Net outflows for the year were £32.8 billion.

Equity performance has improved during the year as a consequence of some of our long-term holdings recovering. Whilst we set our objectives around longer term performance, it is pleasing that Global Equities has performed well in 2016, which is gradually feeding into the longer term performance numbers. Our consistent priority is to adhere to our investment process and we believe that our longer term investment approach of investing in higher quality companies, together with a strong focus on engagement with the companies we own is fundamental. Although some strategies remain slightly behind benchmark over some shorter time periods, longer term track records remain healthy. Assets under management increased to £89.1 billion (2015: £80.1 billion).

Fixed income performance continues to be solid, albeit the continuing low yield environment is a difficult one in which to excel with more traditional products. The fixed income teams now manage AuM of £70.0 billion and we provide clients with dedicated fixed income portfolios and a range of pooled funds, as well as incorporating these investments into bespoke/tailored multi asset solutions. Our strongest areas of performance are credit and emerging market debt, but the latter suffered outflows as a result of sentiment.

Negative net flows of £0.8 billion from property were the result of a reduction in appetite for UK assets, especially after the Brexit vote and the successful realisation for our clients of some of the fixed-life Nordic funds. Following the

UK referendum, the Aberdeen UK Property Fund was one of only a few open end funds that did not close for an extended period. Our focus was to treat all customers fairly by providing liquidity to those who requested to redeem, whilst protecting the interests of long-term investors and we suspended dealing for a few days, solely to enable investors to consider and understand our proposals. More generally, we successfully increased our capabilities in the residential sector across UK and Europe, generating a strong pipeline of committed investments of over £1 billion and continue to see strong demand for European assets.

We made our multi asset capability a separate asset class, reflecting the £89.9 billion managed for insurance, pension and wealth clients. We are developing our fund offerings where we have a good performance track record in our diversified growth strategy which has helped to receive a number of buy recommendations from consultants during the year. This has not yet turned into significant inflows, albeit we have won a significant pensions mandate funding after the year-end, and we are optimistic about future growth. Whilst the structural outflow from SWIP amounted to £8 billion, flows into this fund will be at considerably higher fee rates than the average.

Much of the £22.8 billion managed by the quantitative investments team is for the benefit of larger multi asset mandates, where the team is able to offer lower volatility and lower cost investment options. The recently launched low volatility equity and equity income strategies aim to outperform global equities indices over the longer term, whilst only capturing 75% to 85% of the volatility.

The acquisitions that we have made in alternatives serve to round our offerings by both investment capability and geographic coverage. The integrations have gone very well and we are pleased to report good stability across the investment teams, and importantly retention of the focus and expertise that we have acquired in areas such as venture capital, real assets, lower mid-market private equity, liquid alternatives and managed account solutions.

A strategic priority for the Group has been to broaden out our solutions role within the wider business such that it now works across all of our investment departments to provide bespoke solutions and portfolios to clients and strategic partners. This central solutions team has leading skills in research and the design and build of client solutions across multiple asset classes for large and complex clients.

We are focused on our distribution capabilities where our strengths match market demand and develop new channels in order to attract new clients. We recognise that not only do we need to have best in class products but that we need to build strong relationships across multiple channels. This approach has led us to build out specialist distribution teams covering investment and client solutions across insurance, closed-end and wealth channels as well as consultant driven opportunities together with more proactive client engagement.

Brexit

Until the negotiation begins formally, expected by the end of March 2017, the terms of the withdrawal and any impact will be largely unknown. We do not expect either our non-UK or UK businesses to be affected in a substantive way by the result of the referendum, although there may be regulatory and/or legal changes in the longer term.

Our principal cross-border fund range for European investors outside the UK has been domiciled in Luxembourg for many years. Beyond the fund range, the core issue is how we will be able to provide our investment management skills from the UK into the EU market - whether through the benefit of passporting, acceptance that the UK forms an ‘equivalent’ regime or through co-operation agreements with member states.

The Board

I would like to thank my colleagues on the Board who have, once again, made valuable contributions to its effective operation during the year. We have added further strength during the year with the appointment of Gerhard Fusenig as an independent non- executive director.

As had been reported previously, Roger Cornick retired following close of business on 30 September 2016, having served on the Board for 12 years, the last seven years of which as Chairman. On behalf of myself and my fellow directors, I would like to thank and pay tribute to Roger for his leadership of the Board throughout his tenure and the invaluable advice and support he always provided. I would also like to thank Anne Richards and Jim Pettigrew, who both stepped down from the Board this year, for their contribution to Aberdeen over many years.

On behalf of the Board I would like to welcome all new colleagues who have joined Aberdeen over the past year and to thank all of our staff for their dedication and commitment to the Group’s continuing success.

Outlook

Our primary objective remains unchanged – to ensure that our clients achieve the long term outcomes that they expect – and we remain fully focused on this goal. We enter the new financial year with a healthy balance sheet and as a full-service asset manager with a strong distribution focus, and a broad range of capabilities which can adapt to changing investor appetites to enable us to remain competitive in a rapidly adapting market.

The asset management sector is facing three head winds: fee pressure, increased investment in technology and regulatory capital requirements. We will continue to seek further cost efficiencies, whilst also being prepared to make appropriate investment in innovation and otherwise supporting the future growth of the business and motivating our diverse workforce.

We welcome the FCA's interim report on its review of the competitiveness of the UK investment sector as it focuses attention on some key industry issues impacting customers. Asset managers play a vital role in helping investors achieve their financial goals and the FCA's proposals will help deliver this for the UK industry, making it more attractive on the global stage by leading the way in best practice. There is a need for increased transparency in relation to the services provided, the costs of such services and also for ensuring value for money.

Future political and economic events, including the UK's negotiations to exit the EU, the start of President-elect Trump's term in office and European elections, will contribute to ongoing volatility in global markets in the short term. However, until there is greater clarity, it is difficult to predict the impact on markets over the medium and longer term. We will not allow any such volatility to distract us from our long term approach to investing, and we remain well positioned to identify and grasp the opportunities that may arise to deliver further profitable growth.

Simon Troughton
Chairman

Group Income Statement
For the year to 30 September 2016

	Notes	**2016** Before amortisation, restructuring and acquisition - related items	**2016** Amortisation, restructuring and acquisition - related items	**2016** Total	2015 Before amortisation and acquisition - related items	2015 Amortisation and acquisition - related items	2015 Total
		£m	**£m**	**£m**	£m	£m	£m
Gross revenue		**1,114.0**	**-**	**1,114.0**	1,318.9	-	1,318.9
Commissions payable		**(106.9)**	**-**	**(106.9)**	(149.9)	-	(149.9)
Net revenue	2	**1,007.1**	**-**	**1,007.1**	1,169.0	-	1,169.0
Operating costs		**(679.0)**	**-**	**(679.0)**	(670.3)	-	(670.3)
Amortisation and impairment of intangible assets		**-**	**(128.4)**	**(128.4)**	-	(131.3)	(131.3)
Restructuring and acquisition-related income (costs)	4	**-**	**0.7**	**0.7**	-	(0.1)	(0.1)
Operating expenses		**(679.0)**	**(127.7)**	**(806.7)**	(670.3)	(131.4)	(801.7)
Operating profit		**328.1**	**(127.7)**	**200.4**	498.7	(131.4)	367.3
Net finance income (costs)	6	**1.6**	**(3.1)**	**(1.5)**	2.5	(6.5)	(4.0)
Net gains (losses) on investments		**23.0**	**-**	**23.0**	(9.6)	-	(9.6)
Profit before taxation		**352.7**	**(130.8)**	**221.9**	491.6	(137.9)	353.7
Tax expense	7	**(58.2)**	**25.5**	**(32.7)**	(74.7)	30.0	(44.7)
Profit for the year		**294.5**	**(105.3)**	**189.2**	416.9	(107.9)	309.0
Attributable to:							
Equity shareholders of the Company				**164.9**			288.2
Other equity holders				**24.8**			18.0
Non-controlling interests				**(0.5)**			2.8
				189.2			309.0
Earnings per share							
Basic	9			**12.83p**			22.28p
Diluted	9			**12.62p**			21.79p

Group Statement of Comprehensive Income
For the year to 30 September 2016

	2016 **£m**	2015 £m
Profit for the year	**189.2**	309.0
Items that will not be reclassified subsequently to profit or loss		
Remeasurement (loss) gains on defined benefit pension schemes	**(76.2)**	10.7
Tax on net remeasurement of defined benefit pension schemes	**12.6**	(2.1)
	(63.6)	8.6
Items that may be reclassified subsequently to profit or loss		
Translation of foreign currency net investments	**107.0**	(8.5)
Available for sale assets:		
– Gains during the period	**1.5**	1.3
Tax on items that may be recycled to profit or loss	**(0.5)**	(0.3)
	108.0	(7.5)
Other comprehensive income, net of tax	**44.4**	1.1
Total comprehensive income for the year	**233.6**	310.1
Attributable to:		
Equity shareholders of the Company	**214.3**	289.3
Other equity holders	**19.8**	18.0
Non-controlling interests	**(0.5)**	2.8

Group Balance Sheet
As at 30 September 2016

	Notes	**2016** £m	2015 (restated[1]) £m
Assets			
Non-current assets			
Intangible assets	10	**1,489.4**	1,486.2
Property, plant & equipment		**21.5**	21.3
Investments	13	**62.9**	52.1
Deferred tax assets		**32.4**	19.9
Pension surplus	15	**-**	30.1
Trade and other receivables		**5.2**	3.7
Total non-current assets		**1,611.4**	1,613.3
Current assets			
Assets backing investment contract liabilities	14	**1,670.6**	1,926.1
Trade and other receivables		**427.1**	557.9
Investments	13	**254.6**	192.6
Derivative financial assets	13	**-**	29.6
Cash and cash equivalents		**847.9**	922.3
Total current assets		**3,200.2**	3,628.5
Total assets		**4,811.6**	5,241.8
Equity			
Called up share capital		**131.8**	131.8
Share premium account		**898.7**	898.7
Other reserves		**783.7**	675.7
Retained earnings		**(123.3)**	30.3
Total equity attributable to shareholders of the parent		**1,690.9**	1,736.5
Non-controlling interest		**(0.6)**	(0.1)
7.0% Perpetual cumulative capital notes	12	**321.6**	321.6
5.0% Preference shares	12	**100.0**	100.0
Total equity		**2,111.9**	2,158.0
Liabilities			
Non-current liabilities			
Deferred contingent consideration		**45.1**	46.8
Pension deficit	15	**48.0**	12.0
Provisions		**1.0**	5.0
Deferred tax liabilities		**80.3**	92.7
Total non-current liabilities		**174.4**	156.5
Current liabilities			
Investment contract liabilities	14	**1,670.6**	1,926.1
Interest bearing loans and borrowing		**299.1**	354.6
Trade and other payables		**512.3**	582.0
Current tax payable		**43.3**	34.9
Derivative financial liabilities		-	29.7
Total current liabilities		**2,525.3**	2,927.3
Total liabilities		**2,699.7**	3,083.8
Total equity and liabilities		**4,811.6**	5,241.8

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

Group Statement of Changes in Equity
For the year to 30 September 2016

	Share capital £m	Share Premium account £m	Other reserves £m	Retained earnings £m	Non-controlling interest £m	Other Equity £m	Total Equity £m
Balance at 30 September 2014	**131.4**	**898.7**	**656.1**	**28.0**	**40.1**	**321.6**	**2,075.9**
Profit for the period	-	-	-	288.2	2.8	18.0	309.0
Other comprehensive (expense) income	-	-	(7.5)	8.6	-	-	1.1
Total comprehensive (expense) income	-	-	(7.5)	296.8	2.8	18.0	310.1
Share-based payments	-	-	-	45.4	-	-	45.4
Deferred share issue on acquisition	-	-	(67.6)	-	-	-	(67.6)
Arising on the issue of ordinary shares	1.8	-	65.8	-	-	-	67.6
Redemption of shares	(1.4)	-	1.4	(50.3)	-	-	(50.3)
Issue of preference share capital	-	-	-	(0.5)	-	100.0	99.5
Purchase of own shares	-	-	-	(37.0)	-	-	(37.0)
Dividends paid to shareholders	-	-	-	(243.2)	-	(18.0)	(261.2)
Non-controlling interest	-	-	-	-	(6.5)	-	(6.5)
Acquisition of non-controlling interest	-	-	27.5	(8.9)	(36.5)	-	(17.9)
Balance at 30 September 2015	**131.8**	**898.7**	**675.7**	**30.3**	**(0.1)**	**421.6**	**2,158.0**
Profit for the period	-	-	-	164.9	(0.5)	24.8	189.2
Other comprehensive income (expense)	-	-	108.0	(63.6)	-	-	44.4
Total comprehensive income (expense)	-	-	108.0	101.3	(0.5)	24.8	233.6
Share-based payments	-	-	-	39.2	-	-	39.2
Purchase of own shares	-	-	-	(43.5)	-	-	(43.5)
Dividends paid to shareholders	-	-	-	(250.6)	-	(24.8)	(275.4)
Balance at 30 September 2016	**131.8**	**898.7**	**783.7**	**(123.3)**	**(0.6)**	**421.6**	**2,111.9**

Group Statement of Cash Flows
For the year to 30 September 2016

	Notes	2016 £m	2015 £m
Core cash generated from operating activities		**362.9**	531.7
Short term timing differences on open end fund settlements		**(0.5)**	(1.3)
Cash generated from operations		**362.4**	530.4
Net interest received		**1.5**	2.1
Tax paid		**(50.0)**	(62.2)
Net cash generated from operations		**313.9**	470.3
Restructuring and acquisition-related costs paid		**(7.8)**	(23.9)
Net cash generated from operating activities	5	**306.1**	446.4
Cash flows from investing activities			
Proceeds from sale of investments		**83.1**	36.6
Purchase of investments		**(73.5)**	(154.5)
Acquisition of businesses, net of cash acquired		**(55.1)**	(126.2)
Sale of subsidiary net of cash acquired		**0.2**	-
Purchase of intangible assets		**(18.5)**	(7.3)
Purchase of property, plant & equipment		**(6.0)**	(8.5)
Net cash used in investing activities		**(69.8)**	(259.9)
Cash flows from financing activities			
Redemption of ordinary shares		**-**	(50.3)
Purchase of own shares		**(43.5)**	(37.0)
Issue of preference shares (net of expenses paid)		**-**	99.5
Dividends paid and coupon payments		**(280.4)**	(265.8)
Dividends paid to non-controlling interests		**-**	(12.0)
Net cash used in financing activities		**(323.9)**	(265.6)
Net decrease in cash and cash equivalents		**(87.6)**	(79.1)
Cash and cash equivalents at 1 October		**567.7**	653.9
Exchange rate fluctuations on cash and cash equivalents		**68.7**	(7.1)
Cash and cash equivalents at 30 September		**548.8**	567.7

Notes to the Financial Statements

1. Preparation in accordance with IFRS

This preliminary announcement of audited results sets out information which will be more fully covered in the Annual Report for the year to 30 September 2016.

Restatement of cash pooling arrangements

The IFRS Interpretations Committee ("IFRIC") issued a clarification on IAS 32 Financial Instruments Presentation - Offsetting and cash pooling arrangements in April 2016. This clarifies a requirement to gross up cash and overdraft balances associated with cash pooling arrangements on the Group balance sheet. As a result the Group has grossed up the balance sheet for 30 September 2016 and restated the balance sheet at 30 September 2015. The impact is to increase cash and cash equivalents and interest bearing loans and borrowings by £299.1 million at 30 September 2016 and £354.6 million at 30 September 2015. The changes have no impact on the Group's results or cash flows.

2. Revenue

	2016	2015
	£m	£m
Revenue comprises:		
Gross management fees	**1,091.8**	1,296.8
Commissions payable to intermediaries	**(106.9)**	(149.9)
Net management fees	**984.9**	1,146.9
Performance fees	**15.8**	13.5
Transaction fees	**6.4**	8.6
Net revenue	**1,007.1**	1,169.0

3. Segmental disclosures

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

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

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

4. Restructuring and acquisition-related items

Change in fair value in deferred consideration

Acquisition-related items includes a gain of £17.8 million (2015: £24.4 million) related to the reduction in the fair value of the deferred contingent consideration payable to Lloyds Banking Group at 30 September 2016.

Restructuring costs

During 2016, we implemented a cost efficiency programme, reflecting our long term focus on achieving further business efficiencies. In connection with this programme, £13.0 million has been recognised in the year to 30 September 2016 for severance costs and the charge for the acceleration of deferred compensation awards for 'good leavers'. There is also an onerous lease provision for the vacant space in the Swedish office.

Acquisition costs

Costs largely relate to the acquisition of SWIP and the migration and integration of this business into the Group, as well as deal costs related to acquisitions, which completed in the year to 30 September 2016. Transaction costs include advisers' fees and stamp duty. Integration costs include charges in respect of a transitional services agreement with the vendor to ensure transfer in a controlled manner; set up costs in respect of migration of the back office; and costs of retaining duplicate staffing for the transitional period.

Transaction and deal costs on other acquisitions in 2015 relate to advisers' fees on the FLAG acquisition and in 2016 relate to Parmenion, Arden and Advance acquisitions (see note 11).

	2016	2015
	£m	£m
Restructuring costs		
Redundancy and other severance costs	**13.0**	-
Other costs	**1.0**	-
	14.0	-
Acquisition-related costs		
Arising on other acquisitions:		
Transaction & deal costs	**0.9**	4.7
Arising on SWIP acquisition:		
Redundancy and other severance costs	**-**	3.8
Costs of separation, migration & integration	**2.0**	16.4
Transitional service costs	**0.2**	2.8
Migration & integration costs	**2.2**	23.0
Transaction & deal costs	**-**	(3.2)
Reduction in fair value of deferred consideration	**(17.8)**	(24.4)
Total restructuring and acquisition-related (income) costs	**(0.7)**	0.1

£1.8 million has been recognised as a tax credit in the income statement in respect of restructuring and acquisition costs that are deductible for tax purposes (2015: £5.3 million)

5. Analysis of cash flows

	2016	2015
	£m	£m
Reconciliation of profit after tax to operating cash flow		
Profit after tax	**189.2**	309.0
Depreciation	**8.1**	8.6
Amortisation of intangible assets	**120.7**	131.3
Impairment of intangibles	**7.7**	-
Unrealised foreign currency gains	**(2.6)**	(1.9)
Other gains	**(17.8)**	(23.1)
Loss on disposal of property, plant & equipment	**0.1**	0.1
(Gains) losses on investments	**(23.0)**	9.6
Equity settled share-based element of remuneration	**39.4**	47.6
Net finance costs	**1.5**	4.0
Income tax expense	**32.7**	44.7
	356.0	529.9
Decrease in trade and other receivables	**49.4**	24.5
Decrease (increase) in open end fund receivables	**173.5**	(101.8)
Decrease in trade and other payables	**(46.3)**	(46.6)
(Decrease) increase in open end fund payables	**(174.0)**	100.5
Decrease in provisions	**(4.0)**	-
Net cash inflow from operating activities	**354.6**	506.5
Interest received	**5.0**	5.6
Interest paid	**(3.5)**	(3.5)
Income tax paid	**(50.0)**	(62.2)
Net cash generated from operating activities	**306.1**	446.4

6. Net finance costs

	2016	2015
	£m	£m
Finance revenue – interest income	**(5.2)**	(5.7)
Unwinding of discount on deferred consideration	**3.1**	6.5
Interest on overdrafts, revolving credit facilities and other interest bearing accounts	**3.6**	3.2
Net finance costs	**1.5**	4.0

7. Tax expense

	2016 £m	2015 £m
Current tax expense		
UK corporation tax on profit for the year	**32.7**	37.6
Adjustment in respect of prior periods	**0.8**	(1.0)
	33.5	36.6
Foreign tax on profit in the year	**25.7**	28.9
Adjustments in respect of prior periods	**0.4**	(1.7)
Total current tax	**59.6**	63.8
Deferred tax credit		
Origination and reversal of temporary differences	**(21.1)**	(19.4)
Effect of tax rate change on opening deferred tax balances	**(4.8)**	-
Adjustment in respect of prior periods	**(1.0)**	0.3
Total tax expense in income statement	**32.7**	44.7

8. Dividends and coupons payable

	2016 £m	2015 £m
Coupon payments on perpetual capital securities		
7.0% Perpetual cumulative capital notes	**24.8**	22.6
Dividends on ordinary shares		
Declared and paid during the year:		
Final dividend for 2015 – 12.0p (2014: 11.25p)	**154.2**	145.9
Interim dividend for 2016 – 7.5p (2015: 7.5p)	**96.4**	97.3
	250.6	243.2
Preference dividends		
5.0% Preference shares	**5.0**	-
Total dividends and coupon payments paid during the year	**280.4**	265.8
Proposed for approval at the Annual General Meeting (not recognised as a liability at 30 September)		
Dividends on ordinary shares:		
Final dividend for 2016 – 12.0p (2015: 12.0p)	**154.2**	154.1
Dividend on 2016 preference shares	**2.5**	2.5

The total ordinary dividend for the year is 19.5p per share including the proposed final dividend for 2016 of 12.0p per share.

The proposed dividend on the 2015 preference shares is £2.5 million (see note 12) and will be paid at the same time as the final ordinary dividend for 2016.

The coupon payments on perpetual capital securities are tax deductible. The deduction for 2016 is £5.0 million (2015: £4.6 million), resulting in a net cost of £19.8 million (2015: £18.0 million).

9. Earnings per share

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

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

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

	IAS 33		Underlying	
	2016	2015	**2016**	2015
	£m	£m	**£m**	£m
Basic earnings per share				
Profit for the financial year attributable to equity shareholders of the Company	**164.9**	288.2	**164.9**	288.2
Amortisation and impairment of intangible assets, net of attributable taxation			**101.1**	106.6
Restructuring and acquisition-related costs, net of attributable taxation			**4.2**	1.3
Underlying profit for the financial year			**270.2**	396.1
Weighted average number of shares (millions)	**1,284.8**	1,293.6	**1,284.8**	1,293.6
Basic earnings per share	**12.83p**	22.28p	**21.03p**	30.62p
Diluted earnings per share				
Profit for calculation of diluted earnings per share	**164.9**	288.2	**270.2**	396.1
Weighted average number of shares (millions)				
For basic earnings per share	**1,284.8**	1,293.6	**1,284.8**	1,293.6
Dilutive effect of exercisable share options and deferred shares	**22.1**	28.8	**22.1**	28.8
	1,306.9	1,322.4	**1,306.9**	1,322.4
Diluted earnings per share	**12.62p**	21.79p	**20.67p**	29.95p

Profit for the financial year used in calculating earnings per share is based on profit after tax after adjusting for a benefit of £0.5 million for non-controlling interests (2015: charge of £2.8 million), coupon payments in respect of perpetual capital securities (net of tax) of £19.8 million (2015: £18.0 million) and preference dividends of £5.0 million (2015: nil).

10. Intangible assets

	2016	2015
	£m	£m
Management contracts	**468.1**	535.1
Goodwill	**981.7**	932.8
Software	**39.6**	18.3
	1,489.4	1,486.2

11. Acquisitions

a. On 29 December 2015, the Group completed the purchase of Advance Emerging Capital Ltd ("Advance"), a London based specialist investment manager. Total cash consideration for the transaction was £14.6 million.

In the period to 30 September 2016, Advance added revenue of £2.6 million and profit before tax of £1.5 million. Had the acquisition occurred on 1 October 2015, we estimate that consolidated revenues would have increased by £3.5 million, and consolidated profit before tax for the period would have increased by £2.0 million. In determining these amounts, we have assumed that the fair value adjustments that arose on the acquisition date would have been the same if the acquisition had occurred on 1 October 2015.

Acquisition-related costs of £0.1 million were incurred and have been included in acquisition-related costs (see note 4).

b. On 31 December 2015, the Group completed the purchase of Arden Capital Management LLC ("Arden"), a hedge fund solutions business with offices in New York and London. Total consideration for this transaction was £11.2 million ($16.6 million), comprising cash consideration of £10.4 million ($15.3 million) and contingent consideration of £0.8 million under an earn-out agreement.

The fair value of the earn-out at completion was £0.8 million, determined by the probability weighted expected return and growth over the period from acquisition to 31 December 2019, subject to a maximum of £49 million ($73 million), and discounted to a present value. The undiscounted fair values identified in this analysis range from £1.5 million to £8.9 million. The deferred liability is £1.0 million at 30 September 2016.

In the period to 30 September 2016, Arden added revenue of £6.3 million and profit before tax of £0.1 million. Had the acquisition occurred on 1 October 2015, we estimate that consolidated revenues would have increased by £9.4 million, and consolidated profit before tax for the period would have increased by £0.9 million. In determining these amounts, we have assumed that the fair value adjustments that arose on the acquisition date would have been the same if the acquisition had occurred on 1 October 2015.

Acquisition-related costs of £0.2 million were incurred and have been included in acquisition-related costs (see note 4).

The acquisition of Advance and Arden are in line with the Group's strategy to strategy to strengthen our alternatives capabilities.

c. On 11 January 2016, the Group completed the purchase of Parmenion Capital Partners LLP and its sister company, Self Directed Holding Limited (together "Parmenion"), a Bristol based provider of risk graded portfolios to UK financial advisers through a digital platform. Total consideration for this transaction was £50.2 million, comprising cash consideration of £40.1 million and contingent consideration of £10.1 million under an earn-out.

The fair value of the earn-out at completion was £10.1 million, determined by the probability weighted expected return and growth over the period from acquisition to 31 December 2017, subject to a maximum of £16.8 million, and discounted to a present value. The undiscounted fair values identified in this analysis range from £8.0 million to £16.8 million. After the impact of unwinding the discount to date of £1.1 million, the deferred liability is £11.2 million at 30 September 2016.

The acquisition is in line with the Group's strategy to capitalise on advancements in financial technology systems and to become a leader in using technology to provide investors with portfolios appropriate to their needs, whilst also developing the channels for the distribution of multi asset investment capabilities.

In the period to 30 September 2016, Parmenion added revenue of £7.6 million and profit before tax of £0.9 million. Had the acquisition occurred on 1 October 2015, we estimate that consolidated revenues would have increased by £10.1 million, and consolidated profit before tax for the period would have increased by £1.2 million. In determining these amounts, we have assumed that the fair value adjustments that arose on the acquisition date would have been the same if the acquisition had occurred on 1 October 2015.

Acquisition-related costs of £0.6 million were incurred and have been included in acquisition-related costs (see note 4).

d. Independent valuation specialists were engaged to carry out a valuation of the acquired goodwill and intangible assets acquired in these transactions. The fair value adjustments from this allocation process are reflected in the following table.

Goodwill is mainly attributable to the skills of the workforce acquired and the synergies expected to be achieved from the acquisitions.

The fair value of intangible assets has been based on the present value of expected cash flows of the underlying management contracts, with the exception of £11.6 million internally developed software for Parmenion which is based on management's best estimate of replacement cost.

The amounts recognised in respect of the identifiable assets and liabilities assumed are as set out in the table below.

Business acquired from:	Advance Emerging Capital Ltd	Arden Capital Management LLC	Parmenion Capital Partners LLP
	Fair Value	**Fair Value[1]**	**Fair Value**
	£m	**£m**	**£m**
Intangible assets	11.5	1.1	38.1
Property, plant & equipment	-	0.3	0.4
Deferred tax assets	-	0.2	-
Trade and other receivables	0.5	82.9	1.5
Cash	0.8	7.3	1.5
Other Investments	-	1.5	-
Trade and other payables	(0.6)	(80.3)	(2.3)
Current tax payable	(0.1)	-	-
Deferred tax liabilities	(2.3)	(2.2)	(7.6)
Total identifiable net assets acquired	**9.8**	**10.8**	**31.6**
Goodwill	4.8	0.4	18.6
	14.6	11.2	50.2
Discharged by:			
Cash	14.6	10.4	40.1
Fair value of the earn-out payment	-	0.8	10.1
Total consideration	14.6	11.2	50.2

[1] Sterling equivalent of the fair value recognised on acquisition of the Arden business is presented using the exchange rate ruling on date of acquisition.

If information obtained within one year of the acquisition dates about facts and circumstances that existed at acquisition date identifies adjustments to the above amounts, or any additional provisions that existed at acquisition date, then the accounting for the acquisition will be revised.

12. Other equity

	2016	2015
	£m	£m
US $500 million 7.0% Perpetual cumulative capital notes	**321.6**	321.6
5% 2015 Non-voting perpetual non-cumulative redeemable preference shares	**100.0**	100.0
	421.6	421.6

The perpetual capital notes bear interest on their principal amount at 7.0% per annum, payable quarterly in arrears on 1 March, 1 June, 1 September and 1 December in each year.

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

The preference shares can be converted irrevocably into a fixed number of ordinary shares in the event of the conversion trigger. The conversion trigger occurs if the Company's Common Equity Tier 1 ("CET1") capital ratio falls below 5.125%. This is a regulatory requirement to enable the preference shares to be treated as Additional Tier 1 capital. The CET1 ratio (unaudited) at 30 September 2016 was 12.7% (2015: 16.9%).

13. Investments

Non-current investments	**2016 £m**	2015 £m
Available for sale investments carried at fair value	**46.4**	34.6
Other investments held at amortised cost	**16.5**	17.5
	62.9	52.1
Current investments		
Held for trading carried at fair value:		
Seed capital investments	**200.6**	148.9
Investments in funds to hedge deferred fund awards	**53.7**	43.4
Other investments	**0.3**	0.3
	254.6	192.6
Derivative financial assets		
Forward foreign exchange contracts	**-**	29.2
Equity futures	**-**	0.4
	-	29.6

Seed capital investments consist of amounts invested to enable the launch or development of funds where the intention is to withdraw the investment once the fund has achieved a sustainable scale of third party investment. The Group also holds investments in certain Aberdeen-managed funds to hedge against liabilities from variable pay awards that are deferred and settled in cash by reference to the share price of those funds.

14. Asset backing investment contract liabilities

	2016 £m	2015 £m
Listed investments	**1,258.3**	1,662.2
Unit trusts and OEICs	**358.8**	220.2
Cash, deposits and liquidity funds	**47.0**	34.8
Other net assets	**6.5**	8.9
	1,670.6	1,926.1

The risks and rewards of these assets fall to the benefit of, or are borne by, the underlying policyholders, consistent with other assets under management. 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. Accordingly, these assets are not included in the fair value measurements disclosure.

15. Retirement benefits

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

The main defined benefit schemes in the UK are based on final salary payments with benefits being adjusted in line with the schemes rules once in payment after retirement. The level of benefits paid is dependent on a members' length of service and salary prior to retirement. A funding plan, which aims to eliminate any shortfall in funding, has been agreed between the Trustees of the schemes and the employer. Annual contributions to the UK schemes under these funding plans are currently £8.6 million. The defined benefit schemes operated by the Group expose the Group to actuarial risks, including longevity risk, interest rate risk and market (investment risk). Where appropriate, the investment strategy takes the make up of the schemes' membership into account (for example investing in assets that broadly aim to partially match some of the liability outflows), which reduces the effect of market movements on funding levels. Risk in relation to gilt yields has also been mitigated by investing a proportion of the schemes' assets in gilts/bonds/alternatives.

	2016	2015
	£m	£m
Pension scheme deficits	**(48.0)**	(12.0)
Pension scheme surplus	**-**	30.1
Net (deficit) surplus	**(48.0)**	18.1

On 9 November 2015 the Trustees of the Edinburgh Fund Managers Group scheme completed a partial buy-in with Legal & General ('L&G'), paying a premium of £103.6 million. The buy-in covers all the benefits in respect of the deferred membership as at 9 November 2015 (excluding enhanced deferred revaluation in excess of statutory revaluation applied after this date). From 22 November 2029, L&G will also meet pension and contingent spouses benefits in respect of the pensioner membership as at 9 November 2015.

The insured asset of £71.0 million has been calculated by valuing the estimated benefits that will be paid by the insurer using the 30 September 2016 IAS 19 assumptions and the same approach used to value the year end liabilities.

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

At 30 September 2016 £2.5 million (2015: £2.1 million) of contributions were outstanding in respect of defined contribution schemes.

16. Contingent liabilities

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 probable.

By their nature, provisions often reflect significant levels of judgement or estimate. 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.

The Company had no provisions or contingent liabilities at 30 September 2016 (2015: nil).

17. The financial information set out above does not constitute the Company's statutory accounts for the years ended 30 September 2016 or 2015. Statutory accounts for 2015 have been delivered to the registrar of companies, and those for 2016 will be delivered in due course. The auditor has reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

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

ASSETS UNDER MANAGEMENT AT 30 SEPTEMBER 2016

	30 Sep 15 £bn	31 Dec 15 £bn	31 Mar 16 £bn	30 Jun 16 £bn	30 Sep 16 £bn
Equities	80.1	77.5	78.3	83.2	89.1
Fixed income	65.6	66.6	66.9	70.6	70.0
Multi asset	83.0	83.3	84.9	85.5	89.9
Alternatives	14.0	21.3	21.8	21.5	21.8
Quantitative strategies	22.0	22.5	21.3	22.1	22.8
Property	19.0	19.4	19.6	18.5	18.5
Total	283.7	290.6	292.8	301.4	312.1

	Equities £bn	Fixed income £bn	Multi asset £bn	Alternatives £bn	Quant strategies £bn	Property £bn	Total £bn
AuM at 30 September 2015	80.1	65.6	83.0	14.0	22.0	19.0	283.7
Net flows	(13.6)	(6.8)	(7.1)	(1.7)	(2.8)	(0.8)	(32.8)
Markets and performance	11.7	6.2	11.3	(0.9)	3.6	0.5	32.4
Exchange	10.9	5.0	0.7	2.9	-	1.5	21.0
Corporate transactions	-	-	2.0	7.5	-	(1.7)	7.8
AuM at 30 September 2016	89.1	70.0	89.9	21.8	22.8	18.5	312.1

OVERALL NEW BUSINESS FLOWS FOR 12 MONTHS TO 30 SEPTEMBER 2016

	3 mths to 31 Dec 15 £m	3 mths to 31 Mar 16 £m	3 mths to 30 Jun 16 £m	3 mths to 30 Sep 16 £m	Year to 30 Sep 16 £m
Gross inflows:					
Equities	2,121	2,992	2,213	3,323	10,649
Fixed income	5,559	3,568	4,600	2,096	15,823
Multi asset	1,936	1,711	1,612	1,990	7,249
Alternatives	79	272	44	75	470
Quantitative strategies	429	215	271	250	1,165
Property	791	1,784	484	618	3,677
Total	10,915	10,542	9,224	8,352	39,033
Gross outflows:					
Equities	8,470	6,462	5,137	4,206	24,275
Fixed income	5,127	6,255	5,598	5,596	22,576
Multi asset	4,451	3,090	3,292	3,511	14,344
Alternatives	247	314	1,225	369	2,155
Quantitative strategies	1,015	1,165	898	900	3,978
Property	697	899	1,952	957	4,505
Total	20,007	18,185	18,102	15,539	71,833
Net flows:					
Equities	(6,349)	(3,470)	(2,924)	(883)	(13,626)
Fixed income	432	(2,687)	(998)	(3,500)	(6,753)
Multi asset	(2,515)	(1,379)	(1,680)	(1,521)	(7,095)
Alternatives	(168)	(42)	(1,181)	(294)	(1,685)
Quantitative strategies	(586)	(950)	(627)	(650)	(2,813)
Property	94	885	(1,468)	(339)	(828)
Total	(9,092)	(7,643)	(8,878)	(7,187)	(32,800)

OVERALL NEW BUSINESS FLOWS FOR 12 MONTHS TO 30 SEPTEMBER 2016 – EQUITIES

	3 mths to 31 Dec 15 £m	3 mths to 31 Mar 16 £m	3 mths to 30 Jun 16 £m	3 mths to 30 Sep 16 £m	Year to 30 Sep 16 £m
Gross inflows:					
Asia Pacific	1,099	806	831	1,010	3,746
Global emerging markets	710	1,637	780	1,834	4,961
Europe	9	145	53	10	217
Global & EAFE	136	218	154	145	653
UK	51	40	83	43	217
US	116	146	312	281	855
	2,121	2,992	2,213	3,323	10,649
Gross outflows:					
Asia Pacific	2,969	2,205	1,618	1,783	8,575
Global emerging markets	1,639	1,571	1,332	1,244	5,786
Europe	42	188	42	46	318
Global & EAFE	3,678	2,245	1,949	883	8,755
UK	73	172	113	114	472
US	69	81	83	136	369
	8,470	6,462	5,137	4,206	24,275
Net flows:					
Asia Pacific	(1,870)	(1,399)	(787)	(773)	(4,829)
Global emerging markets	(929)	66	(552)	590	(825)
Europe	(33)	(43)	11	(36)	(101)
Global & EAFE	(3,542)	(2,027)	(1,795)	(738)	(8,102)
UK	(22)	(132)	(30)	(71)	(255)
US	47	65	229	145	486
	(6,349)	(3,470)	(2,924)	(883)	(13,626)

OVERALL NEW BUSINESS FLOWS FOR 12 MONTHS TO 30 SEPTEMBER 2016 – FIXED INCOME

	3 mths to 31 Dec 15 £m	3 mths to 31 Mar 16 £m	3 mths to 30 Jun 16 £m	3 mths to 30 Sep 16 £m	Year to 30 Sep 16 £m
Gross inflows:					
Asia Pacific	16	19	28	48	111
Australia	96	96	117	197	506
Convertibles	52	10	2	5	69
Emerging markets	174	231	296	333	1,034
Europe	60	26	20	34	140
Global	54	204	95	67	420
High yield	223	200	217	91	731
Money market	3,573	2,373	2,206	983	9,135
UK	1,181	346	1,445	313	3,285
US	130	63	174	25	392
Total	5,559	3,568	4,600	2,096	15,823
Gross outflows:					
Asia Pacific	69	210	80	33	392
Australia	496	303	1,013	133	1,945
Convertibles	43	30	10	20	103
Emerging markets	355	1,126	237	600	2,318
Europe	364	42	226	54	686
Global	127	173	132	322	754
High yield	478	303	366	695	1,842
Money market	1,805	2,331	1,873	2,343	8,352
UK	1,302	578	1,391	918	4,189
US	88	1,159	270	478	1,995
Total	5,127	6,255	5,598	5,596	22,576
Net flows:					
Asia Pacific	(53)	(191)	(52)	15	(281)
Australia	(400)	(207)	(896)	64	(1,439)
Convertibles	9	(20)	(8)	(15)	(34)
Emerging markets	(181)	(895)	59	(267)	(1,284)
Europe	(304)	(16)	(206)	(20)	(546)
Global	(73)	31	(37)	(255)	(334)
High yield	(255)	(103)	(149)	(604)	(1,111)
Money market	1,768	42	333	(1,360)	783
UK	(121)	(232)	54	(605)	(904)
US	42	(1,096)	(96)	(453)	(1,603)
Total	432	(2,687)	(998)	(3,500)	(6,753)