



## **Rathbone Brothers Plc** Interim statement 2009

**RATHBONES**  
Established 1742



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Rathbone Brothers Plc is a leading, independent provider of high-quality, personalised investment and wealth management services for private investors and trustees. These include discretionary investment management, unit trusts, tax planning, trust and company management, pensions and related advisory services.

As at 30 June 2009, it managed £10.5 billion of client funds of which £9.7 billion are managed by Rathbone Investment Management.

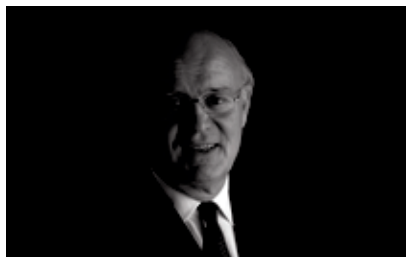
## Financial highlights to 30 June 2009

	Half year 2009	Half year 2008	% change	Full year 2008
Funds under management	<b>£10.5bn</b>	£12.0bn	-*	£10.5bn
Operating income (continuing)	<b>£58.8m</b>	£67.9m	<b>(13.4)%</b>	£131.8m
Profit before tax (continuing)	<b>£14.1m</b>	£23.9m	<b>(41.0)%</b>	£42.8m
Underlying profit before tax**	<b>£15.4m</b>	£24.4m	<b>(36.9)%</b>	£45.5m
Basic earnings per share (continuing)	<b>23.6p</b>	40.7p	<b>(42.0)%</b>	68.5p
Dividends per share	<b>16.0p</b>	16.0p	-	42.0p

\* % change from 2008 full year

\*\* Underlying profit before tax is calculated as profit from continuing operations before tax excluding amortisation of client relationship intangibles of £0.9 million (30 June 2008: £0.5 million, 31 December 2008: £1.3 million) and additional levies for the Financial Services Compensation Scheme of £0.4 million (30 June 2008: £nil, 31 December 2008: £1.4 million)

# Chairman's statement



## Results and dividend

**Our results for the half year to 30 June 2009 are satisfactory in the current climate. The 2009 half year began with the FTSE 100 Index at 4434 compared with 6454 a year earlier, so, for the first time, year-to-year comparisons of these results show the full extent of the considerable market changes we have experienced. The abnormally low interest rate environment is expected to continue to reduce net interest income in the second half.**

Profit before tax from continuing operations fell by 41.0% to £14.1 million in the first half of 2009 compared with £23.9 million in the same period in 2008. Reported basic earnings per share from continuing operations for the period were 23.6p, compared with 40.7p in the first half of 2008. The interim dividend is maintained at 16.0p per share and will be paid on 7 October 2009.

## Market environment

The first half of 2009 saw the FTSE 100 Index fall to a low of 3512 on 3 March 2009, reflecting what markets saw as the culmination of considerable uncertainty that led to an unprecedented level of state support to the banking industry across many countries.

World markets have recovered some of the worst of the falls since then, but the full ramifications of the considerable turmoil are difficult to anticipate. It is clear that there is some way to go before the full economic impacts of low growth and rising unemployment are felt. We expect that equity markets will remain subdued for some time and remain particularly watchful for the signs of higher inflation and interest rates. The current climate is especially problematic for clients who seek income from their investments.

In this environment it is pleasing that Rathbones has continued to attract new funds and maintained its strong balance sheet position.

Funds under management in Rathbone Investment Management were £9.7 billion at 30 June 2009, down 7.6% from £10.5 billion at 30 June 2008 compared to a fall of

24.5% in the FTSE 100 Index and a fall of 15.0% in the FTSE APCIMS Balanced Index over the year. Annualised net organic growth in funds under management in Rathbone Investment Management continued to be strong at 5.8% in the first half of 2009 compared to the exceptional 8.2% in the same period last year. The Board considers that this continued level of growth reflects the reputation of our investment process and service, where each client is the responsibility of an individual investment manager.

The results of Rathbone Unit Trust Management marginally improved in the second quarter having benefited from some recovery in markets and performance. It will however be 2010 before the anticipated beneficial impact of cost reductions and fund restructuring are fully felt. Peter Pearson Lund (Chief executive of Rathbone Unit Trust Management) is planning to retire in 2010. The process of appointing a successor is underway.

The difficult conditions in this half year period have presented everyone in Rathbones with considerable challenges. The Board thanks them for the hard work and professionalism they have shown, and their continued commitment to the interests of our clients.

## Outlook

The Board remains confident that Rathbones will continue to weather the difficult climate we face. Our capital and balance sheet remain healthy and place us in a strong position to take advantage of new opportunities that are expected to arise in the future.

## Mark Powell

Chairman

28 July 2009



# Chief executive's review



## Financial performance

**Rathbones' financial performance was satisfactory in the half year ended 30 June 2009. Our core discretionary investment management business added £275 million of net new funds from new and existing clients in the first half, in addition to a further net £92 million of purchased business. This continued growth is an important reason why Rathbone Investment Management's operating income in the six months ended 30 June 2009 only decreased 9.2% to £52.3 million (2008: £57.6 million) compared to a 24.5% fall in the FTSE 100 Index since 30 June 2008. On our first half calendar quarter end billing dates in 2009, the FTSE 100 Index was 4030 and 4249 on 5 April and 30 June respectively.**

Revenues continue to be supported by interest income which remained strong in the first quarter as higher levels of liquidity continued and margins benefitted from Bank of England cuts in base rates. Interest income fell sharply though in the second quarter as earned rates on treasury assets fell considerably with further deterioration in interest margin expected in the second half. First half profit before tax in our investment management business decreased 32.7% to £14.8 million (2008: £22.0 million). Funds under management of £9.7 billion at 30 June 2009 increased 3.2% from £9.4 billion at the start of the year, compared to a 4.2% fall in the FTSE Index and a 4.1% fall in the APCIMS Balanced Index.

Rathbone Unit Trust Management had a difficult first half, experiencing net redemptions of £180 million particularly in the first quarter with the loss of two mandates totalling £130 million. Action has been taken and this is expected to result in annualised savings of £0.8 million from 2010. Six month investment performance is improving however, and it was very pleasing to see the Rathbone Income Fund readmitted into Hargreaves Lansdown's Wealth 150 in June. Whilst the business is showing early signs of recovery we remain cautious and committed to rebuilding it. The loss of £0.3 million for the six months ended 30 June 2009 includes £0.2m of costs incurred as part of restructuring work and £0.8 million of bonus costs deferred from more profitable prior years.

## Corporate activity

On 31 March 2009 we announced the sale of our offshore trust operations in Singapore and the BVI. Total deferred consideration receivable from the sale of our Jersey, Geneva and BVI businesses was £6.1 million at 30 June 2009. Our trust division now consists of our UK-based tax and trust services business, Rathbone Trust Company Limited, which continues to perform in line with expectations.

In March we announced that we were restructuring our range of funds in Rathbone Unit Trust Management. This restructuring was completed on 13 July 2009.

## Treasury and financing

As a net provider of liquidity to the banking markets, Rathbones does not rely on wholesale funding to finance its operations and does not anticipate that this will change. Whilst the turmoil in the credit markets has abated somewhat, we continue to remain vigilant when managing counterparty exposure. In addition to reviewing current company information, our policy remains to invest only in counterparties that hold Fitch ratings of A and above. Liquidity in client portfolios at 30 June 2009 remained broadly consistent at £1.0 billion with the £1.1 billion at 31 December 2008.

Rathbones is virtually ungeared with external borrowings, excluding overnight balances, of £7.7 million at 30 June 2009 compared to £9.2 million at 31 December 2008.

We commented in our 2008 Annual Report that the abnormally high credit spreads at the time were favourably impacting the pension deficit as reported under International Financial Reporting Standards. As expected, these exceptionally high spreads unwound to a large extent in the first half, which has increased the reported deficit to £20.3 million at 30 June 2009 (£5.7 million at 31 December 2008, £12.5 million at 30 June 2008). This is now more readily comparable with the previously disclosed £22.0 million of contributions committed by the Group over the next eight years following the last triennial valuation of the 1987 defined benefit scheme.

## Regulation

The first half has been a challenging period for the business as it responds to the proliferation of guidance and regulation, particularly affecting our banking operations, and assesses the full implications of the Chancellors' Budget and subsequent legislation. We will strive to restrain cost growth which results from increasing regulation.

## Outlook

Markets are expected to remain very challenging for the rest of 2009 and well into 2010. We are, however, continuing to invest in areas that improve business efficiency or enhance services to our clients as both remain important, particularly in these markets. We have completed a number of cost saving initiatives in the first half which have included changing the benefit structure in our defined benefit pension scheme, reducing supplier costs and making selected redundancies in our unit trust business. These initiatives are expected to deliver annualised savings of £2.0 million in 2010, with up to £1.0 million of savings expected to emerge in the second half of 2009.

Rathbones continues to have a very strong balance sheet and a robust business model that makes it well-placed to navigate successfully through market uncertainties in the second half and take advantage of future growth opportunities in the short or medium-term.

### Andy Pomfret

Chief executive

28 July 2009

## Directors' responsibilities

The directors confirm that:

- this condensed set of financial statements has been prepared in accordance with IAS 34 as adopted by the European Union;
- the interim management report, which comprises the Chairman's statement the Chief executive's review and notes 1, 17 and 18 to the consolidated interim accounts, includes a fair view of the information required by the Disclosure and Transparency Rules of the UK Financial Services Authority (DTR) 4.2.7 (indication of important events during the first six months and description of principal risks for the remaining six months of the year); and
- the interim management report, which comprises the Chairman's statement the Chief executive's review and notes 1, 17 and 18 to the consolidated interim accounts, includes a fair view of the information required by DTR 4.2.8 (disclosures of related parties' transactions and changes therein).

The directors of Rathbone Brothers Plc are listed in the Group's report and accounts prepared as at 31 December 2008. There have been no changes to the directors in the six months ended 30 June 2009.

By order of the Board

**Andy Pomfret**

Chief executive

28 July 2009

# Consolidated interim income statement

for the six months ended 30 June 2009

		Unaudited Six months to 30 June 2009 £'000	Unaudited Six months to 30 June 2008 £'000 (restated - note 1)	Audited Year to 31 December 2008 £'000
	Note			
Interest and similar income		15,250	34,193	69,095
Interest expense and similar charges		(2,409)	(20,317)	(38,035)
<b>Net interest income</b>		<b>12,841</b>	<b>13,876</b>	<b>31,060</b>
Fee and commission income		48,012	57,412	106,656
Fee and commission expense		(2,909)	(4,593)	(8,565)
<b>Net fee and commission income</b>		<b>45,103</b>	<b>52,819</b>	<b>98,091</b>
Dividend income		-	48	134
Net trading income		142	272	480
Other operating income		672	922	1,986
<b>Operating income</b>		<b>58,758</b>	<b>67,937</b>	<b>131,751</b>
Additional levy for Financial Services Compensation Scheme		(431)	-	(1,404)
Amortisation of acquired client relationships	8	(884)	(525)	(1,309)
Other operating expenses		(43,388)	(43,516)	(86,282)
<b>Operating expenses</b>		<b>(44,703)</b>	<b>(44,041)</b>	<b>(88,995)</b>
<b>Profit before tax from continuing operations</b>		<b>14,055</b>	<b>23,896</b>	<b>42,756</b>
Taxation	3	(3,917)	(6,499)	(13,489)
<b>Profit after tax from continuing operations</b>		<b>10,138</b>	<b>17,397</b>	<b>29,267</b>
<b>Discontinued operations</b>				
(Loss)/profit before tax from discontinued operations		(181)	1,920	2,215
Tax (charge)/credit on profit before tax from discontinued operations		(4)	101	198
Loss recognised on re-measurement of assets of the disposal group and loss on disposal		(90)	(5,690)	(12,680)
<b>Net loss from discontinued operations</b>	4	<b>(275)</b>	<b>(3,669)</b>	<b>(10,267)</b>
<b>Profit for the period attributable to equity holders of the Company</b>		<b>9,863</b>	<b>13,728</b>	<b>19,000</b>
Dividends proposed for the period per ordinary share	5	16.00p	16.00p	42.00p
Dividends (£'000)		6,905	6,839	17,984
Earnings per share for the period attributable to equity holders of the Company:	6			
- Basic		22.95p	32.15p	44.45p
- Diluted		22.85p	31.92p	44.09p
Earnings per share from continuing operations for the period attributable to equity holders of the Company:	6			
- Basic		23.59p	40.74p	68.47p
- Diluted		23.48p	40.45p	67.90p

# Consolidated interim statement of comprehensive income

for the six months ended 30 June 2009

	Unaudited Six months to 30 June 2009 £'000	Unaudited Six months to 30 June 2008 £'000	Audited Year to 31 December 2008 £'000
<b>Profit for the period</b>	<b>9,863</b>	<b>13,728</b>	<b>19,000</b>
<b>Other comprehensive income/(expense):</b>			
Exchange translation differences	(224)	92	1,001
Actuarial loss on retirement benefit obligation	(17,337)	(6,092)	(44)
Net gain/(loss) from changes in fair value of available for sale investment securities	424	(3,542)	(3,957)
Deferred tax relating to components of other comprehensive income:			
- net (loss)/gain from changes in fair value of available for sale investment securities	(120)	992	1,108
- actuarial gain on retirement benefit obligation	4,854	1,706	12
- share based payments	(474)	(426)	(515)
<b>Other comprehensive expense for the period, net of tax</b>	<b>(12,877)</b>	<b>(7,270)</b>	<b>(2,395)</b>
<b>Total comprehensive (expense)/income for the period, net of tax attributable to equity holders of the Company</b>	<b>(3,014)</b>	<b>6,458</b>	<b>16,605</b>

# Consolidated interim statement of changes in equity

for the six months ended 30 June 2009 (unaudited)

	Share capital £'000	Share premium £'000	Merger reserve £'000	Available for sale reserve £'000	Translation reserve £'000	Total other reserves £'000	Retained earnings £'000	Total equity £'000
At 1 January 2008	2,134	27,758	49,428	4,968	(215)	54,181	100,677	184,750
Dividends paid							(10,662)	(10,662)
Issue of share capital	3	411						414
Share based payment transactions								
- value of employee services							759	759
- costs of shares issued/purchased							(1,453)	(1,453)
Total comprehensive income for the period				(2,550)	92	(2,458)	8,916	6,458
At 30 June 2008	2,137	28,169	49,428	2,418	(123)	51,723	98,237	180,266
Dividends paid							(6,841)	(6,841)
Issue of share capital	6	788						794
Share based payment transactions								
- value of employee services							540	540
- costs of shares issued/purchased							(275)	(275)
Transfer of merger reserve to retained earnings on disposal of subsidiary			(17,593)			(17,593)	17,593	-
Total comprehensive income for the period				(299)	909	610	9,537	10,147
At 31 December 2008	2,143	28,957	31,835	2,119	786	34,740	118,791	184,631
Dividends paid							(11,164)	(11,164)
Issue of share capital	15	1,812						1,827
Share based payment transactions								
- value of employee services							601	601
- costs of shares issued/purchased							(786)	(786)
Total comprehensive expense for the period				304	(224)	80	(3,094)	(3,014)
<b>At 30 June 2009</b>	<b>2,158</b>	<b>30,769</b>	<b>31,835</b>	<b>2,423</b>	<b>562</b>	<b>34,820</b>	<b>104,348</b>	<b>172,095</b>

# Consolidated interim balance sheet

as at 30 June 2009

	Note	Unaudited 30 June 2009 £'000	Unaudited 30 June 2008 £'000	Audited 31 December 2008 £'000
<b>Assets</b>				
Cash and balances at central banks		306	279	351
Settlement balances		18,940	33,001	15,751
Loans and advances to banks		90,608	248,103	175,973
Loans and advances to customers		36,697	33,833	39,412
Investment securities				
- available for sale		121,415	53,541	81,991
- held to maturity		795,145	875,783	874,979
Assets of disposal groups classified as held for sale	4	-	32,432	5,813
Prepayments, accrued income and other assets		29,264	48,786	38,646
Property, plant and equipment	7	6,241	6,316	6,816
Deferred tax asset		4,083	4,265	2,483
Intangible assets	8	68,658	62,982	68,232
<b>Total assets</b>		<b>1,171,357</b>	<b>1,399,321</b>	<b>1,310,447</b>
<b>Liabilities</b>				
Deposits by banks	9	10,160	12,211	9,201
Settlement balances		31,225	40,489	14,048
Due to customers		902,570	1,102,432	1,044,351
Accruals, deferred income and other liabilities		25,927	39,479	33,486
Current tax liabilities		1,147	4,515	6,035
Provisions for liabilities and charges	10	7,923	3,716	8,964
Liabilities of disposal groups classified as held for sale	4	-	3,673	4,008
Retirement benefit obligations	11	20,310	12,540	5,723
<b>Total liabilities</b>		<b>999,262</b>	<b>1,219,055</b>	<b>1,125,816</b>
<b>Equity</b>				
Share capital	12	2,158	2,137	2,143
Share premium	12	30,769	28,169	28,957
Other reserves	13	34,820	51,723	34,740
Retained earnings		104,348	98,237	118,791
<b>Total equity</b>		<b>172,095</b>	<b>180,266</b>	<b>184,631</b>
<b>Total equity and liabilities</b>		<b>1,171,357</b>	<b>1,399,321</b>	<b>1,310,447</b>

Approved by the Board of Directors on 28 July 2009



# Consolidated interim cash flow statement

for the six months ended 30 June 2009

	Unaudited Six months to 30 June 2009 £'000	Unaudited Six months to 30 June 2008 £'000 (restated - note1)	Audited Year to 31 December 2008 £'000
Note			
<b>Cash flows from operating activities</b>			
Profit before income tax from continuing operations	14,055	23,896	42,756
Net interest income	(12,841)	(13,876)	(31,060)
Impairment losses on loans and advances	10	30	58
Profit on disposal of plant and equipment	(2)	(51)	(45)
Depreciation and amortisation	2,609	2,094	4,614
Net unrealised losses/(gains) on foreign exchange	63	(20)	(361)
Defined benefit pension scheme charges	1,050	1,375	1,942
Share based payment charges	601	759	1,299
Interest paid	(3,985)	(21,910)	(38,617)
Interest received	28,955	51,465	69,150
	30,515	43,762	49,736
Changes in operating assets and liabilities:			
- net (increase)/decrease in loans and advances to banks and customers	(557)	11,295	33,735
- net (increase)/decrease in settlement balance debtors	(3,187)	(11,428)	5,822
- net (increase)/decrease in prepayments, accrued income and other assets	(2,924)	(21,109)	5,360
- net (decrease)/increase in amounts due to customers and deposits by banks	(138,386)	154,164	89,287
- net increase/(decrease) in settlement balance creditors	17,177	20,563	(5,878)
- net (decrease) in accruals, deferred income, provisions and other liabilities	(7,013)	(3,798)	(3,302)
Cash (outflow)/inflow from operations	(104,375)	193,449	174,760
Defined benefit pension contributions paid	(3,800)	(1,379)	(2,715)
Tax paid	(6,137)	(5,581)	(10,950)
Discontinued operations	795	1,964	2,145
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(113,517)</b>	<b>188,453</b>	<b>163,240</b>
<b>Cash flows from investing activities</b>			
Acquisition of businesses, net of cash acquired	-	(734)	(734)
Disposal of businesses, net of cash transferred	(1,310)	-	16,340
Purchase of property, equipment and intangible assets	(2,563)	(2,541)	(11,311)
Proceeds from sale of property and equipment	25	121	151
Purchase of investment securities	(1,293,762)	(1,292,026)	(2,545,080)
Proceeds from sale and redemption of investment securities	1,373,597	1,181,519	2,435,375
Discontinued operations	(4)	(84)	(266)
<b>Net cash inflow/(outflow) from investing activities</b>	<b>75,983</b>	<b>(113,745)</b>	<b>(105,525)</b>
<b>Cash flows from financing activities</b>			
Purchase of shares for share based schemes	(121)	(1,453)	(1,728)
Issue of ordinary shares	1,162	414	1,208
Dividends paid	(11,164)	(10,662)	(17,503)
<b>Net cash (outflow) from financing activities</b>	<b>(10,123)</b>	<b>(11,701)</b>	<b>(18,023)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(47,657)</b>	<b>63,007</b>	<b>39,692</b>
Cash and cash equivalents at the beginning of the period	255,021	214,220	214,220
Effect of exchange rate changes on cash and cash equivalents	(420)	58	1,109
<b>Cash and cash equivalents at the end of the period</b>	<b>206,944</b>	<b>277,285</b>	<b>255,021</b>

# Notes to the consolidated interim accounts

## 1 Basis of preparation

Rathbone Brothers Plc (the "Company") is the parent company of a group of companies (the "Group") which offers a range of investment management services and related professional advice to private individuals, trustees, charities, pension funds and the professional advisers of these clients. The Group also provides financial planning, private banking, offshore fund management and trust administration services. The Group's primary activities are set out in its annual report for the year ended 31 December 2008.

The Group's consolidated accounts are prepared on a going concern basis and in accordance with International Financial Reporting Standards as adopted by the EU (IFRS). These interim accounts are presented in accordance with IAS 34 *Interim Financial Reporting*. The interim accounts have been prepared on the basis of the accounting policies, methods of computation and presentation set out in the Group's consolidated accounts for the year ended 31 December 2008. The interim accounts should be read in conjunction with the Group's audited accounts for the year ended 31 December 2008.

The information in this announcement does not comprise Statutory Accounts within the meaning of section 240 of the Companies Act 1985 (section 434 of the Companies Act 2006). The Group's accounts for the year ended 31 December 2008 have been reported on by the previous auditors and delivered to the Registrar of Companies. The report of the previous auditors was unqualified and did not draw attention to any matters by way of emphasis. They also did not contain a statement under section 237(2) or (3) of the Companies Act 1985 (section 498 of the Companies Act 2006).

### Changes in accounting policies and disclosures

Comparative balances for the six months to 30 June 2008 have been reclassified in the Income statement, the Cash flow statement and the related notes where applicable to reflect the presentation of certain subsidiary entities as discontinued operations in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Further details are set out in note 4.

Changes to accounting policies adopted with effect from 1 January 2009, arising from changes to IFRS and which have a material impact on these interim accounts are set out below:

#### (i) Determination and presentation of operating segments

The Group determines and presents operating segments based on the information that is provided to the Executive Committee, which is the Group's chief operating decision maker. This change in accounting policy is due to the adoption of IFRS 8 *Operating Segments*.

Comparative segmental information has been re-presented as required by the transitional requirements of IFRS 8. The change in accounting policy only impacts presentation and disclosure and, consequently, there is no impact on earnings per share.

Segmental results that are reported to the Executive Committee include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

#### (ii) Presentation of financial statements

The Group applies revised IAS 1 *Presentation of Financial Statements (2007)*, which became effective as of 1 January 2009. As a result, the Group presents in the Consolidated statement of changes in equity all changes in equity arising from transactions with shareholders in their capacity as owners, whereas all other changes in equity are presented in the Consolidated statement of comprehensive income. This presentation has been applied in these interim accounts.

Comparative information has been re-presented on a consistent basis. The change in accounting policy only impacts presentational aspects and, consequently, there is no impact on earnings per share.

## 2 Segmental information

For management purposes, the Group is currently organised into three operating divisions: Investment Management, Unit Trusts and Trust and Tax Services. These segments are the basis on which the Group reports its performance to the Executive Committee.

	Investment Management £'000	Unit Trusts £'000	Trust and Tax Services £'000	Total segmental results £'000	Central Shared Services £'000	Total (continuing) £'000
<b>30 June 2009 (unaudited)</b>						
Net fee income	25,436	3,550	2,371	31,357	-	31,357
Net commission	13,921	-	-	13,921	-	13,921
Net interest and other income	12,974	87	-	13,061	419	13,480
<b>Operating income</b>	<b>52,331</b>	<b>3,637</b>	<b>2,371</b>	<b>58,339</b>	<b>419</b>	<b>58,758</b>
Staff costs - fixed	(12,740)	(1,169)	(1,225)	(15,134)	(5,158)	(20,292)
Staff costs - variable	(6,625)	(940)	(155)	(7,720)	(606)	(8,326)
<b>Total staff costs</b>	<b>(19,365)</b>	<b>(2,109)</b>	<b>(1,380)</b>	<b>(22,854)</b>	<b>(5,764)</b>	<b>(28,618)</b>
Other direct expenses	(6,551)	(1,054)	(282)	(7,887)	(8,198)	(16,085)
Recharges	(11,632)	(813)	(658)	(13,103)	13,103	-
<b>Operating expenses</b>	<b>(37,548)</b>	<b>(3,976)</b>	<b>(2,320)</b>	<b>(43,844)</b>	<b>(859)</b>	<b>(44,703)</b>
<b>Profit before tax from continuing operations</b>	<b>14,783</b>	<b>(339)</b>	<b>51</b>	<b>14,495</b>	<b>(440)</b>	<b>14,055</b>
Discontinued operations	-	-	(271)	(271)	-	(271)
<b>Profit before tax attributable to equity holders of the Company</b>	<b>14,783</b>	<b>(339)</b>	<b>(220)</b>	<b>14,224</b>	<b>(440)</b>	<b>13,784</b>
Income tax expense from continuing operations						(3,917)
Income tax expense from discontinued operations						(4)
<b>Profit for the period attributable to equity holders of the Company</b>						<b>9,863</b>
<b>Total assets</b>	<b>1,121,977</b>	<b>11,554</b>	<b>25,464</b>	<b>1,158,995</b>	<b>12,362</b>	<b>1,171,357</b>
<b>30 June 2008 (unaudited) (restated - note 1)</b>						
	Investment Management £'000	Unit Trusts £'000	Trust and Tax Services £'000	Total segmental results £'000	Central Shared Services £'000	Total (continuing) £'000
Net fee income	28,384	6,730	2,734	37,848	-	37,848
Net commission	15,354	-	-	15,354	-	15,354
Net interest and other income	13,876	717	-	14,593	142	14,735
<b>Operating income</b>	<b>57,614</b>	<b>7,447</b>	<b>2,734</b>	<b>67,795</b>	<b>142</b>	<b>67,937</b>
Staff costs - fixed	(12,376)	(1,344)	(1,500)	(15,220)	(4,748)	(19,968)
Staff costs - variable	(7,306)	(2,008)	(161)	(9,475)	(892)	(10,367)
<b>Total staff costs</b>	<b>(19,682)</b>	<b>(3,352)</b>	<b>(1,661)</b>	<b>(24,695)</b>	<b>(5,640)</b>	<b>(30,335)</b>
Other direct expenses	(5,284)	(1,068)	(357)	(6,709)	(6,997)	(13,706)
Recharges	(10,688)	(875)	(522)	(12,085)	12,085	-
<b>Operating expenses</b>	<b>(35,654)</b>	<b>(5,295)</b>	<b>(2,540)</b>	<b>(43,489)</b>	<b>(552)</b>	<b>(44,041)</b>
<b>Profit before tax from continuing operations</b>	<b>21,960</b>	<b>2,152</b>	<b>194</b>	<b>24,306</b>	<b>(410)</b>	<b>23,896</b>
Discontinued operations	-	-	(3,770)	(3,770)	-	(3,770)
<b>Profit before tax attributable to equity holders of the Company</b>	<b>21,960</b>	<b>2,152</b>	<b>(3,576)</b>	<b>20,536</b>	<b>(410)</b>	<b>20,126</b>
Income tax expense from continuing operations						(6,499)
Income tax expense from discontinued operations						101
<b>Profit for the period attributable to equity holders of the Company</b>						<b>13,728</b>
<b>Total assets</b>	<b>1,303,457</b>	<b>18,818</b>	<b>57,146</b>	<b>1,379,421</b>	<b>19,900</b>	<b>1,399,321</b>

## 2 Segmental information continued

<b>31 December 2008 (audited)</b> <b>(restated - note 1)</b>	Investment Management £'000	Unit Trusts £'000	Trust and Tax Services £'000	Total segmental results £'000	Central Shared Services £'000	Total (continuing) £'000
Net fee income	54,314	11,149	5,435	70,898	-	70,898
Net commission	28,157	-	-	28,157	-	28,157
Net interest and other income	30,919	1,290	-	32,209	487	32,696
<b>Operating income</b>	<b>113,390</b>	<b>12,439</b>	<b>5,435</b>	<b>131,264</b>	<b>487</b>	<b>131,751</b>
Staff costs - fixed	(24,108)	(2,767)	(2,737)	(29,612)	(9,490)	(39,102)
Staff costs - variable	(13,558)	(3,412)	(368)	(17,338)	(1,540)	(18,878)
<b>Total staff costs</b>	<b>(37,666)</b>	<b>(6,179)</b>	<b>(3,105)</b>	<b>(46,950)</b>	<b>(11,030)</b>	<b>(57,980)</b>
Other direct expenses	(12,923)	(2,126)	(606)	(15,655)	(15,360)	(31,015)
Recharges	(22,360)	(1,771)	(1,089)	(25,220)	25,220	-
<b>Operating expenses</b>	<b>(72,949)</b>	<b>(10,076)</b>	<b>(4,800)</b>	<b>(87,825)</b>	<b>(1,170)</b>	<b>(88,995)</b>
<b>Profit before tax from continuing operations</b>	<b>40,441</b>	<b>2,363</b>	<b>635</b>	<b>43,439</b>	<b>(683)</b>	<b>42,756</b>
Discontinued operations	-	-	(10,465)	(10,465)	-	(10,465)
<b>Profit before tax attributable to equity holders of the Company</b>	<b>40,441</b>	<b>2,363</b>	<b>(9,830)</b>	<b>32,974</b>	<b>(683)</b>	<b>32,291</b>
Income tax expense from continuing operations						(13,489)
Income tax credit from discontinued operations						198
<b>Profit for the year attributable to equity holders of the Company</b>						<b>19,000</b>
<b>Total assets</b>	<b>1,231,678</b>	<b>10,611</b>	<b>36,938</b>	<b>1,279,227</b>	<b>31,220</b>	<b>1,310,447</b>

Included within Investment Management net commission income is £526,000 (30 June 2008: £671,000; 31 December 2008: £1,160,000) of trail commission receivable from Unit Trusts.

**Operating income by geographical market (continuing operations)**

	Unaudited Six months to 30 June 2009 £'000	Unaudited Six months to 30 June 2008 £'000	Audited Year to 31 December 2008 £'000
United Kingdom	57,117	65,508	126,772
Jersey	1,610	2,226	4,395
Rest of the world	31	203	584
	<b>58,758</b>	<b>67,937</b>	<b>131,751</b>

The following is an analysis of the carrying amount of non-current assets analysed by the geographical area in which the assets are located:

**Non-current assets by geographical location**

	Unaudited Six months to 30 June 2009 £'000	Unaudited Six months to 30 June 2008 £'000	Audited Year to 31 December 2008 £'000
United Kingdom	74,895	67,168	73,059
Jersey	4	1,992	1,989
Rest of the world	-	138	-
	<b>74,899</b>	<b>69,298</b>	<b>75,048</b>

### 3 Income tax expense

The current tax expense for the six months ended 30 June 2009 was calculated based on the estimated average annual effective tax rate. The overall effective tax rate for this period was 27.9% (30 June 2008: 27.2%; 31 December 2008: 31.5%).

The taxation charge for the period comprises:

	Unaudited Six months to 30 June 2009 £'000	Unaudited Six months to 30 June 2008 £'000 (restated - note1)	Audited Year to 31 December 2008 £'000
United Kingdom taxation	1,328	4,455	11,226
Overseas taxation	(72)	(73)	30
Deferred taxation	2,661	2,117	2,233
	<b>3,917</b>	<b>6,499</b>	<b>13,489</b>

### 4 Disposal groups

On 10 February 2009 the Group disposed of its subsidiary Rathbone Trust Company S.A. and on 31 March 2009 the Group disposed of its subsidiaries Rathbone Trust Company (BVI) Limited and Rathbone Trust (Singapore) Pte. Limited.

The results of the discontinued operations, which have been included in the consolidated income statement, were as follows:

	Unaudited Six months to 30 June 2009 £'000	Unaudited Six months to 30 June 2008 £'000	Audited Year to 31 December 2008 £'000
Operating income	918	9,936	18,643
Operating expenses	(1,099)	(8,016)	(16,428)
(Loss)/profit before tax from discontinued operations	(181)	1,920	2,215
Attributable tax (expense)/credit	(4)	101	198
(Loss)/profit after tax from discontinued operations	(185)	2,021	2,413
Loss recognised on re-measurement of assets of the disposal group	(90)	(5,690)	(12,680)
Attributable tax expense	-	-	-
Loss from discontinued operations	<b>(275)</b>	<b>(3,669)</b>	<b>(10,267)</b>

The operations of these businesses are included within Trust and Tax Services in the segmental analysis in note 2.

The major classes of assets and liabilities comprising the operations classified as held for sale as at 30 June 2009 are as follows:

	Unaudited 30 June 2009 £'000	Unaudited 30 June 2008 £'000	Audited 31 December 2008 £'000
Cash and balances at central banks	-	1	21
Loans and advances to banks	-	3,172	790
Loans and advances to customers	-	4,432	4,153
Intangible assets	-	18,574	46
Property, plant and equipment	-	2,112	148
Prepayments, accrued income and other assets	-	4,141	655
Total assets of the disposal group	-	32,432	5,813
Accruals, deferred income and other liabilities	-	3,673	4,008
Total liabilities of the disposal group	-	3,673	4,008
<b>Net assets of the disposal group</b>	<b>-</b>	<b>28,759</b>	<b>1,805</b>

Comparative balances have not been restated to show assets and liabilities held for sale, in accordance with IFRS 5.

## 5 Dividend

The interim dividend of 16.0p per share is payable on 7 October 2009 to shareholders on the register at the close of business on 18 September 2009 (30 June 2008: 16.0p). The interim dividend has not been included as a liability in this interim report. The 2008 final dividend of 26.0p per share was paid on 13 May 2009.

## 6 Earnings per share

Basic earnings per share has been calculated by dividing the profits attributable to shareholders of £9,863,000 (30 June 2008: £13,728,000; 31 December 2008: £19,000,000) by the weighted average number of shares in issue throughout the period of 42,976,102 (30 June 2008: 42,703,432; 31 December 2008: 42,745,197).

Diluted earnings per share is the basic earnings per share, adjusted for the effect of contingently issuable shares under the Long Term Incentive Plan, employee share options remaining capable of exercise and any dilutive shares to be issued under the Share Incentive Plan, weighted for the relevant period (see table below).

	Unaudited Six months to 30 June 2009	Unaudited Six months to 30 June 2008	Audited Year to 31 December 2008
Weighted average number of ordinary shares in issue during the period – basic	42,976,102	42,703,432	42,745,197
Effect of ordinary share options	39,554	235,019	172,845
Effect of dilutive shares issuable under the Share Incentive Plan	15,293	14,528	7,998
Effect of contingently issuable ordinary shares under the Long Term Incentive Plan	137,897	59,231	172,823
<b>Diluted ordinary shares</b>	<b>43,168,846</b>	<b>43,012,210</b>	<b>43,098,863</b>

Earnings per share from discontinued operations and underlying earnings per share were as follows:

	Unaudited Six months to 30 June 2009	Unaudited Six months to 30 June 2008	Audited Year to 31 December 2008
Earnings per share from discontinued operations for the period attributable to equity holders of the Company:			
Basic (p)	(0.64)p	(8.59)p	(24.02)p
Diluted (p)	(0.63)p	(8.53)p	(23.81)p
Underlying earnings per share from continuing operations for the period attributable to equity holders of the Company:			
Basic (p)	25.79p	41.62p	73.00p
Diluted (p)	25.68p	41.32p	72.40p

Underlying earnings per share has been calculated with reference to the profits after tax from continuing operations, excluding the post-tax charge arising from the additional levy for the Financial Services Compensation Scheme of £310,000 (30 June 2008: £nil; 31 December 2008: £1,004,000) and amortisation of client relationship intangibles of £636,000 (30 June 2008: £375,000; 31 December 2008: £936,000).



## 7 Property, plant and equipment

During the six months ended 30 June 2009, the Group acquired assets with a cost of £556,000 (six months ended 30 June 2008: £1,557,000; year ended 31 December 2008: £3,790,000), including assets acquired through business combinations of £nil (six months ended 30 June 2008 and year ended 31 December 2008: £10,000).

Excluding assets held by disposal groups, assets with a net book value of £23,000 were disposed of in the six months ended 30 June 2009 (30 June 2008: £70,000; 31 December 2008: £106,000), resulting in a gain on disposal of £2,000 (30 June 2008: £51,000; 31 December 2008: £45,000).

## 8 Intangible assets

	Goodwill £'000	Acquired client relationships £'000	Software development costs £'000	Purchased software £'000	Total £'000
<b>Cost</b>					
At 1 January 2009	47,023	21,168	1,858	10,582	80,631
Adjustment to goodwill	(80)				(80)
Internally developed in the period			195		195
Purchased in the period		1,292		520	1,812
<b>At 30 June 2009</b>	<b>46,943</b>	<b>22,460</b>	<b>2,053</b>	<b>11,102</b>	<b>82,558</b>
<b>Amortisation</b>					
At 1 January 2009	-	2,791	1,147	8,461	12,399
Charge in the period	-	884	127	490	1,501
<b>At 30 June 2009</b>	<b>-</b>	<b>3,675</b>	<b>1,274</b>	<b>8,951</b>	<b>13,900</b>
<b>Carrying value at 30 June 2009</b>	<b>46,943</b>	<b>18,785</b>	<b>779</b>	<b>2,151</b>	<b>68,658</b>
Carrying value at 31 December 2008	47,023	18,377	711	2,121	68,232

## 9 Deposits by banks

Included within deposits by banks is a term loan of £7,688,000 which is repayable in five, six-monthly instalments ending on 4 April 2011 (30 June 2008: £10,734,000; 31 December 2008: £9,201,000). Interest is payable on the loan at 0.7% above the London Inter-Bank Offer Rate.

## 10 Provisions for liabilities and charges

	Deferred contingent consideration £'000	Client compensation £'000	Other £'000	Total £'000
At 1 January 2009	7,927	1,007	30	8,964
Charged to the income statement		485	140	625
Unused amount credited to profit or loss		(5)	-	(5)
Net charge to the income statement		480	140	620
Other movements (i)	1,213			1,213
Utilised/paid during the period	(2,771)	(103)	-	(2,874)
<b>As at 30 June 2009</b>	<b>6,369</b>	<b>1,384</b>	<b>170</b>	<b>7,923</b>
Current	936	1,384	170	2,490
Non-current	5,433	-	-	5,433
	<b>6,369</b>	<b>1,384</b>	<b>170</b>	<b>7,923</b>

(i) Other movements in provisions relate to deferred payments to investment managers for the introduction of client relationships, which have been capitalised.

## 11 Retirement benefit obligations

The Group operates two pension schemes providing benefits based on final pensionable pay for executive directors and staff employed by the Company. For the purposes of calculating the pension benefit obligation, the following assumptions have been used:

	Unaudited 30 June 2009 % p.a.	Unaudited 30 June 2008 % p.a.	Audited 31 December 2008 % p.a.
Rate of increase in salaries	4.75	5.20	4.05
Rate of increase of pensions in payment:			
- Laurence Keen Scheme	*3.60	*3.95	*3.40
- Rathbones 1987 Scheme	*3.40	*3.80	*2.80
Rate of increase of deferred pensions	3.50	3.95	2.80
Discount rate	5.80	6.30	6.15
Inflation assumption	3.50	3.95	2.80

\* 5% for service prior to April 2001

Normal retirement age is 65 for members of the Laurence Keen Scheme and 60 for members of the Rathbone 1987 Scheme. The assumed life expectations on retirement were:

	Unaudited 30 June 2009 Males	Unaudited 30 June 2009 Females	Unaudited 30 June 2008 Males	Unaudited 30 June 2008 Females	Audited 31 December 2008 Males	Audited 31 December 2008 Females
Retiring today						
- aged 60	26.8	29.1	25.0	27.9	26.7	29.0
- aged 65	22.0	24.2	20.3	23.1	21.9	24.1
Retiring in 20 years						
- aged 60	28.5	30.3	26.0	28.8	28.4	30.3
- aged 65	23.6	25.4	21.3	24.0	23.5	25.3

The amount included in the balance sheet arising from the Group's obligations in respect of the schemes is as follows:

	Unaudited 30 June 2009 £'000	Unaudited 30 June 2008 £'000	Audited 31 December 2008 £'000
Present value of defined benefit obligations	(79,802)	(72,809)	(63,993)
Fair value of scheme assets	60,783	60,269	59,311
Deficit in schemes	(19,019)	(12,540)	(4,682)
Death in service benefit reserve (unfunded)	(1,291)	-	(1,041)
Total deficit	(20,310)	(12,540)	(5,723)

The Group made a special contribution of £1,767,000 during the period (30 June 2008 and 31 December 2008: £35,000) into its pension schemes.

## 12 Share capital

The following movements in share capital occurred during the period:

	Number of shares	Exercise price Pence	Share capital £'000	Share premium £'000	Total £'000
At 1 January 2008	42,689,942		2,134	27,758	29,892
Shares issued on exercise of options	54,973	643.3 - 852.0	3	411	414
At 30 June 2008	42,744,915		2,137	28,169	30,306
Shares issued on exercise of options	113,281	415.0 - 852.0	6	788	794
At 31 December 2008	42,858,196		2,143	28,957	31,100
Shares issued:					
- to share incentive plan	83,505		4	661	665
- on exercise of options	213,122	415.0 - 814.2	11	1,151	1,162
At 30 June 2009	43,154,823		2,158	30,769	32,927

### 13 Other reserves

	Unaudited 30 June 2009 £'000	Unaudited 30 June 2008 £'000	Audited 31 December 2008 £'000
Merger reserve	31,835	49,428	31,835
Available for sale reserve	2,423	2,418	2,119
Translation reserve	562	(123)	786
<b>Total other reserves</b>	<b>34,820</b>	<b>51,723</b>	<b>34,740</b>

The Merger reserve represents share premium that was not recognised on the issue of shares as consideration for acquisitions prior to the adoption of IFRS on 1 January 2004.

### 14 Contingent liabilities and commitments

- (a) Indemnities are provided to a number of directors and employees in our Trust and Tax Services Division in connection with them acting as directors on client structures in the normal course of business.
- (b) Capital expenditure authorised and contracted for at 30 June 2009 but not provided in the accounts amounted to £235,000 (30 June 2008: £1,027,000; 31 December 2008: £150,000).
- (c) The contractual amounts of the Group's commitments to extend credit to its clients are as follows:

	Unaudited 30 June 2009 £'000	Unaudited 30 June 2008 £'000	Audited 31 December 2008 £'000
Guarantees	788	758	859
Undrawn commitments to lend of 1 year or less	5,827	3,065	4,555
	<b>6,615</b>	<b>3,823</b>	<b>5,414</b>

The fair value of the guarantees is £nil (30 June 2008 and 31 December 2008: £nil).

### 15 Consolidated cash flow statement

For the purposes of the cash flow statement, cash and cash equivalents comprise the following balances with less than three months until maturity from the date of acquisition:

	Unaudited 30 June 2009 £'000	Unaudited 30 June 2008 £'000	Audited 31 December 2008 £'000
Cash and balances at central banks	3	8	3
Available for sale investment securities	118,000	50,000	79,000
Loans and advances to banks	88,941	223,282	175,227
Assets of disposal groups	-	3,995	791
	<b>206,944</b>	<b>277,285</b>	<b>255,021</b>

Available for sale investment securities are amounts invested in money market funds which are realisable on demand.

Cash flows arising from issue of ordinary shares comprise:

	Unaudited Six months to 30 June 2009 £'000	Unaudited Six months to 30 June 2008 £'000	Audited Year to 31 December 2008 £'000
Share capital issued (note 12)	15	3	9
Share premium issued (note 12)	1,812	411	1,199
Shares issued in relation to share based schemes for which no cash consideration was received	(665)	-	-
	<b>1,162</b>	<b>414</b>	<b>1,208</b>

## 16 Related party transactions

At 30 June 2009, key management and their close family members had outstanding deposits of £1,668,000 (30 June 2008: £593,000; 31 December 2008: £635,000) and outstanding loans of £221,000 (30 June 2008: £186,000; 31 December 2008: £396,000), which were made on normal business terms. A number of the Company's directors and their close family members make use of the services provided by companies within the Group. Charges for such services are made at various staff rates.

One of the Group's non-executive directors is an executive director of Novae Group Plc, a related entity of which is a member of a syndicate that underwrites the Group's professional indemnity insurance policy.

Loans to key management are secured on asset portfolios. All other amounts outstanding with related parties are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

## 17 Forward looking statements

This interim statement contains certain forward looking statements which are made by the directors in good faith based on the information available to them at the time of their approval of this interim statement. Forward looking statements contained within the interim statement should be treated with some caution due to the inherent uncertainties, including economic, regulatory and business risk factors, underlying any such forward looking statements. We undertake no obligation to update any forward looking statements whether as a result of new information, future events or otherwise.

The interim statement has been prepared by Rathbone Brothers Plc to provide information to its shareholders and should not be relied upon by any other party or for any other purpose.

## 18 Risks

The principal risks that face the Group are described in the Business review in the Group's Report and accounts prepared as at 31 December 2008. There have been no changes to the principal risks or the policies to manage these risks during the six months ended 30 June 2009.

# Independent review report to Rathbone Brothers Plc

## Introduction

We have been engaged by the Company to review the condensed set of financial statements included in the half-yearly financial report for the six months ended 30 June 2009, which comprises the consolidated interim income statement, the consolidated interim balance sheet, the consolidated interim cash flow statement, the consolidated interim statement of comprehensive income, consolidated interim statement of changes in equity and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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 Disclosure and Transparency Rules ("the DTR") of the UK's Financial Services Authority ("the UK FSA"). Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

## Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FSA. As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU.

## Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements included in the half-yearly financial report based on our review.

## 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. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) 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.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements included in the half-yearly financial report for the six months ended 30 June 2009 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FSA.

## I Cummings on behalf of KPMG Audit Plc

Chartered Accountants  
8 Salisbury Square  
London  
EC4Y 8BB

28 July 2009





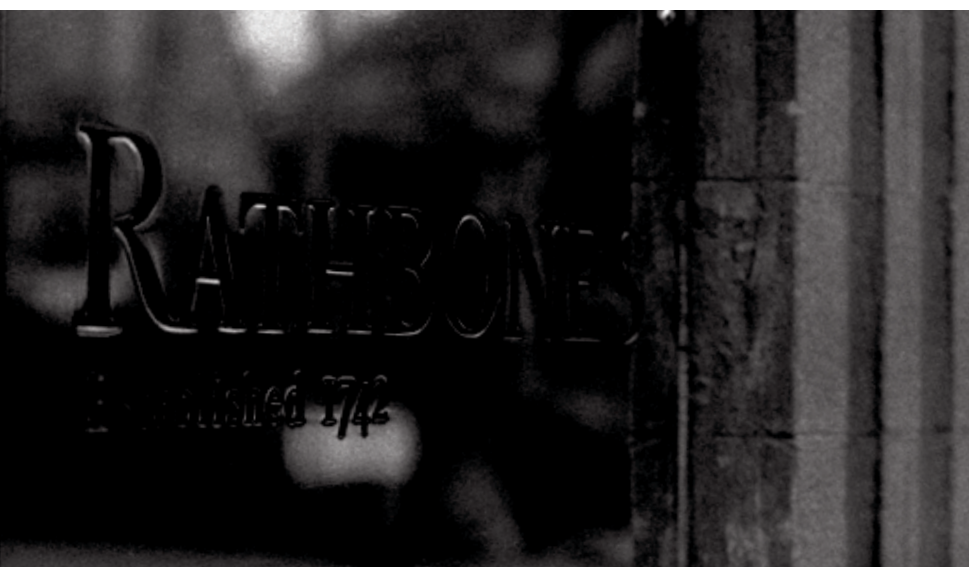


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