Aberdeen Asset Managers Limited

Directors' report and financial statements

Registered number 108419

30 September 2009

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Contents

Directors' report

The Directors present their annual report and the audited financial statements for the year ended 30 September 2009.

Principal activity

The principal activity of the Company is the provision of investment management services to a range of unit trusts operated by a related Company, a number of investment trusts and other institutional clients. The company is regulated by the Financial Services Authority, but is not subject to the consolidated capital requirements of the Financial Services Authority.

Business review

Turnover increased from £70.7m in 2008 to £72.5m in the current year despite exceptionally challenging market conditions. As a result of the increase in revenue and significantly lower operating costs, the profit before tax for 2009 was £5.2m compared to a loss of £11.5m reported for 2008.

Key performance indicators

The Company forms part of the operational arm of Aberdeen Asset Management PLC's ('AAM PLC') UK based investment management business. The Company uses a number of financial performance measures to monitor the performance of the business against budget throughout the year, however a number of these indicators are reviewed at a group level. These key performance indicators ('KPIs') are measured and reported to management on a monthly basis and are shown below:

	2009	2008
	£'000	£'000
Turnover	72,500	70,703
Profit (loss) before interest and tax	3,978	(13,185)
Investment management operating margin*	25.6%	26.8%
Assets under management (AUM)*	£146.2 billion	£111.1 billion
Net new business funded in the year*	£(7.0) billion	£2.9 billion

* KPI's measured and reported on a group basis

In addition, a number of non-financial performance indicators are used by the Board to monitor the activities of the company. These include:

- the level of dealing activity
- fund management performance
- investment risk
- compliance and regulatory issues

Performance during the year

The year began amid a severe downturn in global bond and equity markets which put pressure on revenues. The Company has faced an ongoing challenge to balance cost reductions with the need to position itself for eventual recovery. Group assets under management ('AUM') at the start of the year were £111.1 billion and increased over the year to £146.2 billion. This increase was entirely due to the acquisition of certain businesses and assets from Credit Suisse during the year.

Risk management

The Company's risks are recorded within the AAM Group Risk Management Database and are subject to the AAM risk management process. The Group's risk management framework is designed to meet business needs, regulatory requirements and align the Group with best practice in terms of corporate governance.

Directors' report *(continued)*

The principal risks and uncertainties facing the Company are:

- **Strategic risks**

  These are principally the risk of the business declining due to external factors (for example a sustained fall in markets) or internal factors (for example sustained poor long term investment performance of the Company's funds). The Company attempts to manage these risks by being willing to change or adapt our products to meet market needs, monitoring tax and regulatory changes to assess their likely implications and controlling costs effectively. Investment performance is reviewed on a regular basis and a culture of open debate on investment strategy is encouraged.

- **Operational risks**

  The main risks that the Company seeks to control are operational risks. The Company operates controls to ensure that the residual risk is minimised and consistent with economically providing high levels of service. In addition, the Company has professional indemnity insurance to cover the residual risk of loss from such errors.

  Competitive risk: the company operates in competitive markets in which performance is constantly monitored. The performance of the company's funds are monitored constantly and benchmarked against competitors.

  The Company's relationships with clients is fundamental to its business. Our client relations teams keep in regular contact with our larger clients to ensure that we can identify any changes or action that might be needed as a result of their changing needs. More widely, we aim to provide a high level of information to our customers generally, either by mailings to particular classes of customer or via the AAM Group website.

  Staff retention: the company's most important resource is its employees and their knowledge and abilities are central to meeting clients' needs and expectations. Retention of key staff is vitally important in maintaining this focus on client service. The company invests in graduate recruitment programmes and in ongoing training and development programmes relevant to the needs of the Company and its employees. Appropriate incentive packages are also operated to ensure that strong performance is encouraged and rewarded.

  Major disruption/disaster: the principal back-office administration functions of the company are outsourced to providers who have proven and well tested back-up resources and facilities. In addition the company has its own disaster recovery plans and back-up facilities to enable the business to continue to operate should the need arise.

Treating customers fairly

The Board adopted a TCF policy during the year. The policy extends the AAM Group TCF focus into the operations of the Company and builds on the requirement to meet customers' reasonable expectations.

Employees

The Company recognises that employee involvement is key to the future success of the business. The practice of keeping employees informed on all matters affecting them, via email and the Company's internal noticeboard and that all publicly announced documents are circulated internally to all employees continues. The Company is also committed to following good practice in employment matters, recognising the part this plays in attracting and retaining staff.

The Company promotes the importance of high ethical standards to all employees and staff have the opportunity to voice any concerns they may have, either direct with management or on a confidential basis via the whistle blowing process.

Directors' report *(continued)*

Equal opportunities

The Company is committed to providing equal opportunities, both for existing employees and for new applicants, and seeks to ensure that the workforce reflects, as far as is practicable, the diversity of the many communities in which the Group operates. It is the Company's policy to give appropriate consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. For the purposes of training, career development and promotion, disabled employees, including anyone who may become disabled during the course of his or her employment, are treated on equal terms with other employees. The Company operates a zero tolerance policy to harassment and bullying. Details of the Company's equal opportunities policy is available on the Company's website and this policy is supplemented by specific policies that reflect local employment legislation and expectations.

Health and safety

The Company has in place a Health and Safety Policy which can be accessed by all staff via an internal database. The aim is to provide both staff and visitors with a safe and healthy working environment. The Company is committed to adhering to the high standards of health and safety set out by its policies and procedures and to providing training as necessary.

Proposed dividend

The Directors recommend that a final dividend of £nil *(2008: £nil)* be paid.

Directors

The Directors who held office during the year were as follows:

HW Little	(Resigned 7 August 2009)	D Hill	(Resigned 30 June 2009)
A Richards		MJ Gilbert	
R MacRae		AA Laing	
M Turner		GR Marshall	
K Fry		PT Griffiths	(Appointed 24 July 2009)

All the directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Policy on payment of creditors

Unless otherwise agreed, payments to trade creditors are made within thirty days.

At the year end, the Company had an average of 13.4 days purchases outstanding in respect of trade creditors.

Disclosure of information to auditors

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

Directors' report *(continued)*

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office.

By order of the Board

For Aberdeen Asset Management PLC
Secretaries

10 Queen's Terrace
Aberdeen
AB10 1YG

21 January 2010

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Independent auditors' report to the members of Aberdeen Asset Managers Limited

We have audited the financial statements of Aberdeen Asset Managers Limited for the year ended 30 September 2009 set out on pages 7 to 21. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors
As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2009 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

G Bainbridge

G Bainbridge (Senior Statutory Auditor)
For and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accounts
37 Albyn Place
Aberdeen
AB10 1JB.
21 January 2010

Profit and loss account

for the year ended 30 September 2009

	Note	**2009** **£000**	2008 £000
Turnover	*1*	**72,500**	70,703
Cost of sales (including exceptional costs of £1,879,000 *(2008:£2,281,000)*)	*4*	**(68,522)**	(83,888)
Operating profit (loss)		**3,978**	(13,185)
Interest receivable and similar income	*6*	**1,210**	1,671
Profit (loss) on ordinary activities before taxation	*2-5*	**5,188**	(11,514)
Tax on profit (loss) on ordinary activities	*7*	**(239)**	5,331
Profit (loss) for the financial year		**4,949**	(6,183)

A statement of movements on reserves is given in note 12.

Turnover and operating profit arise wholly from continuing operations in the UK.

There are no recognised gains or losses other than the profit for the financial year.

Balance sheet
at 30 September 2009

	Note	2009 £000	2008 £000
Current assets			
Debtors (including £1,510,000 *(2008:£2,794,000)* due after more than one year)	*8*	**31,828**	18,347
Cash at bank and in hand		**36,072**	27,329
		67,900	45,676
Creditors: amounts due within one year	*9*	**(21,837)**	(15,562)
Net assets		**46,063**	30,114
Capital and reserves			
Called up share capital	*10*	**10,225**	9,725
Share premium account	*12*	**133,025**	122,525
Profit and loss account	*12*	**(97,187)**	(102,136)
Shareholders' funds	*11*	**46,063**	30,114

These financial statements were approved by the board of directors on 21 January 2010 and were signed on its behalf by:

AA Laing
Director

Notes
(forming part of the financial statements)

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements, except as noted below.

Basis of preparation

The financial statements have been prepared in accordance with applicable Accounting Standards and under the historic cost accounting rules.

Under Financial Reporting Standard 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

As the Company is a wholly owned subsidiary of Aberdeen Asset Management PLC, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Aberdeen Asset Management PLC, within which this Company is included, can be obtained from 10 Queen's Terrace, Aberdeen, AB10 1YG.

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Directors' Report.

The company is expected to continue to generate positive cash flows on its own account for the foreseeable future. The company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries.

The directors, having assessed the responses of the directors of the company's parent Aberdeen Asset Management PLC to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Aberdeen Asset Management group to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment of the company's financial position and of the enquiries made of the directors of the company's ultimate parent undertaking, Aberdeen Asset Management PLC, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Foreign currencies

Transactions denominated in foreign currencies are converted at the rates of exchange ruling at the dates of the transactions. Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Exchange differences are dealt with in the profit and loss account.

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Pension costs

The Company contributes to a defined contribution pension scheme operated by the parent company. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Notes *(continued)*

1. Accounting policies *(continued)*

Turnover

Turnover represents amounts receivable in respect of the Company's activities in providing investment management services, exclusive of Value Added Tax. Income from management fees and performance fees is recognised on an accruals basis in line with the terms of the various contracts.

Share based payments

The share option programme allows employees to acquire shares of the ultimate parent company, Aberdeen Asset Management PLC. The fair value of options granted after 7 November 2002 and those not yet vested as at the effective date of FRS 20 is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

The fair value of awards to employees of the Company under the Aberdeen Asset Management PLC's long term incentive plan ('LTIP') is recognised as an expense with a corresponding increase in equity. The fair value is initially measured at the date of the award and is spread over the period during which employees become unconditionally entitled to the shares. The fair value of LTIP awards is based on the market price of the underlying shares at the date of the award, taking into account the terms and conditions upon which the award was made.

In respect of these share based payment arrangements, the ultimate parent company charges the company for the intrinsic value of the shares on exercise, being the difference between the market value at the date of exercise and the exercise price. This is accounted for as a charge directly through equity with a corresponding credit to intercompany.

The Aberdeen Group awards deferred shares to employees as an element of annual bonus awards. These deferred shares are expensed to its income statement over the vesting period of three years. Where Aberdeen Asset Management PLC makes awards under the deferred share scheme to employees of its subsidiaries it recharges the cost of these awards to each subsidiary based on the cash value of the shares at the award date.

Taxation

The charge for taxation is based on the loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Notes *(continued)*

1. Accounting policies *(continued)*

Classification of financial instruments issued by the Company

Following the adoption of FRS 25, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

2. Notes to the profit and loss account

	2009	2008
	£000	£000
Profit (loss) on ordinary activities before taxation is stated after charging:		
Hire of other assets - operating leases	**129**	430
Auditors' remuneration :		
Audit of these financial statements	**18**	17

Notes *(continued)*

3. Staff numbers and costs

The average number of persons employed by the Company (including directors), during the year, analysed by category, was as follows:

	2009 Number	2008 Number
Fund management and administration	**245**	268

The aggregate payroll costs of these persons were as follows:

	2009 £000	2008 £000
Salaries and bonuses	**26,722**	37,882
Redundancy	**-**	269
Social security costs	**2,059**	3,680
Other pension costs	**3,226**	3,528
Other benefits	**386**	382
	32,393	45,741

4. Exceptional costs

Recognised within operating profit (loss)

Exceptional costs	2009 £000	2008 £000
Integration costs / Redundancies / Sale of Private Equity business / Fund launch costs	1,879	2,281

Integration costs are associated with the consolidation of the Credit Suisse Asset Management businesses.

5. Remuneration of directors

	2009 £000	2008 £000
Directors' emoluments	**1,934**	2,037
Company contributions to money purchase pension schemes	**131**	139
Compensation for loss of office	**453**	1,500
Other Benefits	**5**	7
	2,523	3,683

Notes *(continued)*

5. Remuneration of directors *(continued)*

The emoluments of the directors who are also directors of, and paid by, Aberdeen Asset Management PLC, the parent company, are disclosed in the accounts of that company.

The aggregate emoluments of the highest paid director during the year was £343,000 *(2008: £383,000)*, and company pension contributions of £44,000 *(2008: £44,000)* were made to a money purchase scheme on their behalf. No share options were exercised by the highest paid director in the year. In addition, the highest paid director was awarded deferred shares under the parent company's deferred share scheme with a value of £480,000.

The directors have been awarded bonuses of £1,275,000 for meeting their defined objectives for the year. £255,000 of this award will be paid in cash in December 2009 and a further £1,020,000 will be used to acquire a number of the parent company's shares which will vest in three equal instalments over the three years to 31 December 2012.

Details of directors who exercised share options and are paid by Aberdeen Asset Management PLC, the parent company, are disclosed in the accounts of that company.

	Number of directors	
	2009	2008
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	**3**	4

6. Interest receivable and similar income

	2009	2008
	£000	£000
Exchange gains	**356**	366
Bank interest receivable	**854**	1,305
	1,210	1,671

Notes *(continued)*

7. Taxation

Analysis of tax charge (credit) in year

	2009	2008
	£000	£000
Group relief		
Group relief payable (recoverable)	**239**	(5,425)
Deferred tax		
Origination and reversal of timing differences – current year	**-**	91
Effects of changes in tax rate on opening liability	**-**	3
Tax charge (credit) on profit (loss) on ordinary activities	**239**	(5,331)

Factors affecting the tax charge (credit) for the current year
The current tax charge for the year is lower *(2008:credit higher)* than the standard rate of corporation tax in the UK, 28% (*2008: 29%*). The differences are explained below.

	2009	2008
	£000	£000
Current tax reconciliation		
Profit (loss) on ordinary activities before tax	**5,188**	(11,514)
Current tax at 28% *(2008: 29%)*	**1,453**	(3,339)
Effects of:		
Expenses not deductible for tax purposes	**31**	62
Statutory share scheme adjustments	**2,028**	(2,230)
Other timing differences	**-**	(91)
Utilisation of trading losses brought forward	**(3,273)**	-
Group relief surrendered for nil payment	**-**	173
Total current tax charge (credit) (see above)	**239**	(5,425)

Notes *(continued)*

8. Debtors

	2009	2008
	£000	£000
Trade debtors	**1,073**	2,816
Other debtors	**204**	260
Prepayments and accrued income	**17,291**	14,299
Amount due by group undertakings	**13,260**	972
	31,828	18,347

Debtors include prepayments and accrued income of £1,510,000 *(2008:£2,794,000)* due after more than one year.

9. Creditors: amounts due within one year

	2009	2008
	£000	£000
Amounts owed to group undertakings	**10,996**	686
Taxes and social security	**254**	497
Other creditors	**10,587**	14,379
	21,837	15,562

10. Called up share capital

	2009	2008
	£000	£000
Authorised:		
103,000,000 ordinary shares of 10p each	**10,300**	10,300
Allotted, called up and fully paid:		
102,250,000 ordinary shares of 10p each *(2008 : 97,250,000)*	**10,225**	9,725

During the year the Company issued 5,000,000 new ordinary shares of 10p for a consideration of £11,000,000.

Notes *(continued)*

11. Reconciliation of movements in shareholders' funds

	2009 £000	2008 £000
Profit (loss) for the financial year	**4,949**	(6,183)
New share capital subscribed	**11,000**	20,000
Net addition to shareholders' funds	**15,949**	13,817
Opening shareholders' funds	**30,114**	16,297
Closing shareholders' funds	**46,063**	30,114

12. Reserves

	Share premium account £000	Profit and loss account £000
At beginning of year	122,525	(102,136)
On shares issued	10,500	-
Profit for the financial year	-	4,949
At end of year	**133,025**	**(97,187)**

Notes *(continued)*

13. Commitments

Annual commitments under non-cancellable operating leases are as follows:

	2009		2008	
	Land and buildings £000	**Other £000**	Land and buildings £000	Other £000
Operating leases which expire:				
Within one year	**-**	**23**	12	-
In the second to fifth years inclusive	**142**	**41**	142	69
Over five years	**104**	**-**	307	-
	246	**64**	461	69

14. Pension scheme

	2009 £000	2008 £000
In respect of the money purchase scheme operated by the parent company		
Pension cost charged to profit (loss) on ordinary activities	**3,226**	3,528

15. Share based payments

The Company's parent, Aberdeen Asset Management PLC ('AAM PLC'), operates share based payment schemes in which employees of the parent and certain subsidiary companies participate. The Company is required to account for the fair value of the share options and long term incentive at grant date over the vesting period. AAM PLC recharges each subsidiary with the specific cost of the schemes based on the cost incurred for each employee.

The following disclosures relate to the share schemes operated by AAM PLC in which employees of the Company participate. The disclosures are for the employees of the Company participating in the Group schemes. The cost recharged by AAM PLC relating to the Company's employees is disclosed below.

1994 Executive Share Option Scheme
This scheme was established in 1994 and is approved by the Inland Revenue and was approved by the shareholders prior to its introduction. In accordance with its rules, no further options can be issued after March 2004.

Notes *(continued)*

Share based payments *(continued)*

The following share options granted under the Scheme were in place at 30 September 2009:

Date option granted	Option price per share	Period of exercise	Number of shares
11 June 2003	42p	11 June 2006 - 11 June 2013	417,900
23 January 2004	57p	23 January 2007 - 23 January 2014	84,000
23 January 2004	59p	23 January 2007 - 23 January 2014	556,500

Options may only be exercised if the AAM Remuneration Committee is satisfied that the Group's earnings per share have increased over a period of three years by 5% per annum in excess of the average growth in the stock markets in which the Group's assets under management are invested.

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price 2009	**Number of options 2009**	Weighted average exercise price 2008	Number of options 2008
Outstanding at the beginning of the year		**1,372,500**		1,653,500
Exercised during the year	**51.0p**	**(314,100)**	50.7p	(281,000)
Outstanding at the end of the year		**1,058,400**		1,372,500
Exercisable at the end of the year		**1,058,400**		1,372,500

The options outstanding at 30 September 2009 have an exercise price in the range of 42p to 59p and a weighted average contractual life of 4.1 years (2008 – 5.1 years).

Notes *(continued)*

Share based payments *(continued)*

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on a trinomial lattice model using a Monte Carlo simulation model for assessing the likelihood of performance conditions being satisfied.

The key assumptions which have been used in the trinomial lattice model to ascertain the fair value of options issued by AAM are as follows:

Date option granted	11 June 2003	23 January 2004	23 January 2004
Number of options granted	1,604,500	293,100	1,884,400
Share price at grant date	42p	57p	59p
Exercise price	42p	57p	59p
Vesting period	3 years	3 years	3 years
Expected volatility at award date	96.9%	78.9%	78.9%
Risk free date at grant date (based on 3 month sterling LIBOR)	3.65%	4.07%	4.07%
Expected dividend yield	6.10%	4.50%	4.40%
Average expected term to exercise	7.5 years	7.6 years	7.6 years

2005 Long Term Incentive Plan

The fair value of services received in return for LTIP shares awarded are measured by reference to the fair value of LTIP shares awarded. The estimate of the fair value of the services received has been measured based on a trinomial lattice model using assumptions for employee exit/forfeiture rates, zero dividend yields (because dividends accrue to the employee as from the date of the award) share price and composite volatility and performance conditions.

The key assumptions which have been used in the trinomial lattice model to ascertain the fair value of options are as follows:

	1 December 2006	14 December 2007	17 June 2008
Number of LTIP shares awarded	175,851	152,254	-
Number of LTIP options awarded	-	-	9,375,000
Share price at award date	171p	166p	130.25p
Vesting period	3 years	3 years	3 years
Expected volatility at award date	35.7%	37.5%	32.1%
Risk free date at award date (based on 3 month sterling LIBOR)	5.25%	6.50%	5.95%
Expected dividend yield	0%	0%	0%
Average expected term to vesting	3 years	3 years	3 years

	2009 Number	2008 Number
Outstanding at 1 October	**10,639,724**	10,815,023
Granted during the year	**-**	9,454,455
Exercised during the year	**(1,219,600)**	(8,107,108)
Forfeited during the year	**(750,000)**	(1,522,646)
Outstanding at the end of the year	**8,670,124**	10,639,724

Notes *(continued)*

Share based payments *(continued)*

Deferred share awards

Employees of the Company participate in the deferred share award scheme operated by the parent company. Shares awarded do not have ongoing performance conditions, but have a time vesting condition. Awards made in respect of annual bonus awards in 2005, 2006 and 2007 vest at the end of a three year vesting period subject to the continued employment of the participant. Awards made in respect of annual bonus awards in 2008 vest annually in three equal tranches, again subject to the continued employment of the participant.

	Weighted average share price 2009	**Number 2009**	Weighted average share price 2008	Number 2008
Outstanding at 1 October		**6,134,094**		3,877,355
Granted during the year		**15,909,195**		3,776,386
Exercised during the year	**124.1p**	**(598,189)**	148.2p	(622,849)
Forfeited during the year		**(819,364)**		(896,798)
Outstanding at the end of the year		**20,625,736**		6,134,094

The following table shows the costs recharged by AAM PLC to the Company for the share based costs relating to employees of the Company participating in the above schemes.

	2009 £000	2008 £000
Expenses arising from award of shares under LTIP	**-**	3,717
Expenses arising from award of deferred shares	**7,448**	-
	7,448	3,717

16. Contingent Liabilities

The Company's bank balance is part of a group working capital facility in support of which cross guarantees are provided by the parent company, the company and certain fellow subsidiary undertakings. At 30 September 2009, the net amount guaranteed under this arrangement was £nil *(2008: £nil)*.

Notes *(continued)*

17. Ultimate parent company

The Company's ultimate parent company is Aberdeen Asset Management PLC, which is incorporated in the United Kingdom and registered in Scotland.

The results of the Company are consolidated in the group accounts of Aberdeen Asset Management PLC which are available to the public and may be obtained from 10 Queen's Terrace, Aberdeen, AB10 1YG.

No other group accounts include the results of the Company.

18. Regulation

The company is regulated by the Financial Services Authority, but is not subject to the consolidated capital requirements of the Financial Services Authority.