REGISTERED NUMBER: 3093489 (England and Wales)

Report of the Directors and

Financial Statements for the year ended 31 December 2016

for

Pictet Asset Management Limited

Contents of the Financial Statements
for the year ended 31 December 2016

DIRECTORS:	Richard Heelis Percival Stanion Laurent Ramsey
SECRETARY:	Nian Lala
REGISTERED OFFICE:	Moor House Level 11 120 London Wall London EC2Y 5ET
REGISTERED NUMBER:	3093489 (England and Wales)
INDEPENDENT AUDITORS:	PricewaterhouseCoopers LLP 7 More London Riverside London SE1 2RT

Pictet Asset Management Limited (Registered number: 3093489)

Strategic report for the year ended 31 December 2016

The directors present their strategic report on Pictet Asset Management Limited (the "Company") for the year ended 31 December 2016.

The directors have reviewed the development of the business for the year and the position as at 31 December 2016 and consider them to be satisfactory.

Review of the business

Net assets under management (AUM) increased in 2016 by 32% (£6.3bn). The increase is attributable to a positive market movement for the year, inflows into Balanced & Quants and Fixed Income products, partly offset by outflows in Active Equities. Assets distributed rose by 83% with the introduction of Madrid, Netherlands and Belgium Branches on 1st January 2016, positive market effects and inflows in retail and wholesale segments.

The positive market movements mentioned, coupled with new Branches in Spain, Belgium, Netherlands and Dubai, along with the full year impact of the Branches opened during 2015 have all contributed to the increase in profit for 2016.

On 31st March 2017 PAM Limited restructured its Board of Directors, thereby reducing the number of members, and the Board now reports through to the PAM Limited Management Committee. This implementation of a dual structure is in line with standard market practice in the UK.

The key performance indicators of the company are:

Net Assets and Total Equity at 31st December 2016 are £48.9million (2015 £35.4million).

The company recorded a profit before tax for the year of £30.0 million (2015: Loss £3.0 million).

Business Strategy

Our strategy remains the pursuit of superior performance even if this entails forgoing asset gathering opportunities in products where scale may begin to impede performance. We are dedicated to reach the highest standards in all aspects of asset management and aim to be a world class provider of asset management services to professional investors.

Principal risks and uncertainties

The directors are ultimately responsible for the identification and mitigation of risks. The Company has developed a business risk management policy, supported by a business risk management framework, which is designed to identify and assess risks and controls in a consistent manner.

The keys risks facing the Company relate to operational risk, the risk of losing assets as a result of significant market events, poor performance or staff turnover in key product areas and the market risk arising from its exposure to non-sterling based revenue streams.

The Board of Directors considers the key risks that the Company faces both on an on-going basis and formally through the six monthly risk map process. The risk map is essentially a top-down assessment of the key business, strategic and operational risks facing the Company. Each key risk is assessed in terms of impact and probability and plotted on a matrix. The risk map is discussed by the Board of Directors and follow up actions are identified as appropriate.

Future outlook

It was pleasing to realise the growth and success in 2016 with an external environment dominated by market uncertainty and industry challenges including national elections, the Brexit referendum and on-going regulatory developments.

These challenges are set to continue in 2017 (and beyond) but we believe the company is well placed to face them as part of the wider Pictet Asset Management group with its continued focus on the core business of asset management.

The seven branches of PAM Limited set up during 2015 and 2016 are now fully operational within the company, and in the coming year we look forward to further developing them within our business.

By order of the board

Percival Stanion
Director
12th April 2017

Pictet Asset Management Limited (Registered number: 3093489)

Report of the Directors' for the year ended 31 December 2016

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2016.

Principal Activity

The principal activity of the Company is to provide discretionary investment management services to institutional clients. This includes management of retirement plan assets for corporate and government entities, foundations, and other institutional investors. Furthermore, the Company acts as the investment adviser or sub-adviser to a wide range of collective investment schemes. Distribution Activity is carried out via the company's European Branches.

The Company is regulated by the Financial Conduct Authority ("FCA").

Future developments

Please refer to the 'Future outlook' section of the Strategic report on page 3.

Financial risk management

Credit risk for the Company principally takes the form of debtors and cash deposits. The Company has not experienced any bad debt problems and has not written off any fee income receivables.

The Company does not carry out any principal trading activities but does have indirect exposure to market risk as management fee income is based on funds under management. The Company also has an exposure to foreign exchange risks largely as a result of fee income denominated in foreign currencies. The Company's policy in regard to foreign currency balances is to maintain sufficient balances in order to pay foreign currency invoices as they fall due but to otherwise convert all foreign currency receipts regularly into sterling. Stress testing of market risk is carried out as part of the Company's Individual Capital Adequacy Assessment Process ("ICAAP") under Pillar 2 of the Capital Requirements Directive.

The Company's financial resources are managed to ensure that sufficient funds are retained to meet short-term liabilities, i.e. to manage liquidity risks. The Company's capital requirement is assessed and managed via the ICAAP.

Pillar III

In accordance with the rules of the FCA, the Company has published information on its risk management objectives and policies, and on its regulatory capital requirements and resources. This information is published on the corporate website (www.pictet.com).

Dividends

The total distribution of dividends paid for the year ended 31 December 2016 was £nil (2015: £nil).

Disabled employees

The company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

Employee involvement

The company provides employees with information through the quarterly newsletter 'Inside Out'. All company employees have access to company Intranet where there are regular updates.

Pictet Asset Management Limited (Registered number: 3093489)

Report of the Directors' for the year ended 31 December 2016 (Continued)

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

Name	Nationality
Renaud de Planta (Chairman, resigned 31st March 2017)	Swiss
Richard Heelis	British
Sebastien Eisinger (resigned 31st March 2017)	French
John Sample (resigned 31st March 2017)	British
Philippe De Weck (resigned 31st March 2017)	Swiss
Nigel Burnham (resigned 31st March 2017)	British
Percival Stanion	British
Derick Bader (resigned 31st March 2017)	French
Laurent Ramsey (Chairman)	Swiss
Niall Quinn (appointed 12th May 2016, resigned 31st March 2017)	British

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

Branches outside the UK

As at the reporting date, the branches held by the Company outside the UK are:

- Milan, Italy
- Paris, France
- Frankfurt, Germany
- Madrid, Spain
- Brussels, Belgium
- Amsterdam, Netherlands
- Dubai, UAE

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with the United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Pictet Asset Management Limited (Registered number: 3093489)

Report of the Directors for the year ended 31 December 2016 (Continued)

Disclosure of information to auditors

As far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD:

....
Percival Stanion - Director
Date: 12th April 2017

Pictet Asset Management Limited (Registered number: 3093489)

Independent auditors' report to the members of Pictet Asset Management Limited

Report on the financial statements

Our opinion

In our opinion, Pictet Asset Management Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Report of Directors and Financial Statements (the "Annual Report"), comprise:

- the Statement of Financial Position as at 31 December 2016;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the directors' for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the directors' have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Report of the directors'. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Pictet Asset Management Limited (Registered number: 3093489)

Independent auditors' report to the members of Pictet Asset Management Limited

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Report of the directors', we consider whether those reports include the disclosures required by applicable legal requirements.

James Pearson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
12 April 2017

Pictet Asset Management Limited (Registered number: 3093489)

Statement of Comprehensive Income
for the year ended 31 December 2016

	Notes	**2016** **£**	2015 £
TURNOVER	5	**186,614,659**	128,340,928
Administrative expenses		**(154,865,397)**	(131,333,077)
OPERATING PROFIT / (LOSS)	7	**31,749,262**	(2,992,149)
Interest receivable and similar income		**1,001**	385
Finance costs		**(1,774,795)**	-
PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		**29,975,468**	(2,991,764)
Tax on profit / (loss)	8	**(9,107,275)**	(3,946,502)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME / (EXPENSE) FOR THE YEAR		**20,868,193**	(6,938,266)

CONTINUING OPERATIONS
None of the Company's activities were acquired or discontinued during the current year or previous year.

The notes form part of these financial statements

Pictet Asset Management Limited (Registered number: 3093489)

Statement of Financial Position
As at 31 December 2016

	Notes	2016 £	2015 £
FIXED ASSETS			
Tangible assets	11	**4,386,853**	3,405,669
CURRENT ASSETS			
Debtors	12	**88,689,737**	26,180,251
Cash at bank and in hand		**94,391,877**	95,516,025
		183,081,614	121,696,276
CREDITORS			
Amounts falling due within one year	13	**(107,879,540)**	(60,562,542)
NET CURRENT ASSETS		**75,202,074**	61,133,734
TOTAL ASSETS LESS CURRENT LIABILITIES		**79,588,927**	64,539,403
CREDITORS			
Amounts falling due after more than one year	14	**(30,659,875)**	(29,134,382)
NET ASSETS		**48,929,052**	35,405,021
CAPITAL AND RESERVES			
Called up share capital	16	**45,000,000**	45,000,000
Retained earnings / (Accumulated losses)	17	**3,929,052**	(9,594,979)
TOTAL EQUITY	19	**48,929,052**	35,405,021

The notes on pages 12 to 19 are an integral part of these financial statements.

The financial statements on pages 9 to 19 were approved by the Board of Directors on 04 April 2017 and were signed on its behalf by:

Percival Stanion
Director

Pictet Asset Management Limited
Registered no. 3093489

Pictet Asset Management Limited (Registered number: 3093489)

Statement of Changes in Equity
for the year ended 31 December 2016

	Called up share capital	Retained earnings / (Accumulated losses)	Total Equity
	£	£	£
Balance as at 01 January 2015	13,250,000	26,230,881	39,480,881
Loss for the financial year	-	(6,938,266)	(6,938,266)
Total comprehensive expense for the year	-	(6,938,266)	(6,938,266)
Proceeds from shares issued	31,750,000	-	31,750,000
Translation Reserve	-	26,814	26,814
Other Reserve	-	(28,914,408)	(28,914,408)
Balance as at 31 December 2015	**45,000,000**	**(9,594,979)**	**35,405,021**
Balance as at 01 January 2016	45,000,000	(9,594,979)	35,405,021
Profit for the year	-	20,868,193	20,868,193
Total comprehensive income for the year	-	20,868,193	20,868,193
Translation Reserve	-	(2,105,700)	(2,105,700)
Other Reserve	-	(5,238,462)	(5,238,462)
Balance as at 31 December 2016	**45,000,000**	**3,929,052**	**48,929,082**

For Other Reserves, please refer to the 'Branch Merger Accounting' section of the Accounting policies on page 13.

1. **GENERAL INFORMATION**

Pictet Asset Management Limited ('the company') provides discretionary investment management services to institutional clients. This includes management of retirement plan assets for corporate and government entities, foundations and other institutional investors. Furthermore, the Company acts as the investment adviser or sub-adviser to a wide range of collective investment schemes. The company, since 2015, also carries out distribution activity and in 2016 this activity has been expanded with the opening of additional branches in Europe and Middle East. The Company is regulated by the Financial Conduct Authority ("FCA").

The company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is Moor House Level 11, 120 London Wall, London.

2. **STATEMENT OF COMPLIANCE**

The financial statements of Pictet Asset Management Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The company has adopted FRS 102 in these financial statements.

Basis of Preparation

The financial statements are prepared on the going concern basis, under the historical cost convention. The preparation of financial statements in conformity with FRS 102 required the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the notes.

Exemptions for qualifying entities under FRS 102

The company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent, partners of Pictet & Partners (a partnership registered in Switzerland), includes the company's cash flows in its own consolidated financial statements.

Consolidated financial statements

The company is a wholly owned subsidiary of Pictet Asset Management Holding SA and ultimate parent, partners of Pictet & Partners. It is included in the consolidated financial statements of Pictet & Partners which are publicly available at www.pictet.com.

These financial statements are the company's separate financial statements.

Turnover

Turnover represents management fees, net distribution fees, and performance fees, excluding VAT. Management and Distribution fee income is recognised on an accruals basis.

Management fee and distribution fee are part of the total fees charged to the client for managing and selling of funds which is based on the agreed percentage of the AuM invested by the client.

Performance fee income is recognised when earned, taking into account underlying account performance and performance assessment periods unless there is sufficient doubt surrounding the likely future receipt of the fee. In these instances, the fees are recognised as deferred income and only recognised in the profit and loss account at the completion of the relevant performance assessment period.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.
Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Leasehold improvements	25 - 33 % straight line
Fixtures, fittings and equipment	25 - 33% straight line

Deferred tax

Provision is made in full for all taxation deferred in respect of timing differences that have originated but not reversed by the balance sheet date. No provision is made for taxation on permanent differences. Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered. Deferred tax assets and liabilities recognised have not been discounted. Any movements are recognised in the profit and loss statement.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency
The company's functional and presentation currency is the pound sterling. Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. All foreign exchange gains and losses are taken to the profit and loss account in the period in which they arise.

The operational currency of the branches is EURO apart from the Dubai branch which is AED. On consolidation, the assets and liabilities are translated into sterling using the exchange rate as at the balance sheet date. However, the income statement is translated using the average of the month end rates as at the reporting date. This results in a difference between balance sheet and income statement, which is recognised in the Translation reserve.

Branch Merger accounting
The branches purchased during the year are consolidated under merger accounting rules where, the purchase price is recognised as Other Reserves and forms a part of the Total Equity. The branch purchase has no impact on the income statement.

The payment for the purchase of the Italian branch is staged and total amount will be paid over 4 years and the final payment being made in 2020. Therefore, in the accounts the net present value of the total future payments, based on the 5 year Italian Government bond yield discount rate, less amount paid during the year is recognised within Other Creditors due after more than one year. The cost of unwinding the discount is shown of the face of the Statement of Comprehensive Income as finance costs.

Land and building leases
Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term, and the benefit of rent-free periods are charged to the profit and loss account on a straight-line basis over the period of the lease.

Incentives received to enter into an operating lease are credited to the profit and loss account, to reduce the lease expense, on a straight-line basis over the period of the lease.

Pension costs and other post-retirement benefits
The company contributes to a defined contribution pension scheme, the assets of which are held separately in an independently administered fund. Contributions to this scheme are charged to the profit and loss account as they become payable.

Employee Benefits
The Company operates various long-term employee benefit schemes. The employees who become eligible for such long-term benefit schemes are based on a case by case basis at a functional level. The amounts are based on their performance determined internally by a scorecard method designed by the management. The expense relating to these schemes is charged to the profit and loss account over the vesting period, which in general is four years. The liability for these schemes is recorded within accrued expenses within creditors. At the end of each reporting period the company reassesses the liability and makes relevant adjustments for any change in estimates or assumptions that impact the potential future liability. For the LTIP long-term employee benefit scheme the growth rate is assumed to be 5%. The forfeitures and discounting of the deferred liability using high quality corporate bond has been considered.

Some employees who were awarded deferred bonuses could choose to invest those amounts in Pictet Funds through a scheme operated via Pictet Asset Management Holding S.A. The amount invested and the fair value sits on the balance sheet under Other Debtors. Every 6 months the fair value of the investments is updated. There is no impact on the profit & loss of the company.

Related party transactions
The company discloses transactions with related parties which are not wholly owned within the same group. It does not disclose transactions with members of the same group that are wholly owned, as exempted under FRS 102 para 33.1 (A).

Cash and cash equivalents
Cash and cash equivalents include cash in hand and deposits held at banks in different currencies.

4. ACCOUNTING JUDGEMENTS AND ESTIMATION

Net Present Value of the Italian branch purchase cost.
The total purchase cost of the Italian branch is payable over 4 years and final payment to be made in 2020. The total branch purchase cost, payable over 4 years, is discounted to net present value, as at 31 December 2016, using a 5 year Italian Government bond yield discount rate. The discount rate will be annually reviewed and measured against the Italian Government bond yield and the NPV will be updated accordingly until 2020. Please refer to Branch merger accounting under note 3 for unwinding of discount.

Deferred Bonus accrual
Some staff, who are awarded a bonus for their performance in the current year, are paid the amount over a period of four years. Annually, a calculation is undertaken to quantify the carrying value of such payments. An exercise has also been undertaken to estimate forfeitures (based on past staff turnover) and net present value of the deferred payments.

No other key judgements and estimations have been made while preparing the financial statements.

5. TURNOVER

Analysis of turnover by category

	2016	2015
	£	£
Management fee	138,094,022	108,136,481
Distribution fee	42,765,774	17,514,258
Performance fee	2,901,596	995,619
Other fee	2,853,267	1,694,570
	186,614,659	128,340,928

Analysis of turnover by geography

	2016	2015
	£	£
United Kingdom	3,117,647	2,823,535
Europe	163,941,582	107,010,676
USA/Canada	16,978,733	16,027,778
Far East	2,576,697	2,478,939
	186,614,659	128,340,928

6. STAFF COSTS

	2016	2015
	£	£
Wages and salaries	79,485,857	70,819,130
Social security costs	11,300,383	8,933,742
Other pension costs	4,517,284	3,914,176
	95,303,524	83,667,048

The number of employees at the year end was as follows:	2016	2015
	Number	Number
Investment activities	102	95
Distribution activities	94	76
Corporate functions and Administration	181	135
	377	306

6. STAFF COSTS (continued)

Directors

The directors' emoluments were as follows:

	2016	2015
	£	£
Aggregate emoluments	**7,233,666**	7,021,875
Pension contributions to money purchase schemes	**85,405**	63,450

Post-employment benefits are accruing for 6 (2015:5) directors under a defined contribution pension scheme.

Highest paid director

	2016	2015
	£	£
Aggregate emolument	**2,498,535**	2,297,079

7. OPERATING PROFIT / (LOSS)

The operating profit is stated after charging/(crediting):	**2016**	2015
	£	£
Land and building leases	**4,793,147**	3,303,015
Depreciation – owned assets	**1,641,681**	719,348
Fees payable to the company's auditor for audit of the company's annual financial statements	**69,593**	110,620
Fees payable to the company's auditor for other services :		
- Taxation compliance services	**125,446**	55,695
- Other services pursuant to legislation	**27,500**	16,700
- Other assurance services	**55,658**	30,000
Foreign exchange (gains) / losses	**(4,598,578)**	178,751

8. TAX ON PROFIT / (LOSS)

Analysis of the tax charge
The tax charge on the profit / (loss) for the year was as follows:

	2016	2015
	£	£
Current tax:		
UK corporation tax	**1,255,895**	(757,063)
Foreign tax suffered	**7,621,861**	4,143,311
Deferred tax charge	**229,519**	560,254
Tax on profit / (loss)	**9,107,275**	3,946,502

UK corporation tax has been charged at standard rate 20% (2015 – 20.25%).

8. TAX ON PROFIT / (LOSS) (continued)

Factors affecting the tax charge

The charge for the year can be reconciled to the income statement as follows:

	2016	2015
	£	£
Profit / (Loss) on ordinary activities before taxation	**29,975,468**	(2,991,764)
Profit / (Loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2015 – 20.25%)	**5,995,094**	(605,730)
Effects of:		
Effects of foreign tax exceeding UK rate	**3,432,583**	3,304,432
Expenses not deductible	**111,654**	188,329
Effects of group relief / other reliefs	**(214,012)**	746,041
Adjustments from previous periods	**(461,188)**	209,236
Tax rate changes	**216,144**	104,194
Total tax charge	**9,107,275**	3,946,502

9. DIVIDENDS

	2016	2015
	£	£
Interim paid Nil (2015: NIL) per £1 share	**-**	-

10. DEFERRED TAX ASSET

	2016	2015
	£	£
Balance at 1 January	**1,861,605**	2,421,859
Profit and loss account	**(229,519)**	(560,254)
Balance at 31 December	**1,632,086**	1,861,605

Deferred tax provided comprises:

	2016	2015
	£	£
Short term timing differences	**1,632,086**	1,861,605

The timing differences relate to when deferred compensation payments become allowable deductions within the computation of the company's corporation tax charge.

11. TANGIBLE ASSETS

	Leasehold Improvements	**Fixtures, fittings & equipment**	**Total**
Cost	**£**	**£**	**£**
At 1 January 2016	10,409,196	2,985,840	13,395,036
Additions	870,721	1,634,891	2,505,612
Disposals	(7,416,322)	(818,609)	(8,234,931)
At 31 December 2016	**3,863,595**	**3,802,122**	**7,665,717**
Accumulated depreciation			
At 1 January 2016	8,044,171	1,945,196	9,989,367
Charge for year	840,231	573,826	1,414,057
Disposals	(7,306,574)	(817,986)	(8,124,560)
At 31 December 2016	**1,577,828**	**1,701,036**	**3,278,864**
Net Book Value			
At 31 December 2016	**2,285,767**	**2,101,086**	**4,386,853**
At 31 December 2015	2,365,025	1,040,644	3,405,669

12. DEBTORS

	2016	2015
	£	£
Trade debtors	3,883,159	1,464,448
Other debtors	7,910,413	264,844
Deferred tax asset	1,632,086	1,861,605
VAT recoverable	1,407,071	723,596
Accrued income from group undertakings	60,560,252	10,588,986
Prepayments and accrued income	13,296,756	11,276,772
	88,689,737	26,180,251

Debtors include £1,632,086 (2015: £1,861,605) falling due after more than one year. Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand. Other debtors includes the deferred bonuses invested into Pictet funds by the senior personnel who were awarded such bonuses as part their compensation.

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
	£	£
Trade creditors	402,371	181,198
Corporation Tax payable	6,431,312	2,800,659
Amounts owed to group undertakings	6,665,337	5,580,015
Other taxation and social security	312,335	1,693
Other creditors	94,068,185	51,998,977
	107,879,540	60,562,542

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand. Other creditors include bonus accruals including the employers NI payable. It also includes the retrocession payable to 3rd party against the distribution fee received.

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2016	2015
	£	£
Subordinated loan	10,000,000	10,000,000
Other creditors	12,328,770	10,955,410
Accruals	8,331,105	8,178,972
	30,659,875	29,134,382

Subordinated loan is re-payable to the immediate parent, Pictet Asset Management Holding SA, after 1 year and accrues 3% interest on the base amount per annum.

Other creditors – Final payment for the purchase of the Italian branch is due in 2020.

15. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid in:

	Land and buildings	
	2016	2015
	£	£
Less than 1 year	**3,403,339**	2,642,764
2 – 5 years	**13,613,356**	14,373,932
Expiring: in more than five years	**4,610,677**	3,348,459

16. CALLED UP SHARE CAPITAL

Allotted and fully paid:

Number:	Class:	Nominal value:	**2016**	2015
			£	£
45,000,000 (2015: 45,000,000)	Ordinary	£1	**45,000,000**	45,000,000

17. RESERVES

	Retained earnings / (Accumulated losses)
	£
At 1 January 2016	(9,594,979)
Profit for the financial year	20,868,193
Translation Reserve	(2,105,700)
Other Reserve	(5,238,462)
At 31 December 2016	**3,929,052**

For Other Reserves, please refer to the 'Branch Merger Accounting' section of the Accounting policies on page 13.

18. ULTIMATE CONTROLLING PARTY

The immediate parent undertaking of the Company is Pictet Asset Management Holding SA, a company incorporated in Switzerland.

The ultimate parent undertaking and controlling party are partners of Pictet & Partners.

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2016	2015
	£	£
Profit / (Loss) for the financial year	**20,868,193**	(6,938,266)
Translation reserve	**(2,105,700)**	26,814
Other reserve	**(5,238,462)**	(28,914,408)
Share Capital Issue	**-**	31,750,000
Net movement in shareholders' funds	**13,524,031**	(4,075,860)
Opening shareholders' funds	**35,405,021**	39,480,881
Closing shareholders' funds	**48,929,052**	35,405,021

20. PENSION COSTS

The pension charge for the year in respect of the independently administered defined contribution pension scheme or payments to self-invested personal pension plans (SIPPs) was £4,517,284 (2015: £3,914,175). No contributions were payable to the scheme or SIPPs at the year-end (2015: £nil).

21. BUSINESS COMBINATION

During 2016 Pictet Asset Management Limited (PAM) opened distribution branches in Spain, Belgium and Netherlands (01 January 2016) and Dubai (01 September 2016). The branches purchased during the year are consolidated under merger accounting rules where, the purchase price is recognised as Other Reserves and forms a part of the Total Equity. The branch purchases have no impact on the income statement.

The total consideration paid for the Spanish branch was EUR 6.70 million. As the Brussels, Amsterdam and Dubai branches are new set ups no consideration was paid to acquire the business.