Rathbone Brothers Plc
Interim statement 2013

Rathbones
Established 1742

Contents

Rathbone Brothers Plc

Rathbone Brothers Plc is a leading provider of high-quality, personalised investment and wealth management services for private clients, charities and trustees. This includes discretionary investment management, unit trusts, tax planning, trust and company management, pension advice and banking services.

As at 30 June 2013, Rathbones managed £19.9 billion of client funds, of which £18.4 billion were managed by Rathbone Investment Management.

Report and accounts online

We aim to provide easy and transparent access to shareholder information. As well as the printed annual report and accounts, we offer an easily navigable bookmarked PDF via our website.

This interim statement, as well as previous corporate reports, results presentations and videos summarising our full and half year results, can be found in the investor relations section of our website:

www.rathbones.com/investor-relations

Half year highlights

Financial highlights

Funds under management[1]

30 June 2013: £19.9bn
30 June 2012: £16.6bn
31 December 2012: £18.0bn

+10.6%

Operating income

Half year 2013: £88.1m
Half year 2012: £77.7m
Full year 2012: £155.6m

+13.4%

Underlying[2] **profit before tax**

Half year 2013: £26.1m
Half year 2012[3]: £23.1m
Full year 2012[3]: £44.8m

+13.0%

Profit before tax

Half year 2013: £23.2m
Half year 2012[3]: £19.8m
Full year 2012[3]: £38.5m

+17.2%

Underlying[2] **earnings per share**

Half year 2013: 43.5p
Half year 2012[3]: 40.4p
Full year 2012[3]: 77.4p

+7.7%

Basic earnings per share

Half year 2013: 38.6p
Half year 2012[3]: 34.6p
Full year 2012[3]: 66.5p

+11.6%

Dividends paid and proposed per share

Half year 2013: 18.0p
Half year 2012: 17.0p
Full year 2012: 47.0p

+5.9%

1 % change from 31 December 2012
2 Underlying profit before tax and underlying earnings per share exclude amortisation of client relationships and head office relocation costs
3 Restated for the effect of changes to accounting standards (see note 1)

Interim management report

Mark Nicholls
Chairman

Andy Pomfret
Chief Executive

Results and financial highlights

To date we have seen more positive investment markets in 2013 and this, together with continued growth in our funds under management, is reflected in a profit before tax in the first half of £23.2 million; up 17.2% on the £19.8 million reported for the same period last year. The higher number of shares in issue following our placing in November 2012 is included in our earnings per share, which increased 11.6% to 38.6p (2012: 34.6p). Underlying profit before tax (stated before amortisation of client relationships and head office relocation costs) was £26.1 million, up 13.0% on £23.1 million in 2012.

2013 has been positive for investment markets and this, together with continued growth in our funds under management, is reflected in a profit before tax in the first half of £23.2 million.

Growth (net organic and acquired) in the funds managed by our investment management business was £780 million in the first half of 2013 (2012: £497 million), representing an annualised growth rate of 9.3% (2012: 6.7%). Our net organic growth of £327 million represents an annualised rate of 3.9% (2012: 3.7%), with our charity team in particular reporting a strong six months. We also welcomed the clients of Taylor Young Investment Management who brought some £358 million of funds under management to Rathbones. Total acquired growth was £453 million in the first half.

Rathbone Unit Trust Management continues to make steady progress in spite of a poor backdrop for industry sales and attracted £67 million of net inflows in the first half of 2013 (2012: net inflows of £32 million). It was named 'Best Income Wealth Manager 2013' by the Financial Times and Investors Chronicle in June 2013.

Our interim dividend has been increased to 18.0p per share and will be paid on 9 October 2013.

Financial markets

Positive sentiment returned to equity markets in the first half of 2013. Markets, as measured by the FTSE 100 Index, were close to their all time high in May although uncertainty over the speed of recovery in key economies resulted in sharp falls in June. This may typify what we will see in the coming months as markets attempt to factor in future growth and inflation expectations versus the impact of government monetary policy in key economies. Nervousness in bond markets was very evident in the first four months of 2013 and rising yields in the latter part of the first half suggested that rate rises were more possible, although recent sentiment has been tempered by comments from Mark Carney, the new Governor of the Bank of England.

The FTSE 100 Index ended the half year at 6216, up 5.4% from 5898 at 31 December 2012 and the FTSE APCIMS Balanced Index was 3230 at 30 June 2013, 5.5% higher than it was at 31 December 2012. Over the first half, Rathbones funds under management increased 10.6% to £19.9 billion.

Credit conditions have been relatively benign in the period with headline threats to Eurozone stability largely limited to the crisis in Cyprus. Risks remain however and we continue to select carefully the counterparties with whom we invest the cash that we hold on a banking basis for our investment management clients. Our treasury portfolio remains conservatively positioned with all counterparties attracting a minimum Fitch rating of A at 30 June 2013 and £213 million in our account with the Bank of England (31 December 2012: £116 million). Yields in interbank markets remain depressed as financial institutions continue to be able to access cheap liquidity from a wide variety of sources. Our overall net interest margin has therefore continued to decline.

Our loan book has grown steadily with loans outstanding to clients of £73.6 million at 30 June 2013, up 13.1% from the £65.1 million outstanding at 31 December 2012. We remain keen to expand this part of our business without changing our lending criteria.

Business review

We continue to attract new funds under management and now have over 40,000 clients. Although we continue to see some clients withdrawing capital from their portfolios to maintain their lifestyle, net organic growth remains positive. We opened offices in Newcastle and Lymington during the period and are confident that these teams will be able to grow the business and establish a strong presence in these regions.

In addition to the hard work put in by our investment teams we are seeing the benefits from developing our investment process and supporting systems. In May, Rathbone Unit Trust Management were awarded a global pension mandate for some £70 million of funds from Scottish Life which we expect to arrive in two tranches over the third and fourth quarters.

We continue to attract new funds under management and now have over 40,000 clients.

Rathbones was named 'Charity Investment Manager of the Year' at the Citywealth Magic Circle Awards in May and we have been shortlisted for Charity Times' 'Investment Management' 2013 award to be presented in October 2013. We were also nominated for the Citywealth Magic Circle 'Institutional Private Client Asset Manager of the Year' award and our international investment management business in Jersey was named 'Best Wealth Manager (Jersey, Guernsey & Isle of Man)' at the inaugural Wealth Adviser Awards in March.

Net fee income of £54.5 million (2012: £47.6 million) was 14.5% higher than in the first half of 2012 reflecting the continued growth in the business and higher markets. The average FTSE 100 Index based on our key quarterly billing dates was 6233, up 10.4% from an average of 5647 in the corresponding period last year. Net commission income of £23.2 million was strong against last year (2012: £19.9 million) largely reflecting the impact of improved market conditions. Trail commission received in the first half of 2013 was £0.3 million compared to £1.1 million in 2012. Net interest income of £4.2 million (2012: £5.1 million) in the first half was down 17.6% as lower yields on treasury assets offset an increase in average liquidity to £1,111 million (2012: £1,061 million). Fees from advisory services, now reported with other income, increased to £4.3 million (2012: £4.0 million).

Rathbones' outlook remains positive and at the date of this report, we manage over £20 billion of funds.

Underlying operating expenses (which exclude amortisation of client relationships and head office relocation costs) were £62.0 million, up 13.6% on the £54.6 million last year. This largely reflects salary inflation, a 5.8% increase in average full time equivalent headcount to 821 from 776 in June 2012, higher variable awards (reflecting higher profit levels, continued growth and a strong share price performance, which impacts the charge for LTIP awards) and the costs of new offices in Newcastle and Lymington of £0.8 million. Operating costs in the first half also include £0.8 million of legal fees arising in connection with our proceedings to confirm insurance cover against the insurers of the excess layer of our civil liability (professional indemnity) policy and the related proceedings in Jersey. These costs are likely to increase in the second half, not least because the trial of the insurance claim will start on 7 October 2013.

Our balance sheet at 30 June 2013 has changed a little from the end of 2012. Total equity increased 6.8% from £229.5 million at 31 December 2012 to £245.0 million at 30 June 2013, and increases in long term bond yields and asset values positively impacted our defined benefit pension schemes which moved into a surplus of £9.3 million at 30 June 2013 (31 December 2012: deficit of £2.1 million).

Related party transactions and balances for the half year ended 30 June 2013 are set out in note 17 to the condensed consolidated interim financial statements.

Regulation

The regulatory environment changed significantly in the first six months with the Prudential Regulation Authority and the Financial Conduct Authority formally coming into being on 1 April 2013. We are fortunate in having a named team looking after us at both regulators and we are committed to working with them closely over the coming years.

We await final rules as to how planned European Commission legislation impacting banks' remuneration policies will affect our business and will consider any response to this carefully.

Risks and key judgements

Risk management is an important part of our agenda and the group risk committee continues to work hard to ensure that we strive for best practice in our risk management within an appropriate risk reporting framework.

The principal risks that face Rathbones in 2013 are described in the group risk committee report on pages 27 to 31 of our 2012 annual report and accounts; little has changed in the first half of 2013. We continue to regard the key risks to Rathbones as arising from the growth of the business and from the need to adapt to regulatory change in our sector. We have not identified any new principal risks and uncertainties that we are likely to face in the second half of the financial year. There has been no material change to the Board's view of the legal proceedings referred to on page 7 of our 2012 annual report and accounts, and note 15 of the 2013 condensed consolidated interim financial statements.

The principal areas of judgement and uncertainty in preparing this interim statement are unchanged from those set out in note 2 to the consolidated financial statements as presented in our 2012 annual report and accounts.

Board and management changes

As we referred to in our 2012 annual report and accounts, Philip Howell joined Rathbones in March 2013 as deputy chief executive and two directors stood down at our Annual General Meeting in May 2013. Our search for a new non-executive director is well advanced.

Looking ahead

Rathbones' outlook remains positive and at the date of this report, we manage over £20 billion of funds. Our continued focus on client service and controlled investment in people and systems ensures that we are well placed to take advantage of healthier investment markets and future growth opportunities.

Mark Nicholls
Chairman

Andy Pomfret
Chief Executive

31 July 2013

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.

Statement of directors' responsibilities in respect of the interim statement

We confirm to the best of our knowledge that:

- the condensed set of financial statements have been prepared in accordance with IAS 34 '*Interim Financial Reporting*' as adopted by the EU;
- the interim management report includes a fair view of the information required by:
  a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
  b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

Andy Pomfret
Chief Executive

31 July 2013

Condensed consolidated interim financial statements

Consolidated interim statement of comprehensive income

for the six months ended 30 June 2013

	Note	**Unaudited Six months to 30 June 2013 £'000**	Unaudited Six months to 30 June 2012 £'000 (restated - note 1)	Audited Year to 31 December 2012 £'000 (restated - note 1)
Interest and similar income		**4,540**	5,705	11,162
Interest expense and similar charges		**(302)**	(645)	(1,258)
Net interest income		**4,238**	5,060	9,904
Fee and commission income		**85,991**	76,935	152,154
Fee and commission expense		**(4,001)**	(5,438)	(8,756)
Net fee and commission income		**81,990**	71,497	143,398
Dividend income		**29**	28	110
Net trading income		**569**	306	562
Other operating income		**1,209**	839	1,586
Share of profit of associates		**66**	-	21
Operating income		**88,101**	77,730	155,581
Amortisation of acquired client relationships	10	**(2,876)**	(3,007)	(6,025)
Head office relocation costs	3	**-**	(301)	(300)
Other operating expenses		**(62,001)**	(54,640)	(110,752)
Operating expenses		**(64,877)**	(57,948)	(117,077)
Profit before tax		**23,224**	19,782	38,504
Taxation	5	**(5,615)**	(4,830)	(9,521)
Profit for the period attributable to equity holders of the Company		**17,609**	14,952	28,983
Other comprehensive income:				
Items that will not be reclassified to profit or loss				
Net remeasurement of defined benefit asset/liability		**9,671**	(602)	968
Deferred tax relating of net remeasurement of defined benefit asset/liability		**(2,224)**	21	(474)
Items that may be reclassified to profit or loss				
Net gain from changes in fair value of available for sale investment securities		**824**	640	923
Deferred tax relating to revaluation of available for sale investment securities		**(190)**	(124)	(154)
Other comprehensive income net of tax		**8,081**	(65)	1,263
Total comprehensive income for the period net of tax attributable to equity holders of the Company		**25,690**	14,887	30,246
Dividends paid and proposed for the period per ordinary share	6	**18.0p**	17.0p	47.0p
Dividends paid and proposed for the period		**8,322**	7,448	21,220
Earnings per share for the period attributable to equity holders of the Company:	7			
- basic		**38.6p**	34.6p	66.5p
- diluted		**38.4p**	34.3p	65.9p

The accompanying notes form an integral part of the condensed consolidated interim financial statements.

Consolidated interim statement of changes in equity

for the six months ended 30 June 2013

	Note	Share capital £'000	Share premium £'000	Merger reserve £'000	Available for sale reserve £'000	Own shares £'000	(restated - note 1) Retained earnings £'000	(restated - note 1) Total equity £'000
At 1 January 2012		2,178	34,216	31,835	2,179	(4,729)	124,974	190,653
Profit for the period							14,952	14,952
Net remeasurement of defined benefit liability							(602)	(602)
Revaluation of available for sale investment securities					640			640
Deferred tax relating to components of other comprehensive income					(124)		21	(103)
Other comprehensive income net of tax		-	-	-	516	-	(581)	(65)
Dividends paid							(12,640)	(12,640)
Issue of share capital	13	16	3,180					3,196
Share-based payments:								
- value of employee services							1,015	1,015
- cost of own shares acquired						(1,321)		(1,321)
- cost of own shares vesting						242	(242)	-
- tax on share-based payments							48	48
At 30 June 2012 (unaudited)		2,194	37,396	31,835	2,695	(5,808)	127,526	195,838
Profit for the period							14,031	14,031
Net remeasurement of defined benefit liability							1,570	1,570
Revaluation of available for sale investment securities					283			283
Deferred tax relating to components of other comprehensive income					(30)		(495)	(525)
Other comprehensive income net of tax		-	-	-	253	-	1,075	1,328
Dividends paid							(7,434)	(7,434)
Issue of share capital	13	104	24,764					24,868
Share-based payments:								
- value of employee services							1,114	1,114
- cost of own shares acquired						(309)		(309)
- cost of own shares vesting						273	(273)	-
- tax on share-based payments							57	57
At 31 December 2012 (audited)		**2,298**	**62,160**	**31,835**	**2,948**	**(5,844)**	**136,096**	**229,493**
Profit for the period							**17,609**	**17,609**
Net remeasurement of defined benefit asset							**9,671**	**9,671**
Revaluation of available for sale investment securities					**824**			**824**
Deferred tax relating to components of other comprehensive income					**(190)**		**(2,224)**	**(2,414)**
Other comprehensive income net of tax		**-**	**-**	**-**	**634**	**-**	**7,447**	**8,081**
Dividends paid							**(13,800)**	**(13,800)**
Issue of share capital	13	**14**	**2,546**					**2,560**
Share-based payments:								
- value of employee services							**1,300**	**1,300**
- cost of own shares acquired						**(289)**		**(289)**
- cost of own shares vesting						**446**	**(446)**	**-**
- tax on share-based payments							**19**	**19**
At 30 June 2013 (unaudited)		**2,312**	**64,706**	**31,835**	**3,582**	**(5,687)**	**148,225**	**244,973**

The accompanying notes form an integral part of the condensed consolidated interim financial statements.

Consolidated interim balance sheet

as at 30 June 2013

	Note	**Unaudited 30 June 2013 £'000**	Unaudited 30 June 2012 £'000	Audited 31 December 2012 £'000
Assets				
Cash and balances with central banks		**213,004**	5	116,003
Settlement balances		**44,157**	41,857	12,606
Loans and advances to banks		**135,908**	126,864	169,795
Loans and advances to customers	8	**81,085**	55,923	71,711
Investment securities:				
- available for sale		**37,799**	55,421	55,749
- held to maturity		**606,008**	784,027	559,025
Prepayments, accrued income and other assets		**43,561**	39,917	40,279
Property, plant and equipment	9	**12,067**	12,741	11,950
Deferred tax asset		**-**	2,083	1,930
Investment in associates		**1,288**	-	1,237
Intangible assets	10	**105,808**	95,312	97,423
Surplus on retirement benefit schemes	12	**9,297**	-	-
Total assets		**1,289,982**	1,214,150	1,137,708
Liabilities				
Deposits by banks		**-**	-	518
Settlement balances		**60,012**	30,754	18,592
Due to customers		**928,952**	930,246	828,443
Accruals, deferred income and other liabilities		**38,938**	38,652	43,795
Current tax liabilities		**4,618**	3,835	3,528
Provisions for liabilities and charges	11	**11,419**	9,390	11,209
Deferred tax liability		**1,070**	-	-
Retirement benefit obligations	12	**-**	5,435	2,130
Total liabilities		**1,045,009**	1,018,312	908,215
Equity				
Share capital	13	**2,312**	2,194	2,298
Share premium	13	**64,706**	37,396	62,160
Merger reserve		**31,835**	31,835	31,835
Available for sale reserve		**3,582**	2,695	2,948
Own shares		**(5,687)**	(5,808)	(5,844)
Retained earnings		**148,225**	127,526	136,096
Total equity		**244,973**	195,838	229,493
Total liabilities and equity		**1,289,982**	1,214,150	1,137,708

The condensed consolidated interim financial statements were approved by the Board of directors and authorised for issue on 31 July 2013 and were signed on their behalf by:

Andy Pomfret
Chief Executive

Paul Stockton
Finance Director

Company registered number: 01000403

The accompanying notes form an integral part of the condensed consolidated interim financial statements.

Consolidated interim statement of cash flows

for the six months ended 30 June 2013

	Note	**Unaudited Six months to 30 June 2013 £'000**	Unaudited Six months to 30 June 2012 £'000 (restated - note 1)	Audited Year to 31 December 2012 £'000 (restated - note 1)
Cash flows from operating activities				
Profit before tax		**23,224**	19,782	38,504
Share of profit of associates		**(66)**	-	(21)
Net interest income		**(4,238)**	(5,060)	(9,904)
Net impairment charges on impaired loans and advances		**6**	2	801
Net charge/(release) for provisions	11	**89**	(325)	290
Profit on disposal of property, plant and equipment		**-**	(12)	(9)
Depreciation and amortisation		**4,967**	5,035	10,237
Defined benefit pension scheme charges		**1,570**	1,646	3,167
Defined benefit pension contributions paid		**(3,326)**	(4,156)	(7,409)
Share-based payment charges		**2,410**	1,620	3,232
Interest paid		**(318)**	(666)	(1,272)
Interest received		**5,611**	7,499	12,523
		29,929	25,365	50,139
Changes in operating assets and liabilities:				
- net decrease/(increase) in loans and advances to banks and customers		**10,242**	(8,385)	(131,154)
- net (increase)/decrease in settlement balance debtors		**(31,551)**	(28,414)	837
- net increase in prepayments, accrued income and other assets		**(4,352)**	(3,047)	(3,209)
- net increase/(decrease) in amounts due to customers and deposits by banks		**99,993**	21,079	(80,208)
- net increase/(decrease) in settlement balance creditors		**41,420**	8,558	(3,604)
- net decrease in accruals, deferred income, provisions and other liabilities		**(6,154)**	(6,480)	(742)
Cash generated from/(used in) operations		**139,527**	8,676	(167,941)
Tax paid		**(3,921)**	(3,573)	(8,885)
Net cash inflow/(outflow) from operating activities		**135,606**	5,103	(176,826)
Cash flows from investing activities				
Dividends received from associates		**15**	-	-
Purchase of equity-accounted associate		**-**	-	(1,216)
Acquisition of subsidiaries, net of cash acquired		**-**	(519)	(1,244)
Purchase of property, equipment and intangible assets		**(13,269)**	(5,993)	(11,690)
Proceeds from sale of property, plant and equipment		**-**	43	42
Purchase of investment securities		**(511,008)**	(916,244)	(1,353,137)
Proceeds from sale and redemption of investment securities		**464,025**	975,983	1,638,004
Net cash (used in)/generated from investing activities		**(60,237)**	53,270	270,759
Cash flows from financing activities				
Issue of ordinary shares	16	**2,271**	1,875	26,434
Dividends paid		**(13,800)**	(12,640)	(20,074)
Net cash (used in)/generated from financing activities		**(11,529)**	(10,765)	6,360
Net increase in cash and cash equivalents		**63,840**	47,608	100,293
Cash and cash equivalents at the beginning of the period		**230,165**	129,872	129,872
Cash and cash equivalents at the end of the period	16	**294,005**	177,480	230,165

The accompanying notes form an integral part of the condensed consolidated interim financial statements.

Notes to the consolidated interim financial statements

1 Basis of preparation

Rathbone Brothers Plc ('the Company') is the parent company of a group of companies ('the Group') that provides personalised investment and wealth management services for private clients, charities and trustees. The Group also provides financial planning, private banking, offshore fund management and trust administration services. The Group's primary activities are set out in our business model on pages 8 and 9 of the annual report and accounts for the year ended 31 December 2012 and have not materially changed since that date.

These condensed consolidated interim financial statements are presented in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU. The condensed consolidated interim financial statements have been prepared on a going concern basis, using the accounting policies, methods of computation and presentation set out in the Group's financial statements for the year ended 31 December 2012 except as disclosed below. The condensed consolidated interim financial statements should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2012, which are prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRS).

The information in this announcement does not comprise statutory financial statements within the meaning of section 434 of the Companies Act 2006. The Group's financial statements for the year ended 31 December 2012 have been reported on by its auditors and delivered to the Registrar of Companies. The report of the auditors on those financial statements was unqualified and did not draw attention to any matters by way of emphasis. It also did not contain a statement under section 498 of the Companies Act 2006.

Developments in reporting standards and interpretations

Standards affecting the financial statements

In the current period, the Group has adopted the amendments to IAS 19 'Employee Benefits', which has affected the amounts reported in these financial statements.

The Group has changed its accounting policy with respect to the basis for determining the income or expense related to defined benefit pension schemes ('Schemes'). Under IAS 19, the Group determines the net interest income or expense for the period arising on the Schemes by applying a single discount rate, based on the long-term return on high quality corporate bonds, to the net surplus or deficit at the beginning of the reporting period; taking into account any changes during the period as a result of contributions and benefit payments. Previously, the Group determined interest income on Schemes' assets based on the long-term rate of expected return on those assets.

The amendments to IAS 19 have reduced profit after tax by £131,000 and increased the remeasurements in other comprehensive income by the same amount. There has been no impact on shareholders' equity or total assets. Comparatives have been restated for the impact of the change. Profit after tax for the six months ended 30 June 2012 has been reduced by £109,000 and profit after tax for the year ended 31 December 2012 has been reduced by £233,000.

Standards not affecting the reported results or the financial position

The following new and revised standards and interpretations have been adopted in the current year. Their adoption has not had any significant impact on the amounts reported in these financial statements but may impact the accounting for future transactions and arrangements.

- IFRS 10 'Consolidated Financial Statements'*
- IFRS 11 'Joint Arrangements'*
- IFRS 12 'Disclosure of Interests in Other Entities'*
- IFRS 13 'Fair Value Measurements'

*These standards were adopted early. Mandatory adoption is required from 1 January 2014.

New standards and interpretations

A number of new standards and amendments to standards and interpretations are effective for annual and interim periods beginning after 1 January 2013 and, therefore, have not been applied in preparing these condensed consolidated interim financial statements. None of these is expected to have a significant effect on the condensed consolidated interim financial statements and the consolidated financial statements of the Group, except for IFRS 9 'Financial Instruments', which is not expected to become mandatory for periods commencing before 1 January 2015. The Group does not plan to adopt this standard early and the extent of the impact has not been determined. This standard has not yet been adopted by the EU. IFRS 9 'Financial Instruments' could change the classification and measurement of financial assets.

2 Segmental information

For management purposes, the Group is currently organised into two operating divisions: Investment Management and Unit Trusts. The information presented in this note follows the presentation for internal reporting to the executive committee.

Six months ended 30 June 2013 (unaudited)	Investment Management £'000	Unit Trusts £'000	Total £'000
Net investment management fee income	**50,062**	**4,425**	**54,487**
Net commission income	**23,188**	**-**	**23,188**
Net interest income	**4,238**	**-**	**4,238**
Fees from advisory services and other income	**5,529**	**659**	**6,188**
Operating income	**83,017**	**5,084**	**88,101**
Staff costs - fixed	**(20,166)**	**(1,577)**	**(21,743)**
Staff costs - variable	**(10,240)**	**(610)**	**(10,850)**
Total staff costs	**(30,406)**	**(2,187)**	**(32,593)**
Other direct expenses	**(8,882)**	**(1,186)**	**(10,068)**
Allocation of indirect expenses	**(18,157)**	**(1,183)**	**(19,340)**
Underlying operating expenses	**(57,445)**	**(4,556)**	**(62,001)**
Underlying profit before tax	**25,572**	**528**	**26,100**
Amortisation of client relationships (note 10)	**(2,876)**	**-**	**(2,876)**
Segment profit before tax	**22,696**	**528**	**23,224**
Taxation (note 5)			**(5,615)**
Profit for the period attributable to equity holders of the Company			**17,609**
Segment total assets	**1,247,549**	**25,619**	**1,273,168**
Unallocated assets			**16,814**
Total assets			**1,289,982**

Six months ended 30 June 2012 (unaudited) (restated - note 1)	Investment Management £'000	Unit Trusts £'000	Total £'000
Net investment management fee income	43,609	3,982	47,591
Net commission income	19,851	-	19,851
Net interest income	5,060	-	5,060
Fees from advisory services and other income	4,831	397	5,228
Operating income	73,351	4,379	77,730
Staff costs - fixed	(18,318)	(1,467)	(19,785)
Staff costs - variable	(8,715)	(501)	(9,216)
Total staff costs	(27,033)	(1,968)	(29,001)
Other direct expenses	(7,293)	(991)	(8,284)
Allocation of indirect expenses	(16,210)	(1,145)	(17,355)
Underlying operating expenses	(50,536)	(4,104)	(54,640)
Underlying profit before tax	22,815	275	23,090
Amortisation of client relationships	(3,007)	-	(3,007)
Segment profit before tax	19,808	275	20,083
Head office relocation costs (unallocated) (note 3)			(301)
Profit before tax			19,782
Taxation (note 5)			(4,830)
Profit for the period attributable to equity holders of the Company			14,952
Segment total assets	1,184,437	19,481	1,203,918
Unallocated assets			10,232
Total assets			1,214,150

2 Segmental information continued

Year ended 31 December 2012 (audited) (restated - note 1)	Investment Management £'000	Unit Trusts £'000	Total £'000
Net investment management fee income	89,607	8,160	97,767
Net commission income	37,403	-	37,403
Net interest income	9,904	-	9,904
Fees from advisory services and other income	9,766	741	10,507
Operating income	146,680	8,901	155,581
Staff costs - fixed	(36,348)	(2,892)	(39,240)
Staff costs - variable	(16,774)	(913)	(17,687)
Total staff costs	(53,122)	(3,805)	(56,927)
Other direct expenses	(16,052)	(2,189)	(18,241)
Allocation of indirect expenses	(33,228)	(2,356)	(35,584)
Underlying operating expenses	(102,402)	(8,350)	(110,752)
Underlying profit before tax	44,278	551	44,829
Amortisation of client relationships	(6,025)	-	(6,025)
Segment profit before tax	38,253	551	38,804
Head office relocation costs (unallocated) (note 3)			(300)
Profit before tax			38,504
Taxation (note 5)			(9,521)
Profit for the year attributable to equity holders of the Company			28,983
Segment total assets	1,102,144	19,837	1,121,981
Unallocated assets			15,727
Total assets			1,137,708

Included within Investment Management operating income is £415,000 (30 June 2012: £869,000; 31 December 2012: £1,797,000) of fees and commissions 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; principally the headcount of staff directly involved in providing those services from which the segment earns revenues, the value of funds under management and the segment's total revenue.

Geographic analysis

The following table presents operating income analysed by the geographical location of the Group entity providing the service:

	Unaudited Six months to 30 June 2013 £'000	Unaudited Six months to 30 June 2012 £'000	Audited Year to 31 December 2012 £'000
United Kingdom	**85,371**	75,441	150,822
Jersey	**2,730**	2,289	4,759
Operating income	**88,101**	77,730	155,581

The Group's non-current assets are all substantially located in the United Kingdom.

Major clients

The Group is not reliant on any one client or group of connected clients for generation of revenues. At 30 June 2013, the Group provided investment management services to over 40,000 clients.

3 Operating expenses

Rathbones completed the move of its head office premises to 1 Curzon Street, London W1J 5FB, on 27 February 2012. No charges relating to the move have been recognised in the six months ended 30 June 2013 (six months ended 30 June 2012: £301,000; year ended 31 December 2012: £300,000). During the second half of 2012, accruals were adjusted for the actual invoices received.

4 Staff numbers

The average number of employees, on a full time equivalent basis, during the period was as follows:

	Unaudited Six months to 30 June 2013	Unaudited Six months to 30 June 2012	Audited Year to 31 December 2012
Investment Management:			
- investment management services	**501**	472	483
- advisory services	**69**	68	67
Unit Trusts	**30**	30	30
Shared services	**221**	206	209
	821	776	789

5 Taxation

The tax expense for the six months ended 30 June 2013 was calculated based on the estimated average annual effective tax rate. The overall effective tax rate for this period was 24.2% (30 June 2012: 24.4%; 31 December 2012: 24.7%).

	Unaudited Six months to 30 June 2013 £'000	Unaudited Six months to 30 June 2012 £'000 (restated - note 1)	Audited Year to 31 December 2012 £'000 (restated - note 1)
United Kingdom taxation	**4,986**	3,802	8,786
Overseas taxation	**24**	32	54
Deferred taxation	**605**	996	681
	5,615	4,830	9,521

The UK Government has proposed that the UK corporation tax rate be reduced to 20.0% over the three years from 2012. At 30 June 2013 only an element of this reduction, taking the UK tax rate to 23.0% from April 2013, had been substantively enacted. The underlying UK corporation tax rate for the year ending 31 December 2013 is 23.2% (2012: 24.5%). Further reductions in the UK tax rate to 21.0% with effect from 1 April 2014 and 20.0% with effect from 1 April 2015 were substantively enacted on 2 July 2013; the impact of these would be to reduce the Group's deferred tax liability by £212,000 at 30 June 2013.

Deferred tax assets and liabilities are calculated at the rate that is expected to be in force when the temporary differences unwind, but limited to the extent that such rates have been substantively enacted.

6 Dividends

An interim dividend of 18.0p per share is payable on 9 October 2013 to shareholders on the register at the close of business on 13 September 2013 (30 June 2012: 17.0p). In accordance with International Accounting Standards, the interim dividend has not been included as a liability in this interim statement. A final dividend for 2012 of 30.0p per share was paid on 16 May 2013.

7 Earnings per share

Earnings used to calculate earnings per share on the bases reported in these condensed consolidated interim financial statements were:

	Unaudited		Unaudited		Audited	
	Six months to 30 June 2013		Six months to 30 June 2012		Year to 31 December 2012	
	Pre-tax	**Post-tax**	Pre-tax	Post-tax	Pre-tax	Post-tax
	£'000	**£'000**	£'000	£'000	£'000	£'000
			(restated - note 1)		(restated - note 1)	
Underlying profit attributable to shareholders	**26,100**	**19,816**	23,090	17,449	44,829	33,759
Amortisation of client relationships (note 10)	**(2,876)**	**(2,207)**	(3,007)	(2,270)	(6,025)	(4,549)
Head office relocation costs (note 3)	**-**	**-**	(301)	(227)	(300)	(227)
Profit attributable to shareholders	**23,224**	**17,609**	19,782	14,952	38,504	28,983

Basic earnings per share has been calculated by dividing profit attributable to shareholders by the weighted average number of shares in issue throughout the period, excluding own shares, of 45,589,267 (30 June 2012: 43,244,354; 31 December 2012: 43,604,542).

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	Unaudited	Audited
	30 June 2013	30 June 2012	31 December 2012
Weighted average number of ordinary shares in issue during the period – basic	**45,589,267**	43,244,354	43,604,542
Effect of ordinary share options/Save As You Earn	**50,045**	129,866	122,257
Effect of dilutive shares issuable under the Share Incentive Plan	**48,007**	11,266	5,589
Effect of contingently issuable ordinary shares under the Long Term Incentive Plan	**212,570**	260,452	258,180
Diluted ordinary shares	**45,899,889**	43,645,938	43,990,568

	Unaudited	Unaudited	Audited
	Six months to	Six months to	Year to
	30 June 2013	30 June 2012	31 December 2012
		(restated - note 1)	(restated - note 1)
Underlying earnings per share for the period attributable to equity holders of the Company:			
- basic	**43.5p**	40.4p	77.4p
- diluted	**43.2p**	40.0p	76.7p

8 Loans and advances to customers

	Unaudited	Unaudited	Audited
	30 June 2013	30 June 2012	31 December 2012
	£'000	£'000	£'000
Overdrafts	**3,453**	2,431	2,939
Investment management loan book	**73,615**	48,898	65,067
Trust and pension debtors	**1,203**	1,137	884
Other debtors	**2,814**	3,457	2,821
	81,085	55,923	71,711

Other debtors include loan notes ('Notes') that were issued by the acquirer of the Group's Jersey trust operations in 2008. The Notes are unsecured and have no fixed maturity, being repayable on the occurrence of certain events, principally the refinancing of the Jersey trust operations by its existing owner. The Notes are carried at amortised cost, less provision for impairment. The carrying value of the Notes was written down to £2,814,000 (30 June 2012: £3,262,000; 31 December 2012: £2,821,000) using a discounted cash flow model based on the estimated repayment date, using a discount rate equal to the initial effective interest rate of the loan.

9 Property, plant and equipment

During the six months ended 30 June 2013, the Group acquired assets with a cost of £1,495,000 (six months ended 30 June 2012: £3,400,000; year ended 31 December 2012: £4,043,000). No assets were acquired through business combinations (six months ended 30 June 2012: £8,000; year ended 31 December 2012: £8,000).

Leasehold improvements include no additions (six months ended 30 June 2012: £2,192,000; year ended 31 December 2012: £2,023,000) in relation to the relocation of our London head office from New Bond Street to 1 Curzon Street, London W1J 5FB. In the second half of 2012, certain accrued expenses for fixed asset additions relating to the London office move were adjusted for the actual invoices received.

No assets were disposed of in the six months ended 30 June 2013. Assets with a net book value of £31,000 and £35,000 were disposed of during the six months ended 30 June 2012 and the year ended 31 December 2012 resulting in a gain on disposal of £12,000 and £9,000 respectively.

10 Intangible assets

	Goodwill £'000	Client relationships £'000	Software development costs £'000	Purchased software £'000	Total £'000
Cost					
At 1 January 2013	47,241	62,824	3,205	14,959	128,229
Internally developed in the period	-	-	162	-	162
Purchased in the period	-	11,081	-	731	11,812
Disposals	-	(384)	-	-	(384)
At 30 June 2013	**47,241**	**73,521**	**3,367**	**15,690**	**139,819**
Amortisation					
At 1 January 2013	-	17,276	2,538	10,992	30,806
Charge in the period	-	2,876	165	548	3,589
Disposals	-	(384)	-	-	(384)
At 30 June 2013	**-**	**19,768**	**2,703**	**11,540**	**34,011**
Carrying value at 30 June 2013	**47,241**	**53,753**	**664**	**4,150**	**105,808**
Carrying value at 30 June 2012	47,241	43,853	694	3,524	95,312
Carrying value at 31 December 2012	47,241	45,548	667	3,967	97,423

Purchases of client relationships relate to payments made to investment managers and third parties for the introduction of client relationships. Client relationships purchased in the period includes £9,029,000 (30 June 2012: £nil; 31 December 2012: £nil) relating to the purchase of Taylor Young Investment Management Limited's private client base, of which £4,108,000 is payable in 2014 (see note 11).

11 Provisions for liabilities and charges

	Deferred, variable costs to acquire client relationship intangibles £'000	Legal and compensation £'000	Property-related and other £'000	Total £'000
At 1 January 2012	6,796	1,666	1,547	10,009
Charged to profit or loss	-	-	651	651
Unused amount credited to profit or loss	-	(555)	(421)	(976)
Net credit to profit or loss	-	(555)	230	(325)
Other movements	4,965	-	-	4,965
Utilised/paid during the period	(3,533)	(766)	(960)	(5,259)
At 30 June 2012	8,228	345	817	9,390
Charged to profit or loss	-	300	419	719
Unused amount credited to profit or loss	-	(43)	(61)	(104)
Net charge to profit or loss	-	257	358	615
Other movements	4,532	-	-	4,532
Utilised/paid during the period	(2,593)	(386)	(349)	(3,328)
At 1 January 2013	**10,167**	**216**	**826**	**11,209**
Charged to profit or loss	**-**	**36**	**82**	**118**
Unused amount credited to profit or loss	**-**	**-**	**(29)**	**(29)**
Net charge to profit or loss	**-**	**36**	**53**	**89**
Other movements	**6,243**	**-**	**-**	**6,243**
Utilised/paid during the period	**(6,043)**	**(79)**	**-**	**(6,122)**
At 30 June 2013	**10,367**	**173**	**879**	**11,419**
Payable within 1 year	**1,652**	**173**	**-**	**1,825**
Payable after 1 year	**8,715**	**-**	**879**	**9,594**
	10,367	**173**	**879**	**11,419**

Other movements in provisions relate to deferred payments to investment managers and third parties for the introduction of client relationships, which have been capitalised in the period.

Deferred, variable costs to acquire client relationship intangibles at 30 June 2013 includes £4,108,000 in relation to the purchase of Taylor Young Investment Management Limited's private client base (30 June 2012: £nil; 31 December 2012: £nil). The final amount payable will be calculated based on the value of funds under management that have transferred from Taylor Young Investment Management Limited to the Group, measured on 30 April 2014. In December 2012, this included £1,081,000 in relation to deferred variable consideration for the purchase of R.M. Walkden & Co. Limited (30 June 2012: £1,834,000).

Property-related and other provisions include £879,000 in relation to dilapidation provisions expected to arise on leasehold premises held by the Group (30 June 2012: £599,000; 31 December 2012: £797,000). Dilapidation provisions are calculated using a discounted cash flow model; during the six months ended 30 June 2013, the impact of discounting has increased the provisions by £82,000.

Provisions payable after 1 year are expected to be settled within 2 years of the balance sheet date, except for property-related provisions of £879,000, which are expected to be settled within 23 years of the balance sheet date, which corresponds to the longest lease for which a dilapidations provision is being held.

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 obligations, the following assumptions have been used:

	Unaudited 30 June 2013 % p.a.	Unaudited 30 June 2012 % p.a.	Audited 31 December 2012 % p.a.
Rate of increase in salaries	**4.40**	3.90	4.00
Rate of increase of pensions in payment:			
- Laurence Keen Scheme	**3.60**	3.30	3.40
- Rathbones 1987 Scheme	**3.30**	2.90	3.00
Rate of increase of deferred pensions	**3.40**	2.90	3.00
Discount rate	**4.80**	4.50	4.50
Inflation*	**3.40**	2.90	3.00

* Inflation assumptions are based on the Retail Prices Index

The assumed life expectations of members retiring, aged 65 were:

	Unaudited 30 June 2013 Males	**Unaudited 30 June 2013 Females**	Unaudited 30 June 2012 Males	Unaudited 30 June 2012 Females	Audited 31 December 2012 Males	Audited 31 December 2012 Females
Retiring today	**24.1**	**26.1**	24.0	26.0	24.0	26.0
Retiring in 20 years	**26.4**	**28.1**	26.3	28.0	26.3	28.0

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

	Unaudited Rathbone 1987 Scheme 30 June 2013 £'000	**Unaudited Laurence Keen Scheme 30 June 2013 £'000**	Unaudited Rathbone 1987 Scheme 30 June 2012 £'000	Unaudited Laurence Keen Scheme 30 June 2012 £'000	Audited Rathbone 1987 Scheme 31 December 2012 £'000	Audited Laurence Keen Scheme 31 December 2012 £'000
Present value of defined benefit obligations	**(116,812)**	**(13,862)**	(109,013)	(13,876)	(114,740)	(14,077)
Fair value of scheme assets	**124,647**	**15,324**	103,824	13,630	112,195	14,492
Total surplus/(deficit)	**7,835**	**1,462**	(5,189)	(246)	(2,545)	415

The Group made special contributions into its pension schemes of £2,068,000 during the period (30 June 2012: £2,269,000; 31 December 2012: £3,647,000).

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 2012	43,561,140		2,178	34,216	36,394
Shares issued:					
- to Share Incentive Plan	136,852	1,150.0 - 1,351.0	7	1,711	1,718
- to Save as You Earn scheme	1,160	696.0	-	8	8
- on exercise of options	181,158	415.0 - 1,172.0	9	1,461	1,470
At 30 June 2012	43,880,310		2,194	37,396	39,590
Shares issued:					
- on placing	2,000,000	1,235.0	100	23,856	23,956
- to Share Incentive Plan	67,227	1,268.0 - 1,305.0	3	853	856
- on exercise of options	6,534	743.5 - 1,172.0	1	55	56
At 31 December 2012	**45,954,071**		**2,298**	**62,160**	**64,458**
Shares issued:					
- to Share Incentive Plan	**79,686**	**1,296.0 - 1,510.0**	**4**	**1,081**	**1,085**
- to Save as You Earn scheme	**175,233**	**696.0 - 984.0**	**9**	**1,213**	**1,222**
- on exercise of options	**24,786**	**743.5 - 1,172.0**	**1**	**252**	**253**
At 30 June 2013	**46,233,776**		**2,312**	**64,706**	**67,018**

At 30 June 2013, the Group held 504,610 own shares (30 June 2012: 542,509; 31 December 2012: 530,847).

14 Financial instruments

The fair values of the Group's financial assets and liabilities are not materially different from their carrying values, with the exception of held to maturity debt securities. Debt securities comprise bank and building society certificates of deposit, which have fixed coupons, and at 30 June 2012 the Group also held UK treasury bills. The fair value of debt securities at 30 June 2013 was £607,152,000 (30 June 2012: £786,113,000; 31 December 2012: £561,768,000) and the carrying value was £606,008,000 (30 June 2012: £784,027,000; 31 December 2012: £559,025,000). Fair value for held to maturity assets is based on market bid prices.

The table below analyses financial instruments measured at fair value into a fair value hierarchy based on the valuation technique used to determine the fair value.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are not based on observable market data.

At 30 June 2013	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Available for sale securities:				
- equity securities	**4,455**	**-**	**692**	**5,147**
- money market funds	**-**	**32,652**	**-**	**32,652**
Derivative financial instruments	**-**	**-**	**1,030**	**1,030**
Total financial assets	**4,455**	**32,652**	**1,722**	**38,829**

There have been no transfers between levels during the period. The fair value of listed equity securities is their quoted price. Money market funds are demand securities and changes to estimates of interest rates will not affect their fair value. The fair value of money market funds is their daily redemption value.

14 Financial instruments continued

Level 3 financial instruments

Available for sale equity securities

The fair value of unlisted equity securities is calculated by reference to tangible net asset values from the published information of the underlying company with a 25% liquidity discount applied.

A 5 percentage point increase in the liquidity discount applied to the calculation of the fair value of the unlisted equity securities would, in isolation, result in a decrease in fair value of £46,000 (30 June 2012: £39,000; 31 December 2012: £41,000). A 5 percentage point decrease would have an equal and opposite effect.

Derivative financial instruments

In 2012, the Group entered into certain options over the equity instruments of its associates. Further details regarding these option contracts can be found in note 20 of the annual report and accounts for the year ended 31 December 2012.

The fair value of the option contracts is calculated using a probability weighted expected return model, based on potential valuation outcomes under a range of business growth forecast scenarios. The key assumptions underlying the forecast growth in profitability of the associates in the model are the growth of funds under management, revenue margins and the discount rate used to calculate the present value of the cash flows. The key assumptions are flexed in each scenario to generate a potential valuation for the options. The probability of each scenario occurring is estimated, based on the Group's judgement in light of the economic conditions prevailing at the time. The fair value of the options is calculated as the weighted average of the valuations derived under each scenario, taking account of the associated probabilities of occurrence.

Changing one or more of the key assumptions to reasonably possible alternatives would have the following effects on the fair value of the contracts. These effects have been calculated by running the valuation model using the alternative estimates of the key assumptions. Any interrelationship between the assumptions is not considered to have a significant impact within the range of reasonably possible alternative assumptions.

	Impact on fair value of:	
	Increase in the assumption £'000	Decrease in the assumption £'000
10% change in the fees and commission charged to Vision clients	622	(622)
5 percentage point change in commissions payable	(622)	622
10% change in the rate of growth in funds under management	327	(322)
1 percentage point change in the discount rate	(137)	149

Changes in the fair values of financial instruments categorised as level 3 within the fair value hierarchy were as follows:

	Available for sale equity securities £'000	Derivative financial instruments £'000	Total £'000
At 1 January 2013	614	784	1,398
Total unrealised gains and losses recognised in			
- profit or loss	-	246	246
- other comprehensive income	78	-	78
At 30 June 2013	692	1,030	1,722

The gain relating to the derivative financial instruments is included within 'other operating income' and the gain relating to the available for sale equity securities is included within 'changes in fair value of available for sale investment securities' in other comprehensive income.

There were no other gains or losses arising from changes in the fair value of financial instruments categorised as level 3 within the fair value hierarchy.

15 Contingent liabilities and commitments

(a) Indemnities are provided in the normal course of business to a number of directors and employees who provide tax and trust advisory services in connection with them acting as trustees/directors of client companies and providing other services.

A claim relating to the management of a Jersey trust has been filed against a former employee (and director) of Rathbone Trust Company Jersey Limited. Rathbone Trust Company Jersey Limited was a subsidiary of the Company from March 2000 until October 2008. Although the Board believe this claim will be unsuccessful, a possible obligation may exist which is contingent on whether the claim (or any parts of it) is upheld.

The Group has sought to confirm the position of the Company's civil liability (professional indemnity) insurers in relation to the claim. Based on information currently available, the Company's primary layer insurer has confirmed cover (including its share of the excess layer) subject to policy terms and conditions and unless the proceedings referred to below rule there is no liability. The remaining excess insurers have to date refused to confirm cover. On 25 July 2012, the Company issued proceedings to confirm insurance cover against the excess insurers. The trial of those proceedings has been listed to start on 7 October 2013.

Due to the complexity of the claim, the number of parties involved and the impact of insurance cover available to the trustees, it is not practicable to estimate reliably the value of any possible obligation for the Company.

The Board considers that it is unlikely that a material liability to Rathbones will arise from this claim, and accordingly no provision has been made.

(b) Capital expenditure authorised and contracted for at 30 June 2013 but not provided in the condensed consolidated interim financial statements amounted to £708,000 (30 June 2012: £704,000; 31 December 2012: £470,000).

(c) The contractual amounts of the Group’s commitments to extend credit to its clients are as follows:

	Unaudited 30 June 2013 £’000	Unaudited 30 June 2012 £’000	Audited 31 December 2012 £’000
Guarantees	**578**	578	578
Undrawn commitments to lend of 1 year or less	**6,054**	4,320	3,002
	6,632	4,898	3,580

The fair value of the guarantees is £nil (30 June 2012 and 31 December 2012: £nil).

(d) In addition to Financial Services Compensation Scheme levies accrued in the period, further levy charges may be incurred in future years, although the ultimate cost remains uncertain.

16 Consolidated interim statement of cash flows

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

	Unaudited 30 June 2013 £'000	Unaudited 30 June 2012 £'000	Audited 31 December 2012 £'000
Cash and balances at central banks	**213,004**	5	116,003
Loans and advances to banks	**48,349**	125,864	62,611
Available for sale investment securities	**32,652**	51,611	51,551
	294,005	177,480	230,165

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 2013 £'000	Unaudited Six months to 30 June 2012 £'000	Audited Year to 31 December 2012 £'000
Share capital issued (note 13)	**14**	16	120
Share premium on shares issued (note 13)	**2,546**	3,180	27,944
Shares issued in relation to share-based schemes for which no cash consideration was received	**(289)**	(1,321)	(1,630)
	2,271	1,875	26,434

17 Related party transactions

The key management personnel of the Group are defined as the Company's directors and other members of senior management who are responsible for planning, directing and controlling the activities of the Group.

Dividends totalling £55,000 were paid in the period (six months ended 30 June 2012: £224,000; year ended 31 December 2012: £418,000) in respect of ordinary shares held by key management personnel.

At 30 June 2013, key management personnel and their close family members had gross outstanding deposits of £1,232,000 (30 June 2012: £1,193,000; 31 December 2012: £1,112,000) and gross outstanding loans of £610,000 (30 June 2012: £1,456,000; 31 December 2012: £559,000) 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.

The Group managed 20 unit trusts and OEICs during the first half of 2013 (six months ended 30 June 2012: 18 unit trusts and OEICs; year ended 31 December 2012: 19 unit trusts and OEICs). Total management charges of £9,015,000 (six months ended 30 June 2012: £7,947,000; year ended 31 December 2012: £16,110,000) were earned during the period, calculated on the bases published in the individual fund prospectuses, which also state the terms and conditions of the management contract with the Group. Management fees owed to the Group as at 30 June 2013 totalled £1,544,000 (six months ended 30 June 2012: £1,149,000; year ended 31 December 2012: £1,172,000).

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.

18 Events after the consolidated interim balance sheet date

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

Independent review report to Rathbone Brothers Plc

We have been engaged by the Company to review the condensed set of financial statements in the half yearly financial report for the six months ended 30 June 2013 which comprises the consolidated interim statement of comprehensive income, consolidated interim statement of changes in equity, consolidated interim balance sheet, consolidated interim statement of cash flows 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 Conduct Authority ('the UK FCA'). Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

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 FCA.

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 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 in the half yearly financial report for the six months ended 30 June 2013 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FCA.

Richard Faulkner (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants
15 Canada Square, London E14 5GL

31 July 2013

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RATHBONES
Established 1742