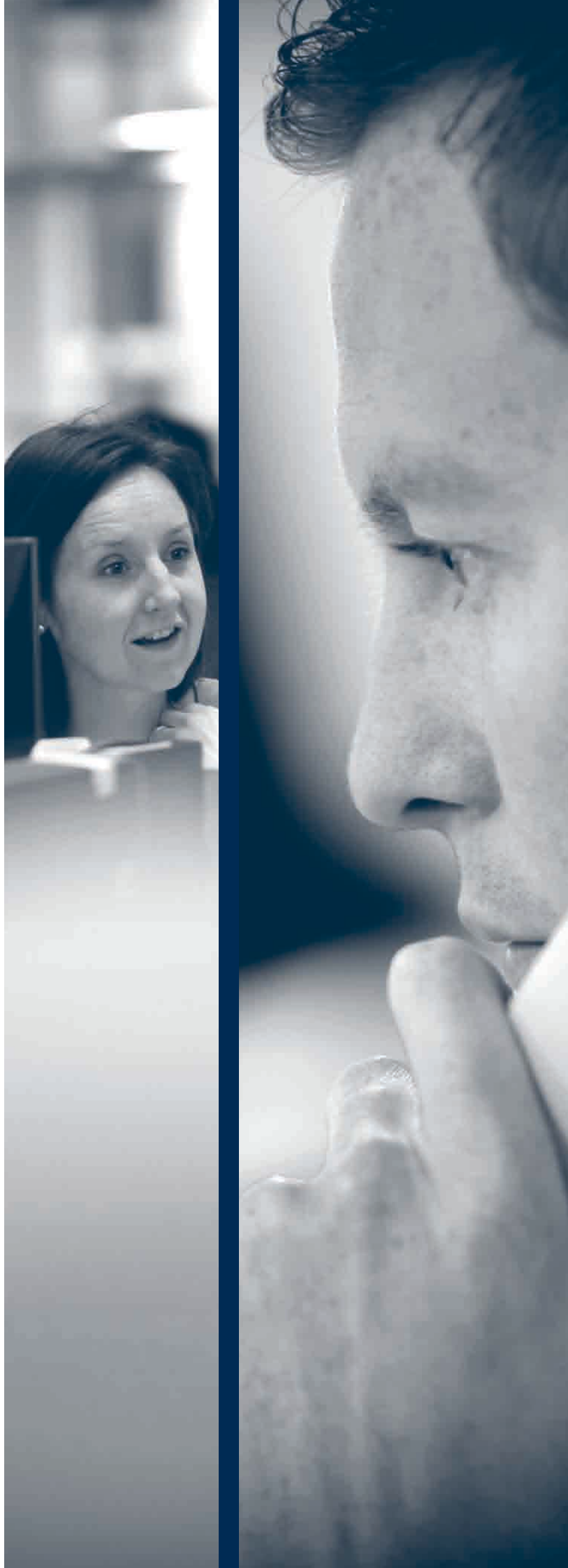


Rathbone Brothers Plc
Interim statement 2010

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 2010, it managed £13.29 billion of client funds of which £12.41 billion are managed by Rathbone Investment Management.

Financial highlights to 30 June 2010

	Half year 2010	Half year 2009	% change	Full year 2009
Funds under management	£13.29bn	£10.52bn	1.5%¹	£13.10bn
Operating income (continuing)	£62.0m	£58.7m	5.6%	£116.8m
Profit before tax (continuing)	£15.8m	£14.2m	11.3%	£29.5m
Underlying profit before tax ²	£18.1m	£15.5m	16.8%	£32.4m
Basic earnings per share (continuing)	25.48p	23.92p	6.5%	46.87p
Dividends per share	16.00p	16.00p	–	42.00p

¹ % change from 2009 full year

² Underlying profit before tax is calculated as profit from continuing operations before tax excluding transaction costs, amortisation of capitalised client relationship intangible assets and Financial Services Compensation Scheme levies

Chairman's statement



Mark Powell
Chairman

Results and dividend

Our results for the year to the 30 June 2010 show a 16.8% increase in underlying profit before tax, amortisation of intangible client relationship assets and contributions to the Financial Services Compensation Scheme to £18.1 million. Profit before tax is £15.8 million for the first half, up 11.3% compared with the first half of 2009. Basic earnings per share from continuing operations are 25.48p, up 6.5% from 23.92p last year. The interim dividend is maintained at 16.0p per share and will be paid on 6 October 2010.

These impressive results have been achieved in a difficult and volatile market environment and against the background of continued very low interest rates.

Market environment

World markets rallied strongly in the first quarter of the year and the FTSE 100 Index rose from 5413 to 5745 on our quarterly charging date on 5 April. The second quarter saw a sharp reversal following increased concerns about sovereign debt in some Euro zone countries, the risk of a 'double-dip' recession and the impact of the BP oil disaster off the coast of Louisiana. By the 30 June the FTSE 100 Index was 4917, a decrease of 14.4% during the second quarter. In the six months to the 30 June the FTSE 100 Index fell by 9.2% and the FTSE/APCIMS Balanced Index was down 3.2%.

Funds under management

During this period funds under management in Rathbone Investment Management rose 2.1% to £12.41 billion, and the annualised total net funds growth rate was 9.9% compared with 7.8% in 2009. This reflects the benefits of the transactions entered into with Lloyds Banking Group which have, to date, contributed £665 million to funds under management and has resulted in the capitalisation of £20.4 million of intangible client relationship assets.

Total net organic growth for the period was 4.0% compared with 5.8% in 2009. New client accounts were opened at levels consistent with last year but there has been some evidence of increased outflow of cash by clients who have used capital from their investment portfolios to top up disposable net income.

Banking licence

At the time of the announcement of our profit figures for 2009, we indicated that we planned to carry out a thorough review of the value of our banking licence to our clients and shareholders in the light of the changing regulatory environment, client requirements and market conditions. As a bank, Rathbones holds the great majority of uninvested capital balances in its clients' portfolios and provides call and term deposit facilities. It also provides loans secured on client portfolios managed on a discretionary basis.

This review has now been concluded and the Board has decided that it is in the best interests of shareholders and clients for the licence to be retained. In anything other than the current extremely low interest rate environment, Rathbones as a bank has been able to obtain keener interest returns than would safely and easily have been obtainable as a non-bank lender. Whilst a bank is exposed to the risk of being obliged to make further payments to the Financial Services Compensation Scheme in respect of failures in the banking sector, your Board considers that the opportunity to provide certain banking services to clients, the prospect of higher interest rate returns in more 'normal' market conditions and the differentiation associated with being a bank outweigh the regulatory uncertainties and risks.

Outlook

The volatility in world markets which has been experienced in the first half seems likely to continue for the rest of this year. We consider that in this investment climate Rathbones is ideally placed to attract new clients seeking a sound investment process and discretionary investment management provided on a personal basis by qualified, named individuals.

We have a strong balance sheet and are confident of Rathbones' ability to deliver further growth.

Mark Powell
Chairman
27 July 2010

Chief Executive's review

Financial performance

Rathbones' financial performance was robust in the first half of 2010 in spite of volatile equity markets. Our core discretionary investment management business added net new funds of £0.6 billion from new and existing clients and acquisitions in the half year ended 30 June 2010 (2009: £0.4 billion), which is equivalent to an annualised growth rate of 9.9% (2009: 7.8%). The transaction with Lloyds Banking Group we completed in 2009 contributed some £284 million to acquired growth in 2010, bringing the total funds acquired to £665 million at 30 June 2010. The full earnings impact of this acquisition will not be seen until 2011.

Net operating income of £62.0 million was up 5.6%, as the positive effects of growth and higher market levels on fee income has been somewhat offset by a continuation of the low levels of net interest income we have experienced since the dramatic falls in interest rates in 2008. The average FTSE 100 Index was 5331 in the first half of 2010 (2009: 4139), based on our quarterly billing dates. This time last year our interest margin benefitted from our Treasury Department being able to lock in some attractive long term interest rates in 2008, generating some £12.8m of net interest in the first half of 2009. In 2010, and in spite of client liquidity returning to £1.0 billion at 30 June 2010 (31 December 2009: £0.8 billion), poor returns in money markets have reduced our 2010 net interest income to £4.6 million in the first half. Commission income was also particularly strong in the first quarter in the run up to the tax year end.

We continue to manage costs carefully whilst making sure we invest appropriately in the business. Operating expenses (before amortisation of client relationship intangible assets and FSCS levies) of £43.9 million in the first half of 2010 were up 1.6% compared to the £43.2 million in 2009, largely reflecting salary inflation.

Client relationship intangible asset amortisation was £2.1 million in the first half of 2010 (2009: £0.9 million). This largely reflects the impact of the transaction with Lloyds Banking Group in 2009, which has resulted in capitalised costs of £20.4 million to 30 June 2010 that are being amortised over 10 years.

Rathbone Unit Trust Management Limited has stabilised in this half year with net redemptions slowing to £41 million (2009: £180 million) and performance showing signs of improvement. The business reported a £0.5 million profit in the first half (2009: loss £0.3 million) largely reflecting the impact of cost action taken last year and more favourable market conditions. Mike Webb has made a positive start to his tenure as Chief Executive, and is working hard to develop this important part of Rathbones.

Financial Services Compensation Scheme levies have benefitted from lower government borrowing costs; however this has been offset by additional levies following the failure of a number of businesses.

Treasury and financing

We continue to be cautious about where we place cash, as we do not want to take unnecessary counterparty risk. By definition, this limits our ability to achieve high interest rates on the money that is held by us as banker and placed in the money markets.

The Group remains virtually ungeared with external borrowings (in place for technical reasons) of £4.6 million at 30 June 2010 (2009: £7.7 million).

The Group's pension deficit was £15.7 million at 30 June 2010 compared to £20.3 million at the same time last year and £9.4 million at 31 December 2009. Whilst the IFRS accounting deficit remains volatile and highly sensitive to changes in long term bond yields, our committed contributions of £22.6 million over the next 7 years are to meet the deficit over that period.



Andy Pomfret
Chief Executive

Investment

Capital expenditure of £2.0 million in the first half of 2010 compared to £1.3 million in 2009. Expenditure was lower last year largely due to necessary cost focus and project prioritisation, however our current level of expenditure is more normal and is expected to continue in the second half.

Regulation

This first half has witnessed a volley of bank-focused regulation which has ranged from payroll taxes and levies through to capital management and liquidity reporting standards. This is in addition to the issue of the Retail Distribution Review which will change the way in which many in the sector do business.

Regulation will continue to create a lot of work for Rathbones to ensure that we manage our regulatory risks appropriately and take the business forward. Whilst bank regulation has increased our reporting requirements and associated costs, the financial impacts for us have largely been limited. This is an area that we will continue to monitor carefully.

In these challenging economic times our staff are all working extremely hard to continue to provide the level of service to our clients that they have rightly come to expect. My thanks go to all of them.

Andy Pomfret

Chief Executive
27 July 2010

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, 16, 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, 16, 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 as at 31 December 2009 are listed in the Group's report and accounts prepared as at that date. Since 31 December 2009, Kate Avery and Kathryn Matthews were appointed to the Board on 6 January 2010, Peter Pearson Lund retired from the Board on 31 March 2010 and James Barclay and Mark Robertshaw retired from the Board on 5 May 2010.

By order of the Board

A D Pomfret
Chief Executive
27 July 2010

Consolidated interim income statement

for the six months ended 30 June 2010

6 Consolidated interim income statement

		Unaudited Six months to 30 June 2010 £'000	Unaudited Six months to 30 June 2009 £'000 (restated - note 1)	Audited Year to 31 December 2009 £'000
	Note			
Interest and similar income		5,329	14,980	21,502
Interest expense and similar charges		(772)	(2,170)	(3,006)
Net interest income		4,557	12,810	18,496
Fee and commission income		60,448	48,012	103,735
Fee and commission expense		(3,817)	(2,909)	(7,351)
Net fee and commission income		56,631	45,103	96,384
Dividend income		36	-	80
Net trading income		121	142	358
Other operating income		682	672	1,439
Operating income		62,027	58,727	116,757
Financial Services Compensation Scheme levies	3	(262)	(431)	(229)
Amortisation of client relationships	9	(2,071)	(884)	(1,967)
Transaction costs	3	-	-	(782)
Other operating expenses		(43,937)	(43,216)	(84,311)
Operating expenses		(46,270)	(44,531)	(87,289)
Profit before tax from continuing operations		15,757	14,196	29,468
Taxation	4	(4,727)	(3,914)	(9,271)
Profit after tax from continuing operations		11,030	10,282	20,197
Discontinued operations				
Loss before tax from discontinued operations		-	(322)	(391)
Income tax (expense)/credit on loss before tax from discontinued operations		-	(7)	33
Loss recognised on re-measurement of assets of the disposal group		-	(90)	(211)
Net loss from discontinued operations	5	-	(419)	(569)
Profit for the period attributable to equity holders of the Company		11,030	9,863	19,628
Dividends proposed/paid in respect of the period per ordinary share	6	16.00p	16.00p	42.00p
Dividends proposed/paid in respect of the period (£'000)		6,927	6,905	18,159
Earnings per share for the period attributable to equity holders of the Company:	7			
- basic		25.48p	22.95p	45.55p
- diluted		25.35p	22.85p	45.53p
Earnings per share from profit from continuing operations for the period attributable to equity holders of the Company:	7			
- basic		25.48p	23.92p	46.87p
- diluted		25.35p	23.82p	46.85p

Consolidated interim statement of comprehensive income

for the six months ended 30 June 2010

	Unaudited Six months to 30 June 2010 £'000	Unaudited Six months to 30 June 2009 £'000	Audited Year to 31 December 2009 £'000
Profit for the period	11,030	9,863	19,628
Other comprehensive income:			
Exchange translation differences	53	(224)	(182)
Actuarial loss on retirement benefit obligation	(9,665)	(17,337)	(8,626)
Revaluation of available for sale investment securities:			
- net (loss)/gain from changes in fair value	(497)	424	(59)
Deferred tax relating to components of other comprehensive income:			
- available for sale investment securities	139	(120)	17
- actuarial gains and losses	2,706	4,854	2,415
Other comprehensive income for the period, net of tax	(7,264)	(12,403)	(6,435)
Total comprehensive income for the period, net of tax attributable to equity holders of the Company	3,766	(2,540)	13,193

Consolidated interim statement of comprehensive income
Consolidated interim statement of changes in equity

7

Consolidated interim statement of change in equity

for the six months ended 30 June 2010

Note	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 2009	2,143	28,957	31,835	2,119	786	34,740	118,791	184,631
Total comprehensive income for the period				304	(224)	80	(2,620)	(2,540)
Dividends paid							(11,164)	(11,164)
Issue of share capital 13	15	1,812						1,827
Share-based payments:								
- value of employee services							601	601
- costs of shares issued/purchased							(786)	(786)
- tax on share-based payments							(474)	(474)
At 30 June 2009 (unaudited)	2,158	30,769	31,835	2,423	562	34,820	104,348	172,095
Total comprehensive income for the period				(346)	42	(304)	16,037	15,733
Dividends paid							(6,902)	(6,902)
Issue of share capital 13	7	987						994
Reclassification of translation reserve on disposal of subsidiaries					(359)	(359)	359	-
Share-based payments:								
- value of employee services							618	618
- transfer to liabilities for cash settled awards							(119)	(119)
- costs of shares issued/purchased							(310)	(310)
- tax on share-based payments							380	380
At 31 December 2009 (audited)	2,165	31,756	31,835	2,077	245	34,157	114,411	182,489
Total comprehensive income for the period				(358)	53	(305)	4,071	3,766
Dividends paid							(11,246)	(11,246)
Share-based payments:								
- value of employee services							624	624
- costs of shares issued/purchased							(286)	(286)
- tax on share-based payments							135	135
At 30 June 2010 (unaudited)	2,165	31,756	31,835	1,719	298	33,852	107,709	175,482

Rathbone Brothers Plc
Interim statement 2010

Consolidated interim balance sheet

as at 30 June 2010

	Note	Unaudited 30 June 2010 £'000	Unaudited 30 June 2009 £'000	Audited 31 December 2009 £'000
Assets				
Cash and balances at central banks		336	306	315
Settlement balances		34,743	18,940	17,305
Loans and advances to banks		42,169	90,608	92,661
Loans and advances to customers		30,020	36,697	26,745
Investment securities				
- available for sale		123,487	121,415	86,932
- held to maturity		853,992	795,145	694,000
Prepayments, accrued income and other assets		32,970	29,264	29,878
Property, plant and equipment	8	5,679	6,241	5,676
Deferred tax asset		1,551	4,083	1,603
Intangible assets	9	92,056	68,658	81,973
Total assets		1,217,003	1,171,357	1,037,088
Liabilities				
Deposits by banks	10	6,075	10,160	7,379
Settlement balances		40,500	31,225	22,157
Due to customers		947,592	902,570	766,361
Accruals, deferred income and other liabilities		23,794	25,927	29,126
Current tax liabilities		1,622	1,147	2,414
Provisions for liabilities and charges	11	6,189	7,923	17,749
Retirement benefit obligations	12	15,749	20,310	9,413
Total liabilities		1,041,521	999,262	854,599
Equity				
Share capital	13	2,165	2,158	2,165
Share premium	13	31,756	30,769	31,756
Other reserves		33,852	34,820	34,157
Retained earnings		107,709	104,348	114,411
Total equity		175,482	172,095	182,489
Total liabilities and equity		1,217,003	1,171,357	1,037,088

Approved by the Board of Directors on 27 July 2010

A D Pomfret
Chief Executive

R P Stockton
Finance Director

Company registered number: 01000403.

Consolidated interim cash flow statement

for the six months ended 30 June 2010

	Unaudited Six months to 30 June 2010 £'000	Unaudited Six months to 30 June 2009 £'000 (restated - note 1)	Audited Year to 31 December 2009 £'000
Note			
Cash flows from operating activities			
Profit before income tax from continuing operations	15,757	14,196	29,468
Net interest income	(4,557)	(12,810)	(18,496)
Impairment losses on loans and advances	3	10	22
Profit on disposal of plant and equipment	(36)	(2)	(20)
Depreciation and amortisation	3,772	2,609	5,340
Defined benefit pension scheme charges	800	1,050	1,852
Share-based payment charges	753	601	1,219
Interest paid	(784)	(3,067)	(3,889)
Interest received	7,277	28,350	33,819
	22,985	30,937	49,315
Changes in operating assets and liabilities:			
- net decrease/(increase) in loans and advances to banks and customers	33,774	(2,118)	(42,557)
- net increase in settlement balance debtors	(17,438)	(3,187)	(1,554)
- net (increase)/decrease in prepayments, accrued income and other assets	(5,039)	(2,362)	3,436
- net increase/(decrease) in amounts due to customers and deposits by bank	179,926	(134,807)	(265,751)
- net increase in settlement balance creditors	18,343	17,177	8,109
- net decrease in accruals, deferred income, provisions and other liabilities	(4,846)	(7,081)	(8,723)
Cash generated from/(used in) operations	227,705	(101,441)	(257,725)
Defined benefit pension contributions paid	(4,129)	(3,800)	(6,788)
Tax paid	(2,487)	(6,128)	(9,625)
Discontinued operations	-	(2,148)	(1,522)
Net cash inflow/(outflow) from operating activities	221,089	(113,517)	(275,660)
Cash flows from investing activities			
Disposal of businesses, net of cash transferred	-	(1,310)	(1,341)
Purchase of property, equipment and intangible assets	(26,048)	(2,563)	(3,319)
Proceeds from sale of property and equipment	63	25	65
Purchase of investment securities	(969,995)	(1,293,762)	(1,796,282)
Proceeds from sale and redemption of investment securities	810,002	1,373,597	1,977,261
Discontinued operations	-	(4)	(4)
Net cash (used in)/generated from investing activities	(185,978)	75,983	176,380
Cash flows from financing activities			
Purchase of shares for share based schemes	(286)	(477)	(468)
Issue of ordinary shares	-	1,518	2,193
Dividends paid	(11,246)	(11,164)	(18,066)
Net cash used in financing activities	(11,532)	(10,123)	(16,341)
Net increase/(decrease) in cash and cash equivalents	23,579	(47,657)	(115,621)
Cash and cash equivalents at the beginning of the period	139,044	255,021	255,021
Effect of exchange rate changes on cash and cash equivalents	29	(420)	(356)
Cash and cash equivalents at the end of the period	162,652	206,944	139,044

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 2009.

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 2009. The interim accounts should be read in conjunction with the Group's audited accounts for the year ended 31 December 2009.

The information in this announcement does not comprise Statutory Accounts within the meaning of section 434 of the Companies Act 2006. The Group's accounts for the year ended 31 December 2009 have been reported on by its auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified and did not draw attention to any matters by way of emphasis. They also did not contain a statement under section 498 of the Companies Act 2006.

Changes in accounting policies and disclosures

Comparative balances for the six months to 30 June 2009 have been reclassified in the Consolidated interim income statement, the Consolidated interim 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 5.

2 Segmental information

(a) Operating segments

For management purposes, the Group is currently organised into three operating divisions: Investment Management, Unit Trusts and Trust and Tax Services. Certain items of income are presented within different categories of operating income in the financial statements compared to the presentation for internal reporting. The information presented in this note follows the presentation for internal reporting to the Group Executive Committee.

	Investment Management £'000	Unit Trusts £'000	Trust and Tax Services £'000	Total £'000
30 June 2010 (unaudited)				
Net fee income	31,794	3,548	2,381	37,723
Net commission	18,905	3	-	18,908
Net interest and other income	5,165	155	76	5,396
Operating income	55,864	3,706	2,457	62,027
Staff costs - fixed	(13,247)	(1,093)	(1,387)	(15,727)
Staff costs - variable	(6,562)	(644)	(138)	(7,344)
Total staff costs	(19,809)	(1,737)	(1,525)	(23,071)
Other direct expenses	(8,336)	(715)	(294)	(9,345)
Allocation of indirect expenses	(12,350)	(789)	(715)	(13,854)
Operating expenses	(40,495)	(3,241)	(2,534)	(46,270)
Profit/(loss) before tax from continuing operations	15,369	465	(77)	15,757
Discontinued operations	-	-	-	-
Profit/(loss) before tax attributable to equity holders of the Company	15,369	465	(77)	15,757
Income tax expense from continuing operations				(4,727)
Income tax expense from discontinued operations				-
Profit for the period attributable to equity holders of the Company				11,030
Segment total assets	1,185,882	11,649	9,610	1,207,141
Unallocated assets				9,862
Total assets				1,217,003

	Investment Management £'000	Unit Trusts £'000	Trust and Tax Services £'000	Total £'000
30 June 2009 (unaudited) (restated - note 1)				
Net fee income	25,421	3,421	2,340	31,182
Net commission	13,921	-	-	13,921
Net interest and other income	13,400	216	8	13,624
Operating income	52,742	3,637	2,348	58,727
Staff costs - fixed	(12,965)	(1,182)	(1,249)	(15,396)
Staff costs - variable	(6,625)	(940)	(155)	(7,720)
Total staff costs	(19,590)	(2,122)	(1,404)	(23,116)
Other direct expenses	(6,326)	(1,041)	(228)	(7,595)
Allocation of indirect expenses	(12,349)	(813)	(658)	(13,820)
Operating expenses	(38,265)	(3,976)	(2,290)	(44,531)
Profit/(loss) before tax from continuing operations	14,477	(339)	58	14,196
Discontinued operations	-	-	(412)	(412)
Profit/(loss) before tax attributable to equity holders of the Company	14,477	(339)	(354)	13,784
Income tax expense from continuing operations				(3,914)
Income tax expense from discontinued operations				(7)
Profit for the period attributable to equity holders of the Company				9,863
Segment total assets	1,121,977	11,554	25,464	1,158,995
Unallocated assets				12,362
Total assets				1,171,357

2 Segmental information continued

(a) Operating segments continued

	Investment Management £'000	Unit Trusts £'000	Trust and Tax Services £'000	Total £'000
31 December 2009 (audited)				
Net fee income	55,784	7,590	4,657	68,031
Net commission	28,740	-	-	28,740
Net interest and other income	19,789	130	67	19,986
Operating income	104,313	7,720	4,724	116,757
Staff costs - fixed	(25,170)	(2,086)	(2,483)	(29,739)
Staff costs - variable	(13,900)	(1,852)	(315)	(16,067)
Total staff costs	(39,070)	(3,938)	(2,798)	(45,806)
Other direct expenses	(12,686)	(2,155)	(465)	(15,306)
Allocation of indirect expenses	(23,406)	(1,479)	(1,292)	(26,177)
Operating expenses	(75,162)	(7,572)	(4,555)	(87,289)
Profit before tax from continuing operations	29,151	148	169	29,468
Discontinued operations	-	-	(602)	(602)
Profit/(loss) before tax attributable to equity holders of the Company	29,151	148	(433)	28,866
Income tax expense from continuing operations				(9,271)
Income tax credit from discontinued operations				33
Profit for the year attributable to equity holders of the Company				19,628
Segment total assets	1,002,284	15,947	9,472	1,027,703
Unallocated assets				9,385
Total assets				1,037,088

Included within Investment Management net commission income is £557,000 (30 June 2009: £526,000; 31 December 2009: £1,028,000) of commission receivable from Unit Trusts. Intersegment sales are charged at prevailing market prices.

Centrally incurred indirect expenses are allocated to operating segments on the basis of the cost drivers that generate the expenditure.

(b) Geographic analysis

The following is an analysis of operating income analysed by the geographical location of the Group entity providing the service:

Operating income by geographical market (continuing operations)

	Unaudited Six months to 30 June 2010 £'000	Unaudited Six months to 30 June 2009 £'000 (restated - note 1)	Audited Year to 31 December 2009 £'000
United Kingdom	60,023	57,117	113,121
Jersey	2,004	1,610	3,636
	62,027	58,727	116,757

The Group's non-current assets are all substantially allocated in the UK.

(c) Major clients

The Group is not reliant on any one client or group of connected clients for generation of revenues.

3 Operating expenses

The arrangements put in place by the Financial Services Compensation Scheme ('FSCS') to protect depositors of failed deposit-taking institutions have resulted in significant levies on the industry. In the six months to 30 June 2009 a charge to the income statement of £431,000 was made in relation to estimated liabilities in respect of the 2009/2010 and 2010/2011 levy years. As lower interest rates reduced the government's cost of borrowing, provisions made in the year 2008 were revised downwards, resulting in a net charge of £229,000 in 2009. The charge to the income statement in 2010 is £262,000.

On 20 October 2009, the Group agreed terms with Lloyds Banking Group for the transfer of elements of Lloyds TSB's legacy discretionary investment management assets and HBOS's discretionary investment management activities. Transaction costs of £nil (30 June 2009: £nil, 31 December 2009: £782,000) have been recognised in the Consolidated interim income statement in connection with this transaction.

4 Income tax expense

The current tax expense for the six months ended 30 June 2010 was calculated based on the estimated average annual effective tax rate. The overall effective tax rate for this period was 30.0% (30 June 2009: 27.6%; 31 December 2009: 31.5%).

	Unaudited Six months to 30 June 2010 £'000	Unaudited Six months to 30 June 2009 £'000 (restated - note 1)	Audited Year to 31 December 2009 £'000
United Kingdom taxation	1,675	1,328	6,131
Overseas taxation	21	(75)	(78)
Deferred taxation	3,031	2,661	3,218
	4,727	3,914	9,271

5 Disposal groups and discontinued operations

On 12 May 2010, the British Virgin Islands Financial Services Commission granted their approval for Rathbone Bank (BVI) Limited to be wound up and cancelled the company's banking licence. It is expected that the liquidation of Rathbone Bank (BVI) Limited will be completed in the second half of 2010. Rathbone Trust Company B.V. entered into voluntary liquidation on 6 May 2010. This process was completed on the 6 July 2010. The winding up of these two companies concludes the Group's exit from its overseas trust activities. Both Rathbone Trust Company B.V. and Rathbone Bank (BVI) Limited did not trade during the six month period ended 30 June 2010.

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

	Unaudited Six months to 30 June 2010 £'000	Unaudited Six months to 30 June 2009 £'000 (restated - note 1)	Audited Year to 31 December 2009 £'000
Operating income	-	949	959
Operating expenses	-	(1,271)	(1,350)
Loss before tax from discontinued operations	-	(322)	(391)
Attributable tax (expense)/profit	-	(7)	33
Loss after tax from discontinued operations	-	(329)	(358)
Loss recognised on re-measurement of assets of the disposal group	-	(90)	(211)
Loss from discontinued operations	-	(419)	(569)

6 Dividends

An interim dividend of 16.0p per share is payable on 6 October 2010 to shareholders on the register at the close of business on 17 September 2010 (30 June 2009: 16.0p). The interim dividend has not been included as a liability in this interim report. A second interim dividend for 2009 of 26.0p per share was paid on 31 March 2010. No final 2009 dividend was declared.

7 Earnings per share

Earnings used to calculate earnings per share on the bases reported in these accounts were:

	Unaudited Six months to 30 June 2010		Unaudited Six months to 30 June 2009		Audited Year to 31 December 2009	
	Pre tax £'000	Post tax £'000	Pre tax £'000	Post tax £'000	Pre tax £'000	Post tax £'000
			(restated - note 1)			
Underlying profit attributable to shareholders	18,090	12,710	15,511	11,228	32,446	22,560
Financial Services Compensation Scheme levies (note 3)	(262)	(189)	(431)	(310)	(229)	(165)
Amortisation of client relationships (note 9)	(2,071)	(1,491)	(884)	(636)	(1,967)	(1,416)
Transaction costs (note 3)	-	-	-	-	(782)	(782)
Profit from continuing operations	15,757	11,030	14,196	10,282	29,468	20,197
Loss from discontinued operations (note 5)	-	-	(412)	(419)	(602)	(569)
Profit attributable to shareholders	15,757	11,030	13,784	9,863	28,866	19,628

Basic earnings per share has been calculated by dividing earnings by the weighted average number of shares in issue throughout the period of 43,296,330 (30 June 2009: 42,976,102; 31 December 2009: 43,087,369).

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 2010	Unaudited Six months to 30 June 2009	Audited Year to 31 December 2009
Weighted average number of ordinary shares in issue during the period – basic	43,296,330	42,976,102	43,087,369
Effect of ordinary share options	53,886	39,554	15,948
Effect of dilutive shares issuable under the Share Incentive Plan	63,220	15,293	7,977
Effect of contingently issuable ordinary shares under the Long Term Incentive Plan	91,565	137,897	-
Diluted ordinary shares	43,505,001	43,168,846	43,111,294

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

	Unaudited Six months to 30 June 2010	Unaudited Six months to 30 June 2009	Audited Year to 31 December 2009
	(restated - note 1)		
Earnings per share from discontinued operations for the period attributable to equity holders of the Company:			
- basic (p)	-	(0.97)p	(1.32)p
- diluted (p)	-	(0.97)p	(1.32)p
Underlying earnings per share from continuing operations for the period attributable to equity holders of the Company:			
- basic (p)	29.36p	26.13p	52.36p
- diluted (p)	29.22p	26.01p	52.33p

8 Property, plant and equipment

During the six months ended 30 June 2010, the Group acquired assets with a cost of £1,097,000 (six months ended 30 June 2009: £556,000; year ended 31 December 2009: £1,085,000).

Excluding assets held by disposal groups, assets with a net book value of £27,000 were disposed of in the six months ended 30 June 2010 (30 June 2009: £23,000; 31 December 2009: £45,000), resulting in a gain on disposal of £36,000 (30 June 2009: £2,000; 31 December 2009: £20,000).

9 Intangible assets

	Goodwill £'000	Acquired client relationships £'000	Software development costs £'000	Purchased software £'000	Total £'000
Cost					
At 1 January 2010	47,241	36,298	2,236	11,757	97,532
Internally developed in the period			153		153
Purchased in the period		11,879		756	12,635
At 30 June 2010	47,241	48,177	2,389	12,513	110,320
Amortisation					
At 1 January 2010	-	4,758	1,425	9,376	15,559
Charge in the period	-	2,071	143	491	2,705
At 30 June 2010	-	6,829	1,568	9,867	18,264
Carrying value at 30 June 2010	47,241	41,348	821	2,646	92,056
Carrying value at 31 December 2009	47,241	31,540	811	2,381	81,973

10 Deposits by banks

Included within deposits by banks is an unsecured term loan of £4,622,000 (30 June 2009: £7,688,000; 31 December 2009: £6,155,000) which is repayable within one year. Interest is payable on the loan at 0.7% above the London Inter-Bank Offer Rate. On 30 June 2010, deposits by banks included overnight overdraft balances of £1,453,000 (30 June 2009: £2,472,000; 31 December 2009: £1,224,000).

11 Provisions for liabilities and charges

	Other payables £'000	Client compensation £'000	Litigation related and other £'000	Total £'000
At 1 January 2010	16,817	801	131	17,749
Charged to the income statement	-	434	290	724
Unused amount credited to profit or loss	-	(20)	-	(20)
Net charge to the income statement	-	414	290	704
Other movements (i)	7,581	-	-	7,581
Utilised/paid during the period	(19,744)	(8)	(93)	(19,845)
As at 30 June 2010	4,654	1,207	328	6,189
Current	2,449	1,207	328	3,984
Non-current	2,205	-	-	2,205
	4,654	1,207	328	6,189

(i) Other movements in provisions relate to deferred payments to investment managers and third parties for the introduction of client relationships, which have been capitalised and include £4,385,000 (30 June 2009: £nil; 31 December 2009: £11,486,000) in relation to the agreement to acquire certain discretionary investment management activities from Lloyds Banking Group (note 3).

12 Long term employee benefits

The Group operates two defined benefit pension schemes providing benefits based on pensionable salary 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 2010 % p.a.	Unaudited 30 June 2009 % p.a.	Audited 31 December 2009 % p.a.
Rate of increase in salaries	4.55	4.75	4.85
Rate of increase of pensions in payment:			
- Laurence Keen Scheme	*3.50	*3.60	*3.70
- Rathbones 1987 Scheme	*3.20	*3.40	*3.50
Rate of increase of deferred pensions	3.30	3.50	3.60
Discount rate	5.30	5.80	5.70
Inflation assumption	3.30	3.50	3.60

* 5% for service prior to April 2001

Normal retirement age is 65 for both schemes. The assumed life expectations of members retiring, aged 65 were:

	Unaudited 30 June 2010 Males	Unaudited 30 June 2010 Females	Unaudited 30 June 2009 Males	Unaudited 30 June 2009 Females	Audited 31 December 2009 Males	Audited 31 December 2009 Females
Retiring today	22.1	24.3	22.0	24.2	22.0	24.2
Retiring in 20 years	23.7	25.4	23.6	25.4	23.6	25.4

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

	Unaudited 30 June 2010 £'000	Unaudited 30 June 2009 £'000	Audited 31 December 2009 £'000
Present value of defined benefit obligations	(94,512)	(79,802)	(85,577)
Fair value of scheme assets	79,883	60,783	77,254
Deficit in schemes	(14,629)	(19,019)	(8,323)
Death in service benefit reserve (unfunded)	(1,120)	(1,291)	(1,090)
Total deficit	(15,749)	(20,310)	(9,413)

The Group made special contributions of £2,336,000 during the period (30 June 2009: £1,980,000 and 31 December 2009: £3,190,000) into its pension schemes.

13 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 2009	42,858,196		2,143	28,957	31,100
Shares issued:					
- to share incentive plan	83,505	796.0	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
Shares issued:					
- to share incentive plan	82,295	795.0	4	650	654
- on exercise of options	59,212	415.0 - 852.0	3	337	340
At 31 December 2009 and 30 June 2010	43,296,330		2,165	31,756	33,921

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 of client related companies in the normal course of business.
- (b) Capital expenditure authorised and contracted for at 30 June 2010 but not provided in the accounts amounted to £301,000 (30 June 2009: £235,000 and 31 December 2009: £592,000).
- (c) The contractual amounts of the Group's commitments to extend credit to its clients are as follows:

	Unaudited Six months to 30 June 2010 £'000	Unaudited Six months to 30 June 2009 £'000	Audited Year to 31 December 2009 £'000
Guarantees	5	788	5
Undrawn commitments to lend of 1 year or less	11,524	5,827	5,260
	11,529	6,615	5,265

The fair value of the guarantees is £nil (30 June 2009 and 31 December 2009: £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 Six months to 30 June 2010 £'000	Unaudited Six months to 30 June 2009 £'000	Audited Year to 31 December 2009 £'000
Cash and balances at central banks	2	3	5
Loans and advances to banks	41,601	88,941	55,039
Available for sale investment securities	121,049	118,000	84,000
	162,652	206,944	139,044

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 2010 £'000	Unaudited Six months to 30 June 2009 £'000	Audited Year to 31 December 2009 £'000
Share capital issued (note 13)	-	15	22
Share premium on shares issued (note 13)	-	1,812	2,799
Shares issued in relation to share-based schemes for which no cash consideration was received	-	(309)	(628)
	-	1,518	2,193

16 Related party transactions

At 30 June 2010 key management and their close family members had gross outstanding deposits of £625,000 (30 June 2009: £1,668,000; 31 December 2009: £1,178,000) and gross outstanding loans of £203,000 (30 June 2009: £221,000; 31 December 2009: £193,000), 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.

All 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 2009. There have been no changes to the principal risks or the policies to manage these risks during the six months ended 30 June 2010.

19 Events after the balance sheet date

There have been no material events occurring between the balance sheet date and the date of signing this report.

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 2010, which comprises the Consolidated interim income statement, Consolidated interim balance sheet, Consolidated interim cash flow statement, 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 2010 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FSA.

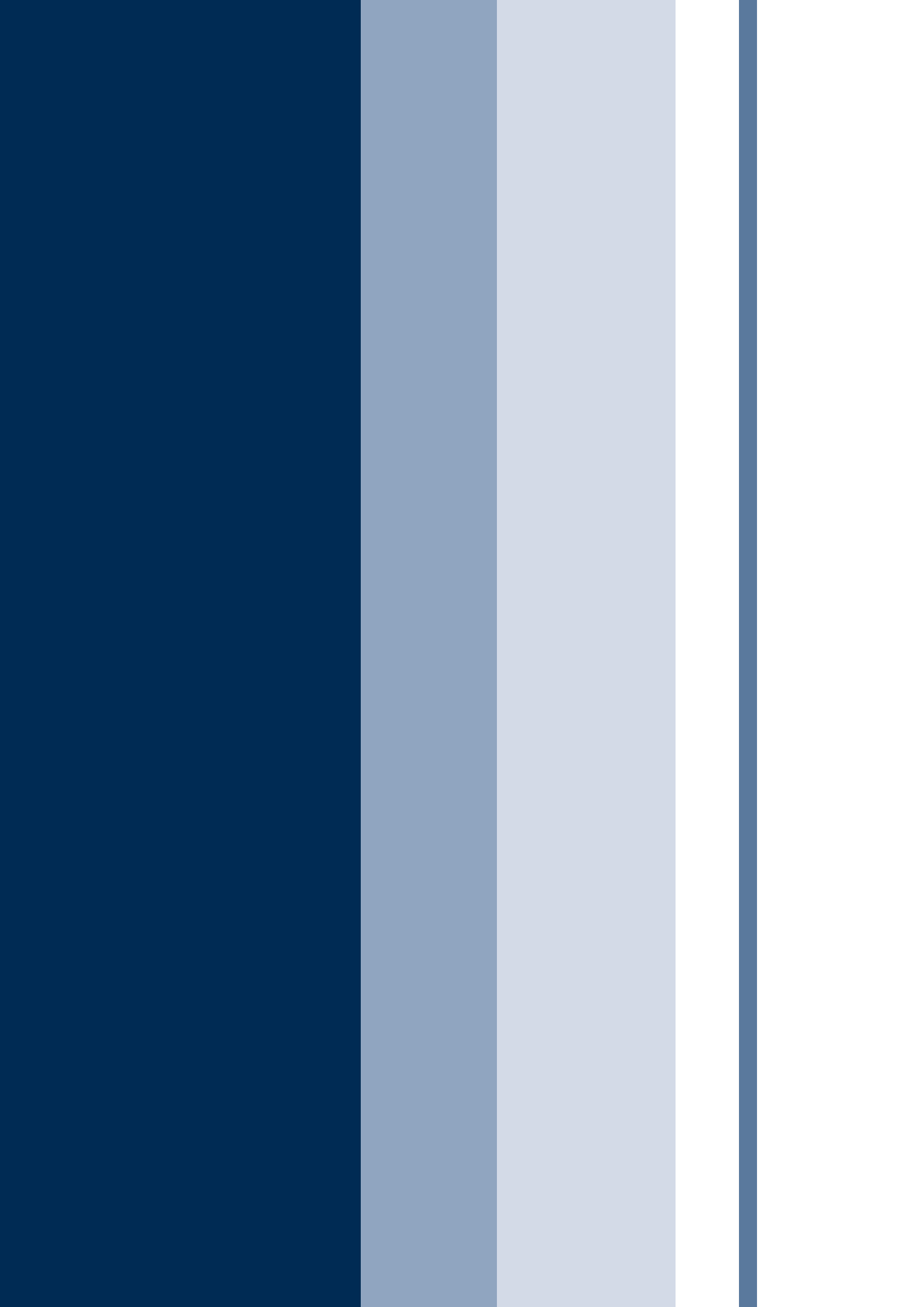
I Cummings on behalf of KPMG Audit Plc

Chartered Accountants
15 Canada Square
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27 July 2010



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