

Half year results 2019

Standard Life Aberdeen plc

Contents

1. Management report	1
2. Statement of Directors' responsibilities	8
3. Independent review report from our External auditors	9
4. Financial information	10
IFRS condensed consolidated primary statements	
Notes to the IFRS condensed consolidated financial information	
5. Supplementary information	44
5.1 Alternative performance measures	
5.2 Financial ratios	
5.3-5.5 Assets under management and administration and flows	
6. Glossary	52
7. Shareholder information	54

The Half year results 2019 are published on the Group's website at www.standardlifeaberdeen.com/hyresults

The Half year 2019 press release is also published on www.standardlifeaberdeen.com

2018 comparatives are in relation to continuing operations unless otherwise stated. Continuing operations excludes the UK and European insurance business.

Discontinued operations relate to the UK and European insurance business. The sale of this business to Phoenix completed on 31 August 2018.

Certain measures, such as adjusted profit, are not defined under IFRS and are therefore termed alternative performance measures (APMs). Further details on APMs are included in Supplementary information in Section 5.

How to navigate this report



Page cross reference



For more information visit our corporate website: www.standardlifeaberdeen.com

1. Management report

Key performance indicators	H1 2019	H1 2018
Adjusted profit before tax	£280m	£311m
Adjusted diluted earnings per share ¹	8.9p	8.2p
Cost/income ratio	72%	69%
Assets under management and administration (AUMA)	£577.5bn	£551.5bn*
Gross inflows	£36.5bn	£37.4bn
Net flows	(£15.9bn)	(£16.9bn)
Investment performance – 3 years ²	65%	50%
Interim dividend per share	7.30p	7.30p

Other financial highlights	H1 2019	H1 2018
IFRS profit before tax	£629m	£127m
IFRS profit after tax attributable to equity shareholders	£636m	£111m
Diluted earnings per share (including discontinued operations) ¹	27.0p	6.2p

* Comparative as at 31 December 2018.

Focused on delivery

We have made good progress in reshaping our business so that it is set up to take advantage of the trends impacting our industry both globally and in the UK. We are encouraged by an improvement in our investment performance as well as a growing number of strategies with positive ratings from investment consultants.

Assets have increased by 5% to £577bn and we have reduced net outflows, helped by slowing redemptions and more diverse inflows. We are also pleased to have retained Lloyds Banking Group as an important client. We continue to focus on cost control and remain on track to achieve our previously announced targeted annual efficiency savings.

We have returned substantial capital to shareholders over the last 12 months which continues to benefit earnings per share. This includes £550m through the share buyback programme with the final £200m phase of the previously announced £750m programme expected to commence this quarter.

Positioning our business for long-term growth

- Strengthened position in 'new active' with 16 new fund launches and four new consultant rated strategies
- Continued to expand our UK advice business, 1825, by announcing the acquisitions of wealth advisory businesses of BDO Northern Ireland and Grant Thornton UK
- Further progress made in building UK savings 'ecosystem', securing £3.5bn of assets from Virgin Money
- Heng An Standard Life (HASL) became the first foreign joint venture to be granted a pensions license in China

Settlement of arbitration with Lloyds Banking Group / Scottish Widows (LBG)

On 24 July 2019, the Group announced that it had agreed a final settlement with LBG in relation to the arbitration proceedings concerning LBG's attempt to terminate investment management arrangements with the Group.

We are pleased with the settlement with LBG and believe that it represents a fair and positive outcome for both parties. We look forward to building on our relationship with LBG and continuing to deliver positive outcomes for their customers. The retention of assets in our passive strategies as well as active real estate portfolios positions us to benefit from scale and growth in these growing parts of the asset management industry. As part of the settlement we received an upfront payment of £140m which will be recognised in H2 2019. Further details are included on page 43 of this report.

Building on our resilience

- Total AUMA up 5% to £577.5bn reflecting positive market movements, offset by net outflows
- Assets on our Wrap and Elevate platforms increased by 10% to £59.8bn
- Net outflows continued, but slowed by 6% compared to H1 2018 to £15.9bn
- Adjusted profit before tax of £280m was 10% lower compared to H1 2018. Lower fee based revenue reflecting the impact of net outflows in 2018 and 2019 and market falls in H2 2018, was partly offset by a reduction in operating expenses from continued careful cost control and the inclusion of our share of Phoenix results in H1 2019.
- Interim dividend per share unchanged at 7.30p

Outlook

With our broad and diverse range of capabilities and relationships with customers, we are well placed to take advantage of the opportunities and to deal with the challenges that ongoing changes in our industry present. However, the current environment for asset management remains tough as macroeconomic and political uncertainties continue to affect investor sentiment.

As we look ahead we will maintain our focus on operational and strategic delivery. This includes delivering for our clients and customers by focusing on our investment performance and continuing to innovate in areas of market growth. We will also remain focused on driving operational efficiency and cost control as we move closer to completing the integration and the implementation of our simplified global operating model.

This, combined with our strong balance sheet, allows us to invest for growth to deliver on our strategy and generate sustainable dividends and returns for shareholders.

¹ In accordance with IAS 33, earnings per share have not been restated following the share consolidation in 2018 as there was an overall corresponding change in resources. As a result of the share consolidation and share buyback earnings per share from continuing operations for the period ended 30 June 2019 is not directly comparable with the prior period. Refer Note 4.7 in the Financial information section of this report for information relating to the calculation of diluted earnings per share.

² Percentage of AUM above benchmark. Calculated on a Pro forma basis and gross of fees. A full definition is included in the Glossary on page 53.

Assets under management and administration (AUMA) and net flows

AUMA increased 5% in H1 2019 boosted by favourable markets. Gross inflows remained robust at £36.5bn, whilst net outflows continued but slowed to £15.9bn.

	Gross inflows			Net flows			AUMA	
	H1 2019 £bn	H2 2018 £bn	H1 2018 £bn	H1 2019 £bn	H2 2018 £bn	H1 2018 £bn	H1 2019 £bn	FY 2018 £bn
Institutional/Wholesale	22.8	16.3	21.4	(12.0)	(25.9)	(13.9)	243.4	239.2
Strategic insurance partners	9.7	17.6	11.0	(5.7)	0.1	(5.6)	269.8	255.0
Wealth	1.5	1.3	1.4	0.4	0.1	0.3	12.5	10.9
Platforms – Wrap and Elevate	3.4	3.8	4.7	1.1	1.7	2.5	59.8	54.2
Eliminations	(0.9)	(1.2)	(1.1)	0.3	–	(0.2)	(8.0)	(7.8)
Total	36.5	37.8	37.4	(15.9)	(24.0)	(16.9)	577.5	551.5

Gross and net flows

Institutional/Wholesale: Gross inflows improved to £22.8bn (H1 2018: £21.4bn, H2 2018: £16.3bn) and included £3.5bn of assets from Virgin Money with whom we have established a joint venture. Redemptions also improved resulting in net outflows decreasing to £12.0bn (H1 2018: £13.9bn, H2 2018: £25.9bn). The net outflows continue to reflect investor sentiment towards emerging markets and equity markets more generally, as well as the impact of weaker 2018 investment performance in both equities and multi-asset. However net outflows were significantly reduced compared to H2 2018 due to lower multi-asset net outflows, strong cash/liquidity flows and the Virgin Money assets. Multi-asset net outflows were dominated by GARS despite more recent improved investment performance, with net outflows of £6.1bn (H1 2018: £5.3bn; H2 2018: £11.4bn) reducing GARS AUM in Institutional/Wholesale to £15.3bn (FY 2018: £19.9bn).

Strategic insurance partners (excluding Lloyds): Net outflows of £3.2bn were stable (H1 2018: £3.2bn, H2 2018: £3.1bn net inflows), reflecting redemptions from maturing insurance business in long-term run-off. H2 2018 gross flows benefited from additional assets secured from Phoenix and other strategic insurance partners. **Lloyds:** Net outflows of £2.5bn (H1 2018: £2.4bn, H2 2018: £3.0bn) remain broadly in line with H1 2018. There was no net outflow of Lloyds assets in H1 2019 relating to the arbitration which is now settled.

Wealth: This includes our Parmenion platform, as well as our wealth business Aberdeen Standard Capital. Gross inflows remained strong at £1.5bn (H1 2018: £1.4bn, H2 2018: £1.3bn), with net flows in line with H1 2018.

Wrap and Elevate platforms: Net inflows continued but reduced to £1.1bn (H1 2018: £2.5bn, H2 2018: £1.7bn). This is a result of lower gross inflows, reflecting weak market sentiment caused by the ongoing political uncertainty in the UK as well as a further reduction in defined benefit to defined contribution transfers.

AUMA

AUMA increased to £577.5bn (FY 2018: £551.5bn) due to positive market movements and investment performance of £41.2bn (FY 2018: negative £20.5bn) across all channels partly offset by the continued net outflows.

Our strategic insurance partners, which includes Phoenix (£140.8bn) and Lloyds (£103.5bn), increased by 6% to £269.8bn (FY 2018: £255.0bn) benefiting from the favourable markets.

	H1 2019 £bn	H1 2018 £bn	FY 2018 £bn
Opening AUMA	551.5	608.1	608.1
Net flows	(15.9)	(16.9)	(40.9)
Market and other movements	41.2	(3.9)	(20.5)
Corporate actions	0.7	4.8	4.8
Closing AUMA	577.5	592.1	551.5

Assets under advice

Assets under advice in 1825 increased to £4.1bn (FY 2018: £4.0bn). On 1 July 2019 we completed the acquisition of BDO Northern Ireland's wealth management business and announced our intention to acquire the wealth advisory business of Grant Thornton UK later in 2019. Combined, these deals will result in a c£1.8bn increase in assets under advice to a total of c£6bn.

Only the proportion of assets under advice that are held on our platforms are included in AUMA above.

 Further information on AUMA and net flows are included in the Supplementary information section of this report.

Asset class split of Institutional/Wholesale	Gross inflows			Net flows			AUMA	
	H1 2019 £bn	H2 2018 £bn	H1 2018 £bn	H1 2019 £bn	H2 2018 £bn	H1 2018 £bn	H1 2019 £bn	FY 2018 £bn
Equities	4.3	4.7	7.1	(9.3)	(10.0)	(7.6)	72.7	72.9
Fixed income	4.0	2.8	3.2	(1.7)	(0.7)	(2.1)	48.2	46.7
Multi-asset	2.5	3.0	3.6	(6.4)	(11.4)	(4.7)	40.4	43.0
Private markets	0.9	0.5	0.6	(1.2)	(0.6)	(0.7)	15.2	16.0
Alternatives	1.5	0.4	0.4	1.0	(0.2)	(0.2)	13.2	12.3
Real estate	1.4	2.2	1.6	(0.5)	–	(0.2)	29.9	29.7
Quantitative	3.6	0.1	0.1	3.3	(0.1)	–	6.0	2.1
Cash/Liquidity	4.6	2.6	4.8	2.8	(2.9)	1.6	17.8	16.5
Institutional/Wholesale	22.8	16.3	21.4	(12.0)	(25.9)	(13.9)	243.4	239.2

Profitability

Adjusted profit before tax from continuing operations of £280m was 10% lower than H1 2018. IFRS profit before tax from continuing operations increased by £502m to £629m.

Adjusted profit before tax from continuing operations

	H1 2019 £m	H1 2018 £m
Fee based revenue	815	966
Adjusted operating expenses	(673)	(712)
Adjusted operating profit	142	254
Capital management	22	(3)
Share of HDFC Asset Management profit before tax	26	26
Asset management and platforms	190	277
Insurance associates and joint ventures	90	34
Adjusted profit before tax	280	311

Asset management and platforms

Fee based revenue

Fee based revenue reduced by 16% to £815m (H1 2018: £966m, H2 2018: £902m) reflecting the impact of continued net outflows in 2018 and 2019 and adverse market movements in H2 2018. The reduction in Institutional/Wholesale¹ revenue was concentrated in equities and multi-asset and the average fee revenue yield decreased to 43.5bps (H1 2018: 48.7bps, FY 2018: 48.1bps), reflecting the shift in asset mix. The multi-asset yield fell to 43.9bps as outflows were concentrated in higher margin funds such as GARS.

Revenue from Wrap and Elevate increased by 4% to £73m (H1 2018: £70m) reflecting the continuing growth in our platform offering.

Adjusted operating expenses

Adjusted operating expenses decreased by 5% to £673m (H1 2018: £712m, H2 2018: £683m) mainly due to lower staff costs arising through the ongoing integration process. Expenses also benefited from careful cost control as we continue to respond to the lower levels of fee based revenue.

The cost/income ratio, which includes our share of associates' and joint ventures' profit, was 72% (H1 2018: 69%) reflecting the fall in revenue noted above partly offset by lower costs and the inclusion of our share of Phoenix profit in 2019. We remain focused on financial discipline and actions are underway to align our cost base to the current revenue outlook.

The integration and implementation of our simplified operating model continues to progress well and we remain on track to achieve our previously announced targeted annual efficiency savings of over £350m by the end of 2020. As at 30 June 2019, actions have been taken which will deliver total annualised cost savings of £234m (31 Dec 2018: £175m), benefiting H1 2019 adjusted operating expenses by c£103m (H1: 2018: c£40m) with further benefits to come in H2 2019.

Total implementation costs incurred since the completion of the merger are £345m and we expect these to remain in line with the previous estimates of approximately £430m in aggregate to deliver the £350m annualised cost savings.

Capital management

Capital management resulted in a profit of £22m (H1 2018: loss £3m) mainly due to the positive impact of markets on pooled investment fund holdings.

Share of HDFC Asset Management profit before tax

HDFC Asset Management profits increased in H1 2019 due to strong revenue growth. However, our share of profits were stable at £26m (H1 2018: £26m) reflecting the reduction in our shareholding from c38% to c30% as part of the IPO in August 2018. Our percentage ownership at 30 June 2019 was 29.94% (FY 2018: 29.96%).

Revenue analysis

	Average AUMA		Fee based revenue		Fee revenue yield	
	H1 2019 £bn	H1 2018 £bn	H1 2019 £m	H1 2018 £m	H1 2019 bps	H1 2018 bps
Equities	73.2	92.6	243	311	66.9	67.1
Fixed income	47.0	46.8	64	65	27.6	27.9
Multi-asset ¹	53.2	69.3	116	188	43.9	54.2
Private markets	15.1	16.3	32	32	43.4	38.6
Alternatives	12.5	8.9	10	9	16.2	20.8
Real estate	29.5	28.3	71	76	48.3	53.7
Quantitative	4.4	2.2	2	1	7.7	10.1
Cash/Liquidity	17.3	18.1	6	7	7.3	8.3
Institutional/Wholesale and Wealth	252.2	282.5	544	689	43.5	48.7
Strategic insurance partners	262.7	266.2	166	179	12.7	13.5
Platforms – Wrap and Elevate	57.3	54.9	73	70	25.6	25.7
Eliminations	(7.9)	(8.1)	N/A	N/A	N/A	N/A
Fee revenue yield	564.3	595.5	783	938	28.0	31.5
SL Asia			6	6		
Advice and other ²			20	19		
Performance fees			6	3		
Fee based revenue			815	966		

¹ Includes Wealth.

² Includes 1825, Focus and Threesixty.

Insurance associates and joint ventures

	Ownership at 30 June 2019 %	H1 2019 £m	H1 2018 £m
Phoenix	19.98	53	–
HDFC Life	23.02	24	24
HASL	50.00	13	10
Adjusted profit before tax		90	34

Adjusted profit before tax in our Insurance associates and joint ventures increased by 165% to £90m (H1 2018: £34m, H2 2018: £106m) mainly due to the inclusion of our share of Phoenix adjusted profit of £53m arising from our 19.98% stake following the sale of our UK and European insurance business to Phoenix on 31 August 2018.

HDFC Life profits increased in H1 2019 due to strong premium growth. However, our share of profits were stable at £24m (H1 2018: £24m) due to the reduction in our shareholding from 29.23% to 23.02%. Our sale of 6.21% of HDFC Life generated net sale proceeds of £510m and means that HDFC Life has now satisfied the minimum public shareholding (free float) requirement of 25%.

Based on the closing share price at 6 August 2019, the approximate value of our shareholding in Phoenix was £0.9bn and in HDFC Life £2.8bn. Combined with the value of our shareholding in HDFC Asset Management of £1.5bn, gives a total value of our shareholdings in listed associates of approximately £5.2bn.

IFRS profit

IFRS profit before tax from continuing operations increased to £629m (H1 2018: £127m) mainly due to the gain on sale of shares in HDFC Life in H1 2019 and a reversal of the impairment of our investment in Phoenix that was recognised in H2 2018.

	H1 2019 £m	H1 2018 £m
Adjusted profit before tax	280	311
Adjusting items	348	(166)
Share of associates' and joint ventures' tax expense	1	(18)
Profit before tax from continuing operations	629	127
Tax credit/(expense)	10	(13)
Profit for the period from continuing operations	639	114
Profit attributable to non-controlling interests	(3)	(3)
Profit for the period from continuing operations attributable to equity shareholders of Standard Life Aberdeen plc	636	111
IFRS profit from discontinued operations	25	74
Profit for the period attributable to equity shareholders of Standard Life Aberdeen plc	661	185

Adjusting items are shown in the table below.

The profit on disposal of interests in associates of £443m includes £442m relating to the sale of 6.21% of the shares in HDFC Life.

Restructuring and corporate transaction expenses were £198m (H1 2018: £59m) primarily reflecting ongoing transformation costs as we complete integration and implement our simplified operating model. H1 2019 also included £49m relating to the repurchase of subordinated debt.

The amortisation and impairment of intangible assets acquired in business combinations and through the purchase of customer contracts increased to £144m (H1 2018: £108m) due to the inclusion of the amortisation of Phoenix related intangibles.

The reversal of impairment of associates of £243m relates to our investment in Phoenix. The Phoenix share price has recovered in H1 2019 and the impairment recognised in H2 2018 has therefore been reversed.

Investment return variances and economic assumption changes loss of £18m relates to our share of Phoenix adjusting items. Refer Note 4.8 in the Financial information section.

Analysis of adjusting items	H1 2019 £m	H1 2018 £m
Profit on disposal of interests in associates	443	6
Restructuring and corporate transaction expenses	(198)	(59)
Amortisation and impairment of intangible assets acquired in business combinations and through the purchase of customer contracts	(144)	(108)
Reversal of impairment of associates	243	–
Investment return variances and economic assumption changes	(18)	–
Other	22	(5)
Total adjusting items from continuing operations	348	(166)

 See pages 12 and 32 for further details on adjusted profit and reconciliation of adjusted profit to IFRS profit.

Tax expense

The total IFRS tax credit attributable to the profit for the period from continuing operations was £10m (H1 2018: expense £13m) including a credit of £41m (H1 2018: credit £35m) relating to adjusting items. The effective tax rate on total IFRS profit of (2%) (H1 2018: 10%) is lower than the UK corporation tax rate primarily due to the profit on disposal of HDFC Life shares and the reversal of the impairment in Phoenix both being not taxable.

The tax expense attributable to adjusted profit before tax totalled £58m (H1 2018: £66m), of which £27m (H1 2018: £18m) represents equity holders' share of tax which is borne directly by our associates and joint ventures. The effective tax rate on adjusted profit is 21% (H1 2018: 21%) primarily reflecting the tax on associates being at a higher rate than the UK corporation tax rate.

Indemnities and Phoenix separation costs

The IFRS profit from discontinued operations of £25m in H1 2019 reflects a change in the value of indemnities relating to the sale of the UK and European insurance business to Phoenix.

The FCA announced in July 2019 that they had fined SLAL (now part of Phoenix) £31m for failures relating to non-advised sales of annuities. As part of the sale of SLAL we provided an indemnity to Phoenix covering this fine, and provided for an estimate of the financial impact of this indemnity as part of the gain on sale of the UK and European insurance business in our 2018 results. As a result of this indemnity provision there is no adverse impact of the fine on our 2019 results.

We announced in May 2018 that we expected to incur one-off costs relating to the separation of the UK and European insurance business sold to Phoenix of approximately £250m, and there has been no change to this estimate. Total separation costs accounted for to date amount to £140m and include £7m in H1 2019 (£128m in H2 2018 and £5m in H1 2018).

Investment performance

% of AUM ahead of benchmark ¹	1 year		3 years		5 years	
	H1 2019	FY 2018	H1 2019	FY 2018	H1 2019	FY 2018
Equities	46	40	27	31	35	29
Fixed income	76	50	88	76	65	64
Multi-asset	21	20	70	35	55	62
Alternatives	90	77	96	82	97	79
Real estate	69	71	58	56	51	61
Quantitative	34	69	61	59	56	67
Cash/Liquidity	86	81	84	81	85	82
Total	53	47	65	50	60	62

¹ Investment performance excludes non-discretionary portfolios and funds where no applicable index is available. Includes strategic insurance partners.

Generating good investment outcomes for our clients and ensuring that our investment performance remains competitive continues to be a key priority for our business. Our process enhancement plans put in place in 2018 are beginning to deliver benefits, with a growing proportion of AUM exceeding benchmarks over both one-year and three-year time horizons. We are also encouraged by an additional four of our strategies receiving positive ratings from investment consultants, bringing the total to 46 strategies. The new ratings were in Liability driven investments, Alternatives/Private markets and Fixed income.

Investment performance over three-years improved in H1 2019, with 65% (FY 2018: 50%) of total assets under management ahead of benchmark on a gross of fees basis. Over the five-year period, 60% (FY 2018: 62%) of total assets under management were ahead of benchmark.

The three-year period reflects improved investment performance within multi-asset, in particular absolute return strategies such as GARS. There was continued weaker three year performance in most equity classes, although there was strong performance in Asia Pacific, and improved short-term performance particularly in Emerging markets equities over one year. Performance for Fixed income, Cash/Liquidity and Alternatives remains strong over three and five years.

The investment performance calculation covers 81% of total AUM. Further details about the calculation of investment performance are included in the Glossary.

Financial strength and liquidity

Regulatory capital

The Group's regulatory resources comprise shareholders' equity reduced by a number of deductions (including deductions for intangible assets, defined benefit pension plan surpluses and significant investments in associates). At 30 June 2019, the Group's indicative regulatory capital position was as follows:

	H1 2019 £bn	FY 2018 £bn
Common Equity Tier 1 capital resources	1.4	1.1
Tier 2 capital resources	0.6	0.6
Total capital resources	2.0	1.7
Total capital requirements	(1.1)	(1.1)
Surplus regulatory capital	0.9	0.6

The above position includes H1 2019 profit, and in particular the gain on HDFC Life sales, and a deduction to allow for the interim 2019 dividend which will be paid in September 2019. The position is shown before a deduction for the final £200m phase of the share buyback programme that is expected to commence this quarter.

Under regulatory rules, the vast majority of the value of our shareholdings in listed associates is not recognised in capital resources.

Shareholder equity

IFRS equity attributable to equity holders of Standard Life Aberdeen plc increased to £7.5bn (FY 2018: £7.4bn) with the profit in the period being offset by the payment of the 2018 final dividend and share buybacks.

Intangible assets of £3.3bn (FY 2018: £3.4bn) primarily relate to goodwill, customer relationships, technology and brands from acquired businesses.

The principal defined benefit staff pension scheme, which is closed to future accrual, continues to have a significant surplus of £1.2bn (FY 2018: £1.1bn). Further details are provided in Note 4.15.

Liquidity management and cash generation

The Group held cash and liquid resources of £1.9bn at 30 June 2019 of which £0.7bn were held in the Standard Life Aberdeen plc group holding company. The holding company liquid resources comprise £230m (H1 2018: £551m) of cash and short-term debt securities, £285m (H1 2018: £290m) of bonds and £206m (H1 2018: £199m) of holdings in pooled investment funds.

Dividends received from subsidiaries/associates consisted of £70m (H1 2018: £140m) from Aberdeen Standard Investments entities which were lower than in 2018 reflecting this period of higher restructuring costs, £34m (H1 2018: £nil) from Phoenix and £9m relating to dividends from HDFC Life (H1 2018: £9m).

Debt redemptions of £455m reflect the successful tender for 82% of our remaining subordinated debt which did not count as regulatory capital under CRD IV.

Holding company cash and liquid resources	H1 2019 £m	H1 2018 £m
Opening 1 January	1,271	1,195
Dividends received (excluding SLAL)	113	149
Dividends received from SLAL	–	312
Sale of HDFC Life shares	510	–
Cash dividends paid to shareholders	(345)	(420)
Share buyback	(306)	–
Capital investments in subsidiaries, associates and joint ventures	(74)	(135)
Debt redemptions	(455)	–
Expenses	(42)	(57)
Acquisition of shares by Employee Trust	–	(29)
Other	49	25
Closing 30 June¹	721	1,040

¹ Excludes collateral held on cross-currency swap.

At 30 June 2019 Standard Life Aberdeen plc held distributable reserves of £0.9bn.

From H1 2019, the Group no longer reports adjusted cash generation as an alternative performance measure. Following the sale of the UK and European insurance business, the IFRS condensed consolidated statement of cash flows now presents a shareholder view of cash generation.

Net cash inflows from operating activities of £72m in H1 2019 includes outflows of £109m of restructuring and corporate transaction expenses paid.

Dividends

Interim dividend

The Board has declared an interim dividend for 2019 of 7.30p (H1 2018: 7.30p) per share which will be paid on 24 September 2019 to shareholders on the register at close of business on 16 August 2019. The dividend payment is expected to be £173m.

As disclosed in the Annual report and accounts 2018, it is the Board's current intention that the total annual dividend per share will be held at the 2018 level of 21.6p while the business is restructured, cost synergies are delivered and future financial performance confirms the sustainability of this level of distribution and provides line of sight to its future growth.

How the dividend is funded

External dividends are funded from the cumulative income that Standard Life Aberdeen plc receives from its subsidiaries and associates. To provide some protection against fluctuations in these cash flows, Standard Life Aberdeen plc holds a buffer of distributable cash and liquid resources.

Return of capital

The general meeting on 25 June 2018 approved a return of capital of £1bn via a 'B' share scheme, and a return of up to £750m by a share buyback programme. The 'B' share scheme return of £1bn was completed in November 2018. As at 6 August 2019, we have returned £550m through the share buyback programme with 202m shares repurchased at an average price of £2.72 per share. The final £200m phase of the £750m programme is expected to commence this quarter.

Risk management

The principal risks currently facing the Group and those that we believe the Group will be exposed to in the second half of 2019 remain the same as those outlined in the Annual report and accounts 2018 comprising: Process Execution and Trade Errors; People; Technology; Business Resilience and Continuity; Fraud and Financial Crime; Change Management; Supplier Risk; Financial Management Process; Conduct Risk; Regulatory and Legal Risk; Strategic Risk and Financial Risk.

Key developments in relation to our principal risks

Overall investment performance is improving steadily following a period of mixed performance. Net flows continue to be negative but the rate of outflows has decelerated.

Recent events in relation to the suspension of the Woodford fund have prompted significant public discussion on the governance and management of open-ended funds. We have extensive processes in place to manage and monitor the liquidity of open-ended funds, make clear and comprehensible disclosures and ensure correct pricing, in line with regulatory expectations. These processes are governed by a range of boards and committees and subject to ongoing second line oversight.

The appointment of a new Prime Minister is leading to changes in direction by the UK government, including in its approach to Brexit. As a global investment manager we have extensive experience of adapting to regulatory change and working across borders. As with other UK corporates, a no-deal Brexit could affect certain activities due to external dependencies beyond our control. Our Brexit preparations cover all areas of business, including ensuring that our staff can continue to perform roles, maintaining continuity of personal data flows and addressing areas of concern with key suppliers. Taking into account arrangements in place between the FCA and EU securities regulators, our authorised subsidiaries and branches in the EU-27 can provide services to our clients and draw on activities delegated back to our offices in the UK. Our platform businesses are also preparing for the consequences of market disruption and have anticipated a potential scenario where there is increased liquidity risk and also higher trade volumes as our customers and clients react to the evolving market conditions.

The sale of the UK and European insurance business to Phoenix in 2018 significantly simplified the outlook for our risk profile. In the short-term, operational stretch continues to exist within the business as work is progressing to integrate and transform the Company in line with its new focus. Ongoing actions are in train to retain talent and support staff engagement. In addition, we have undertaken careful resource planning with executive ownership and accountability for delivery of our integration and transformation programmes alongside delivery of our business as usual activities for the benefit of our customers, clients and ultimately our shareholders.

We continue to invest in strengthening our conduct risk framework and oversight of client and customer outcomes. Climate change is an area where we are seeing increasing focus by investors. We are committed to managing our direct impact and are mindful of the influence we have as a global active fund manager, to encourage positive change by companies in which we choose to invest.

Basis of preparation

Overview

Our Management report for the period to 30 June 2019 has been prepared in accordance with the Disclosure Guidance and Transparency Rules (DTR) issued by the FCA. The DTR incorporates the requirement of the European Union (EU) Transparency Directive for all UK listed companies to report their half year results in accordance with IAS 34 *Interim Financial Reporting*. Under DTR 4.2.7R, the Group is required to provide at least an indication of important events that have occurred during the first six months of the financial year, and their impact on the financial information, and a description of the principal risks and uncertainties for the remaining six months of the financial year. Principal risks and uncertainties are included in the Risk management section of the Management report and Note 39 of the Group's Annual report and accounts 2018. Under DTR 4.2.8R the Group is also required to make certain related party disclosures. These are contained in Note 4.19 of the IFRS condensed consolidated financial information. To provide clear and helpful information, we have also considered the voluntary best practice principles of the Guidance on the Strategic report issued by the Financial Reporting Council in July 2018. We have also considered the European Securities and Markets Authority (ESMA) guidelines on alternative performance measures issued in October 2015.

The Group's International Financial Reporting Standards (IFRS) condensed consolidated half year financial information has been prepared in accordance with IAS 34 *Interim Financial Reporting*, as endorsed by the European Union (EU). However, our Board believes that alternative performance measures (APMs), which have been used in the Management report, are also useful for both management and investors.

All APMs should be read together with the Group's IFRS condensed consolidated income statement, IFRS condensed consolidated statement of financial position and IFRS condensed consolidated statement of cash flows, which are presented in the Financial information section of this report.

Going concern

After making enquiries, the Directors are satisfied that the Group has and will maintain sufficient resources to enable it to continue operating for at least 12 months from the date of approval of the Half year results and therefore considered it appropriate to adopt the going concern basis of accounting in preparing the interim financial information.

Forward-looking statements

Details of forward-looking statements can be found on the inside back cover.

2. Statement of Directors' responsibilities

Each of the Directors, whose names and functions are listed on the Standard Life Aberdeen plc website, www.standardlifeaberdeen.com, confirms to the best of his or her knowledge and belief that:

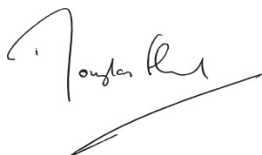
- The International Financial Reporting Standards (IFRS) condensed consolidated income statement, the IFRS condensed consolidated statement of comprehensive income, the IFRS condensed consolidated statement of financial position, the IFRS condensed consolidated statement of changes in equity and the IFRS condensed consolidated statement of cash flows and associated notes, have been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU
- The interim management report includes a fair review of the information required by:
 - DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the IFRS condensed consolidated financial information and a description of the principal risks and uncertainties for the remaining six months of the year
 - DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so
- As per principle N of the UK Corporate Governance Code, the Half year results 2019 taken as a whole, present a fair, balanced and understandable assessment of the Company's position and prospects

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

Changes to Directors during the period

As previously announced, Simon Troughton and Richard Mully retired as non-executive Directors at the conclusion of the Company's Annual General Meeting on 14 May 2019. Bill Rattray retired on 31 May 2019 and was succeeded as Chief Financial Officer and executive Director by Stephanie Bruce who was appointed on 1 June 2019. In addition, the Company announced Jonathan Asquith's appointment to the Board, as a non-executive Director, Chair of the Remuneration Committee and Senior Independent Director, with effect from 1 September 2019.

By order of the Board



Sir Douglas Flint
Chairman

7 August 2019



Stephanie Bruce
Chief Financial Officer

7 August 2019

3. Independent review report to Standard Life Aberdeen plc

Conclusion

We have been engaged by the Company to review the condensed set of financial statements in the Half year results for the six months ended 30 June 2019 which comprises the:

- IFRS condensed consolidated income statement
- IFRS condensed consolidated statement of comprehensive income
- Reconciliation of consolidated adjusted profit before tax to IFRS profit for the period
- IFRS condensed consolidated statement of financial position
- IFRS condensed statement of changes in equity
- IFRS condensed consolidated statement of cash flows and the related explanatory notes

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the Half year results for the six months ended 30 June 2019 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU and the Disclosure Guidance and Transparency Rules ('the DTR') of the UK's Financial Conduct Authority ('the UK FCA').

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the Half year results and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

The impact of uncertainties due to the UK exiting the European Union on our review

Uncertainties related to the effects of Brexit are relevant to understanding our review of the condensed financial statements. Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. An interim review cannot be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Directors' responsibilities

The Half year results is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Half year results in accordance with the DTR of the UK FCA.

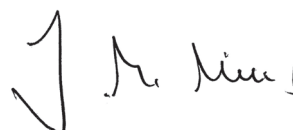
As disclosed in Note 4.1, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards as adopted by the EU. The Directors are responsible for preparing the IFRS condensed consolidated financial information included in the Half year results in accordance with IAS 34 as adopted by the EU.

Our responsibility

Our responsibility is to express to the Company a conclusion on the IFRS condensed consolidated financial information in the Half year results based on our review.

The purpose of our review work and to whom we owe our responsibilities

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 DTR of the UK FCA. 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.



Jonathan Mills
for and on behalf of KPMG LLP

Chartered Accountants
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

7 August 2019

4. Financial information

IFRS condensed consolidated income statement

For the six months ended 30 June 2019

	Notes	6 months 2019 £m	6 months 2018 ¹ £m	Full year 2018 ¹ £m
Income				
Investment return		318	10	(116)
Revenue from contracts with customers	4.4	860	1,019	1,955
Insurance contract premium income		34	36	73
Profit on disposal of interests in associates		443	6	185
Other income		23	13	34
Total income from continuing operations		1,678	1,084	2,131
Expenses				
Insurance contract claims and change in liabilities		95	27	1
Change in non-participating investment contract liabilities		197	2	(78)
Administrative expenses				
Restructuring and corporate transaction expenses	4.5	192	59	231
Impairment of goodwill – Aberdeen Standard Investments		–	–	880
Other administrative expenses		821	883	1,746
Total administrative expenses	4.5	1,013	942	2,857
Change in liability for third party interest in consolidated funds		5	4	(5)
Finance costs		20	21	45
Total expenses from continuing operations		1,330	996	2,820
Share of profit from associates and joint ventures		38	39	130
Reversal of/(loss on) impairment of interest in associates	4.11	243	–	(228)
Profit/(loss) before tax from continuing operations		629	127	(787)
Tax (credit)/expense attributable to continuing operations	4.6	(10)	13	43
Profit/(loss) for the period from continuing operations		639	114	(830)
Profit for the period from discontinued operations	4.2	25	79	1,698
Profit for the period		664	193	868
Attributable to:				
Equity shareholders of Standard Life Aberdeen plc				
From continuing operations		636	111	(835)
From discontinued operations		25	74	1,665
Equity shareholders of Standard Life Aberdeen plc		661	185	830
Other equity holders				
From discontinued operations – perpetual notes		–	–	28
Non-controlling interests				
From continuing operations – preference shares and perpetual notes		3	3	5
From discontinued operations – ordinary shares		–	5	5
		664	193	868
Earnings per share from continuing operations				
Basic (pence per share)	4.7	26.3	3.8	(29.3)
Diluted (pence per share)	4.7	26.0	3.7	(29.3)
Earnings per share				
Basic (pence per share)	4.7	27.3	6.3	29.1
Diluted (pence per share)	4.7	27.0	6.2	29.1

¹ The Group has initially applied IFRS 9 and IFRS 16 at 1 January 2019. Under the transition methods chosen, comparative information is not restated. Refer Note 4.1.

 The Notes on pages 19 to 43 are an integral part of this IFRS condensed consolidated financial information.

IFRS condensed consolidated statement of comprehensive income

For the six months ended 30 June 2019

	Notes	6 months 2019 £m	6 months 2018 ¹ £m	Full year 2018 ¹ £m
Profit for the period		664	193	868
Less: profit from discontinued operations		(25)	(79)	(1,698)
Profit/(loss) from continuing operations		639	114	(830)
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement gains/(losses) on defined benefit pension plans		95	(84)	(29)
Share of other comprehensive income of associates and joint ventures		(3)	–	(15)
Total items that will not be reclassified subsequently to profit or loss		92	(84)	(44)
Items that may be reclassified subsequently to profit or loss:				
Fair value gains/(losses) on cash flow hedges		18	15	54
Fair value losses on available-for-sale financial assets		–	(5)	(9)
Exchange differences on translating foreign operations		(2)	(9)	14
Share of other comprehensive income of associates and joint ventures		–	(5)	–
Items transferred to the consolidated income statement				
Realised losses on cash flow hedges		(4)	(17)	(41)
Realised foreign exchange losses		–	–	(2)
Equity holder tax effect of items that may be reclassified subsequently to profit or loss	4.6	(2)	1	(1)
Total items that may be reclassified subsequently to profit or loss		10	(20)	15
Other comprehensive income for the period from continuing operations		102	(104)	(29)
Total comprehensive income for the period from continuing operations		741	10	(859)
Profit from discontinued operations	4.2	25	79	1,698
Other comprehensive income from discontinued operations		–	(2)	(43)
Total comprehensive income for the period from discontinued operations		25	77	1,655
Total comprehensive income for the period		766	87	796
Attributable to:				
Equity shareholders of Standard Life Aberdeen plc				
From continuing operations		738	7	(864)
From discontinued operations		25	72	1,622
Other equity holders				
From discontinued operations – perpetual notes		–	–	28
Non-controlling interests				
From continuing operations – preference shares and perpetual notes		3	3	5
From discontinued operations – ordinary shares		–	5	5
		766	87	796

¹ The Group has initially applied IFRS 9 and IFRS 16 at 1 January 2019. Under the transition methods chosen, comparative information is not restated. Refer Note 4.1.



The Notes on pages 19 to 43 are an integral part of this IFRS condensed consolidated financial information.

Reconciliation of consolidated adjusted profit before tax to IFRS profit for the period

For the six months ended 30 June 2019

	Notes	6 months 2019			6 months 2018 restated ^{1,2}		
		Continuing operations £m	Discontinued operations £m	Total £m	Continuing operations £m	Discontinued operations £m	Total £m
Adjusted profit before tax							
Asset management and platforms		190	–	190	277	–	277
Insurance associates and joint ventures		90	–	90	34	–	34
UK and European insurance		–	–	–	–	167	167
Adjusted profit before tax	4.3	280	–	280	311	167	478
Adjusted for the following items							
Restructuring and corporate transaction expenses		(198)	–	(198)	(59)	(51)	(110)
Amortisation and impairment of intangible assets acquired in business combinations and through the purchase of customer contracts		(144)	–	(144)	(108)	–	(108)
Profit on disposal of interests in associates		443	–	443	6	–	6
Reversal of impairment of associates		243	–	243	–	–	–
Investment return variances and economic assumption changes		(18)	–	(18)	–	(61)	(61)
Other ²		22	25	47	(5)	38	33
Total adjusting items	4.3	348	25	373	(166)	(74)	(240)
Share of associates' and joint ventures' tax expense	4.3	1	–	1	(18)	–	(18)
Profit attributable to non-controlling interests – ordinary shares	4.3	–	–	–	–	5	5
Profit before tax³		629	25	654	127	98	225
Tax credit/(expense) attributable to							
Adjusted profit	4.3	(31)	–	(31)	(48)	(29)	(77)
Adjusting items	4.3	41	–	41	35	10	45
Total tax credit/(expense)		10	–	10	(13)	(19)	(32)
Profit for the period		639	25	664	114	79	193

¹ The Group has initially applied IFRS 9 and IFRS 16 at 1 January 2019. Under the transition methods chosen, comparative information is not restated. Refer Note 4.1. Comparatives for the six months ended 30 June 2018 have been restated to reflect changes in the reportable segments. Refer Note 4.3.

² The Other adjusting item for the six months ended 30 June 2018 relating to discontinued operations is a held for sale accounting adjustment relating to the amortisation of intangible assets (primarily deferred acquisition costs) and depreciation of tangible assets of £38m. Following the classification of the UK and European Insurance business as held for sale, no amortisation or depreciation is recognised in accordance with applicable financial reporting standards.

³ For discontinued operations profit before tax expense attributable to equity holders consists of profit before tax of £25m (six months ended 30 June 2018: £122m) less tax expense attributable to policyholders' returns of £nil (six months ended 30 June 2018: £24m).

Full year 2018	Notes	Continuing operations £m	Discontinued operations £m	Total ¹ £m
Adjusted profit before tax				
Asset management and platforms		510	–	510
Insurance associates and joint ventures		140	–	140
UK and European insurance		–	210	210
Adjusted profit before tax	4.3	650	210	860
Adjusted for the following items				
Restructuring and corporate transaction expenses		(239)	(264)	(503)
Amortisation and impairment of intangible assets acquired in business combinations and through the purchase of customer contracts		(1,155)	–	(1,155)
Profit on disposal of subsidiaries		–	1,780	1,780
Profit on disposal of interests in associates		185	–	185
Impairment of associates		(228)	–	(228)
Investment return variances and economic assumption changes		54	(41)	13
Other ²		(14)	44	30
Total adjusting items	4.3	(1,397)	1,519	122
Share of associates' and joint ventures' tax expense	4.3	(40)	–	(40)
Profit attributable to non-controlling interests – ordinary shares	4.3	–	5	5
(Loss)/profit before tax expense³		(787)	1,734	947
Tax (expense)/credit attributable to				
Adjusted profit	4.3	(95)	(77)	(172)
Adjusting items	4.3	52	41	93
Total tax expense		(43)	(36)	(79)
(Loss)/profit for the year		(830)	1,698	868

¹ The Group has initially applied IFRS 9 and IFRS 16 at 1 January 2019. Under the transition methods chosen, comparative information is not restated. Refer Note 4.1.

² The Other adjusting item for the 12 months ended 31 December 2018 relating to discontinued operations is a held for sale accounting adjustment relating to the amortisation of intangible assets (primarily deferred acquisition costs) and depreciation of tangible assets of £44m. Following the classification of the UK and European insurance business as held for sale, no amortisation or depreciation was recognised in accordance with applicable financial reporting standards.

³ For discontinued operations profit before tax expense attributable to equity holders consists of profit before tax of £1,780m less tax expense attributable to policyholders' returns of £46m.

The Group's key alternative performance measure is adjusted profit before tax. Refer Note 4.8 for further details.



The Notes on pages 19 to 43 are an integral part of this IFRS condensed consolidated financial information.

IFRS condensed consolidated statement of financial position

As at 30 June 2019

	Notes	30 June 2019 £m	30 June 2018 ¹ £m	31 December 2018 ¹ £m
Assets				
Intangible assets	4.10	3,312	4,401	3,404
Investments in associates and joint ventures accounted for using the equity method	4.11	1,604	514	1,444
Property, plant and equipment	4.12	266	51	61
Pension and other post-retirement benefit assets	4.15	1,233	1,032	1,111
Deferred tax assets		80	43	61
Derivative financial assets	4.16	32	7	21
Equity securities and interests in pooled investment funds	4.16	2,295	3,196	2,030
Debt securities	4.16	1,038	469	1,723
Receivables and other financial assets		641	590	708
Current tax recoverable		8	30	6
Other assets		70	75	46
Assets held for sale		894	183,317	762
Cash and cash equivalents		1,284	935	1,140
Total assets		12,757	194,660	12,517
Equity				
Share capital	4.13	337	364	353
Shares held by trusts	4.13	(113)	(76)	(115)
Share premium reserve	4.13	640	640	640
Retained earnings		2,994	2,857	2,778
Other reserves		3,685	4,472	3,782
Equity attributable to equity holders of Standard Life Aberdeen plc		7,543	8,257	7,438
Non-controlling interests				
Ordinary shares		3	287	2
Preference shares		99	99	99
Total equity		7,645	8,643	7,539
Liabilities				
Non-participating investment contract liabilities	4.16	1,600	1,274	1,468
Third party interest in consolidated funds	4.16	407	227	254
Subordinated liabilities	4.14	690	1,909	1,081
Pension and other post-retirement benefit provisions	4.15	46	70	38
Deferred income		71	–	75
Deferred tax liabilities		94	109	100
Current tax liabilities		21	72	23
Derivative financial liabilities	4.16	11	32	6
Other financial liabilities		1,342	1,090	1,162
Provisions		85	30	105
Other liabilities		14	25	9
Liabilities held for sale		731	181,179	657
Total liabilities		5,112	186,017	4,978
Total equity and liabilities		12,757	194,660	12,517

¹ The Group has initially applied IFRS 9 and IFRS 16 at 1 January 2019. Under the transition methods chosen, comparative information is not restated. Refer Note 4.1.



The Notes on pages 19 to 43 are an integral part of this IFRS condensed consolidated financial information.

IFRS condensed consolidated statement of changes in equity

For the six months ended 30 June 2019

	Notes	Share capital £m	Shares held by trusts £m	Share premium reserve £m	Retained earnings £m	Other reserves £m	Total equity attributable to equity shareholders of Standard Life Aberdeen plc £m	Non-controlling interests		
								Ordinary shares £m	Preference shares £m	Total equity £m
31 December 2018		353	(115)	640	2,778	3,782	7,438	2	99	7,539
Effect of change in accounting policy to IFRS 9 ¹	4.1	–	–	–	(5)	(7)	(12)	–	–	(12)
Effect of change in accounting policy to IFRS 16 ¹	4.1	–	–	–	(12)	–	(12)	–	–	(12)
1 January 2019		353	(115)	640	2,761	3,775	7,414	2	99	7,515
Profit for the period from continuing operations		–	–	–	636	–	636	–	3	639
Profit for the period from discontinued operations	4.2	–	–	–	25	–	25	–	–	25
Other comprehensive income for the period from continuing operations		–	–	–	92	10	102	–	–	102
Total comprehensive income for the period		–	–	–	753	10	763	–	3	766
Issue of share capital	4.13	–	–	–	–	–	–	–	–	–
Dividends paid on ordinary shares	4.9	–	–	–	(345)	–	(345)	–	–	(345)
Dividends paid on preference shares		–	–	–	–	–	–	–	(3)	(3)
Shares bought back on-market and cancelled		(16)	–	–	(180)	(110)	(306)	–	–	(306)
Other movements in non-controlling interests in the period		–	–	–	–	–	–	1	–	1
Reserves credit for employee share-based payments		–	–	–	–	21	21	–	–	21
Transfer to retained earnings for vested employee share-based payments		–	–	–	11	(11)	–	–	–	–
Shares acquired by employee trusts		–	(3)	–	–	–	(3)	–	–	(3)
Shares distributed by employee and other trusts and related dividend equivalents		–	5	–	(6)	–	(1)	–	–	(1)
30 June 2019		337	(113)	640	2,994	3,685	7,543	3	99	7,645

¹ The Group has initially applied IFRS 9 and IFRS 16 at 1 January 2019. Under the transition methods chosen, comparative information is not restated and the cumulative effect of initially applying these standards is recognised in retained earnings at the date of initial application. Refer Note 4.1.

	Notes	Share capital £m	Shares held by trusts £m	Share premium reserve £m	Retained earnings £m	Other reserves £m	Total equity attributable to equity shareholders of Standard Life Aberdeen plc £m	Non-controlling interests		Total equity £m
								Ordinary shares £m	Preference shares £m	
1 January 2018		364	(61)	639	3,162	4,500	8,604	289	99	8,992
Profit for the period from continuing operations		–	–	–	111	–	111	–	3	114
Profit for the period from discontinued operations	4.2	–	–	–	74	–	74	5	–	79
Other comprehensive income for the period from continuing operations		–	–	–	(89)	(15)	(104)	–	–	(104)
Other comprehensive income for the period from discontinued operations		–	–	–	–	(2)	(2)	–	–	(2)
Total comprehensive income for the period		–	–	–	96	(17)	79	5	3	87
Issue of share capital	4.13	–	–	1	–	–	1	–	–	1
Dividends paid on ordinary shares	4.9	–	–	–	(420)	–	(420)	–	–	(420)
Dividends paid on preference shares		–	–	–	–	–	–	–	(3)	(3)
Other movements in non-controlling interests in the period		–	–	–	–	–	–	(7)	–	(7)
Reserves credit for employee share-based payments		–	–	–	–	30	30	–	–	30
Transfer to retained earnings for vested employee share-based payments		–	–	–	41	(41)	–	–	–	–
Shares acquired by employee trusts		–	(35)	–	–	–	(35)	–	–	(35)
Shares distributed by employee and other trusts and related dividend equivalents		–	20	–	(21)	–	(1)	–	–	(1)
Aggregate tax effect of items recognised directly in equity	4.6	–	–	–	(1)	–	(1)	–	–	(1)
30 June 2018		364	(76)	640	2,857	4,472	8,257	287	99	8,643

	Notes	Share capital £m	Shares held by trusts £m	Share premium reserve £m	Retained earnings £m	Other reserves £m	Total equity attributable to equity shareholders of Standard Life Aberdeen plc £m	Non-controlling interests			Total equity £m
								Other equity ¹ £m	Ordinary shares £m	Preference shares £m	
1 January 2018		364	(61)	639	3,162	4,500	8,604	–	289	99	8,992
(Loss)/profit for the period from continuing operations		–	–	–	(835)	–	(835)	–	–	5	(830)
Profit for the period from discontinued operations	4.2	–	–	–	1,665	–	1,665	28	5	–	1,698
Other comprehensive income for the period from continuing operations		–	–	–	(44)	15	(29)	–	–	–	(29)
Other comprehensive income for the period from discontinued operations	4.2	–	–	–	–	(43)	(43)	–	–	–	(43)
Total comprehensive income for the period		–	–	–	786	(28)	758	28	5	5	796
Issue of share capital	4.13	–	–	1	–	–	1	–	–	–	1
Issue of B shares		1,000	–	–	–	(1,000)	–	–	–	–	–
Reclassification of perpetual debt instruments to equity		–	–	–	–	–	–	1,005	–	–	1,005
Repurchase of perpetual debt instruments		–	–	–	–	–	–	(970)	–	–	(970)
Redemption of perpetual debt instruments		–	–	–	–	–	–	(44)	–	–	(44)
Dividends paid on ordinary shares	4.9	–	–	–	(634)	–	(634)	–	–	–	(634)
Dividends paid on preference shares		–	–	–	–	–	–	–	–	(5)	(5)
Coupons paid on perpetual debt instruments		–	–	–	–	–	–	(25)	–	–	(25)
Redemption of B shares		(1,000)	17	–	(1,002)	1,000	(985)	–	–	–	(985)
Shares bought back on-market and cancelled		(11)	–	–	(238)	11	(238)	–	–	–	(238)
Other movements in non-controlling interests in the period		–	–	–	–	–	–	–	(292)	–	(292)
Reserves credit for employee share-based payments		–	–	–	–	36	36	–	–	–	36
Transfer to retained earnings for vested employee share-based payments		–	–	–	68	(68)	–	–	–	–	–
Transfer between reserves on disposal of subsidiaries		–	–	–	99	(99)	–	–	–	–	–
Transfer between reserves on impairment of subsidiaries		–	–	–	570	(570)	–	–	–	–	–
Shares acquired by employee trusts		–	(100)	–	–	–	(100)	–	–	–	(100)
Shares distributed by employee and other trusts and related dividend equivalents		–	29	–	(33)	–	(4)	–	–	–	(4)
Aggregate tax effect of items recognised directly in equity	4.6	–	–	–	–	–	–	6	–	–	6
31 December 2018		353	(115)	640	2,778	3,782	7,438	–	2	99	7,539

¹ The presentation of amounts attributable to certain perpetual debt instruments in 2018 has been corrected to show these amounts separately as related to other equity holders rather than as part of non-controlling interests.



The Notes on pages 19 to 43 are an integral part of this IFRS condensed consolidated financial information.

IFRS condensed consolidated statement of cash flows

For the six months ended 30 June 2019

	Notes	6 months 2019 £m	6 months 2018 ¹ £m	Full year 2018 ¹ £m
Cash flows from operating activities				
Profit/(loss) before tax from continuing operations		629	127	(787)
Profit before tax from discontinued operations	4.2	25	122	1,780
		654	249	993
Change in operating assets		(132)	3,262	3,317
Change in operating liabilities		183	(2,262)	(2,551)
Adjustment for non-cash movements in investment income		2	(37)	(80)
Change in unallocated divisible surplus		–	(49)	(48)
Other non-cash and non-operating items		(615)	139	(581)
Taxation paid		(20)	(155)	(224)
Net cash flows from operating activities		72	1,147	826
Cash flows from investing activities				
Purchase of property, plant and equipment		(16)	(12)	(28)
Proceeds from sale of property, plant and equipment		1	1	1
Acquisition of subsidiaries and unincorporated businesses net of cash acquired		–	(33)	(33)
Disposal of subsidiaries net of cash disposed of		–	–	(5,501)
Acquisition of investments in associates and joint ventures		–	–	(72)
Disposal of investments in associates and joint ventures		510	–	180
Purchase of financial investments		(121)	(29)	(55)
Proceeds from sale or redemption of financial investments		784	37	51
Purchase of intangible assets		(12)	(105)	(128)
Net cash flows from investing activities		1,146	(141)	(5,585)
Cash flows from financing activities				
Repayment of other borrowings		–	(2)	(2)
Repayment of subordinated liabilities and perpetual notes	4.14	(455)	(363)	(1,377)
Payment of lease liabilities		(18)	–	–
Capital flows from/(to) third party interest in consolidated funds and non-controlling interests – ordinary shares		–	(358)	(507)
Distributions paid to third party interest in consolidated funds and non-controlling interests – ordinary shares		–	(55)	(69)
Shares acquired by trusts		(3)	(35)	(100)
Proceeds from issue of shares		–	1	1
Interest paid		(10)	(38)	(117)
Return of cash to shareholders under B share scheme		–	–	(983)
Shares bought back on-market and cancelled		(306)	–	(238)
Preference dividends paid		(3)	(3)	(5)
Ordinary dividends paid	4.9	(345)	(420)	(634)
Net cash flows from financing activities		(1,140)	(1,273)	(4,031)
Net increase/(decrease) in cash and cash equivalents		78	(267)	(8,790)
Cash and cash equivalents at the beginning of the period		957	9,715	9,715
Effects of exchange rate changes on cash and cash equivalents		2	2	32
Cash and cash equivalents at the end of the period²		1,037	9,450	957
Supplemental disclosures on cash flows from operating activities				
Interest paid		2	3	6
Interest received		19	848	1,118
Dividends received		78	1,321	1,545
Rental income received on investment property		–	251	329

¹ The Group has initially applied IFRS 9 and IFRS 16 at 1 January 2019. Under the transition methods chosen, comparative information is not restated. Refer Note 4.1.

² Comprises £1,315m (30 June 2018: £9,790m; 31 December 2018: £1,173m) of cash and cash equivalents, including cash and cash equivalents held for sale and (£278m) (30 June 2018: (£340m); 31 December 2018: (£216m)) of overdrafts which are reported in other financial liabilities and liabilities of operations held for sale in the IFRS condensed consolidated statement of financial position.

 The Notes on pages 19 to 43 are an integral part of this IFRS condensed consolidated financial information.

Notes to the IFRS condensed consolidated financial information

4.1 Accounting policies

(a) Basis of preparation

The IFRS condensed consolidated half year financial information has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board as endorsed by the European Union (EU).

The accounting policies for recognition, measurement, consolidation and presentation as set out in the Group's Annual report and accounts for the year ended 31 December 2018 have been applied in the preparation of the IFRS condensed consolidated half year financial information except as noted below.

(a)(i) New standards, interpretations and amendments to existing standards that have been adopted by the Group

The Group has adopted the following new International Financial Reporting Standards (IFRSs), interpretations and amendments to existing standards, which are effective by EU endorsement for annual periods beginning on or after 1 January 2019 and IFRS 9 whose adoption has previously been deferred (see the Group's Annual report and accounts for the year ended 31 December 2018 for further details).

IFRS 9 *Financial Instruments*

On 1 January 2019 the Group adopted IFRS 9 *Financial Instruments*. Financial assets are classified at initial recognition based on whether their contractual cash flows are solely payments of principal and interest (SPPI) and the nature of the business model they are managed under. This has resulted in the Group's equity securities and interests in pooled investment funds and certain debt securities being classified as fair value through profit or loss (FVTPL) and the Group's receivables, other financial assets, cash and other debt securities being measured at amortised cost. Derivative instruments are measured at fair value.

Financial liabilities are measured at amortised cost using the effective interest method unless they are derivatives or they are designated as FVTPL.

Changes in fair value of all financial instruments classified as FVTPL and derivative instruments are recognised in profit or loss except for derivative instruments that are designated as a hedging instrument in a cash flow hedge. Interest is credited to profit or loss using the effective interest rate method for financial instruments measured at amortised cost.

An expected credit loss impairment model is applied to financial assets measured at amortised cost. Impairment losses representing the expected credit loss in the next 12 months are recognised unless there has been a significant increase in credit risk from initial recognition in which case lifetime expected losses are recognised.

Where the terms of a financial liability are modified and the modification does not result in the derecognition of the liability, the liability is adjusted to the net present value of the future cash flows less transaction costs with a modification gain or loss recognised in the income statement.

The Group has elected to continue applying the hedge accounting requirements of IAS 39. Therefore the hedge accounting policy is the same as that given in the Group's Annual report and accounts for the year ended 31 December 2018.

The main impacts of adopting IFRS 9 are as follows:

- The Group's debt securities which were previously classified as available-for-sale (AFS) and therefore measured at fair value are now measured at amortised cost. At 31 December 2018 the fair value of AFS securities was £862m with a corresponding AFS financial assets reserve balance of £7m and deferred tax liability of £1m. On reclassification, the Company's debt securities were recognised at 1 January 2019 at their amortised cost (less expected credit losses) of £854m. The available-for-sale financial assets reserve balance and the related deferred tax liability were no longer recognised. The expected credit losses at 1 January 2019 were less than £1m.
- At 31 December 2018, the Group had subordinated liabilities of £1,081m. Under IFRS 9, where the terms of a financial liability are modified and the modification does not result in the derecognition of the liability, the liability is adjusted to the net present value of the future cash flows less transaction costs with a modification gain or loss recognised in the income statement. During the year ended 31 December 2018, the terms of the 4.25% US Dollar fixed rate subordinated notes were modified. Consequently, on adoption of IFRS 9, these subordinated liabilities have been recognised at 1 January 2019 at a revised amortised cost of £1,086m. The impact on retained earnings is £5m.

As permitted by IFRS 9 comparatives have not been restated.

IFRS 16 *Leases*

On 1 January 2019 the Group adopted IFRS 16 *Leases*. IFRS 16 replaces IAS 17 *Leases* and introduces a new single accounting approach for lessees for all leases (with limited exceptions). As a result there is no longer a distinction between operating leases and finance leases, and lessees will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. The accounting for leases by lessors remains largely unchanged.

Transition

The Group has applied the cumulative catch up approach to IFRS 16 and therefore no comparatives have been restated. On transition to IFRS 16, the Group recognised right-of-use assets and lease liabilities. Right-of-use assets for property have been calculated as if IFRS 16 has always been applied, recognising the difference between the assets and liabilities in retained earnings. For non-property leases, the right-of-use assets initially recognised was equal to the lease liability calculated with no impact on retained earnings.

Practical expedients

The Group has used the following practical expedients permitted under IFRS 16:

- To apply the new standard solely to leases previously identified in accordance with IAS 17 and IFRIC 4 *Determining whether an Arrangement Contains a Lease*
- To not recognise leases with a low value or short-term leases including those whose term ends within 12 months at 1 January 2019
- To apply a single discount rate to leases with similar characteristics

In addition, as at 31 December 2018 the Group recognised an onerous lease provision of £12m under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. The Group has applied the practical expedient to utilise the assessment that the lease was onerous under IAS 37 and therefore adjust the right of use asset at the date of initial application by the onerous lease provision rather than conduct an impairment test.

Impact of transition

The impact on opening retained earnings at 1 January 2019 is summarised below:

	1 January 2019 £m
Recognised under IFRS 16	
Right-of-use assets (within property, plant and equipment) ¹	
Property net of impairment	178
Equipment	1
Net investment in finance leases (within Receivables and other financial assets)	7
Lease liabilities (within Other financial liabilities) ¹	(227)
Derecognised on application of IFRS 16	
Onerous lease provisions	12
Accruals for lease incentives (within Other financial liabilities)	16
Net liabilities recognised before tax	(13)
Deferred tax	1
Reduction in opening retained earnings	(12)

¹ Additional right-of-use assets of £5m and additional lease liabilities for £5m were recognised within Assets held for sale and Liabilities of operations held for sale respectively.

When measuring lease liabilities for leases previously classified as operating leases, the Group used discount rates determined on a portfolio basis depending on the geographic location and term of the lease. The weighted average rate used at initial application was 2.6%. The lease commitments for operating leases as previously disclosed in the Group's Annual report and accounts for the year ended 31 December 2018 is reconciled to the lease liabilities at 1 January 2019 below:

	1 January 2019 £m
Operating lease commitments at 31 December 2018 as disclosed in the Group's Annual report and accounts for the year ended 31 December 2018	250
Discounted value of operating lease commitments at 31 December 2018	227
Exemptions for low value leases and leases whose term ends within 12 months at 1 January 2019	(4)
Extension options reasonably certain to be exercised	6
Lease commitments for operations held for sale	(5)
Other	3
Lease liabilities recognised at 1 January 2019	227

Accounting policies

Right-of-use assets are measured at cost less accumulated depreciation and impairment losses. Depreciation is charged over the term of the lease (remaining term in the case of non-property right-of-use assets recognised at 1 January 2019 – see transition above).

The lease liability is calculated as the present value of the future lease payments. The lease payments are discounted using the rate implicit within the lease where readily available or the Group's incremental borrowing rate where the implicit rate is not readily available (see above for transitional arrangements). Interest is calculated on the liability using the discount rate and is charged to the income statement under finance costs.

In determining the value of the right-of-use assets and lease liabilities, the Group considers whether any leases contain lease extensions or termination options that the Group is reasonably certain to exercise.

Disclosure

IFRS 16 introduces new disclosure requirements for lessees and lessors. The objective of the disclosures is for lessees and lessors to disclose information in the notes that, together with the information provided in the statement of financial position, statement of profit or loss and statement of cash flows, gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows. These disclosures are not required under IAS 34 for interim reporting and will be included in the Group's Annual report and accounts for the year ended 31 December 2019.

Statement of cash flows: Classification

From 1 January 2019 the Group has changed the classification of cash flows arising from the sale and purchase of debt securities and equity securities and interests in pooled investment funds, with the exception of those related to unit linked funds. Such cash flows are now classified as cash flows arising from investing activities. During 2018 and in prior periods, the Group's cash flows predominantly related to insurance business. Consistent with other insurers, cash flows arising from the sale and purchase of debt securities and equity securities and interests in pooled investment funds, other than for seeding investments, were classified as arising from operating activities. In 2019, following the disposal of the UK and European insurance business in 2018, the Group's operating cash flows no longer predominantly relate to insurance business operating activities. In addition, from 1 January 2019 the Group has changed the classification of capital flows arising to/from third party interest in consolidated funds from cash flows arising from financing activities to cash flows arising from operating activities. The reason for the changes in accounting policy is to make the financial statements more relevant to users as it is more consistent with asset management peers. Comparative amounts have not been restated as we consider that the 2018 and prior period cash flow presentation was appropriate for the predominantly insurance business cash flows in those periods.

Interpretations and amendments to other standards

- IFRIC 23: Uncertainty over Income Tax Treatments
- Amendments to IFRS 9 *Prepayment Features with Negative Compensation*
- Amendments to IAS 19 *Amendment, Curtailment or Settlement*
- Amendments to IAS 28 *Long-term interests in associates and joint ventures*
- Annual Improvements 2015-2017 cycle

The Group's accounting policies have been updated to reflect these. Management considers the implementation of the above interpretations and amendments to existing standards has had no significant impact on the Group's financial statements.

(b) IFRS condensed consolidated half year financial information

This IFRS condensed consolidated half year financial information does not comprise statutory accounts within the meaning of Section 434 of the Companies Act. Additionally, the comparative figures for the financial year ended 31 December 2018 are not the Company's statutory accounts for that financial year. The statutory accounts have been reported on by the Company's auditor and delivered to the Registrar of Companies. The report of the auditor was (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 IFRS condensed consolidated half year financial information has been reviewed, not audited.

(c) Exchange rates

The income statements and cash flows, and statements of financial position of Group entities that have a different functional currency from the Group's presentation currency have been translated using the following principal exchange rates:

	6 months 2019		6 months 2018		Full year 2018	
	Income statement and cash flows (average rate)	Statement of financial position (closing rate)	Income statement and cash flows (average rate)	Statement of financial position (closing rate)	Income statement and cash flows (average rate)	Statement of financial position (closing rate)
Euro	1.143	1.118	1.136	1.131	1.129	1.114
US Dollar	1.294	1.273	1.369	1.320	1.333	1.274
Indian Rupee	90.531	87.850	90.033	90.457	90.711	88.913
Chinese Renminbi	8.777	8.741	8.759	8.747	8.818	8.744
Hong Kong Dollar	10.145	9.943	10.727	10.358	10.444	9.971
Singapore Dollar	1.757	1.722	1.819	1.800	1.795	1.736

4.2 Acquisitions and disposals

(a) Acquisitions

(a)(i) Subsidiaries

On 15 February 2019, Aberdeen Asset Management PLC completed the purchase of the entire share capital of Orion Partners Holding Limited and Orion Partner Services Inc. The assets under management were US\$0.9bn (£0.7bn) at the acquisition date.

(a)(ii) Prior year acquisitions

On 27 April 2018, Aberdeen Asset Management Inc. purchased the US business of specialist commodity exchange traded product provider ETF Securities by purchasing the entire members' interests of ETF Securities USA LLC, ETF Securities (US) LLC and ETF Securities Advisers LLC. In addition, the Group's UK wide financial advice business, 1825, completed the purchase of the entire share capital of Fraser Heath Financial Management Ltd and Cumberland Place Financial Management Ltd on 1 March 2018 and 6 April 2018 respectively.

(b) Current period disposals

(b)(i) Associates

HDFC Life Insurance Company Limited (HDFC Life)

On 12 and 13 March 2019 and 3 to 6 May 2019 through Offers for Sale on the National Stock Exchange of India Limited and BSE Limited, the Group sold 92,181,992 and 33,032,381 equity shares in HDFC Life, respectively (in total 6.21% of the issued equity share capital of HDFC Life), for a combined total consideration net of taxes and expenses of Rs 47,063m (£510m). The combined gain on sale of £442m was calculated using the weighted-average cost method. On disposal a loss of £1m was recycled from the translation reserve and was included in determining the gain on sale. The Group's shareholding in HDFC Life at 30 June 2019 is 464,411,893 equity shares or 23.02% of the issued equity share capital of HDFC Life.

(c) Prior year disposals

(c)(i) Subsidiaries

UK and European insurance business

On 23 February 2018, the Group announced the proposed sale of the UK and European insurance business to Phoenix (the Sale), conditional on shareholder and relevant regulatory approvals. The Sale was completed on 31 August 2018 and was implemented by the sale to Phoenix of the entire issued share capital of Standard Life Assurance Limited (SLAL).

Under the transaction the following businesses were retained by the Group:

- UK retail platforms, including Wrap and Elevate
- 1825, our financial advice business

In addition, the assets and liabilities of both the UK and Ireland Standard Life staff defined benefit pension plans were retained by the Group.

Following the announcement on 23 February 2018 the UK and European insurance business was classified as held for sale and measured at its carrying amount. The results of the UK and European insurance business to 31 August 2018 were classified as discontinued operations.

Total consideration received comprised cash of £2.0bn, a dividend received from SLAL of £312m in March 2018 and new shares issued at completion representing approximately 19.98% of the then issued share capital of Phoenix. The shareholding in Phoenix is subject to a lock-up of 12 months from completion. The Group recognised a gain on disposal in respect of the Sale which is included in profit from discontinued operations in the consolidated condensed income statement for the year ended 31 December 2018 of £1,780m. On disposal £43m was recycled from the translation reserve and was included in determining the gain on sale. £99m (net) of other reserves were also released directly to retained earnings.

(c)(ii) Associates

HDFC Asset Management Company Limited (HDFC AMC)

HDFC AMC, the Group's associate Indian asset management business announced in November 2017 that its board of directors had approved initiation of an IPO with the Group offering up a portion of the paid up capital of HDFC AMC. On 6 August 2018, HDFC AMC listed on the National Stock Exchange of India Limited and the Bombay Stock Exchange Limited following completion of the IPO. Through the IPO, the Group sold 16,864,585 equity shares in HDFC AMC for a total net consideration of Rs.16,212m (£180m). The gain on sale from the IPO of £177m (£156m after tax) was calculated using the weighted-average cost method. On disposal £2m was recycled from the translation reserve and was included in determining the gain on sale. The Group's shareholding in HDFC AMC at 30 June 2019 is 63,650,615 equity shares or 29.94% of the issued share capital of HDFC AMC.

(d) Assets and liabilities of operations held for sale**Standard Life (Asia) Limited**

On 29 March 2017, the Group announced the proposed sale of its wholly owned Hong Kong insurance business, Standard Life (Asia) Limited (SL Asia) to the Group's Chinese joint venture business, Heng An Standard Life Insurance Company Limited. Standard Life (Asia) Limited is reported in the Asset management and platforms segment and Heng An Standard Life Insurance Company Limited is reported within the Insurance associates and joint ventures segment. The transaction is subject to obtaining local regulatory and other approvals in mainland China and Hong Kong.

At 30 June 2019, this disposal group was measured at fair value less cost to sell and comprised the following assets and liabilities:

	30 Jun 2019 £m	30 Jun 2018 £m	31 Dec 2018 £m
Assets of operations held for sale			
Equity securities and interests in pooled investment funds	674	639	604
Cash and cash equivalents	31	34	33
Other assets	34	31	30
Total assets of operations held for sale	739	704	667
Liabilities of operations held for sale			
Non-participating insurance contract liabilities	647	605	574
Non-participating investment contract liabilities	50	59	52
Other liabilities	19	11	17
Total liabilities of operations held for sale	716	675	643
Net assets of operations held for sale	23	29	24

An impairment loss of £2m (30 June 2018: £nil; 31 December 2018: £2m) has been included in Other administrative expenses in the IFRS condensed consolidated income statement. Fair value has been determined by reference to the expected sale price.

Net assets of operations held for sale are net of intercompany balances between Standard Life (Asia) Limited and the rest of the Group.

(e) Discontinued operations

The consolidated income statement profit, other comprehensive income and cash flows from discontinued operations relate solely to the UK and European insurance business which was sold in 2018. Refer Note 4.2 (c)(i).

For the six months ended 30 June 2019, the profit from discontinued operations of £25m reflects a change in the value of contingent consideration relating to the sale of the UK and European insurance business to Phoenix.

4.3 Segmental analysis

The Group's reportable segments have been identified in accordance with the way in which the Group is structured and managed. IFRS 8 *Operating Segments* requires that the information presented in the financial statements is based on information provided to the 'Chief Operating Decision Maker'. The Chief Operating Decision Maker for the Group is the Executive team.

(a) Basis of segmentation

The Group's reportable segments are as follows:

Continuing operations:

Asset management and platforms

This segment primarily relates to our asset management and platform businesses. Aberdeen Standard Investments and its asset management associate in India, HDFC AMC, provide a range of investment products and services for individuals and institutional customers through a number of different investment vehicles. The segment includes the Group's three UK adviser platform businesses which provide administration services to advisers: Wrap and Elevate which are Standard Life branded, and the Parmenion digital platform. The segment also includes other wholly owned activities of the Group including the 1825 financial planning and advice business, corporate centre and related activities and the UK and Ireland Standard Life staff defined benefit pension plans.

Insurance associates and joint ventures

This segment comprises our life insurance associates and joint ventures in India (HDFC life), the UK (Phoenix) and China (HASL). These businesses offer a range of pension, insurance and savings products to the Indian, UK, European and Chinese markets. Phoenix is also the largest life and pensions consolidator in Europe.

Discontinued operations:

UK and European insurance

On 23 February 2018, the Group announced the proposed sale of the UK and European insurance business. Refer Note 4.2 for further details. As a consequence, the results of this business have been presented as discontinued operations. The UK and European insurance business provided a broad range of long-term savings and investment products to individual and corporate customers in the UK, Germany, Austria and Ireland.

Changes to reporting segments

As noted above, the segments are based on information provided to the Executive team. Prior to the sale of the UK and European insurance business, management information was provided separately for our asset management business and our pensions and savings business. Following the completion of the sale, the Group is being managed as a single company and this is reflected in our new combined Asset management and platforms segment. HDFC Life and HASL, which were previously reported in the India and China life segment, are included in the Insurance associates and joint ventures segment together with Phoenix.

Comparative amounts for the six months ended 30 June 2018 have been prepared on the same basis as the six months ended 30 June 2019 and the 12 months ended 31 December 2018 to allow more meaningful comparison.

(b) Reportable segments – Group adjusted profit before tax and revenue information**(b)(i) Analysis of Group adjusted profit before tax**

Adjusted profit before tax is the key alternative performance measure utilised by the Group's management in their evaluation of segmental performance and is therefore also presented by reportable segment.

6 months 2019	Notes	Asset management and platforms £m	Insurance associates and joint ventures £m	Total continuing operations £m	Discontinued operations £m	Total £m
Fee based revenue		815	–	815	–	815
Adjusted operating expenses		(673)	–	(673)	–	(673)
Adjusted operating profit		142	–	142	–	142
Capital management		22	–	22	–	22
Share of associates' and joint ventures' profit before tax ¹		26	90	116	–	116
Adjusted profit before tax		190	90	280	–	280
Tax on adjusted profit		(31)	–	(31)	–	(31)
Share of associates' and joint ventures' tax expense	4.6	(11)	(16)	(27)	–	(27)
Adjusted profit after tax		148	74	222	–	222
Adjusted for the following items						
Restructuring and corporate transaction expenses	4.5	(192)	(6)	(198)	–	(198)
Amortisation and impairment of intangible assets acquired in business combinations and through the purchase of customer contracts ²		(89)	(55)	(144)	–	(144)
Profit on disposal of interests in associates		1	442	443	–	443
Reversal of impairment of associates		–	243	243	–	243
Investment return variances and economic assumption changes		–	(18)	(18)	–	(18)
Other		22	–	22	25	47
Total adjusting items		(258)	606	348	25	373
Tax on adjusting items		41	–	41	–	41
Share of associates' and joint ventures' tax expense on adjusting items	4.6	–	28	28	–	28
Profit attributable to non-controlling interests (preference shares and perpetual notes)		(3)	–	(3)	–	(3)
(Loss)/profit for the period attributable to equity shareholders of Standard Life Aberdeen plc		(72)	708	636	25	661
Profit attributable to non-controlling interests				3	–	3
Preference shares and perpetual notes					–	
Profit for the period				639	25	664

¹ Share of associates' and joint ventures' profit before tax comprises the Group's share of results of HDFC Life, HDFC AMC, Phoenix and HASL.

² Amortisation and impairment of intangible assets acquired in business combinations and through the purchase of customer contracts includes £89m included in Other administrative expenses, and £55m relating to intangibles recognised on the part acquisition of associates and included in Share of profit from associates and joint ventures in the condensed consolidated income statement.

Each reportable segment reports total adjusted operating income as its measure of revenue in its analysis of adjusted profit before tax. For the six months ended 30 June 2019, fee based revenue is the same as adjusted operating income. Fee based revenue consists of income generated primarily from asset management charges, premium based charges and transactional charges.

Adjusted operating income for the six months ended 30 June 2019 relates to revenues generated from external customers. The adjusted operating income of the Asset management and platforms segment for the six months ended 30 June 2018 and the full year ended 31 December 2018 included £69m and £94m respectively which related to investment management fees arising from intra-group transactions with the UK and European insurance segment classified as discontinued operations. At a Group level an elimination adjustment was required to remove intra-group impacts.

6 months 2018	Notes	Asset management and platforms £m	Insurance associates and joint ventures £m	Total continuing operations £m	Discontinued operations £m	Eliminations £m	Total £m
Fee based revenue		966	–	966	395	(69)	1,292
Spread/risk margin		–	–	–	55	–	55
Total adjusted operating income		966	–	966	450	(69)	1,347
Total adjusted operating expenses		(712)	–	(712)	(280)	69	(923)
Adjusted operating profit		254	–	254	170	–	424
Capital management		(3)	–	(3)	(3)	–	(6)
Share of associates' and joint ventures' profit before tax ¹		26	34	60	–	–	60
Adjusted profit before tax		277	34	311	167	–	478
Tax on adjusted profit		(48)	–	(48)	(29)	–	(77)
Share of associates' and joint ventures' tax expense	4.6	(11)	(7)	(18)	–	–	(18)
Adjusted profit after tax		218	27	245	138	–	383
Adjusted for the following items							
Restructuring and corporate transaction expenses	4.5	(59)	–	(59)	(51)	–	(110)
Amortisation and impairment of intangible assets acquired in business combinations ²		(105)	(3)	(108)	–	–	(108)
Profit on disposal of interests in associates		5	1	6	–	–	6
Investment return variances and economic assumption changes	4.8	–	–	–	(61)	–	(61)
Other		(5)	–	(5)	38	–	33
Total adjusting items		(164)	(2)	(166)	(74)	–	(240)
Tax on adjusting items		35	–	35	10	–	45
Profit attributable to non-controlling interests (preference shares)		(3)	–	(3)	–	–	(3)
Profit for the period attributable to equity shareholders of Standard Life Aberdeen plc		86	25	111	74	–	185
Profit attributable to non-controlling interests							
Ordinary shares				–	5		5
Preference shares				3	–		3
Profit for the period				114	79		193

¹ Share of associates' and joint ventures' profit before tax comprises the Group's share of results of HDFC Life, HDFC AMC and HASL.

² Amortisation and impairment of intangible assets acquired in business combinations includes £105m included in Other administrative expenses, and £3m relating to intangibles recognised on the part acquisition of associates and included in Share of profit from associates and joint ventures in the condensed consolidated income statement.

Spread/risk margin for the six months ended 30 June 2018 and the full year ended 31 December 2018 reflected the margin earned on spread/risk business and includes net earned premiums, claims and benefits paid, net investment return using long-term assumptions and actuarial reserving changes.

Full year 2018	Notes	Asset management and platforms £m	Insurance associates and joint ventures £m	Total continuing operations £m	Discontinued operations £m	Eliminations £m	Total £m
Fee based revenue		1,868	–	1,868	532	(94)	2,306
Spread/risk margin		–	–	–	59	–	59
Total adjusted operating income		1,868	–	1,868	591	(94)	2,365
Total adjusted operating expenses		(1,395)	–	(1,395)	(376)	94	(1,677)
Adjusted operating profit		473	–	473	215	–	688
Capital management		(9)	–	(9)	(5)	–	(14)
Share of associates' and joint ventures' profit before tax ¹		46	140	186	–	–	186
Adjusted profit before tax		510	140	650	210	–	860
Tax on adjusted profit		(95)	–	(95)	(77)	–	(172)
Share of associates' and joint ventures' tax expense	4.6	(17)	(26)	(43)	–	–	(43)
Adjusted profit after tax		398	114	512	133	–	645
Adjusted for the following items							
Restructuring and corporate transaction expenses	4.5	(231)	(8)	(239)	(264)	–	(503)
Amortisation and impairment of intangible assets acquired in business combinations and through the purchase of customer contracts ²		(1,117)	(38)	(1,155)	–	–	(1,155)
Profit on disposal of subsidiaries		–	–	–	1,780	–	1,780
Profit on disposal of interests in associates		183	2	185	–	–	185
Impairment of associates		–	(228)	(228)	–	–	(228)
Investment return variances and economic assumption changes		–	54	54	(41)	–	13
Other		4	(18)	(14)	44	–	30
Total adjusting items		(1,161)	(236)	(1,397)	1,519	–	122
Tax on adjusting items		52	–	52	41	–	93
Share of associates' and joint ventures' tax expense on adjusting items	4.6	2	1	3	–	–	3
Profit attributable to non-controlling interests (preference shares and perpetual notes)		(5)	–	(5)	(28)	–	(33)
(Loss)/profit for the year attributable to equity shareholders of Standard Life Aberdeen plc		(714)	(121)	(835)	1,665	–	830
Profit attributable to other equity holders and non-controlling interests							
Ordinary shares				–	5		5
Preference shares and perpetual notes				5	28		33
(Loss)/profit for the year				(830)	1,698		868

¹ Share of associates' and joint ventures' profit before tax comprises the Group's share of results of HDFC Life, HDFC AMC, Phoenix and HASL.

² Amortisation and impairment of intangible assets acquired in business combinations and through the purchase of customer contracts includes £1,117m included in administrative expenses and £38m relating to intangibles recognised on the part acquisition of associates and included in Share of profit from associates and joint ventures in the consolidated income statement.

(b)(ii) Total income and expenses

The following table provides a reconciliation of total adjusted operating income and total adjusted operating expenses from continuing operations, as presented in the analysis of Group adjusted profit by segment, to total revenue and total expenses from continuing operations respectively, as presented in the IFRS condensed consolidated income statement:

	6 months 2019		6 months 2018		Full year 2018	
	Income £m	Expenses £m	Income £m	Expenses £m	Income £m	Expenses £m
Total adjusted operating income and adjusted operating expenses as presented in the analysis of Group adjusted profit by segment from continuing operations	815	(673)	966	(712)	1,868	(1,395)
Insurance and participating investment contract claims and change in liabilities	95	(95)	27	(27)	1	(1)
Change in non-participating investment contract liabilities	197	(197)	2	(2)	(78)	78
Change in liability for third party interest in consolidated funds	5	(5)	4	(4)	(5)	5
Other presentation differences	77	(77)	79	(79)	152	(152)
Adjusting items	467	(283)	9	(172)	202	(1,355)
Capital management	22	–	(3)	–	(9)	–
Total income and expenses as presented in the IFRS condensed consolidated income statement from continuing operations	1,678	(1,330)	1,084	(996)	2,131	(2,820)

This reconciliation includes a number of reconciling items which arise due to presentation differences between IFRS reporting requirements and the determination of adjusted operating income and adjusted operating expenses. Adjusted operating income and expenses exclude items which have an equal and opposite effect on IFRS income and IFRS expenses in the consolidated income statement, such as investment returns which are for the account of policyholders. Other presentation differences include Aberdeen Standard Investments commission expenses which are presented in expenses in the consolidated income statement but are netted against adjusted operating income in the analysis of Group adjusted profit by segment.

4.4 Revenue from contracts with customers

The following table provides a breakdown of total revenue from contracts with customers:

	6 months 2019 £m	6 months 2018 £m	Full year 2018 £m
Asset management			
Management fee income – Strategic insurance partners ¹	166	179	370
Management fee income – Other clients ¹	559	747	1,372
Performance fees	6	3	9
Revenue from contracts with customers for asset management	731	929	1,751
Fund platforms			
Fee income	98	81	173
Other revenue from contracts with customers	31	9	31
Total revenue from contracts with customers from continuing operations	860	1,019	1,955

¹ In addition to revenues earned as a percentage of AUM, management fee income includes certain other revenues such as registration fees.

The revenue from contracts with customers is reported within the Asset management and platforms segment. The following table provides a reconciliation of Revenue from contracts with customers as presented in the condensed consolidated income statement to fee based revenue, as presented in the analysis of adjusted profit before tax for the Asset management and platforms segment.

	6 months 2019 £m	6 months 2018 £m	Full year 2018 £m
Revenue from contracts with customers from continuing operations as presented in the condensed consolidated income statement	860	1,019	1,955
Presentation differences			
Commission expenses	(45)	(54)	(105)
Other differences	–	1	18
Fee based revenue from continuing operations as presented in the Asset management and platforms segment	815	966	1,868

Commission expenses are netted against fee based revenue in the segment reporting but are included within expenses in the consolidated income statement. Other presentation differences relates to amounts presented in a different income line item of the consolidated income statement and intra-group revenue which is eliminated in the consolidated income statement but grossed up for the purposes of segmental reporting.

4.5 Administrative expenses

	6 months 2019 £m	6 months 2018 £m	Full year 2018 £m
Restructuring and corporate transaction expenses	192	59	231
Impairment of goodwill – Aberdeen Standard Investments	–	–	880
Commission expenses	45	54	105
Staff costs and other employee-related costs	320	365	673
Other impairment losses on intangible assets	1	11	46
Impairment losses on disposal group classified as held for sale	2	–	2
Other administration expenses	453	453	920
	1,013	942	2,857
Acquisition costs deferred during the period	(1)	(1)	(2)
Amortisation of deferred acquisition costs	1	1	2
Total administrative expenses from continuing operations	1,013	942	2,857

The 2019 restructuring and corporate transaction expenses mainly relate to merger integration, implementing our simplified global operating model and the repurchase of subordinated liabilities (refer Note 4.14).

4.6 Tax expense

	6 months 2019 £m	6 months 2018 £m	Full year 2018 £m
Current tax:			
UK	4	13	20
Overseas	11	18	44
Adjustment to tax expense in respect of prior years	–	(2)	3
Total current tax attributable to continuing operations	15	29	67
Deferred tax:			
Deferred tax (credit)/expense arising from the current periods	(25)	(16)	(12)
Adjustment to deferred tax in respect of prior years	–	–	(12)
Total deferred tax attributable to continuing operations	(25)	(16)	(24)
Total tax (credit)/expense attributable to continuing operations	(10)	13	43

The share of associates' and joint ventures' tax expense is (£1m) (six months ended 30 June 2018: £18m; 12 months ended 31 December 2018: £40m) and is included in profit before tax in the IFRS condensed consolidated income statement in Share of profit from associates and joint ventures.

The standard UK corporation tax rate for the accounting period is 19% (six months ended 30 June 2018: 19%; 12 months ended 31 December 2018: 19%). The UK corporation tax rate will reduce to 17% from 1 April 2020. These changes have been taken into account in the calculation of the UK deferred tax balance at 30 June 2019.

The Group operates in a large number of territories and during the normal course of business will be subject to audit or enquiry by local tax authorities. At any point in time the Group will also be engaged in commercial transactions the tax outcome of which may be uncertain due to their complexity or uncertain application of tax law. Tax provisions, therefore, are subject to a level of estimation and judgement and may result in the Group recognising provisions for uncertain tax positions. Management will provide for uncertain tax positions where they judge that it is probable there will be a future outflow of economic benefits from the Group to settle the obligation. In assessing uncertain tax positions management considers each issue on its own merits using their judgement as to the estimate of the most likely outcome. Where the final outcome differs from the amount provided this difference will impact the tax charge in future periods. Management reassesses provisions at each reporting date based upon latest available information.

Tax relating to components of other comprehensive income is as follows:

	6 months 2019 £m	6 months 2018 £m	Full year 2018 £m
Tax relating to defined benefit pension plan deficit	–	–	–
Equity holder tax effect relating to items that will not be reclassified subsequently to profit or loss	–	–	–
Deferred tax on net change in financial assets designated as available-for-sale	–	(1)	(1)
Tax relating to fair value losses recognised as cash flow hedges	3	–	9
Tax relating to cash flow hedge losses transferred to consolidated income statement	(1)	–	(7)
Equity holder tax effect relating to items that may be reclassified subsequently to profit or loss	2	(1)	1
Tax relating to other comprehensive income from continuing operations	2	(1)	1

All of the amounts presented above are in respect of equity holders of Standard Life Aberdeen plc.

Tax relating to items taken directly to equity is as follows:

	6 months 2019 £m	6 months 2018 £m	Full year 2018 £m
Tax expense on reserves for employee share-based payments	–	1	–
Tax credit relating to coupons payable on perpetual notes classified as equity	–	–	(6)
Tax relating to items taken directly to equity	–	1	(6)

4.7 Earnings per share

Basic earnings per share is calculated by dividing profit attributable to ordinary equity holders by the weighted average number of ordinary shares in issue during the period excluding shares owned by the employee trusts that have not vested unconditionally to employees.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue during the period to assume the conversion of all dilutive potential ordinary shares, such as share options granted to employees.

Adjusted earnings per share is calculated on adjusted profit after tax attributable to ordinary equity holders of the Company i.e. adjusted profit net of dividends paid on preference shares.

The following table shows details of basic, diluted and adjusted earnings per share for the period:

	6 months 2019			6 months 2018			Full year 2018		
	Continuing operations £m	Discontinued operations £m	Total £m	Continuing operations £m	Discontinued operations £m	Total restated ¹ £m	Continuing operations £m	Discontinued operations £m	Total £m
Adjusted profit before tax	280	–	280	311	167	478	650	210	860
Tax on adjusted profit	(31)	–	(31)	(48)	(29)	(77)	(95)	(77)	(172)
Share of associates' and joint ventures' tax expense	(27)	–	(27)	(18)	–	(18)	(43)	–	(43)
Adjusted profit after tax	222	–	222	245	138	383	512	133	645
Dividend paid on preference shares	(3)	–	(3)	(3)	–	(3)	(5)	–	(5)
Adjusted profit after tax attributable to equity shareholders of the Company	219	–	219	242	138	380	507	133	640
Adjusting items	348	25	373	(166)	(74)	(240)	(1,397)	1,519	122
Tax on adjusting items	41	–	41	35	10	45	52	41	93
Share of associates' and joint ventures' tax expense on adjusting items	28	–	28	–	–	–	3	–	3
Adjustment for perpetual debt instruments classified as equity net of tax	–	–	–	–	–	–	–	(28)	(28)
Profit/(loss) attributable to equity shareholders of the Company	636	25	661	111	74	185	(835)	1,665	830
		6 months 2019 Millions			6 months 2018 Millions			Full year 2018 Millions	
Weighted average number of ordinary shares outstanding		2,420			2,937			2,848	
Dilutive effect of share options and awards		29			28			29	
Weighted average number of diluted ordinary shares outstanding		2,449			2,965			2,877	
	6 months 2019			6 months 2018			Full year 2018		
	Continuing operations Pence	Discontinued operations Pence	Total Pence	Continuing operations Pence	Discontinued operations Pence	Total Pence	Continuing operations Pence	Discontinued operations Pence	Total Pence
Basic earnings per share	26.3	1.0	27.3	3.8	2.5	6.3	(29.3)	58.4	29.1
Diluted earnings per share	26.0	1.0	27.0	3.7	2.5	6.2	(29.3)	58.4	29.1
Adjusted earnings per share	9.0	–	9.0	8.2	4.7	12.9	17.8	4.7	22.5
Adjusted diluted earnings per share	8.9	–	8.9	8.2	4.6	12.8	17.8	4.7	22.5

In accordance with IAS 33, no share options and awards were treated as dilutive for the year ended 31 December 2018 due to the loss attributable to equity holders of the Company from continuing operations in the year. This results in the adjusted diluted earnings per share from continuing operations and the total diluted earnings per share including discontinued operations being calculated using a weighted average number of ordinary shares of 2,848 million.

As discussed in Note 4.13 the Company undertook a share consolidation during the year ended 31 December 2018 followed by a return of capital to shareholders. In accordance with IAS 33, earnings per share have not been restated following the share consolidation as there was an overall corresponding change in resources due to the redemption of the B shares. As a result of the share consolidation and share buyback (see Note 4.13), earnings per share from continuing operations for the six months ended 30 June 2019 and the full year ended 31 December 2018 are not directly comparable with the respective prior periods.

4.8 Adjusted profit and adjusting items

Adjusted profit before tax is the Group's key alternative performance measure. Adjusted profit excludes the impact of the following items:

- Restructuring costs and corporate transaction expenses. Restructuring includes the impact of major regulatory change.
- Amortisation and impairment of intangible assets acquired in business combinations and through the purchase of customer contracts
- Profit or loss arising on the disposal of a subsidiary, joint venture or associate
- Fair value movements in contingent consideration
- Items which are one-off and, due to their size or nature, are not indicative of the long-term operating performance of the Group

Adjusted profit also excludes impacts arising from investment return variances (formerly called short-term fluctuations in investment return) and economic assumption changes in the Group's insurance entities. It is calculated based on expected returns on investments backing equity holder funds, with consistent allowance for the corresponding expected movements in equity holder liabilities. Impacts arising from the difference between the expected return and actual return on investments, and the corresponding impact on equity holder liabilities except where they are directly related to a significant management action, are excluded from adjusted profit and are presented within profit before tax. The impact of certain changes in economic assumptions is also excluded from adjusted profit and is presented within profit before tax.

Dividends payable on preference shares classified as non-controlling interests are excluded from adjusted profit in line with the treatment of ordinary shares. Similarly to preference shares, coupons paid on perpetual debt instruments classified as equity for which interest is only accounted for when paid is excluded from adjusted profit. This includes our share of interest payable on Tier 1 debt instruments held by associates. Coupons payable on perpetual debt instruments classified as equity for which interest is accrued are included in adjusted profit before tax.

(a) Investment return variances and economic assumption changes – insurance entities

Wholly owned insurance entities

The Group's UK and European insurance business was sold during the year ended 31 December 2018 and was classified as discontinued operations in 2018. The Group's other wholly owned insurance business, SL Asia, is classified as held for sale (see Note 4.2).

The components of IFRS profit attributable to market movements and interest rate changes which give rise to variances between actual and expected returns on investments backing equity holder funds, with consistent allowance for the corresponding expected movement in equity holder liabilities, as well as the impact of changes in economic assumptions on equity holder liabilities, are excluded from adjusted profit for the Group's wholly owned insurance entities. Investments backing equity holder funds include investments backing annuities and subordinated debt, and investments from surplus capital in insurance companies.

For UK and European insurance annuities this meant that all fluctuations in liabilities and the assets backing those liabilities due to market interest rate (including credit risk) movements over the year were excluded from adjusted profit.

The expected rates of return for debt securities and equity securities were determined separately for the UK and European insurance business. The expected rates of return for equity securities were determined based on the gilt spot rates of an appropriate duration plus an equity risk premium (2018: 3%). Investments in pooled investment funds which target equity returns over the longer term, including absolute return funds, also used an expected rate of return determined based on the gilt spot rates of an appropriate duration plus a risk premium (2018: 3%).

In respect of debt securities at fair value through profit or loss, the expected rate of return was determined based on the average prospective yields for the debt securities actually held.

For UK and European insurance business, the expected rates of return used for both the assets backing subordinated liabilities and the subordinated liabilities themselves included a discount for expected credit defaults. This meant that the interest expense included in adjusted profit for subordinated liabilities was after deducting a margin for own credit risk. Additionally, the effect of the accounting mismatch, where subordinated liabilities are measured at amortised cost and certain assets backing the liabilities are measured at fair value, was also excluded from adjusted profit.

There have been no actual defaults or impairments of assets backing subordinated liabilities during the six months ended 30 June 2019 or 30 June 2018 or the 12 months ended 31 December 2018. If these were to arise they would be excluded from adjusted profit.

Gains and losses on foreign exchange are deemed to represent investment return variances and economic assumption changes and thus are excluded from adjusted profit.

Investment return variances and economic assumption changes for the six months ended 30 June 2018 and the 12 months ended 31 December 2018 related principally to the impact of interest rate changes on UK annuity liabilities and the assets backing those liabilities.

Associates and joint ventures insurance entities

Where associates and joint ventures have a policy for determining investment return variances and economic assumption changes, the Group uses the policy of the associate or joint venture for including their results in the Group's adjusted profit. This currently applies only to the Group's investment in Phoenix. The Phoenix policy is similar to that used by the wholly owned insurance entities as described above. The main differences are as follows:

- Phoenix investment return variances, including those relating to owners' funds, include gains and losses on derivatives held to hedge life company Solvency II surplus positions. Such hedging positions were not previously held outside with profit funds by wholly owned insurance entities.
- Phoenix recognise charges on unit linked business based on expected investment returns, whereas wholly owned insurance entities use actual investment returns
- Phoenix include the impact of strategic asset allocation activities, such as investment in higher yielding illiquid assets, as investment variances. Wholly owned subsidiaries treat these within adjusted profit where they are directly related to a significant management action.

(b) Other

In the reconciliation of consolidated adjusted profit before tax to profit for the period the Other adjusting item sub-total includes (£2m) (six months ended 30 June 2018: £nil; 12 months ended 31 December 2018: (£2m)) in relation to the impairment of a disposal group classified as held for sale and £38m (six months ended 30 June 2018: (£4m); 12 months ended 31 December 2018: £3m) net fair value movements in contingent consideration. For the period ended 30 June 2019, £25m of the £38m fair value gain is in relation to discontinued operations.

The Other adjusting item in the six months ended 30 June 2018 relating to discontinued operations included a held for sale accounting adjustment relating to the amortisation of intangible assets (primarily deferred acquisition costs) and depreciation of tangible assets of £38m (12 months ended 31 December 2018: £44m). Following the classification of the UK and European Insurance business as held for sale on the announcement of the proposed transaction on 23 February 2018, no amortisation or depreciation was recognised. This increase to profit was recognised as an adjusting item.

4.9 Dividends on ordinary shares

	6 months 2019 Pence per share	6 months 2018 Pence per share	£m	Full year 2018 Pence per share	£m
Dividends relating to reporting period					
Interim dividend (2019 and 2018)	7.30	7.30	214	7.30	214
Final dividend (2018)	–	–	–	14.30	345
Total	7.30	7.30	214		559
Dividends paid in reporting period					
Current year interim dividend	–	–	–	7.30	214
Final dividend for prior year	14.30	14.30	420	14.30	420
Total			420		634

Subsequent to 30 June 2019, the Board has declared an interim dividend for 2019 of 7.30 pence per ordinary share (interim 2018: 7.30 pence), an estimated £173m in total (interim 2018: £214m). The dividend is expected to be paid on 24 September 2019 and will be recorded as an appropriation of retained earnings in the financial statements for the year ended 31 December 2019.

4.10 Intangible assets

	30 Jun 2019 £m	30 Jun 2018 £m	31 Dec 2018 £m
Acquired through business combinations			
Goodwill	2,532	3,419	2,532
Brand	58	77	67
Customer relationships and investment management contracts	571	727	633
Technology	18	32	26
Internally developed software	63	59	62
Purchased software and other	–	–	4
Cost of obtaining customer contracts	70	87	80
Total intangible assets	3,312	4,401	3,404

4.11 Investments in associates and joint ventures accounted for using the equity method

Investments in associates and joint ventures accounted for using the equity method at 30 June 2019 of £1,604m (30 June 2018: £514m; 31 December 2018: £1,444m) includes £1,012m (30 June 2018: £nil; 31 December 2018: £812m) for the Group's Phoenix associate, which is included in the Insurance associates and joint ventures segment.

During the 12 months ended 31 December 2018 an impairment loss of £243m was recognised on the Group's interest in Phoenix, of which £15m arose at acquisition and was offset against the bargain purchase gain giving a loss on impairment in the consolidated income statement of £228m. The impairment loss was recognised due to the market value of the Group's interest in Phoenix of £812m as at 31 December 2018 being significantly below its carrying value. We considered that under IAS 28 the market value of Phoenix represented the best estimate of the present value of future dividends and therefore this market value of £812m was used as the value in use. As the value in use was based on the market value, a discount rate was not determined.

At 30 June 2019 the market value of the Group's interest in Phoenix was £1,022m and as set out above this has been used as the value in use. On this basis, a reversal of the impairment above of £243m has been recognised in the six months ended 30 June 2019.

4.12 Property, plant and equipment

	30 Jun 2019 £m	30 Jun 2018 £m	31 Dec 2018 £m
Owner occupied property	2	2	2
Equipment	65	49	59
Right-of-use assets:			
Property	198	–	–
Equipment	1	–	–
Total property, plant and equipment	266	51	61

On implementation of IFRS 16 on 1 January 2019, the Group recognised right of use assets of £178m and £1m for property and equipment respectively. The Group also recognised lease liabilities of £227m at this date. At 30 June 2019, other financial liabilities included £247m for lease liabilities. Refer Note 4.1 for further details.

4.13 Issued share capital, share premium and shares held by trusts

(a) Issued share capital

The movement in the issued ordinary share capital of the Company is:

	6 months 2019		6 months 2018		Full year 2018		
	13 61/63p each	£m	12 2/9p each	£m	13 61/63p each	£m	
Issued shares fully paid							
At start of period	2,529,412,224	353	2,978,936,877	364	2,978,936,877	–	364
Shares issued in respect of share incentive plans	540	–	246,523	–	435,340	288	–
Shares issued in respect of share options	–	–	304,611	–	350,156	–	–
New shares issued immediately prior to share consolidation	–	–	–	–	4	–	–
Share consolidation	–	–	–	–	(2,941,738,848)	2,574,021,492	–
Shares bought back on-market and cancelled	(116,128,848)	(16)	–	–	(37,983,529)	(44,609,556)	(11)
At end of period	2,413,283,916	337	2,979,488,011	364	–	2,529,412,224	353

All ordinary shares in issue in the Company rank pari passu and carry the same voting rights and entitlement to receive dividends and other distributions declared or paid by the Company.

On 22 October 2018, the Company undertook a share consolidation of the Company's share capital. Seven new ordinary shares of 13 61/63 pence each were issued for each holding of eight existing ordinary shares of 12 2/9 pence each. As a result, the number of shares in issue reduced from 2,941,738,848 to 2,574,021,492.

On 25 June 2018, a share buyback of up to £750m through on-market purchases was approved by shareholders. During the six months ended 30 June 2019, the Company has bought back and cancelled 116,128,848 shares (six months ended 30 June 2018: no shares; 12 months ended 31 December 2018: 82,593,085 shares). The total consideration (including transaction costs and unsettled purchases for a further 847,130 shares (six months ended 30 June 2018: no shares; 12 months ended 31 December 2018: 792,527 shares)) was £306m (six months ended 30 June 2018: £nil; 12 months ended 31 December 2018: £238m).

This consideration has resulted in a reduction in retained earnings of £180m (six months ended 30 June 2018: £nil; 12 months ended 31 December 2018: £238m) and in the special reserve of £126m (six months ended 30 June 2018: £nil; 12 months ended 31 December 2018: £nil). An amount of £16m (six months ended 30 June 2018: £nil; 12 months ended 31 December 2018: £11m) has been credited to the capital redemption reserve relating to the nominal value of the shares cancelled.

The Company can issue shares to satisfy awards granted under employee incentive plans which have been approved by shareholders.

(b) Return of capital in prior year

2,941,738,848 B shares were issued for nil consideration with a nominal value of 33.99 pence each on 22 October 2018, resulting in a total of £1,000m being credited to the B share capital account. At the same time £1,000m was deducted from the merger reserve. On 24 October 2018 the B shares were redeemed at 33.99 pence each. An amount of £1,000m was deducted from the B share capital account and £1,000m was transferred from retained earnings to the capital redemption reserve. The costs of the B share scheme of £2m were recognised directly in equity.

(c) Share premium

	6 months 2019 £m	6 months 2018 £m	Full year 2018 £m
At start of period	640	639	639
Shares issued in respect of share options	–	1	1
At end of period	640	640	640

(d) Shares held by trusts

Shares held by trusts relates to shares in Standard Life Aberdeen plc that are held by the Standard Life Employee Trust (ET), the Aberdeen Asset Management Employee Benefit Trust 2003 (EBT) and the Standard Life Unclaimed Asset Trust (UAT).

The ET and EBT purchase shares in the Company for delivery to employees under employee incentive plans. Purchased shares are recognised as a deduction from equity at the price paid for them. Where new shares are issued to the ET or EBT the price paid is the nominal value of the shares. When shares are distributed from the trusts their corresponding value is released to retained earnings.

The number of shares held by trusts at 30 June 2019 was as follows:

	30 Jun 2019	30 Jun 2018	31 Dec 2018
Number of shares held by trusts			
Standard Life Employee Trust	30,446,497	16,810,802	31,589,855
Aberdeen Asset Management Employee Benefit Trust 2003	20,257,282	23,589,384	20,327,295
Standard Life Unclaimed Asset Trust	136,224	175,994	153,020

4.14 Subordinated liabilities

On 26 March 2019, the Company repurchased 5.5% Sterling fixed rate subordinated notes with a principal amount of £408m (out of a total principal amount of £500m). The total amount paid was £462m including £7m of accrued interest and a repurchase loss of £49m has been included in restructuring and corporate transaction expenses (refer Note 4.5).

4.15 Pension and other post-retirement benefit provisions

The Group operates a number of defined benefit pension plans, the largest of which being the UK Standard Life Group staff defined benefit pension plan (principal plan) which is closed to future accrual. Following the merger with Aberdeen, the Group also operates two additional UK defined benefit plans. These two UK plans were in deficit when the last valuations were completed with the trustees, and the Group has agreed funding plans to eliminate these deficits. These two UK plans are included in Other along with the Ireland Standard Life plan, which is closed to new membership, and a number of smaller funded and unfunded plans in other countries.

For the UK plans the trustees set the plan investment strategy to protect the ratio of plan assets to the trustees' measure of technical provisions. Technical provisions represent the trustees' prudent view of the amount of assets needed to pay future benefits. The investment strategy does not aim to protect the IAS 19 surplus or ratio of plan assets to the IAS 19 measure of liabilities.

(a) Analysis of amounts recognised in the IFRS condensed consolidated income statement

The amounts recognised in the IFRS condensed consolidated income statement for defined contribution and defined benefit plans are as follows:

	6 months 2019 £m	6 months 2018 £m	Full year 2018 £m
Current service cost	32	34	67
Past service cost	–	–	(15)
Net interest income	(15)	(14)	(27)
Administrative expenses	1	1	2
Expense from continuing operations recognised in the IFRS condensed consolidated income statement	18	21	27

(b) Analysis of amounts recognised on the IFRS condensed consolidated statement of financial position

	30 June 2019			30 June 2018			31 December 2018			
	Principal plan £m	Other ¹ £m	Total £m	Principal plan £m	Other ¹ £m	Total £m	Held for sale £m	Principal plan £m	Other ¹ £m	Total £m
Present value of funded obligation	(2,802)	(311)	(3,113)	(2,776)	(345)	(3,121)	–	(2,542)	(311)	(2,853)
Present value of unfunded obligation	–	(3)	(3)	–	(3)	(3)	(7)	–	(3)	(3)
Fair value of plan assets	4,680	280	4,960	4,359	281	4,640	–	4,251	276	4,527
Effect of limit on plan surplus	(657)	–	(657)	(554)	–	(554)	–	(598)	–	(598)
Net asset/(liability)	1,221	(34)	1,187	1,029	(67)	962	(7)	1,111	(38)	1,073

¹ Included within Other is a defined benefit plan with a net asset position of £12m at 30 June 2019 (30 June 2018: £3m; 31 December 2018: £nil).

(c) Principal assumptions

The key economic assumptions for the principal plan which are based in part on current market conditions are as follows:

	30 Jun 2019 %	30 Jun 2018 %	31 Dec 2018 %
Discount rate	2.35	2.55	2.85
Rates of inflation			
Consumer Price Index (CPI)	2.15	2.10	2.20
Retail Price Index (RPI)	3.15	3.10	3.20

4.16 Fair value of assets and liabilities**(a) Determination of fair value hierarchy**

To provide further information on the approach used to determine and measure the fair value of certain assets and liabilities, the following fair value hierarchy categorisation has been used:

- **Level 1:** Fair values measured using quoted prices (unadjusted) in active markets for identical assets or liabilities. An active market exists where transactions take place with sufficient frequency and volume to provide pricing information on an ongoing basis.
- **Level 2:** Fair values measured using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- **Level 3:** Fair values measured using inputs that are not based on observable market data (unobservable inputs)

(b) Methods and assumptions used to determine fair value of assets and liabilities including those held for sale

Information on the methods and assumptions used to determine fair values for each major category of instrument measured at fair value is given below. These methods and assumptions include those used to fair value assets and liabilities held for sale, including the individual assets and liabilities of operations held for sale.

Investments in associates at FVTPL, equity securities and interests in pooled investment funds and amounts seeded into funds classified as held for sale

Investments in associates at FVTPL are valued in the same manner as the Group's equity securities and interests in pooled investment funds.

Equity instruments listed on a recognised exchange are valued using prices sourced from the primary exchange on which they are listed. These instruments are generally considered to be quoted in an active market and are therefore categorised as level 1 instruments within the fair value hierarchy.

The Group's exposure to unlisted equity securities primarily relates to interests in real estate, infrastructure and private equity funds. These are valued in accordance with independent professional valuations or International Private Equity and Venture Capital Valuation Guidelines where relevant. The fair value of unlisted investments in infrastructure funds is based on the phase of individual projects forming the overall investment and discounted cash flow techniques based on project earnings. The valuation of these securities is largely based on inputs that are not based on observable market data, and accordingly these instruments are categorised as level 3 instruments within the fair value hierarchy. Where appropriate, reference is made to observable market data.

The valuations received from investment managers of the underlying funds are reviewed and where appropriate adjustments are made to reflect the impact of changes in market conditions between the date of the valuation and the end of the reporting period. The valuation of these securities is largely based on inputs that are not based on observable market data, and accordingly these instruments are categorised as level 3 instruments within the fair value hierarchy. Where appropriate, reference is made to observable market data.

Where pooled investment funds have been seeded and the investment in the funds have been classified as held for sale, the costs to sell are assumed to be negligible. The fair value of pooled investment funds held for sale is calculated as equal to the observable unit price.

Derivative financial assets and derivative financial liabilities

The majority of the Group's derivatives are over-the-counter derivatives which are measured at fair value using a range of valuation models including discounting future cash flows and option valuation techniques. The inputs are observable market data and over-the-counter derivatives are therefore categorised as level 2 in the fair value hierarchy.

Exchange traded derivatives are valued using prices sourced from the relevant exchange. They are considered to be instruments quoted in an active market and are therefore categorised as level 1 instruments within the fair value hierarchy.

Non-performance risk arising from the credit risk of each counterparty has been considered on a net exposure basis in line with the Group's risk management policies. At 30 June 2019, 30 June 2018 and 31 December 2018, the residual credit risk is considered immaterial and no credit risk adjustment has been made.

Debt securities

For debt securities, the Group has determined a hierarchy of pricing sources. The hierarchy consists of reputable external pricing providers who generally use observable market data. If prices are not available from these providers or are considered to be stale, the Group has established procedures to arrive at an internal assessment of the fair value. These procedures are based largely on inputs that are not based on observable market data. A further analysis by category of debt security is as follows:

- **Government, including provincial and municipal, and supranational institution bonds**

These instruments are valued using prices received from external pricing providers who generally base the price on quotes received from a number of market participants. They are categorised as level 1 or level 2 instruments within the fair value hierarchy depending upon the nature of the underlying pricing information used for valuation purposes.

- **Corporate bonds listed or quoted in an established over-the-counter market including asset-backed securities**

These instruments are generally valued using prices received from external pricing providers who generally consolidate quotes received from a panel of banks into a composite price. As the market becomes less active the quotes provided by some banks may be based on modelled prices rather than on actual transactions. These sources are based largely on observable market data, and therefore these instruments are categorised as level 2 instruments within the fair value hierarchy. When prices received from external pricing providers are based on a single broker indicative quote, the instruments are categorised as level 3 instruments.

For instruments for which prices are either not available from external pricing providers or the prices provided are considered to be stale, the Group performs its own assessment of the fair value of these instruments. This assessment is largely based on inputs that are not based on observable market data, principally single broker indicative quotes, and accordingly these instruments are categorised as level 3 instruments within the fair value hierarchy.

- **Other corporate bonds including unquoted bonds, commercial paper and certificates of deposit**

These instruments are valued using models. For unquoted bonds the model uses inputs from comparable bonds and includes credit spreads which are obtained from brokers or estimated internally. Commercial paper and certificates of deposit are valued using standard valuation formulas. The categorisation of these instruments within the fair value hierarchy will be either level 2 or 3 depending upon the nature of the underlying pricing information used for valuation purposes.

Contingent consideration assets and contingent consideration liabilities

Contingent consideration assets and liabilities have been recognised in respect of acquisitions and disposals. Generally valuations are based on unobservable assumptions regarding the probability weighted cash flows and, where relevant, discount rate and therefore the assets and liabilities are classified as level 3 in the fair value hierarchy. Significant contingent consideration arises under the terms of the sale of SLAL to Phoenix in August 2018. The terms include a number of indemnities that give rise to contingent consideration. The indemnities that have the most significant impact on the fair value of this contingent consideration are as follows:

- **Annuity sales practices**

The annuity sales practices indemnity primarily relates to enhanced annuities. At the request of the FCA, SLAL is conducting a review of non-advised annuity sales (with a purchase price above a minimum threshold) to customers eligible to receive an enhanced annuity from 1 July 2008 until 31 May 2016. The purpose of this review is to identify whether these customers received sufficient information about enhanced annuities to make the right decisions about their purchase, and, where appropriate, provide redress to customers who have suffered loss as a result of not having received sufficient information. SLAL has been working with the FCA regarding the process for conducting this past business review.

Under the indemnity if SLAL suffers a loss in excess of the provision it recognised at 31 December 2017 of £248m in relation to annuity sales practices, the Group will pay the excess to Phoenix subject to a £120m cap. If that provision is not fully utilised Phoenix will pay the Group the unutilised amount. In addition the Group shall pay to Phoenix an amount equivalent to the financial penalty of £31m levied by the FCA on SLAL in July 2019.

The technique used to value this element of the contingent consideration is to assess the likelihood of an over or under utilisation of the 31 December 2017 provision and to include the amount related to the FCA levied financial penalty.

- **Persistency**

If SLAL suffers adverse lapse experience relating to certain UK unit linked products (but excluding unit linked products written in a with profits fund) prior to 31 December 2019, the Group shall make a payment to Phoenix, based on the difference between expected and actual lapse experience, subject to a £75m cap.

The technique used to value this element of the contingent consideration is based on a statistical model used for the Group's Solvency II reporting at 31 December 2017, with each possible outcome weighted by the likelihood of that outcome.

Non-participating investment contract liabilities

The fair value of the non-participating investment contract liabilities is calculated equal to the fair value of the underlying assets and liabilities in the funds. Thus, the value of these liabilities is dependent on the methods and assumptions set out above in relation to the underlying assets and liabilities in which these funds are invested. The underlying assets and liabilities are predominately categorised as level 1 or 2 and as such, the inputs into the valuation of the liabilities are observable. Therefore, the liabilities are categorised within level 2 of the fair value hierarchy.

Liabilities in respect of third party interest in consolidated funds

The fair value of liabilities in respect of third party interest in consolidated funds is calculated equal to the fair value of the underlying assets and liabilities in the funds. Thus, the value of these liabilities is dependent on the methods and assumptions set out above in relation to the underlying assets in which these funds are invested. When the underlying assets and liabilities are valued using readily available market information the liabilities in respect of third party interest in consolidated funds are treated as level 2. Where the underlying assets and liabilities are not valued using readily available market information the liabilities in respect of third party interest in consolidated funds are treated as level 3.

(b)(i) Fair value hierarchy for assets measured at fair value in the statement of financial position

The table below presents the Group's assets measured at fair value by level of the fair value hierarchy.

	Fair value hierarchy											
	As recognised in the consolidated statement of financial position line item		Classified as held for sale		Total		Level 1		Level 2		Level 3	
	30 Jun 2019 £m	31 Dec 2018 £m	30 Jun 2019 £m	31 Dec 2018 £m	30 Jun 2019 £m	31 Dec 2018 £m	30 Jun 2019 £m	31 Dec 2018 £m	30 Jun 2019 £m	31 Dec 2018 £m	30 Jun 2019 £m	31 Dec 2018 £m
Owner occupied property	2	2	–	–	2	2	–	–	–	–	2	2
Derivative financial assets	32	21	–	–	32	21	–	1	32	20	–	–
Equity securities and interests in pooled investment vehicles	2,295	2,030	830	699	3,125	2,729	2,750	2,510	301	160	74	59
Debt securities	1,038	1,723	14	13	1,052	1,736	220	178	831	1,557	1	1
Contingent consideration asset	–	8	–	–	–	8	–	–	–	–	–	8
Total assets at fair value	3,367	3,784	844	712	4,211	4,496	2,970	2,689	1,164	1,737	77	70

	Fair value hierarchy						
	As recognised in the consolidated statement of financial position line item £m	Classified as held for sale £m	Total £m	Level 1 £m	Level 2 £m	Level 3 £m	
30 June 2018							
Investment property	–	9,895	9,895	–	–	9,895	
Owner occupied property	2	82	84	–	–	84	
Derivative financial assets	7	2,588	2,595	722	1,873	–	
Equity securities and interests in pooled investment vehicles	3,196	95,581	98,777	97,730	26	1,021	
Debt securities	469	58,440	58,909	23,676	33,792	1,441	
Contingent consideration asset	2	–	2	–	–	2	
Total assets at fair value	3,676	166,586	170,262	122,128	35,691	12,443	

Transfers from level 1 to level 2 during the period were £42m (six months ended 30 June 2018: £nil; 12 months ended 31 December 2018: £nil). These transfers relate to assets where observable market transactions were not deemed sufficiently frequent to be considered an active market. Transfers are deemed to have occurred at the end of the calendar quarter in which they arose. Refer to 4.16 (b)(iii) for details of movements in level 3.

(b)(ii) Fair value hierarchy for liabilities measured at fair value in the statement of financial position

The table below presents the Group's liabilities measured at fair value by level of the fair value hierarchy.

	Fair value hierarchy											
	As recognised in the consolidated statement of financial position line item		Classified as held for sale		Total		Level 1		Level 2		Level 3	
	30 Jun 2019 £m	31 Dec 2018 £m	30 Jun 2019 £m	31 Dec 2018 £m	30 Jun 2019 £m	31 Dec 2018 £m	30 Jun 2019 £m	31 Dec 2018 £m	30 Jun 2019 £m	31 Dec 2018 £m	30 Jun 2019 £m	31 Dec 2018 £m
Non-participating investment contract liabilities	1,600	1,468	50	52	1,650	1,520	–	–	1,650	1,520	–	–
Liabilities in respect of third party interest in consolidated funds	407	254	16	14	423	268	3	–	420	268	–	–
Derivative financial liabilities	11	6	–	–	11	6	2	1	9	5	–	–
Contingent consideration liabilities	71	29	–	–	71	29	–	–	–	–	71	29
Total liabilities at fair value	2,089	1,757	66	66	2,155	1,823	5	1	2,079	1,793	71	29

30 June 2018	Fair value hierarchy							
	As recognised in the consolidated statement of financial position line item		Classified as held for sale		Total	Level 1	Level 2	Level 3
	£m	£m	£m	£m	£m	£m	£m	£m
Non-participating investment contract liabilities			1,274	102,242	103,516	–	103,516	–
Liabilities in respect of third party interest in consolidated funds			227	15,781	16,008	–	14,734	1,274
Derivative financial liabilities			32	897	929	168	761	–
Contingent consideration liabilities			39	–	39	–	–	39
Total liabilities at fair value			1,572	118,920	120,492	168	119,011	1,313

There were no significant transfers between levels 1 and 2 during the six months ended 30 June 2019 (six months ended 30 June 2018: none; 12 months ended 31 December 2018: none). Refer to 4.16 (b)(iii) for details of movements in level 3.

(b)(iii) Reconciliation of movements in level 3 instruments

The movements during the period of level 3 assets and liabilities held at fair value, excluding assets and liabilities held for sale, are analysed below.

	Investment property		Owner occupied property		Equity securities and interests in pooled investment funds		Debt securities		Liabilities in respect of third party interest in consolidated funds	
	30 Jun 2019 £m	31 Dec 2018 £m	30 Jun 2019 £m	31 Dec 2018 £m	30 Jun 2019 £m	31 Dec 2018 £m	30 Jun 2019 £m	31 Dec 2018 £m	30 Jun 2019 £m	31 Dec 2018 £m
	At start of period	–	9,749	2	81	59	994	1	1,444	–
Reclassified to held for sale	–	(9,749)	–	(79)	–	(921)	–	(1,443)	–	1,298
Total gains/(losses) recognised in the consolidated income statement	–	–	–	–	1	5	–	–	–	–
Purchases	–	–	–	–	16	18	–	–	–	–
Sales	–	–	–	–	(2)	(37)	–	–	–	–
At end of period	–	–	2	2	74	59	1	1	–	–

2018	Investment property £m	Owner occupied property £m	Equity securities and interests in pooled investment funds £m	Debt securities £m	Liabilities in respect of third party interest in consolidated funds £m
1 January	9,749	81	994	1,444	(1,298)
Reclassified to held for sale	(9,749)	(79)	(882)	(1,443)	1,298
Total gains/(losses) recognised in the consolidated income statement	–	–	4	–	–
Purchases	–	–	5	–	–
Sales	–	–	(17)	–	–
30 June	–	2	104	1	–

	Contingent consideration asset			Contingent consideration liabilities		
	30 Jun 2019 £m	30 Jun 2018 £m	31 Dec 2018 £m	30 Jun 2019 £m	30 Jun 2018 £m	31 Dec 2018 £m
At start of period	8	6	6	(29)	(25)	(25)
Total amounts recognised in the income statement	–	(4)	(6)	38	–	9
Additions	–	–	8	–	(17)	(19)
Settlements	(95)	–	–	7	3	6
Transfer to contingent consideration liability	87	–	–	(87)	–	–
At end of period	–	2	8	(71)	(39)	(29)

For the six months ended 30 June 2019, £15m of total gains from continuing operations (six months ended 30 June 2018: gains of £4m; 12 months ended 31 December 2018: gains of £6m) were recognised in the IFRS condensed consolidated income statement in respect of assets and liabilities held at fair value classified as level 3 at the period end, excluding assets and liabilities held for sale. Of this amount £13m of gains (six months ended 30 June 2018: £nil; 12 months ended 31 December 2018: gains of £7m) were recognised in other income with the remainder recognised in investment return.

Transfers of equity securities and interests in pooled investment funds and debt securities into level 3 generally arise when external pricing providers stop providing a price or where the price provided is considered stale. Transfers of equity securities and interests in pooled investment funds and debt securities out of level 3 arise when acceptable prices become available from external pricing providers.

The table below presents quantitative information about the significant unobservable inputs for level 3 instruments:

30 June 2019	Fair value £m	Unobservable input	Input used
Equity securities and interests in pooled investment funds	74	This comprises holdings in approximately 100 separate funds, predominantly by value being interests in real estate, infrastructure and private equity funds. Given the numerous unobservable inputs pertaining to the valuation of the underlying assets in the funds no individual unobservable inputs are considered significant.	N/A
Contingent consideration assets and liabilities	(71)	<p>Unobservable inputs relate to probability weighted cash flows and, where relevant, discount rates. The most significant unobservable inputs relate to assumptions used to value the contingent consideration related to the sale of SLAL to Phoenix, in particular those related to:</p> <ul style="list-style-type: none"> • SLAL's annuity sales practices provision • Future lapse rates on relevant UK unit linked products of SLAL 	<p>Inputs as disclosed in the Group's Annual report and accounts for the year ended 31 December 2018 except for the lost income per annum for an average annuity purchase of £25,000 which reduced from £300 per annum to £235 per annum.</p> <p>Statistical distribution used in the Group's Solvency II internal model at 31 December 2017</p>

30 June 2018	Fair value £m	Valuation technique	Unobservable input	Range (weighted average)
Investment property and owner occupied property	9,453	Income capitalisation	Equivalent yield Estimated rental value per square metre per annum	3.5% to 9.1% (5.1%) £31 to £1,716 (£317)
Investment property (hotels)	449	Income capitalisation	Equivalent yield Estimated rental value per room per annum	3.9% to 6.6% (5.0%) £995 to £13,800 (£6,634)
Investment property and owner occupied property	77	Market comparison	Estimated value per square metre	£2 to £10,932 (£3,080)
Equity securities and interests in pooled investment funds	1,021	Adjusted net asset value	Adjustment to net asset value	N/A
Debt securities (commercial mortgages)	348	Discounted cash flow	Credit spread	1.9% to 2.6% (2.2%)
Debt securities (income strips)	538	Income capitalisation	Equivalent yield	4.1% to 6.4% (5.3%)
Debt securities (unquoted corporate bonds)	499	Discounted cash flow	Credit spread	0.8% to 2.4% (1.8%)
Debt securities (infrastructure loans)	56	Discounted cash flow	Credit spread	1.8% to 2.9% (2.4%)

31 December 2018	Fair value £m	Unobservable input	Input used
Equity securities and interests in pooled investment funds	59	This comprises holdings in approximately 80 separate funds, predominantly by value being interests in real estate, infrastructure and private equity funds. Given the numerous unobservable inputs pertaining to the valuation of the underlying assets in the funds no individual unobservable inputs are considered significant.	N/A
Contingent consideration assets and liabilities	(21)	Unobservable inputs relate to probability weighted cash flows and, where relevant, discount rates. The most significant unobservable inputs relate to assumptions used to value the contingent consideration related to the sale of SLAL to Phoenix, in particular those related to: <ul style="list-style-type: none"> SLAL's annuity sales practices provision (including the likelihood and value of annuity sales practices insurance recoveries and any FCA-levied penalty) Future lapse rates on relevant UK unit linked products of SLAL 	Inputs as disclosed in the Group's Annual report and accounts for the year ended 31 December 2018 Statistical distribution used in the Group's Solvency II internal model at 31 December 2017

(b)(iv) Sensitivity of level 3 instruments measured at fair value on the statement of financial position to changes in key assumptions

At 30 June 2019 the shareholder is directly exposed to movements in the value of all level 3 instruments since none are held in the Group's unit linked funds or in consolidated structured entities.

The sensitivities at 30 June 2019 of the measurement of contingent consideration related to the annuity sales practices indemnity are as follows:

Assumption	Change in assumption	Consequential change in contingent consideration valuation
Percentage of customers eligible for an enhanced annuity	Percentage changed by +/-5 (e.g. 40% increased to 45%)	+/- £16m
Percentage of eligible customers that did not receive sufficient information from SLAL about enhanced annuities	Percentage changed by +/-5	+/- £7m
Lost income per annum for an average annuity purchase of £25,000	+/- £20	+/- £13m

Changing unobservable inputs in the measurement of the fair value of other level 3 financial assets and financial liabilities to reasonably possible alternative assumptions would not have a significant impact on profit attributable to equity holders or on total assets.

(c) Assets and liabilities not carried at fair value

The table below presents estimated fair values by level of the fair value hierarchy of assets and liabilities whose carrying value does not approximate fair value. Fair values of assets and liabilities are based on observable market inputs where available, or are estimated using other valuation techniques.

	As recognised in the consolidated statement of financial position line item			Fair value		
	30 Jun 2019 £m	30 Jun 2018 £m	31 Dec 2018 £m	30 Jun 2019 £m	30 Jun 2018 £m	31 Dec 2018 £m
Assets						
Loans secured by mortgages	–	52	–	–	60	–
Debt securities ¹	274	–	–	285	–	–
Liabilities						
Non-participating investment contract liabilities	–	6	–	–	6	–
Subordinated notes	690	1,081	1,081	694	1,113	1,088
Subordinated guaranteed bonds	–	519	–	–	691	–
Mutual Assurance Capital Securities	–	309	–	–	333	–

¹ Debt securities are held under IFRS 9 at amortised cost. They were previously held at fair value as available-for-sale under IAS 39.

The estimated fair values of the subordinated liabilities are based on the quoted market offer price. The estimated fair values of the other instruments detailed above are calculated by discounting the expected future cash flows at current market rates.

The carrying value of all other financial assets and liabilities measured at amortised cost approximates their fair value.

4.17 Contingent liabilities and contingent assets

Legal proceedings, complaints and regulations

The Group is subject to regulation in all of the territories in which it operates investment and insurance businesses. In the UK, where the Group primarily operates, the FCA has broad powers, including powers to investigate marketing and sales practices.

The Group, like other financial organisations, is subject to legal proceedings, complaints and regulatory discussions, reviews and challenges in the normal course of its business. All such material matters are periodically reassessed, with the assistance of external professional advisers where appropriate, to determine the likelihood of the Group incurring a liability. Where it is concluded that it is more likely than not that a material outflow will be made a provision is established based on management's best estimate of the amount that will be payable. In some cases it will not be possible to form a view, for example because the facts are unclear or because further time is needed to properly investigate, and no provisions are held for such matters. It is not possible to predict with certainty the extent and timing of the financial impact of legal proceedings, complaints and related regulatory matters.

Refer Note 4.20 in relation to the settlement of arbitration with Lloyds Banking Group/ Scottish Widows.

4.18 Commitments

(a) Unrecognised financial instruments

As at 30 June 2019, the Group has committed £33m (30 June 2018: £512m; 31 December 2018: £37m) in respect of unrecognised financial instruments to customers and third parties. Of this amount, £nil (30 June 2018: £391m; 31 December 2018: £nil) was committed by consolidated private equity funds. These commitments were funded through contractually agreed additional investments both by the Group, through its controlling interests, and the funds' non-controlling interests. The level of funding provided by each was not necessarily in line with the current ownership profile of the funds.

(b) Capital commitments

At 30 June 2019, the Group has capital commitments other than in relation to financial instruments of £37m (30 June 2018: £nil; 31 December 2018: £nil).

The Group's investment property was sold in the year ended 31 December 2018 so there are no capital commitments in respect of investment property as at 30 June 2019 and 31 December 2018. As at 30 June 2018, the Group's investment property was classified as held for sale.

4.19 Related party transactions

In the normal course of business, the Group enters into transactions with related parties that relate to insurance and investment management business. There have been no changes in the nature of these transactions during the period to those reported in the Group's Annual report and accounts for the year ended 31 December 2018.

In the six months ended 30 June 2019, for associates accounted for using the equity method, the Group recognised sales primarily in relation to management fees of £109m (six months ended 30 June 2018: £nil; 12 months ended 31 December 2018: £89m) and purchases in relation to services received of £39m (six months ended 30 June 2018: £nil; 12 months ended 31 December 2018: £28m). There were no other transactions with related parties that have materially affected the result or financial position of the Group during the period ended 30 June 2019, 30 June 2018 or 31 December 2018.

Details of the proposed sale of a subsidiary to a joint venture business are included in Note 4.2.

4.20 Events after the reporting date

(a) Settlement of arbitration with Lloyds Banking Group/ Scottish Widows

On 24 July 2019, the Group announced that it had agreed a final settlement with Lloyds Banking Group/ Scottish Widows (LBG) in relation to the arbitration proceedings between the parties concerning LBG's attempt to terminate investment management arrangements under which assets are managed by members of the Group for LBG entities.

In its decision of March 2019, the arbitral tribunal found that LBG was not entitled to terminate these investment management arrangements. The Group has continued to manage approximately £104bn (as at 30 June 2019) of assets under management (AUM) for LBG entities during the period of the dispute.

Under the terms of the settlement:

- The Group will continue to manage approximately one third of the total AUM (circa £35bn as at 30 June 2019) on behalf of LBG entities until at least April 2022 (the end of the initial term under the original investment management agreements) subject to applicable investment management arrangements. This AUM comprises circa £30bn in passive portfolios as well as circa £5bn in real estate funds.
- Approximately two thirds of the total AUM (the transferring AUM) will be transferred to third party managers appointed by LBG through a series of planned tranches over the next nine months. During this period, the Group will continue to be remunerated for its services in relation to the transferring AUM.
- In addition, the Group has received an upfront payment of £140m from LBG as final settlement to compensate for loss of profit in relation to the transferring AUM. This will be recognised in H2 2019 and will be subject to UK corporation tax.

(b) Joint venture with Virgin Money

On 31 July 2019, as part of a strategic joint venture with Virgin Money, the Group completed the acquisition of 50% (less one share) of Virgin Money Unit Trust Managers Limited for an upfront cash payment of £40m plus 50% of the capital in the business and certain other costs.

The financial effect of the transaction is expected to be the recognition of an investment in the joint venture at a cost of approximately £51m which will be accounted for using the equity method.

5. Supplementary information

5.1 Alternative performance measures

We assess our performance using a variety of measures that are not defined under IFRS and are therefore termed alternative performance measures (APMs). The APMs that we use may not be directly comparable with similarly named measures used by other companies.

All APMs should be read together with the IFRS condensed consolidated income statement, IFRS condensed consolidated statement of financial position and IFRS condensed consolidated statement of cash flows, which are presented in the Financial information section of this report.

KPI Key performance indicators (KPIs) are defined as the measures by which the development, performance or position of the business can be measured effectively.

Definition	Purpose
<p>Adjusted profit before tax KPI</p> <p>Adjusted profit before tax is the Group's key alternative performance measure. Adjusted profit excludes the impact of the following items:</p> <ul style="list-style-type: none"> • Restructuring costs and corporate transaction expenses. Restructuring includes the impact of major regulatory change. • Amortisation and impairment of intangible assets acquired in business combinations and through the purchase of customer contracts • Profit or loss arising on the disposal of a subsidiary, joint venture or associate • Fair value movements in contingent consideration • Items which are one-off and, due to their size or nature, are not indicative of the long-term operating performance of the Group • Impacts arising from investment return variances and economic assumption changes in the Group's insurance entities • Dividends payable on preference shares classified as non-controlling interests are excluded from adjusted profit in line with the treatment of ordinary shares. Similarly to preference shares, coupons paid on perpetual debt instruments classified as equity for which interest is only accounted for when paid is excluded from adjusted profit. This includes our share of interest payable on Tier 1 debt instruments held by associates. <p>Further details are included in Note 4.8 of the Financial information section.</p> <p>Note 4.3 of the Financial information section provides a breakdown of adjusted profit before tax by segment, and an analysis of adjusting items. An explanation of why individual items are excluded from adjusted profit is set out on pages 239 to 240 of the Annual report and accounts 2018.</p>	<p>Adjusted profit reporting provides further analysis of the results reported under IFRS and the Directors believe it helps to give shareholders a fuller understanding of the performance of the business by identifying and analysing adjusting items. Adjusted profit before tax is consistent with the way that financial performance is measured by management and reported to the Board and Executive team. Adjusted profit before tax is also a key input to the adjusted earnings per share measure which is used to assess performance for remuneration purposes.</p>
<p>Adjusted cash generation</p> <p>From H1 2019 we are no longer reporting an alternative performance measure for cash generation. Following the sale of the UK and European insurance business the IFRS condensed consolidated statement of cash flows provides a shareholder view of the Group's cash generation.</p>	

Adjusted profit before tax

Reconciliation of adjusted profit to IFRS profit by component

The key components of adjusted profit before tax are fee based revenue, adjusted operating expenses and share of associates' and joint ventures' profit before tax. These components provide a meaningful analysis of our adjusted results.

The table below provides a reconciliation of movements between adjusted profit component measures and their closest IFRS equivalent:

Adjusted profit term	Group adjusted profit	Presentation differences	Adjusting items	Capital management	Share of associates' and joint ventures' tax expense	Non-controlling interests	Group IFRS	IFRS term
H1 2019	£m	£m	£m	£m	£m	£m	£m	
Fee based revenue	815	374	467	22	–	–	1,678	Total income
Adjusted operating expenses	(673)	(374)	(283)	–	–	–	(1,330)	Total expenses
Capital management	22	–	–	(22)	–	–	–	N/A
Share of associates' and joint ventures' profit before tax	116	–	164	–	1	–	281	Share of profit from associates and JVs ¹
Adjusted profit before tax from continuing operations	280	–	348	–	1	–	629	Profit before tax
Tax on adjusted profit	(31)	–	41	–	–	–	10	Total tax credit
Share of associates' and joint ventures' tax	(27)	–	–	–	27	–	–	N/A
Adjusted profit after tax from continuing operations	222	–	389	–	28	–	639	Profit for the period from continuing operations
Adjusted profit after tax from discontinued operations	–	–	25	–	–	–	25	Profit for the period from discontinued operations
Adjusted profit after tax	222	–	414	–	28	–	664	Profit for the period

¹ Includes £243m reversal of impairment of interest in associates.

Adjusted profit term	Group adjusted profit	Presentation differences	Adjusting items	Capital management	Share of associates' and joint ventures' tax expense	Non-controlling interests – ordinary shares	Group IFRS	IFRS term
H1 2018	£m	£m	£m	£m	£m	£m	£m	
Fee based revenue	966	112	9	(3)	–	–	1,084	Total income
Adjusted operating expenses	(712)	(112)	(172)	–	–	–	(996)	Total expenses
Capital management	(3)	–	–	3	–	–	–	N/A
Share of associates' and joint ventures' profit before tax	60	–	(3)	–	(18)	–	39	Share of profit from associates and JVs
Adjusted profit before tax from continuing operations	311	–	(166)	–	(18)	–	127	Profit before tax
Tax on adjusted profit	(48)	–	35	–	–	–	(13)	Total tax expense
Share of associates' and joint ventures' tax	(18)	–	–	–	18	–	–	N/A
Adjusted profit after tax from continuing operations	245	–	(131)	–	–	–	114	Profit for the period from continuing operations
Adjusted profit after tax from discontinued operations	138	–	(64)	–	–	5	79	Profit for the period from discontinued operations
Adjusted profit after tax	383	–	(195)	–	–	5	193	Profit for the period

This reconciliation includes a number of reconciling items which arise due to presentation differences between IFRS reporting requirements and the determination of fee based revenue and adjusted operating expenses. Fee based revenue and adjusted operating expenses exclude items which have an equal and opposite effect on IFRS income and IFRS expenses in the consolidated income statement. Other presentation differences also include Aberdeen Standard Investments commission expenses which are presented in expenses in the consolidated income statement but are netted against fee based revenue in the analysis of Group adjusted profit by segment. Further details of presentation differences are included in Note 4.3(b)(ii) of the Financial information section of this report. The FY 2018 reconciliation of movements between adjusted profit component measures and their closest IFRS equivalent is included on page 241 of the Annual report and accounts 2018.

Phoenix profitability

The table below provides a breakdown for the calculation of our share of adjusted profit before tax from Phoenix of £53m which is included in the Insurance associates and joint ventures total of £90m. Phoenix use an operating profit alternative performance measure which is before finance costs, while the Group's adjusted profit is after deducting finance costs.

	H1 2019	H1 2019
	100%	19.98%
	£m	£m
Phoenix profitability for the six months ended 30 June 2019		
Operating profit before tax (Phoenix APM)	325	65
Finance costs	(63)	(12)
Adjusted profit before tax (Standard Life Aberdeen APM)	262	53

5.2 Financial ratios

We also use a number of financial ratios to help assess our performance and these are also not defined under IFRS. Details of our main financial ratios and how they are calculated are presented below.

	Definition	Purpose
Cost/income ratio KPI	This is an efficiency measure that is calculated as adjusted operating expenses divided by fee based revenue in the period, and includes the share of associates' and joint ventures' profit before tax.	<p>This ratio is used by management to assess efficiency and reported to the Board and Executive team.</p> <p>This ratio is also a measure used to assess performance for remuneration purposes.</p>
Adjusted diluted earnings per share KPI	Adjusted diluted earnings per share is calculated on adjusted profit after tax. The weighted average number of ordinary shares in issue is adjusted during the period to assume the conversion of all dilutive potential ordinary shares, such as share options granted to employees. Details on the calculation of adjusted diluted earnings per share are set out in Note 4.7 in the Financial information section.	<p>Earnings per share is a commonly used financial metric which can be used to measure the profitability and capital efficiency of a company over time. We also calculate adjusted diluted earnings per share to illustrate the impact of adjusting items on the metric.</p> <p>This ratio is used by management to assess performance and reported to the Board and Executive team.</p>
Fee revenue yield (bps)	The fee revenue yield is calculated as annualised fee based revenue (excluding performance fees, SL Asia, 1825, Focus and Threesixty) divided by monthly average fee based AUM/AUA. Details on the calculation of the fee revenue yield are set out in the Management report section.	The average revenue yield on fee based business is a measure that illustrates the average margin being earned on the assets that we manage or administer.

Cost/income ratio from continuing operations

	H1 2019	H1 2018	FY 2018
Adjusted operating expenses (£m)	(673)	(712)	(1,395)
Fee based revenue (£m)	815	966	1,868
Share of associates' and joint ventures' profit before tax (£m)	116	60	186
Total fee based revenue and share of associates' and joint ventures' profit before tax (£m)	931	1,026	2,054
Cost/income ratio (%)	72	69	68

5.3 Assets under management and administration and flows

Definition	Purpose
<p>AUMA KPI</p> <p>AUMA is a measure of the total assets we manage or administer on behalf of our clients and customers. It includes assets under management (AUM) and assets under administration (AUA).</p> <p>AUM is a measure of the total assets that we manage on behalf of individual customers and institutional clients. AUM also includes captive assets managed on behalf of the Group including assets managed for corporate purposes.</p> <p>AUA is a measure of the total assets we administer for customers through products such as platforms and ISAs.</p>	<p>As an investment company, AUMA and flows are key drivers of shareholder value.</p> <p>H1 2018 AUMA has been restated to exclude associates, joint ventures, SL Asia and is also only presented on a continuing operations basis. This change was disclosed in the Annual report and accounts 2018.</p> <p>A reconciliation of H1 2018 AUMA and net flows to previously disclosed information is provided in Section 5.5.</p>

Gross inflows and net flows KPI

<p>Net flows represent gross inflows less gross outflows or redemptions. Gross inflows are new funds from clients and customers. Gross outflows or redemptions is the money withdrawn by clients or customers during the period.</p>	<p>As an investment company, AUMA and flows are key drivers of shareholder value.</p> <p>H1 2018 gross inflows and net flows have been restated to exclude associates, joint ventures, SL Asia and is also only presented on a continuing operations basis.</p>
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5.3.1 AUMA

6 months ended 30 June 2019

	Opening AUMA at 1 Jan 2019 £bn	Gross inflows £bn	Redemptions £bn	Net flows £bn	Market and other movements £bn	Corporate actions and business rationalisation ¹ £bn	Closing AUMA at 30 Jun 2019 £bn
Equities	72.9	4.3	(13.6)	(9.3)	9.1	–	72.7
Fixed income	46.7	4.0	(5.7)	(1.7)	3.2	–	48.2
Multi-asset ²	53.9	4.0	(10.0)	(6.0)	5.0	–	52.9
Private markets	16.0	0.9	(2.1)	(1.2)	0.4	–	15.2
Alternatives	12.3	1.5	(0.5)	1.0	(0.1)	–	13.2
Real estate	29.7	1.4	(1.9)	(0.5)	–	0.7	29.9
Quantitative	2.1	3.6	(0.3)	3.3	0.6	–	6.0
Cash/Liquidity	16.5	4.6	(1.8)	2.8	(1.5)	–	17.8
Institutional/Wholesale and Wealth	250.1	24.3	(35.9)	(11.6)	16.7	0.7	255.9
Strategic insurance partners	255.0	9.7	(15.4)	(5.7)	20.5	–	269.8
Total AUM	505.1	34.0	(51.3)	(17.3)	37.2	0.7	525.7
Platforms – Wrap and Elevate	54.2	3.4	(2.3)	1.1	4.5	–	59.8
Eliminations	(7.8)	(0.9)	1.2	0.3	(0.5)	–	(8.0)
Total AUMA	551.5	36.5	(52.4)	(15.9)	41.2	0.7	577.5

¹ Corporate actions relate to the acquisition of Orion Partners (£0.7bn).

² Wealth is included in multi-asset. Further analysis is provided on page 49.

Strategic insurance partner analysis

	Opening AUM at 1 Jan 2019 £bn	Gross inflows £bn	Redemptions £bn	Net flows £bn	Market and other movements £bn	Corporate actions and business rationalisation £bn	Closing AUM at 30 Jun 2019 £bn
Phoenix	131.6	4.7	(6.5)	(1.8)	11.0	–	140.8
Lloyds	98.6	4.1	(6.6)	(2.5)	7.4	–	103.5
Other	24.8	0.9	(2.3)	(1.4)	2.1	–	25.5
Total	255.0	9.7	(15.4)	(5.7)	20.5	–	269.8

6 months ended 30 June 2018

	Opening AUMA at 1 Jan 2018	Gross inflows	Redemptions	Net flows	Market and other movements	Corporate actions and business rationalisation ¹	Closing AUMA at 30 Jun 2018
	£bn	£bn	£bn	£bn	£bn	£bn	£bn
Equities	97.5	7.1	(14.7)	(7.6)	(3.9)	1.2	87.2
Fixed income	48.0	3.2	(5.3)	(2.1)	(0.2)	0.9	46.6
Multi-asset	72.4	5.0	(9.4)	(4.4)	(1.4)	–	66.6
Private markets	16.5	0.6	(1.3)	(0.7)	(0.2)	–	15.6
Alternatives	8.0	0.4	(0.6)	(0.2)	1.7	2.1	11.6
Real estate	28.5	1.6	(1.8)	(0.2)	–	0.6	28.9
Quantitative	2.2	0.1	(0.1)	–	–	–	2.2
Cash/Liquidity	17.2	4.8	(3.2)	1.6	0.4	–	19.2
Institutional/Wholesale and Wealth	290.3	22.8	(36.4)	(13.6)	(3.6)	4.8	277.9
Strategic insurance partners	271.8	11.0	(16.6)	(5.6)	(0.1)	–	266.1
Total AUM	562.1	33.8	(53.0)	(19.2)	(3.7)	4.8	544.0
Platforms – Wrap and Elevate	54.0	4.7	(2.2)	2.5	(0.2)	–	56.3
Eliminations	(8.0)	(1.1)	0.9	(0.2)	–	–	(8.2)
Total AUMA	608.1	37.4	(54.3)	(16.9)	(3.9)	4.8	592.1

Strategic insurance partner analysis

	Opening AUMA at 1 Jan 2018	Gross inflows	Redemptions	Net flows	Market and other movements	Corporate actions and business rationalisation	Closing AUMA at 30 Jun 2018
	£bn	£bn	£bn	£bn	£bn	£bn	£bn
Phoenix	139.8	5.4	(7.3)	(1.9)	(0.3)	–	137.6
Lloyds	108.4	4.5	(6.9)	(2.4)	0.2	–	106.2
Other	23.6	1.1	(2.4)	(1.3)	–	–	22.3
Total	271.8	11.0	(16.6)	(5.6)	(0.1)	–	266.1

5.3.2 Quarterly net flows

	3 months to 30 Jun 19	3 months to 31 Mar 19	3 months to 31 Dec 18	3 months to 30 Sep 18	3 months to 30 Jun 18
	£bn	£bn	£bn	£bn	£bn
Equities	(4.8)	(4.5)	(5.7)	(4.3)	(3.9)
Fixed income	(1.6)	(0.1)	(0.4)	(0.3)	(0.9)
Multi-asset	(2.5)	(3.5)	(6.7)	(4.6)	(2.9)
Private markets	(0.1)	(1.1)	0.3	(0.9)	(0.2)
Alternatives	0.4	0.6	(0.6)	0.4	(0.4)
Real estate	(0.1)	(0.4)	(0.2)	0.2	–
Quantitative	(0.1)	3.4	0.1	(0.2)	–
Cash/Liquidity	1.4	1.4	0.6	(3.5)	1.4
Institutional/Wholesale and Wealth	(7.4)	(4.2)	(12.6)	(13.2)	(6.9)
Strategic insurance partners	(2.7)	(3.0)	(1.7)	1.8	(3.1)
Total net flows from AUM	(10.1)	(7.2)	(14.3)	(11.4)	(10.0)
Platforms – Wrap and Elevate	0.5	0.6	0.7	1.0	1.0
Eliminations	0.2	0.1	0.1	(0.1)	(0.1)
Total net flows	(9.4)	(6.5)	(13.5)	(10.5)	(9.1)

¹ Corporate actions relate to the acquisition of £4.8bn of AUM in transactions with Alpine Woods, ETF Securities and Hark Capital.

5.4 AUM and flows (excludes strategic insurance partners)

5.4.1 Detailed asset class split and by channel

	Opening AUM at 1 Jan 2019	Gross inflows	Redemptions	Net flows	Market and other movements	Corporate actions and business rationalisation	Closing AUM at 30 Jun 2019
6 months ended 30 June 2019	£bn	£bn	£bn	£bn	£bn	£bn	£bn
Developed markets equities	12.9	1.0	(2.0)	(1.0)	2.2	–	14.1
Emerging markets equities	25.0	1.0	(5.9)	(4.9)	3.4	–	23.5
Asia Pacific equities	22.5	1.9	(3.3)	(1.4)	2.2	–	23.3
Global equities	12.5	0.4	(2.4)	(2.0)	1.3	–	11.8
Total equities	72.9	4.3	(13.6)	(9.3)	9.1	–	72.7
Developed markets credit	32.1	2.5	(3.1)	(0.6)	2.0	–	33.5
Developed markets rates	5.2	0.2	(1.4)	(1.2)	0.4	–	4.4
Emerging markets fixed income	9.4	1.3	(1.2)	0.1	0.8	–	10.3
Total fixed income	46.7	4.0	(5.7)	(1.7)	3.2	–	48.2
Absolute return	21.9	0.4	(6.7)	(6.3)	0.7	–	16.3
Diversified growth/income	1.7	0.3	(0.1)	0.2	0.3	–	2.2
MyFolio	13.9	1.3	(1.1)	0.2	1.1	–	15.2
Other multi-asset	5.5	0.5	(1.0)	(0.5)	1.7	–	6.7
Parmenion ¹	5.2	1.1	(0.6)	0.5	0.5	–	6.2
Aberdeen Standard Capital ¹	5.7	0.4	(0.5)	(0.1)	0.7	–	6.3
Total multi-asset	53.9	4.0	(10.0)	(6.0)	5.0	–	52.9
Private equity	12.3	0.7	(2.1)	(1.4)	0.4	–	11.3
Private credit and solutions	–	–	–	–	0.1	–	0.1
Infrastructure equity	3.7	0.2	–	0.2	(0.1)	–	3.8
Total private markets	16.0	0.9	(2.1)	(1.2)	0.4	–	15.2
Total alternatives	12.3	1.5	(0.5)	1.0	(0.1)	–	13.2
UK real estate	15.3	0.6	(1.2)	(0.6)	(0.1)	–	14.6
European real estate	12.2	0.6	(0.4)	0.2	–	–	12.4
Global real estate	0.8	0.1	(0.1)	–	0.1	0.7	1.6
Real estate multi-manager	1.4	0.1	(0.2)	(0.1)	–	–	1.3
Total real estate	29.7	1.4	(1.9)	(0.5)	–	0.7	29.9
Total quantitative	2.1	3.6	(0.3)	3.3	0.6	–	6.0
Total cash/liquidity	16.5	4.6	(1.8)	2.8	(1.5)	–	17.8
Total	250.1	24.3	(35.9)	(11.6)	16.7	0.7	255.9

¹ Parmenion and Aberdeen Standard Capital included in Wealth. See further analysis below.

	Opening AUM at 1 Jan 2019	Gross inflows	Redemptions	Net flows	Market and other movements	Corporate actions and business rationalisation	Closing AUM at 30 Jun 2019
6 months ended 30 June 2019	£bn	£bn	£bn	£bn	£bn	£bn	£bn
Institutional	166.7	13.9	(20.8)	(6.9)	10.1	–	169.9
Wholesale	72.5	8.9	(14.0)	(5.1)	5.4	0.7	73.5
	239.2	22.8	(34.8)	(12.0)	15.5	0.7	243.4
Wealth (included in multi-asset)	10.9	1.5	(1.1)	0.4	1.2	–	12.5
Total	250.1	24.3	(35.9)	(11.6)	16.7	0.7	255.9

	Opening AUM at 1 Jan 2018	Gross inflows	Redemptions	Net flows	Market and other movements	Corporate actions and business rationalisation	Closing AUM at 30 Jun 2018
6 months ended 30 June 2018	£bn	£bn	£bn	£bn	£bn	£bn	£bn
Developed markets equities	16.3	1.0	(1.3)	(0.3)	–	–	16.0
Emerging markets equities	37.0	3.0	(7.6)	(4.6)	(2.8)	–	29.6
Asia Pacific equities	27.7	2.1	(3.9)	(1.8)	(0.8)	–	25.1
Global equities	16.5	1.0	(1.9)	(0.9)	(0.3)	1.2	16.5
Total equities	97.5	7.1	(14.7)	(7.6)	(3.9)	1.2	87.2
Developed markets credit	32.9	1.7	(3.3)	(1.6)	0.1	0.9	32.3
Developed markets rates	5.7	0.4	(0.6)	(0.2)	(0.2)	–	5.3
Emerging markets fixed income	9.4	1.1	(1.4)	(0.3)	(0.1)	–	9.0
Total fixed income	48.0	3.2	(5.3)	(2.1)	(0.2)	0.9	46.6
Absolute return	39.8	1.1	(6.3)	(5.2)	(0.8)	–	33.8
Diversified growth/income	1.5	0.3	(0.2)	0.1	–	–	1.6
MyFolio	13.3	1.5	(0.7)	0.8	–	–	14.1
Other multi-asset	6.5	0.7	(1.1)	(0.4)	(0.5)	–	5.6
Parmenion	4.4	1.0	(0.5)	0.5	0.1	–	5.0
Aberdeen Standard Capital	6.9	0.4	(0.6)	(0.2)	(0.2)	–	6.5
Total multi-asset	72.4	5.0	(9.4)	(4.4)	(1.4)	–	66.6
Private equity	12.4	0.4	(1.0)	(0.6)	0.2	–	12.0
Private credit and solutions	0.3	0.2	–	0.2	(0.4)	–	0.1
Infrastructure equity	3.8	–	(0.3)	(0.3)	–	–	3.5
Total private markets	16.5	0.6	(1.3)	(0.7)	(0.2)	–	15.6
Total alternatives	8.0	0.4	(0.6)	(0.2)	1.7	2.1	11.6
UK real estate	15.8	0.7	(1.1)	(0.4)	–	–	15.4
European real estate	11.1	0.9	(0.6)	0.3	(0.1)	–	11.3
Global real estate	0.1	–	–	–	0.1	0.6	0.8
Real estate multi-manager	1.5	–	(0.1)	(0.1)	–	–	1.4
Total real estate	28.5	1.6	(1.8)	(0.2)	–	0.6	28.9
Total quantitative	2.2	0.1	(0.1)	–	–	–	2.2
Total cash/liquidity	17.2	4.8	(3.2)	1.6	0.4	–	19.2
Total	290.3	22.8	(36.4)	(13.6)	(3.6)	4.8	277.9

	Opening AUM at 1 Jan 2018	Gross inflows	Redemptions	Net flows	Market and other movements	Corporate actions and business rationalisation	Closing AUM at 30 Jun 2018
6 months ended 30 June 2018	£bn	£bn	£bn	£bn	£bn	£bn	£bn
Institutional	192.5	10.9	(21.5)	(10.6)	0.5	–	182.4
Wholesale	86.6	10.5	(13.8)	(3.3)	(4.1)	4.8	84.0
	279.1	21.4	(35.3)	(13.9)	(3.6)	4.8	266.4
Wealth (included in multi-asset)	11.2	1.4	(1.1)	0.3	–	–	11.5
Total	290.3	22.8	(36.4)	(13.6)	(3.6)	4.8	277.9

5.4.2 AUM by geography (excludes strategic insurance partners)

	30 Jun 2019 £bn	31 Dec 2018 £bn
UK	128.9	125.4
Europe, Middle East and Africa (EMEA)	59.7	57.1
Asia Pacific (APAC)	18.4	18.2
Americas	48.9	49.4
Total	255.9	250.1

5.4.3 Total AUM by asset class

	30 Jun 2019			31 Dec 2018		
	Institutional/ Wholesale ¹	Strategic insurance partners	Total	Institutional/ Wholesale ¹	Strategic insurance partners	Total
	£bn	£bn	£bn	£bn	£bn	£bn
Equities	72.7	48.9	121.6	72.9	44.0	116.9
Fixed income	48.2	95.7	143.9	46.7	90.0	136.7
Multi-asset	52.9	18.9	71.8	53.9	17.5	71.4
Private markets	15.2	0.9	16.1	16.0	2.3	18.3
Alternatives	13.2	–	13.2	12.3	–	12.3
Real estate	29.9	10.0	39.9	29.7	10.3	40.0
Quantitative	6.0	67.0	73.0	2.1	60.7	62.8
Cash/Liquidity	17.8	28.4	46.2	16.5	30.2	46.7
Total AUM	255.9	269.8	525.7	250.1	255.0	505.1

¹ Includes Wealth.

5.5 AUMA – reconciliation to previously disclosed information

6 months ended 30 June 2018

	Opening AUMA at 1 Jan 2018 £bn	Gross inflows £bn	Redemptions £bn	Net flows £bn	Market and other movements £bn	Corporate actions and business rationalisation £bn	Closing AUMA at 30 Jun 2018 £bn
Standard Life Aberdeen AUMA as reported	654.9	40.1	(57.2)	(17.1)	(3.3)	4.8	639.3
Less: Discontinued operations	(134.1)	(4.4)	5.6	1.2	(0.3)	–	(133.2)
Less: Discontinued eliminations	105.7	2.3	(3.0)	(0.7)	(1.0)	–	104.0
Less: HDFC AMC	(13.6)	–	–	–	0.5	–	(13.1)
Less: India and China life	(4.8)	(0.6)	0.3	(0.3)	0.2	–	(4.9)
Total Standard Life Aberdeen AUMA	608.1	37.4	(54.3)	(16.9)	(3.9)	4.8	592.1

6. Glossary

Aberdeen Asset Management or Aberdeen

Aberdeen Asset Management PLC, or Aberdeen Asset Management PLC and its subsidiaries.

Adjusted operating expenses

Adjusted operating expenses is a component of adjusted profit and relates to the day-to-day expenses of managing our business.

Adjusted profit

Adjusted profit before tax is the Group's key alternative performance measure. Adjusted profit excludes the impact of the following items:

- Restructuring costs and corporate transaction expenses. Restructuring includes the impact of major regulatory change.
- Amortisation and impairment of intangible assets acquired in business combinations and through the purchase of customer contracts
- Profit or loss arising on the disposal of a subsidiary, joint venture or associate
- Fair value movements in contingent consideration
- Items which are one-off and, due to their size or nature, are not indicative of the long-term operating performance of the Group

Adjusted profit also excludes impacts arising from investment return variances and economic assumption changes in the Group's insurance entities. It is calculated based on expected returns on investments backing equity holder funds, with consistent allowance for the corresponding expected movements in equity holder liabilities. Impacts arising from the difference between the expected return and actual return on investments, and the corresponding impact on equity holder liabilities except where they are directly related to a significant management action, are excluded from adjusted profit and are presented within profit before tax. The impact of certain changes in economic assumptions is also excluded from adjusted profit and is presented within profit before tax.

Dividends payable on preference shares classified as non-controlling interests are excluded from adjusted profit in line with the treatment of ordinary shares. Similarly to preference shares, coupons paid on perpetual debt instruments classified as equity for which interest is only accounted for when paid is excluded from adjusted profit. This includes our share of interest payable on Tier 1 debt instruments held by associates. Coupons payable on perpetual debt instruments classified as equity for which interest is accrued are included in adjusted profit before tax.

Assets under management and administration (AUMA)

AUMA is a measure of the total assets we manage or administer on behalf of our clients and customers. It includes assets under management (AUM) and assets under administration (AUA). AUMA does not include AUM/AUA for associates and joint ventures and is also only presented on a continuing operations basis.

AUM is a measure of the total assets that Aberdeen Standard Investments manages on behalf of individual customers and institutional clients. AUM also includes assets managed for corporate purposes.

AUA is a measure of the total assets we administer for customers through our Platforms.

Board

The Board of Directors of the Company.

Capital management

Capital management is a component of adjusted profit and relates to the return from the net assets of the shareholder business, net of costs of financing. This includes the net assets in defined benefit staff pension plans and net assets relating to the financing of subordinated liabilities.

Chief Operating Decision Maker

The Executive team.

Company

Standard Life Aberdeen plc. Prior to the merger, Standard Life plc.

Cost/income ratio

This is an efficiency measure that is calculated as adjusted operating expenses divided by adjusted operating income, and includes the share of associates' and joint ventures' profit before tax.

CRD IV

CRD IV is the European regulatory capital regime (comprising the Capital Requirements Directive and Capital Requirements Regulation) that applies to investment firms.

Director

A Director of the Company.

Earnings per share (EPS)

EPS is a commonly used financial metric which can be used to measure the profitability and strength of a company over time. EPS is calculated by dividing profit by the number of ordinary shares. Basic EPS uses the weighted average number of ordinary shares outstanding during the year. Diluted EPS adjusts the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares, such as share options awarded to employees.

Effective tax rate

Tax expense/(credit) attributable to equity holders' profit divided by profit before tax attributable to equity holders' profits expressed as a percentage.

Executive team

Responsible for providing overall leadership of the business and comprises: Chief Executive, Chairman Aberdeen Standard Investments, General Counsel, Chief Financial Officer, Global Head of Distribution, Chief of Staff, Chief Investment Officer, Chief HR Officer and the Chief Operating Officer.

Fair value through profit or loss (FVTPL)

FVTPL is an IFRS measurement basis permitted for assets and liabilities which meet certain criteria. Gains or losses on assets or liabilities measured at FVTPL are recognised directly in the income statement.

FCA

Financial Conduct Authority of the United Kingdom.

Fee based business/revenue

Fee based business is a component of adjusted profit and includes products where we generate revenue primarily from asset management charges (AMCs), premium based charges and transactional charges. AMCs are earned on products such as mutual funds, and are calculated as a percentage fee based on the assets held. Investment risk on these products rests principally with the customer, with our major indirect exposure to rising or falling markets coming from higher or lower AMCs. Fee based revenue is shown net of fees, commissions and similar charges (e.g. rebates and initial charges).

Fee revenue yield (bps)

The average revenue yield on fee based business is a measure that illustrates the average margin being earned on the assets that we manage or administer. It is calculated as annualised fee based revenue (excluding performance fees, SL Asia, 1825, Focus and Threesixty) divided by monthly average fee based assets under management/administration.

Global absolute return strategies (GARS)

A discretionary multi-asset fund provided under several regulated pooled and segregated structures globally by Aberdeen Standard Investments. The investment objective is to target a level of return over a rolling three-year period equivalent to cash plus 5% a year (gross of fees), and to do so with as little risk as possible.

Group, Standard Life Aberdeen Group or Standard Life Aberdeen

Relates to the Company and its subsidiaries following the completion of the merger of Standard Life plc and Aberdeen Asset Management PLC on 14 August 2017.

ICAAP

Internal Capital Adequacy Assessment Process. The ICAAP is the means by which the Group assesses the level of capital that adequately supports all of the relevant current and future risks in its business.

International Financial Reporting Standards (IFRS)

International Financial Reporting Standards are accounting standards issued by the International Accounting Standards Board (IASB). The Group's consolidated financial statements are prepared in accordance with IFRS as endorsed by the EU. All EU-listed companies are required to prepare consolidated financial statements using IFRS issued by the International Accounting Standards Board (IASB) as endorsed by the EU. The IFRS financial results in the Management report and in Section 4 have been prepared on the basis of the IFRS accounting policies applied by the Group in the Annual report and accounts 2018 as amended for new standards effective from 1 January 2019, as disclosed in Note 4.1 – Accounting policies.

Investment performance

Investment performance has been aggregated using a money weighted average of our assets under management which are outperforming their respective benchmarks on a gross of fees basis. Benchmarks differ by fund and are defined in each fund's Investment Management Agreement (for example, the benchmark for our GARS unit trust fund is six-month GBP LIBOR). For total AUM, the investment performance calculation covers 81% of Aberdeen Standard Investments AUM, with certain assets excluded such as non-discretionary portfolios e.g. full replication tracker funds or funds

where no applicable index is available such as Aberdeen Standard Capital funds. Investment performance is calculated as if Standard Life Group and Aberdeen had always been merged.

Key performance indicators (KPI)

A measure by reference to which the development, performance or position of the business can be measured effectively.

Net flows

Net flows represent gross inflows less gross outflows or redemptions. Gross inflows are new funds from clients and customers. Gross outflows or redemptions is the money withdrawn by clients or customers during the period.

Phoenix or Phoenix Group

Phoenix Group Holdings plc or Phoenix Group Holdings plc and its subsidiaries.

Pillar 1

Under CRD IV, Pillar 1 focuses on fixed overhead requirements and the Group's exposure to credit and market risks in respect of risk-weighted assets, and sets a minimum requirement for capital based on these measures.

Pillar 2

The requirement for companies to assess the level of additional capital held against risks not covered in Pillar 1.

Pillar 3

This complements Pillar 1 and Pillar 2 with the aim of improving market discipline by requiring companies to publish certain details of their risks, capital and risk management. The Group's Pillar 3 disclosures will be published on the Group's website at www.standardlifeaberdeen.com/annualreport before 31 December 2019.

Platform

An investment platform (e.g. Wrap or Elevate) which is essentially a trading platform enabling investment funds, pensions, direct equity holdings and some life assurance contracts to be held in the same administrative account rather than as separate holdings.

SLAL

Standard Life Assurance Limited.

Standard Life

Following completion of the sale of our UK and European insurance business to Phoenix in August 2018, we have retained ownership of the Standard Life brand while also licensing it to Phoenix. The Standard Life brand will continue to be a prominent feature of our retail platforms.

Standard Life Group

Prior to demutualisation on 10 July 2006, The Standard Life Assurance Company 2006 and its subsidiaries and, from demutualisation on 10 July 2006 to 13 August 2017, Standard Life plc and its subsidiaries.

Strategic insurance partners

A measure of the assets managed on behalf of a number of strategic partners such as Lloyds Banking Group and Phoenix.

Subordinated liabilities

Subordinated liabilities are debts of a company which, in the event of liquidation, rank below its other debts but above share capital.

7. Shareholder information

Registered office

1 George Street
Edinburgh
EH2 2LL
Scotland

Company registration number: SC286832

For shareholder services call:

0345 113 0045*

*Calls may be monitored and/or recorded to protect both you and us and help with our training. Call charges will vary.

Secretary

Kenneth A Gilmour

Registrar

Link Market Services Limited (Link)

Auditors

KPMG LLP

Solicitors

Slaughter and May

Brokers

JP Morgan Cazenove
Goldman Sachs
Cenkos Securities

Shareholder services

We offer a wide range of shareholder services. For more information, please:

- Contact our registrar, Link, who manage this service for us. Their details can be found on the back cover.
- Visit our share portal at www.standardlifeaberdeenshares.com

Sign up for Ecommunications

Signing up means:

- You'll receive an email when documents like the Annual report and accounts, Half year results and AGM guide are available on our website
- Voting instructions for the Annual General Meeting will be sent to you electronically

Set up a share portal account

Having a share portal account means you can:

- Manage your account at a time that suits you
- Download your documents when you need them

 To find out how to sign up, visit www.standardlifeaberdeenshares.com

Preventing unsolicited mail

By law, the Company has to make certain details from its share register publicly available. Because of this, it is possible that some registered shareholders could receive unsolicited mail or phone calls. You could also be targeted by fraudulent 'investment specialists'. Remember, if it sounds too good to be true, it probably is.

You can find more information about share scams at the Financial Conduct Authority website www.fca.org.uk/consumers/scams

If you are a certificated shareholder, your name and address may appear on a public register. Using a nominee company to hold your shares can help protect your privacy. You can transfer your shares into the Company-sponsored nominee – the Standard Life Aberdeen Share Account – by contacting Link, or you could get in touch with your broker to find out about their nominee services.

If you want to limit the amount of unsolicited mail you receive generally, please visit www.mpsonline.org.uk

Financial calendar

Half year results 2019	7 August 2019
Ex-dividend date for 2019 interim dividend	15 August 2019
Record date for 2019 interim dividend	16 August 2019
Last date for DRIP elections for 2019 interim dividend	4 September 2019
Dividend payment date for 2019 interim dividend	24 September 2019

Analysis of registered shareholdings at 30 June 2019

Range of shares	Number of holders	% of total holders	Number of shares	% of total shares
1-1,000	65,554	65.50	26,713,514	1.11
1,001-5,000	29,718	29.69	59,997,261	2.48
5,001-10,000	2,664	2.66	17,573,358	0.73
10,001-100,000	1,551	1.55	37,351,640	1.55
#100,001+	603	0.60	2,271,648,143	94.13
Total	100,090	100	2,413,283,916	100

These figures include the Company-sponsored nominee – the Standard Life Aberdeen Share Account – which had 1,014,069 participants holding 653,304,080 shares.

Notes

Notes

Forward looking statements

This document may contain certain 'forward-looking statements' with respect to the financial condition, performance, results, strategy, objectives, plans, goals and expectations of Standard Life Aberdeen plc (Standard Life Aberdeen) and its affiliates. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts.

Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections of management about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements. For example, statements containing words such as 'may', 'will', 'should', 'could', 'continue', 'aims', 'estimates', 'projects', 'believes', 'intends', 'expects', 'hopes', 'plans', 'pursues', 'seeks', 'targets' and 'anticipates', and words of similar meaning, may be forward-looking. These statements are based on assumptions and assessments made by Standard Life Aberdeen in light of its experience and its perception of historical trends, current conditions, future developments and other factors it believes appropriate.

By their nature, all forward-looking statements involve risk and uncertainty because they are based on information available at the time they are made, including current expectations and assumptions, and relate to future events and depend on circumstances which may be or are beyond Standard Life Aberdeen's control, including among other things: UK domestic and global political, economic and business conditions (such as the UK's exit from the EU); market related risks such as fluctuations in interest rates and exchange rates, and the performance of financial markets generally; the impact of inflation and deflation; the impact of competition; the timing, impact and other uncertainties associated with future acquisitions, disposals or combinations undertaken by Standard Life Aberdeen or its affiliates and/or within relevant industries; the value of and earnings from Standard Life Aberdeen's strategic investments and ongoing commercial relationships; default by counterparties; information technology or data security breaches; natural or man-made catastrophic events; the failure to attract or retain necessary key personnel; the policies and actions of regulatory authorities; and the impact of changes in capital, solvency or accounting standards, and tax and other legislation and regulations (including changes to the regulatory capital requirements that Standard Life Aberdeen is subject to) in the jurisdictions in which Standard Life Aberdeen and its affiliates operate. As a result, Standard Life Aberdeen's actual future financial condition, performance and results may differ materially from the plans, goals, objectives and expectations set forth in the forward-looking statements.

Persons receiving this document should not place undue reliance on forward-looking statements. Neither Standard Life Aberdeen nor its affiliates assume any obligation to update or correct any of the forward-looking statements contained in this document or any other forward-looking statements it or they may make (whether as a result of new information, future events or otherwise), except as required by law. Past performance is not an indicator of future results and the results of Standard Life Aberdeen and its affiliates in this document may not be indicative of, and are not an estimate, forecast or projection of, Standard Life Aberdeen's or its affiliates' future results.

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*Calls may be monitored and/or recorded to protect both you and us and help with our training. Call charges will vary.

Please remember that the value of shares can go down as well as up and you may not get back the full amount invested or any income from it. All figures and share price information have been calculated as at 30 June 2019 (unless otherwise indicated).

This document has been published by Standard Life Aberdeen plc for information only. It is based on our understanding as at August 2019 and does not provide financial or legal advice.

Standard Life Aberdeen plc is registered in Scotland (SC286832) at 1 George Street, Edinburgh EH2 2LL.

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