Rathbones
Look forward

Half year underlying profit before tax increases 27% to £37.2 million

This statement is a half-yearly financial report in accordance with the UK Listing Authority's Disclosure and Transparency Rules. It covers the six month period ended 30 June 2015.

Philip Howell, Chief Executive of Rathbone Brothers Plc, said:

"In the first half of 2015, we have been working steadily towards our strategic goals. In a period when markets made little progress, we continued to grow both organically and through acquisition, adding a combined total net funds under management of £0.7 billion in the first half. The full benefit of 2014 acquisitions is reflected in our 2015 half year results.

"We will continue to invest in the skills and systems necessary to deliver our strategic plans and achieve our growth objectives. We face the future with cautious optimism."

Highlights:

— Total funds under management at 30 June 2015 were £28.3 billion, up 4.0% from £27.2 billion at 31 December 2014. This compared to a decrease of 0.7% in the FTSE 100 Index and an increase of 0.6% in the FTSE WMA Balanced Index over the same period.

— Total net organic and acquired growth in the funds managed by Rathbone Investment Management was £0.6 billion in the first six months of 2015, representing a net annual growth rate of 5.1% (2014: 12.2%). Net organic growth of £0.3 billion for the first half represents an underlying annualised rate of net organic growth of 2.8% (2014: 4.1%).

— Underlying profit before tax[1] increased 27.0% from £29.3 million[2] to £37.2 million, representing a margin of 31.9% (2014: 29.9%[2]).

— Profit before tax was £31.8 million for the six months ended 30 June 2015, up 3.9% compared to £30.6 million[2] in 2014.

— Basic earnings per share increased 3.9% to 53.2p (2014: 51.2p[2]).

— The board recommends a 21p interim dividend for 2015 (2014: 19p), an increase of 10.5% on 2014.

— Underlying operating income in Rathbone Investment Management of £106.8 million in the first six months of 2015 (2014: £90.8 million) was up 17.6%, mostly due to growth in funds under management. The average FTSE 100 Index was 6677 on our quarterly billing dates in 2015, compared to 6720 in 2014, a decrease of 0.6%.

— Net interest income of £5.5 million in the first six months of 2015 has increased 25.0% from £4.4 million in 2014 largely due to an increase in average liquidity to £1.6 billion for the six months to 30 June 2015 (2014: £1.1 billion).

— Underlying operating expenses of £79.6 million for the six months ended 30 June 2015 were up 15.7% from £68.8 million[2] in the first half of 2014 largely reflecting higher fixed and variable staff costs associated with employees joining us through 2014 acquisitions and increased profitability.

— Funds under management in Rathbone Unit Trust Management were £2.7 billion at 30 June 2015 (31 December 2014: £2.5 billion). Net inflows of £107 million in the first half of 2015 have decreased from £338 million in 2014. Underlying operating income in Rathbone Unit Trust Management was £10.0 million in the six months ended 30 June 2015, an increase of 37.0% from £7.3 million in the first half of 2014.

— On 27 July 2015, Rathbone Investment Management Limited agreed to issue £20 million of 10-year subordinated notes (callable in year five) to M&G, which will count as Tier 2 capital. This has been made possible by the changes to regulatory capital rules as a result of CRD IV that allow us as a bank to add Tier 2 capital as a way of financing future growth in a cost effective and capital-efficient manner.

[1] Excluding charges in relation to client relationships and goodwill and, in 2014, gain on disposal of financial securities and transaction costs
[2] Restated following the adoption of IFRIC 21, as described in note 1 to the condensed consolidated interim financial statements

Issued on 28 July 2015

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Rathbone Brothers Plc

Rathbone Brothers Plc, through its subsidiaries, 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.

Rathbones has over 950 staff in 14 UK locations and Jersey, and has its headquarters in Curzon Street, London.

rathbones.com

Interim management report

First half review

In spite of the reasonable level of confidence in financial markets in April and May 2015, they made little progress in the half year overall as the UK election weighed heavily on sentiment and Eurozone worries added to investor concerns in China towards the end of June. The FTSE 100 Index was 6521 at 30 June 2015, down marginally on the 6566 at the beginning of the year.

During this time, Rathbones has been working steadily towards achieving its strategic goals. The full benefit of 2014 acquisitions is reflected in our 2015 half year results and retention of clients that joined us continues to be high, with teams working hard to ensure that their experiences at Rathbones are positive. We continued to grow both organically and through acquisition, adding combined total net funds under management of £0.7 billion in the first half (2014: £1.5 billion). We welcomed 13 new investment professionals to Rathbones in the period and in May extended our presence in Scotland with the opening of an office in Glasgow. We have also continued to strengthen our research capabilities and overall investment process.

This is the first period where our distribution teams for investment management and unit trust intermediaries have worked together as one unit. This widens our distribution capability and improves service to larger intermediary and IFA networks. Activity to support this initiative has been high and, whilst early days, we are seeing encouraging signs. The development of our private office service is progressing as planned and we expect to make some key additions to this team in the second half of the year. A decision on whether to exercise our option to acquire the remaining part of Vision Independent Financial Planning Limited is due to be made before the end of September 2015. The launch of our new branding is currently being implemented throughout the organisation, with the new look 2014 report and accounts, corporate stationery and client magazine 'Rathbones Review' already available.

At the start of 2015, we introduced a 'clean', fee-only rate for all new private clients. Our new tariff remains competitive and clients have welcomed the clarity and transparency. With effect from 1 July 2015, we are amending some fee schedules for some existing private clients in order to bring these more in line with the tariff for new clients. We expect that our revenue margin will increase by approximately 3bps on circa £12 billion of existing funds under management for a full year.

Business performance

Total group funds under management at 30 June 2015 were £28.3 billion, up from £27.2 billion at 31 December 2014 and £23.9 billion at 30 June 2014. Of this, £25.6 billion was managed by our Investment Management segment and £2.7 billion by our Unit Trusts segment.

Total growth in investment management funds under management of £0.6 billion in the first half (2014: £1.2 billion) represents an annualised growth rate of 5.1% (2014: 12.2%). Of this, organic growth in the first half of 2015 was subdued at £0.3 billion (2014: £0.4 billion), equating to an annualised net organic growth rate of 2.8% (2014: 4.1%), reflecting both the considerable uncertainty that surrounded the UK general election and a tendency for UK private clients in general to allocate more of their wealth to property in the current climate. As expected, our overall organic growth rate has been softened this year by recently-arrived teams whose priority is their existing clients rather than pursuing new business. In light of the size of acquisitions made in 2014, this has been a significant factor this half year. Adjusting for this, we estimate that the annualised net organic growth rate would be 3.2%.

Net inflows into Rathbone Unit Trust Management in the first half were £107 million (2014: £338 million), which represents a relatively strong performance when compared to an industry that saw an increase in outflows in all sectors in which we have funds. Redemptions of £335 million (2014: £205 million) in the first half reflect this, but have been more than offset by inflows.

Financial results

The average FTSE 100 Index calculated on our fee billing days was 6677 in the first half of 2015 compared to 6720 a year ago, so the 19.1% increase in underlying operating income of £116.8 million (2014: £98.1 million) is mostly due to growth in funds under management rather than any movement in investment markets. Net commission income of £26.3 million increased 11.9% from £23.5 million in the first half of 2014, following a particularly strong first quarter. Net interest income increased 25.0% to £5.5 million in the first half (2014: £4.4 million), which largely reflected higher deposit levels as average liquidity increased from £1.1 billion in 2014 to £1.6 billion in 2015. Fees from advisory services and other income of £7.3 million were in line with 2014 (£7.2 million), which included a non-recurring gain of £0.6 million on the repayment of loan notes.

Underlying operating expenses of £79.6 million (2014: £68.8 million) increased 15.7% year-on-year, largely reflecting the higher fixed staff costs of £36.9 million (2014: £30.7 million) associated with employees joining us through 2014 acquisitions, but also higher variable staff costs of £20.7 million (2014: £17.2 million) as a result of increased profitability. Average headcount in the first half of 2015 was 956 compared to 853 a year ago and is expected to continue to grow in the second half of the year. Other direct costs of £22.0 million (2014: £20.9 million) were up 5.3%. This included the impact of reporting the entire annual Financial Services Compensation Scheme (FSCS) levy charge in the first half, following the adoption of IFRIC 21 (comparative balances have been restated accordingly – see note 1) and higher project costs.

Underlying profit before tax for the first six months of 2015 increased by 27.0% to £37.2 million (2014: £29.3 million). Underlying earnings per share of 62.4p (2014: 48.9p) were up 27.6% on last year. The underlying profit margin increased to 31.9% in the first half of 2015 compared to 29.9% in 2014, largely reflecting relatively strong income levels in the first half of 2015.

Profit before tax for the half year of £31.8 million was 3.9% higher than the £30.6 million in 2014; however last half year's result included an exceptional gain of £5.9 million on the disposal of our holding of shares in London Stock Exchange Group Plc, which was partly offset by transaction costs of £1.0 million relating to acquisitions. Our effective tax rate for the first half of 2015 was 20.4% (2014: 22.3%), reflecting the impact of the increase in share price on share based awards and the 1% reduction in the UK tax rate effective from 6 April 2015, partially offset by disallowable expenses. Basic earnings per share of 53.2p represents an increase of 3.9% on 51.2p last year.

Our interim dividend has been increased by 2.0p per share to 21.0p (2014 interim: 19p). The interim dividend will be paid on 7 October 2015 (see note 6).

Financial position and regulatory capital

Our balance sheet remains stable with total equity increasing 4.1% to £282 million at 30 June 2015 from £271 million at 31 December 2014 (30 June 2014: £275 million). Cash and balances with central banks were £703 million at 30 June 2015, a decrease of 3.3% from £727 million at 31 December 2014. Loans and advances to customers reduced marginally to £101.0 million from £101.6 million at 31 December 2014 as some large loans were repaid in the first half. Retirement benefit obligations reduced from £13.7 million at 31 December 2014 to £10.8 million at 30 June 2015, largely reflecting the movement in long term gilts yields in the period.

The group's consolidated common equity Tier 1 ("CET1") ratio at 30 June 2015 stood at 14.1%, compared to 17.8% at 31 December 2014 and 23.0% at 30 June 2014. The reduction is largely a consequence of the £40.0 million of goodwill and intangibles arising from acquisitions made in the second half of 2014. The consolidated leverage ratio represents the group's common equity Tier 1 capital as a percentage of its total balance sheet assets, adjusted to exclude intangible assets and investment in associates but including a proportion of off-balance sheet exposures. The ratio as at 30 June 2015 stood at 6.3%, compared to 7.4% at 31 December 2014 and 10.8% at 30 June 2014, impacted by higher treasury assets over the period as client liquidity rose.

Total regulatory capital resources (excluding profits for the first half, which have not yet been independently verified) were £112 million at 30 June 2015, in line with £113 million at 31 December 2014 (30 June 2014: £154 million). Regulatory capital resources are entirely comprised of CET1 capital; being total equity less intangible assets and own shares, together with some other small regulatory adjustments.

The group's Pillar 1 own funds requirement at 30 June 2015 was £63.6 million, compared to £50.6 million at 31 December 2014 and £53.6 million at 30 June 2014. Risk weighted assets (RWAs) were £796 million at 30 June 2015 (31 December 2014: £633 million; 30 June 2014: £670 million). At 30 June 2015, our Pillar 2A guidance amounted to 2.1% of RWAs (31 December 2014: 2.4%; 30 June 2014: 2.3%), of which 1.2% must be covered by CET1 capital (31 December 2014: 1.3%; 30 June 2014: 1.3%). In addition, the group is required to hold capital to cover Pillar 2B buffers (which provide for potential risks arising from external market factors over the cycle), that are agreed confidentially with the Prudential Regulation Authority from time-to-time.

In addition to our CET1 resources, we have taken the opportunity to add Tier 2 capital as a way of financing future growth in a cost effective and capital efficient manner and today announce the issue by Rathbone Investment Management Limited of £20 million of 10-year Tier 2 notes to funds managed by M&G Investment Management Limited. These notes are repayable in August 2025, with a call option for the issuer in August 2020 and annually thereafter. Interest is payable at a fixed rate of 5.856% until the first call option date and at a fixed margin of 4.375% over 6-month LIBOR thereafter.

Board and senior management changes

As we reported in the annual report, Sarah Gentleman was appointed to the board as an independent non-executive director on 21 January 2015 and has joined the audit, remuneration, nomination and group risk committees. We welcome Sarah to the board.

We continue to strengthen our senior management structure in anticipation of our continuing growth so have added to our executive committee. As announced on 17 July 2015, Sarah Owen-Jones, who joined us as chief risk officer in March 2015, has now formally joined the committee. Andrew Morris, Richard Smeeton, Ivo Clifton and Rupert Baron, who will each hold leadership responsibility for a specific part of the Rathbone Investment Management business, have also been promoted to the committee. These additions allow Paul Chavasse, as head of investment, to focus on the development of our investment process, research and client services.

Business risks

The principal risks facing Rathbones are described in detail in the risk management section of the strategic report on pages 18 to 22 of our 2014 annual report and accounts. Operational risks that arise from growth in our business have reduced in the first half as we have not completed any new corporate acquisitions. We continue to expect that principal future risks in the second half will arise from our ambition to grow the business and from regulatory risks that may arise from continual changes to rules and standards in our sector.

Outlook

Whilst market concerns ahead of the UK general election proved largely unfounded with the election of a government with a clear majority, we continue to expect more volatility in financial markets as many other geo-political risks remain.

The chancellor's summer budget contained a number of changes to the UK tax rules, which could impact our post-tax earnings, including welcome reductions in the underlying rate of corporation tax, but also an unexpected banking surcharge on profits above £25 million and restrictions on the deductibility of amortisation of intangible assets. We will review the legislation enacting these changes, when it is available, in order to quantify their possible impact on our business.

Rathbones will continue to invest carefully in the skills and systems necessary to deliver its strategic plans and achieve its growth objectives. We face the future with cautious optimism.

Mark Nicholls	**Philip Howell**
Chairman	Chief Executive

27 July 2015

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.

Consolidated interim statement of comprehensive income
for the six months ended 30 June 2015

	Note	**Unaudited Six months to 30 June 2015 £'000**	Unaudited Six months to 30 June 2014 £'000 (restated - note 1)	Audited Year to 31 December 2014 £'000 (restated - note 1)
Interest and similar income		**6,125**	4,712	10,024
Interest expense and similar charges		**(629)**	(346)	(865)
Net interest income		**5,496**	4,366	9,159
Fee and commission income		**113,478**	96,663	196,637
Fee and commission expense		**(4,200)**	(5,328)	(9,126)
Net fee and commission income		**109,278**	91,335	187,511
Dividend income		**-**	73	74
Net trading income		**1,298**	973	1,878
Other operating income		**678**	1,283	2,012
Share of profit of associates		**83**	85	169
Refund of levies for the Financial Services Compensation Scheme	3	**-**	-	982
Gain on disposal of financial securities	3	**-**	5,932	6,833
Gain on disposal of pension administration business	3	**-**	-	683
Operating income		**116,833**	104,047	209,301
Charges in relation to client relationships and goodwill	10	**(5,479)**	(3,617)	(8,287)
Contribution to legal settlement	3	**-**	-	(15,000)
Transaction costs	3	**-**	(1,001)	(1,057)
Other operating expenses		**(79,589)**	(68,788)	(139,247)
Operating expenses		**(85,068)**	(73,406)	(163,591)
Profit before tax		**31,765**	30,641	45,710
Taxation	5	**(6,473)**	(6,842)	(10,032)
Profit for the period attributable to equity holders of the company		**25,292**	23,799	35,678
Other comprehensive income:				
Items that will not be reclassified to profit or loss				
Net remeasurement of defined benefit liability		**664**	(6,747)	(17,466)
Deferred tax relating to the net remeasurement of defined benefit liability		**(133)**	1,349	3,493
Items that may be reclassified to profit or loss				
Revaluation of available for sale investment securities:				
- net gain from changes in fair value		**15**	696	959
- net profit on disposal transferred to profit or loss during the period		**-**	(5,932)	(6,820)
		15	(5,236)	(5,861)
Deferred tax relating to revaluation of available for sale investment securities		**(3)**	1,047	1,172
Other comprehensive income net of tax		**543**	(9,587)	(18,662)
Total comprehensive income for the period net of tax attributable to equity holders of the company		**25,835**	14,212	17,016
Dividends paid and proposed for the period per ordinary share	6	**21.0p**	19.0p	52.0p
Dividends paid and proposed for the period		**10,093**	9,084	24,863
Earnings per share for the period attributable to equity holders of the company:	7			
- basic		**53.2p**	51.2p	76.0p
- diluted		**52.8p**	50.8p	75.4p

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 2015

	Note	Share capital £'000	Share premium £'000	Merger reserve £'000	Available for sale reserve £'000	Own shares £'000	(restated – note 1) Retained earnings £'000	Total equity £'000
At 1 January 2014 (audited)		**2,315**	**65,484**	**31,835**	**4,717**	**(5,722)**	**152,371**	**251,000**
Restatement (see note 1)							498	498
At 1 January 2014 (restated)		**2,315**	**65,484**	**31,835**	**4,717**	**(5,722)**	**152,869**	**251,498**
Profit for the period							23,799	23,799
Net remeasurement of defined benefit liability							(6,747)	(6,747)
Revaluation of available for sale investment securities								
- net gain from changes in fair value					696			696
- net profit on disposal transferred to profit or loss during the period					(5,932)			(5,932)
Deferred tax relating to components of other comprehensive income					1,047		1,349	2,396
Other comprehensive income net of tax		-	-	-	(4,189)	-	(5,398)	(9,587)
Dividends paid							(14,734)	(14,734)
Issue of share capital	13	75	26,151					26,226
Share-based payments:								
- value of employee services							(873)	(873)
- cost of own shares acquired						(1,250)		(1,250)
- cost of own shares vesting						1,524	(1,524)	-
- tax on share-based payments							162	162
At 30 June 2014 (unaudited)		**2,390**	**91,635**	**31,835**	**528**	**(5,448)**	**154,301**	**275,241**
Profit for the period							11,879	11,879
Net remeasurement of defined benefit liability							(10,719)	(10,719)
Revaluation of available for sale investment securities								
- net gain from changes in fair value					263			263
- net profit on disposal transferred to profit or loss during the period					(888)			(888)
Deferred tax relating to components of other comprehensive income					125		2,144	2,269
Other comprehensive income net of tax		-	-	-	(500)	-	(8,575)	(9,075)
Dividends paid							(9,059)	(9,059)
Issue of share capital	13	5	1,352					1,357
Share-based payments:								
- value of employee services							1,247	1,247
- cost of own shares acquired						(405)		(405)
- cost of own shares vesting						322	(322)	-
- tax on share-based payments							86	86
At 31 December 2014 (audited)		**2,395**	**92,987**	**31,835**	**28**	**(5,531)**	**149,557**	**271,271**
Profit for the period							**25,292**	**25,292**
Net remeasurement of defined benefit liability							**664**	**664**
Revaluation of available for sale investment securities					**15**			**15**
Deferred tax relating to components of other comprehensive income					**(3)**		**(133)**	**(136)**
Other comprehensive income net of tax		**-**	**-**	**-**	**12**	**-**	**531**	**543**
Dividends paid							**(15,766)**	**(15,766)**
Issue of share capital	13	**8**	**3,188**					**3,196**
Share-based payments:								
- value of employee services							**(388)**	**(388)**
- cost of own shares acquired						**(1,894)**		**(1,894)**
- cost of own shares vesting						**1,410**	**(1,410)**	**-**
- tax on share-based payments							**134**	**134**
At 30 June 2015 (unaudited)		**2,403**	**96,175**	**31,835**	**40**	**(6,015)**	**157,950**	**282,388**

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

Consolidated interim balance sheet
as at 30 June 2015

	Note	**Unaudited 30 June 2015 £'000**	Unaudited 30 June 2014 £'000 (restated - note 1)	Audited 31 December 2014 £'000 (restated - note 1)
Assets				
Cash and balances with central banks		**703,338**	591,005	727,178
Settlement balances		**59,012**	39,893	15,890
Loans and advances to banks		**112,996**	110,760	144,399
Loans and advances to customers	8	**100,996**	91,801	101,640
Investment securities:				
- available for sale		**50,851**	38,841	15,514
- held to maturity		**674,177**	453,714	429,974
Prepayments, accrued income and other assets		**60,302**	80,102	55,272
Property, plant and equipment	9	**9,871**	10,970	10,242
Deferred tax asset		**6,238**	3,834	7,042
Investment in associates		**1,472**	1,366	1,434
Intangible assets	10	**161,664**	117,797	159,654
Total assets		**1,940,917**	1,540,083	1,668,239
Liabilities				
Deposits by banks		**10,522**	4,202	-
Settlement balances		**55,593**	65,298	22,584
Due to customers		**1,505,856**	1,084,295	1,282,426
Accruals, deferred income and other liabilities		**51,913**	47,315	52,944
Current tax liabilities		**5,645**	6,386	4,360
Provisions for liabilities and charges	11	**18,169**	53,671	20,944
Retirement benefit obligations	12	**10,831**	3,675	13,710
Total liabilities		**1,658,529**	1,264,842	1,396,968
Equity				
Share capital	13	**2,403**	2,390	2,395
Share premium	13	**96,175**	91,635	92,987
Merger reserve		**31,835**	31,835	31,835
Available for sale reserve		**40**	528	28
Own shares		**(6,015)**	(5,448)	(5,531)
Retained earnings		**157,950**	154,301	149,557
Total equity		**282,388**	275,241	271,271
Total liabilities and equity		**1,940,917**	1,540,083	1,668,239

The condensed consolidated interim financial statements were approved by the board of directors and authorised for issue on 27 July 2015 and were signed on their behalf by:

Philip Howell
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 2015

	Note	**Unaudited Six months to 30 June 2015 £'000**	Unaudited Six months to 30 June 2014 £'000 (restated - note 1)	Audited Year to 31 December 2014 £'000 (restated - note 1)
Cash flows from operating activities				
Profit before tax		**31,765**	30,641	45,710
Share of profit of associates		**(83)**	(85)	(169)
Net profit on disposal of available for sale investment securities	3	**-**	(5,932)	(6,820)
Net interest income		**(5,496)**	(4,366)	(9,159)
Net recoveries on impaired loans and advances		**(8)**	(551)	(589)
Net charge/(release) for provisions	11	**155**	(29)	380
Loss on fair value of derivative		**330**	-	-
Loss on disposal of property, plant and equipment		**-**	-	517
Depreciation, amortisation and impairment		**7,992**	6,105	13,367
Defined benefit pension scheme charges		**2,185**	1,727	3,332
Defined benefit pension contributions paid		**(4,400)**	(3,185)	(5,474)
Share-based payment charges		**2,381**	2,881	5,477
Interest paid		**(658)**	(350)	(852)
Interest received		**8,125**	5,140	10,284
		42,288	31,996	56,004
Changes in operating assets and liabilities:				
- net decrease/(increase) in loans and advances to banks and customers		**10,699**	13,796	(11,074)
- net (increase)/decrease in settlement balance debtors		**(43,122)**	(20,282)	3,721
- net increase in prepayments, accrued income and other assets		**(7,372)**	(1,993)	(8,982)
- net increase in amounts due to customers and deposits by banks		**233,952**	196,598	390,529
- net increase/(decrease) in settlement balance creditors		**33,009**	37,672	(5,042)
- net (decrease)/increase in accruals, deferred income, provisions and other liabilities		**(4,062)**	(1,455)	2,790
Cash generated from operations		**265,392**	256,332	427,946
Tax paid		**(4,226)**	(4,139)	(10,215)
Net cash inflow from operating activities		**261,166**	252,193	417,731
Cash flows from investing activities				
Dividends received from associates		**45**	15	31
Acquisition of business combinations, net of cash acquired		**-**	(569)	(40,129)
Purchase of property, equipment and intangible assets		**(12,443)**	(6,003)	(15,953)
Proceeds from sale of property, plant and equipment		**21**	-	(517)
Purchase of investment securities		**(590,620)**	(281,916)	(641,858)
Proceeds from sale and redemption of investment securities		**346,068**	409,934	794,548
Net cash (used in)/generated from investing activities		**(256,929)**	121,461	96,122
Cash flows from financing activities				
Issue of ordinary shares	16	**1,302**	24,976	25,928
Dividends paid		**(15,766)**	(14,734)	(23,793)
Net cash (used in)/generated from financing activities		**(14,464)**	10,242	2,135
Net (decrease)/increase in cash and cash equivalents		**(10,227)**	383,896	515,988
Cash and cash equivalents at the beginning of the period		**835,816**	319,828	319,828
Cash and cash equivalents at the end of the period	16	**825,589**	703,724	835,816

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

Notes to the condensed 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 products and services from which the group derives its revenues are described in 'our approach' on pages 11 to 12 of the annual report and accounts for the year ended 31 December 2014 and have not materially changed since that date.

These condensed consolidated interim financial statements, on pages 7 to 24, 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 2014 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 2014, which are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

The information in this announcement does not comprise statutory financial statements within the meaning of section 434 of the Companies Act 2006. The comparative figures for the financial year ended 31 December 2014 are not the group's statutory accounts for that financial year. The group's financial statements for the year ended 31 December 2014 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 and interpretations affecting the financial statements

In the current period, the group has adopted IFRIC 21 'Levies'. IFRIC 21 'Levies' changes the point at which the group recognises a liability in respect of Financial Services Compensation Scheme (FSCS) levies. From 1 January 2015, the group has recognised a liability in respect of FSCS levies from the date at which the triggering event specified in the legislation occurs. The triggering event for recognition of FSCS levies has changed from 31 December of the preceding financial year to 1 April of the current financial year, resulting in levies recognised in the previous financial year being derecognised and recognised in the current financial year.

Comparatives have been restated for the impact of the change. As at 1 January 2014, retained earnings bought forward have been increased by £498,000. For the six months ended 30 June 2014, profit after tax has been reduced by £220,000, and total liabilities have been reduced by £278,000. For the year ended 31 December 2014, profit after tax has been increased by £41,000, and total liabilities have been reduced by £539,000.

Future new standards and interpretations

A number of new standards and amendments to standards and interpretations will be effective for future annual and interim periods and, therefore, have not been applied in preparing these condensed consolidated interim financial statements. IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers' are expected to have the most significant effect on the condensed consolidated interim financial statements and the consolidated financial statements of the group.

IFRS 9 'Financial Instruments' and IFRS 15 ' Revenue from Contracts with Customers' are not expected to become mandatory for periods commencing before 1 January 2018. The group does not plan to adopt these standards early and the extent of their impact has not yet been fully determined. These standards have not yet been adopted by the EU. IFRS 9 'Financial Instruments' could change the classification and measurement of financial assets and the timing and extent of credit provisioning. IFRS 15 'Revenue from Contracts with Customers' could change how and when revenue is recognised from contracts with customers.

2. Segmental information

For management purposes, the group is organised into two operating divisions: Investment Management and Unit Trusts. Centrally incurred indirect expenses are allocated to these 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. The allocation of these costs is shown in a separate column in the table below, alongside the information presented for internal reporting to the executive committee.

Six months ended 30 June 2015 (unaudited)	Investment Management £'000	Unit Trusts £'000	Indirect expenses £'000	Total £'000
Net investment management fee income	**69,129**	**8,613**	**-**	**77,742**
Net commission income	**26,337**	**-**	**-**	**26,337**
Net interest income	**5,496**	**-**	**-**	**5,496**
Fees from advisory services and other income	**5,828**	**1,430**	**-**	**7,258**
Underlying operating income	**106,790**	**10,043**	**-**	**116,833**
Staff costs - fixed	**(25,899)**	**(1,525)**	**(9,455)**	**(36,879)**
Staff costs - variable	**(15,480)**	**(1,872)**	**(3,356)**	**(20,708)**
Total staff costs	**(41,379)**	**(3,397)**	**(12,811)**	**(57,587)**
Other direct expenses	**(9,562)**	**(1,703)**	**(10,737)**	**(22,002)**
Allocation of indirect expenses	**(22,319)**	**(1,229)**	**23,548**	**-**
Underlying operating expenses	**(73,260)**	**(6,329)**	**-**	**(79,589)**
Underlying profit before tax	**33,530**	**3,714**	**-**	**37,244**
Charges in relation to client relationships and goodwill (note 10)	**(5,479)**	**-**	**-**	**(5,479)**
Segment profit before tax	**28,051**	**3,714**	**-**	**31,765**
Taxation (note 5)				**(6,473)**
Profit for the period attributable to equity holders of the company				**25,292**
Segment total assets	**1,894,746**	**42,070**		**1,936,816**
Unallocated assets				**4,101**
Total assets				**1,940,917**

Six months ended 30 June 2014 (unaudited) (restated - note 1)	Investment Management £'000	Unit Trusts £'000	Indirect expenses £'000	Total £'000
Net investment management fee income	56,800	6,151	-	62,951
Net commission income	23,547	-	-	23,547
Net interest income	4,366	-	-	4,366
Fees from advisory services and other income	6,129	1,122	-	7,251
Underlying operating income	90,842	7,273	-	98,115
Staff costs - fixed	(21,734)	(1,606)	(7,358)	(30,698)
Staff costs - variable	(12,533)	(1,315)	(3,374)	(17,222)
Total staff costs	(34,267)	(2,921)	(10,732)	(47,920)
Other direct expenses	(7,345)	(1,323)	(12,200)	(20,868)
Allocation of indirect expenses	(21,645)	(1,287)	22,932	-
Underlying operating expenses	(63,257)	(5,531)	-	(68,788)
Underlying profit before tax	27,585	1,742	-	29,327
Charges in relation to client relationships and goodwill (note 10)	(3,617)	-	-	(3,617)
Transaction costs (note 3)	(1,001)	-	-	(1,001)
Segment profit before tax	22,967	1,742	-	24,709
Gain on disposal of financial securities (note 3)				5,932
Profit before tax				30,641
Taxation (note 5)				(6,842)
Profit for the period attributable to equity holders of the company				23,799
Segment total assets	1,499,922	35,628		1,535,550
Unallocated assets				4,533
Total assets				1,540,083

2. Segmental information (continued)

Year ended 31 December 2014 (audited) (restated - note 1)	Investment Management £'000	Unit Trusts £'000	Indirect expenses £'000	Total £'000
Net investment management fee income	120,561	13,281	-	133,842
Net commission income	43,723	-	-	43,723
Net interest income	9,159	-	-	9,159
Fees from advisory services and other income	11,908	2,171	-	14,079
Underlying operating income	185,351	15,452	-	200,803
Staff costs - fixed	(43,885)	(3,304)	(14,760)	(61,949)
Staff costs - variable	(25,790)	(2,751)	(6,664)	(35,205)
Total staff costs	(69,675)	(6,055)	(21,424)	(97,154)
Other direct expenses	(17,013)	(2,788)	(22,292)	(42,093)
Allocation of indirect expenses	(41,085)	(2,631)	43,716	-
Underlying operating expenses	(127,773)	(11,474)	-	(139,247)
Underlying profit before tax	57,578	3,978	-	61,556
Refund of levies for the Financial Services Compensation Scheme (note 3)	907	75	-	982
Gain on disposal of pension administration business (note 3)	683	-	-	683
Charges in relation to client relationships and goodwill (note 10)	(8,287)	-	-	(8,287)
Transaction costs (note 3)	(1,057)	-	-	(1,057)
Segment profit before tax	49,824	4,053	-	53,877
Gain on disposal of financial securities (note 3)				6,833
Contribution to legal settlement (note 3)				(15,000)
Profit before tax				45,710
Taxation (note 5)				(10,032)
Profit for the year attributable to equity holders of the company				35,678
Segment total assets	1,630,464	32,878		1,663,342
Unallocated assets				4,897
Total assets				1,668,239

The following table reconciles underlying operating income to operating income:

	Unaudited Six months to 30 June 2015 £'000	Unaudited Six months to 30 June 2014 £'000	Audited Year to 31 December 2014 £'000
Underlying operating income	**116,833**	98,115	200,803
Refund of levies for the Financial Services Compensation Scheme (note 3)	**-**	-	982
Gain on disposal of financial securities (note 3)	**-**	5,932	6,833
Gain on disposal of pension administration business (note 3)	**-**	-	683
Operating income	**116,833**	104,047	209,301

The following table reconciles underlying operating expenses to operating expenses:

(restated - note 1)	**Unaudited Six months to 30 June 2015 £'000**	Unaudited Six months to 30 June 2014 £'000	Audited Year to 31 December 2014 £'000
Underlying operating expenses	**79,589**	68,788	139,247
Charges in relation to client relationships and goodwill (note 10)	**5,479**	3,617	8,287
Transaction costs (note 3)	**-**	1,001	1,057
Contribution to legal settlement (note 3)	**-**	-	15,000
Operating expenses	**85,068**	73,406	163,591

Included within Investment Management operating income is £604,000 (30 June 2014: £179,000; 31 December 2014: £1,782,000) of fees and commissions receivable from Unit Trusts. Intersegment sales are charged at prevailing market prices.

2. Segmental information (continued)

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 2015 £'000	Unaudited Six months to 30 June 2014 £'000	Audited Year to 31 December 2014 £'000
United Kingdom	**112,909**	100,915	202,634
Jersey	**3,924**	3,132	6,667
Operating income	**116,833**	104,047	209,301

The group's non-current assets are substantially all 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 2015, the group provided investment management services to 47,000 clients (30 June 2014: 43,000; 31 December 2014: 46,000).

3. Operating income and expenses

In 2014, the following items were included in operating income and expenses. No corresponding income or expenses arose in 2015.

Refund of levies for the Financial Services Compensation Scheme
In December 2014, the group received partial refunds of its 2010/2011 year Financial Services Compensation Scheme (FSCS) levies, totalling £982,000 (six months ended 30 June 2014: £nil).

Gain on disposal of financial securities
During the six months ended 30 June 2014, the group disposed of its remaining holding of 300,000 shares in London Stock Exchange Group Plc for cash consideration of £5,932,000, recognising a gain on disposal of £5,932,000. In the second half of 2014, the group also disposed of its holding of 1,809 shares in Euroclear Plc for cash consideration of £931,000, recognising a gain on disposal of £901,000 and a total gain for the year ended 31 December 2014 of £6,833,000.

Gain on disposal of pension administration business
On 31 December 2014, the group disposed of its self invested personal pension (SIPP) administration business for cash consideration of £800,000, recognising a gain on disposal for the year then ended of £683,000, after deducting related costs (six months ended 30 June 2014: £nil).

Contribution to legal settlement
On 23 July 2014 the company entered into a conditional agreement to contribute to a settlement of legal proceedings in Jersey involving a former director and employee of Rathbone Trust Company Jersey Limited and in respect of legal proceedings against certain of Rathbones' civil liability (professional indemnity) insurers.

The settlement became unconditional on 18 August 2014 and the company contributed £15,000,000 as its share of the settlement.

Transaction costs
During the year ended 31 December 2014, the group incurred £1,031,000 of legal and advisory fees in relation to corporate transactions entered into during the year and £26,000 of listing authority fees in relation to the placing of ordinary shares in April 2014, resulting in transaction costs of £1,057,000 (six months ended 30 June 2014: £1,001,000).

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 2015	Unaudited Six months to 30 June 2014	Audited Year to 31 December 2014
Investment Management:			
- investment management services	**598**	523	543
- advisory services	**74**	72	73
Unit Trusts	**45**	30	32
Shared services	**239**	228	232
	956	853	880

5. Taxation

The tax expense for the six months ended 30 June 2015 was calculated based on the estimated average annual effective tax rate. The overall effective tax rate for this period was 20.4% (six months ended 30 June 2014: 22.3%; year ended 31 December 2014: 21.9% (restated - note 1)).

	Unaudited Six months to 30 June 2015 £'000	Unaudited Six months to 30 June 2014 £'000 (restated - note 1)	Audited Year to 31 December 2014 £'000 (restated – note 1)
United Kingdom taxation	**5,568**	6,338	10,216
Overseas taxation	**103**	79	246
Deferred taxation	**802**	425	(430)
	6,473	6,842	10,032

The underlying UK corporation tax rate for the year ending 31 December 2015 is 20.2% (2014: 21.5%).

Deferred tax assets and liabilities are calculated at 20%, which is the rate that is currently in force. The changes announced in the summer budget on 8 July 2015 have yet to be substantively enacted and therefore have not been reflected in the above.

6. Dividends

An interim dividend of 21.0p per share was declared on 27 July 2015 and is payable on 7 October 2015 to shareholders on the register at the close of business on 11 September 2015 (30 June 2014: 19.0p). In accordance with IFRS, the interim dividend has not been included as a liability in this interim statement. A final dividend for 2014 of 33.0p per share was paid on 19 May 2015.

7. Earnings per share

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

	Unaudited Six months to 30 June 2015 Pre-tax £'000	**Unaudited Six months to 30 June 2015 Post-tax £'000**	Unaudited Six months to 30 June 2014 (restated - note 1) Pre-tax £'000	Unaudited Six months to 30 June 2014 (restated - note 1) Post-tax £'000	Audited Year to 31 December 2014 (restated - note 1) Pre-tax £'000	Audited Year to 31 December 2014 (restated - note 1) Post-tax £'000
Underlying profit attributable to equity holders	**37,244**	**29,662**	29,327	22,768	61,556	48,119
Refund of levies for the Financial Services Compensation Scheme (note 3)	**-**	**-**	-	-	982	771
Gain on disposal of financial securities (note 3)	**-**	**-**	5,932	4,657	6,833	5,364
Gain on disposal of pension administration business (note 3)	**-**	**-**	-	-	683	536
Charges in relation to client relationships and goodwill (note 10)	**(5,479)**	**(4,370)**	(3,617)	(2,840)	(8,287)	(6,506)
Contribution to legal settlement (note 3)	**-**	**-**	-	-	(15,000)	(11,776)
Transaction costs (note 3)	**-**	**-**	(1,001)	(786)	(1,057)	(830)
Profit attributable to equity holders	**31,765**	**25,292**	30,641	23,799	45,710	35,678

Basic earnings per share has been calculated by dividing profit attributable to equity holders by the weighted average number of shares in issue throughout the period, excluding own shares, of 47,525,980 (30 June 2014: 46,523,342; 31 December 2014: 46,971,196).

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

	Unaudited 30 June 2015	Unaudited 30 June 2014	Audited 31 December 2014
Weighted average number of ordinary shares in issue during the period – basic	**47,525,980**	46,523,342	46,971,196
Effect of ordinary share options/Save As You Earn	**160,451**	26,901	21,684
Effect of dilutive shares issuable under the Share Incentive Plan	**18,464**	131,247	63,866
Effect of contingently issuable ordinary shares under Long Term and Executive Incentive Plans	**217,470**	193,905	247,202
Diluted ordinary shares	**47,922,365**	46,875,395	47,303,948

	Unaudited Six months to 30 June 2015	Unaudited Six months to 30 June 2014 (restated - note 1)	Audited Year to 31 December 2014 (restated - note 1)
Underlying earnings per share for the period attributable to equity holders of the company:			
- basic	**62.4p**	48.9p	102.4p
- diluted	**61.9p**	48.6p	101.7p

8 Loans and advances to customers

	Unaudited 30 June 2015 £'000	Unaudited 30 June 2014 £'000	Audited 31 December 2014 £'000
Overdrafts	**5,997**	3,703	3,331
Investment management loan book	**93,971**	86,960	97,392
Trust and pension debtors	**1,012**	1,124	909
Other debtors	**16**	14	8
	100,996	91,801	101,640

9. Property, plant and equipment

During the six months ended 30 June 2015, the group purchased assets with a cost of £1,056,000 (six months ended 30 June 2014:£899,000; year ended 31 December 2014: £1,666,000).

Assets with a net book value of £21,000 were disposed of in the six months ended 30 June 2015 (six months ended 30 June 2014: no disposals; year ended 31 December 2014: £nil) resulting in a gain on disposal of £nil (six months ended 30 June 2014: no disposals; year ended 31 December 2014: £8,000).

10. Intangible assets

	Goodwill £'000	Client relationships £'000	Software development costs £'000	Purchased software £'000	Total Intangibles £'000
Cost					
At 1 January 2015	58,234	124,679	4,034	19,104	**206,051**
Internally developed in the period	-	-	248	-	**248**
Purchased in the period	-	7,273	-	1,076	**8,349**
Disposals	-	(762)	-	-	**(762)**
At 30 June 2015	**58,234**	**131,190**	**4,282**	**20,180**	**213,886**
Amortisation and impairment					
At 1 January 2015	350	28,959	3,220	13,868	**46,397**
Charge in the period	319	5,160	199	909	**6,587**
Disposals	-	(762)	**-**	**-**	**(762)**
At 30 June 2015	**669**	**33,357**	**3,419**	**14,777**	**52,222**
Carrying value at 30 June 2015 (unaudited)	**57,565**	**97,833**	**863**	**5,403**	**161,664**
Carrying value at 30 June 2014 (unaudited)	47,130	64,926	703	5,038	**117,797**
Carrying value at 31 December 2014 (audited)	57,884	95,720	814	5,236	**159,654**

The total amount charged to profit or loss in the period, in relation to goodwill and client relationships, was £5,479,000 (six months ended 30 June 2014: £3,617,000; year ended 31 December 2014: £8,287,000). A further £1,623,000 (six months ended 30 June 2014: £904,000; year ended 31 December 2014: £2,824,000) was expensed as staff costs during the period, representing amounts due for client relationships introduced more than 12 months after the cessation of any non-compete period.

During the period, the group updated its assessment of goodwill allocated to the investment management, trust and tax and Rooper & Whately cash generating units (CGUs) for impairment.

The recoverable amounts of goodwill allocated to the CGUs are determined from value-in-use calculations. There was no indication of impairment of goodwill allocated to the investment management or Rooper & Whately CGUs during the period.

The calculated recoverable amount of goodwill allocated to the trust and tax CGU at 30 June 2015 was £1,285,000, which was lower than the carrying value of £1,604,000 at 31 December 2014. The recoverable amount was calculated based on forecast earnings for the current year, extrapolated using a growth rate of 1.0% for revenues for a ten year period (31 December 2014: 1.5%). The pre-tax rate used to discount the forecast cash flows was 13% (31 December 2014: 13%) as the group judges this discount rate appropriately reflects the market in which the CGU operates and, in particular, its small size. The group has therefore recognised an impairment charge of £319,000 during the period. This impairment has been included in the Investment Management segment in the segmental analysis (note 2).

11. Provisions for liabilities and charges

	Deferred, variable costs to acquire client relationship intangibles £'000	Deferred, variable consideration in business combinations £'000	Legal and compensation £'000	Property-related £'000	Total £'000
At 1 January 2014	8,450	-	483	973	9,906
Charged to profit or loss	-	-	170	54	224
Unused amount credited to profit or loss	-	-	(253)	-	(253)
Net credit to profit or loss	-	-	(83)	54	(29)
Business combinations	-	32,042	-	-	32,042
Other movements	14,404	-	-	-	14,404
Utilised/paid during the period	(2,571)	-	(81)	-	(2,652)
At 30 June 2014 (unaudited)	20,283	32,042	319	1,027	53,671
Charged to profit or loss	-	-	354	55	409
Unused amount credited to profit or loss	-	-	-	-	-
Net charge to profit or loss	-	-	354	55	409
Business combinations	-	(12)	-	-	(12)
Other movements	6,669	-	-	-	6,669
Utilised/paid during the period	(7,773)	(32,000)	(20)	-	(39,793)
At 1 January 2015 (audited)	**19,179**	**30**	**653**	**1,082**	**20,944**
Charged to profit or loss	**-**	**-**	**127**	**82**	**209**
Unused amount credited to profit or loss	**-**	**(7)**	**(47)**	**-**	**(54)**
Net charge to profit or loss	**-**	**(7)**	**80**	**82**	**155**
Other movements	**7,273**	**-**	**-**	**-**	**7,273**
Utilised/paid during the period	**(10,040)**	**(23)**	**(140)**	**-**	**(10,203)**
At 30 June 2015 (unaudited)	**16,412**	**-**	**593**	**1,164**	**18,169**
Payable within 1 year	**9,131**	**-**	**593**	**-**	**9,724**
Payable after 1 year	**7,281**	**-**	**-**	**1,164**	**8,445**
At 30 June 2015 (unaudited)	**16,412**	**-**	**593**	**1,164**	**18,169**

Deferred, variable costs to acquire client relationship intangibles
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 2015 includes £7,221,000 (30 June 2014: £nil; 31 December 2014: £11,132,000) in relation to the purchase of part of Deutsche Asset & Wealth Management's London-based private client investment management business on 5 June 2014. The final amount payable will be based on the value of transferred funds under management retained by the group at 31 December 2015.

Deferred, variable consideration in business combinations
Deferred, variable consideration in business combinations at 31 December 2014 consisted of £30,000 (30 June 2014: £42,000) payable following the acquisition of Rooper and Whately. The final amount payable was calculated as £23,000 and paid in March 2015.

Property-related
Property-related provisions consist of £1,164,000 in relation to dilapidation provisions expected to arise on leasehold premises held by the group (30 June 2014: £1,027,000; 31 December 2014: £1,082,000). Dilapidation provisions are calculated using a discounted cash flow model; during the six months ended 30 June 2015, provisions have increased by £82,000 (30 June 2014: £54,000; 31 December 2014: £109,000) due to the impact of discounting and taking on a new lease during the period.

Ageing of provisions
Provisions payable after one year are expected to be settled within two years of the balance sheet date, except for property-related provisions of £1,164,000, which are expected to be settled within 21 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 some 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 2015 % p.a.	Unaudited 30 June 2014 % p.a.	Audited 31 December 2014 % p.a.
Rate of increase in salaries	**4.30**	4.40	4.10
Rate of increase of pensions in payment:			
- Laurence Keen Scheme	**3.50**	3.60	3.40
- Rathbones 1987 Scheme	**3.20**	3.30	3.10
Rate of increase of deferred pensions	**3.30**	3.40	3.10
Discount rate	**3.90**	4.40	3.80
Inflation*	**3.30**	3.40	3.10

* Inflation assumptions are based on the Retail Prices Index

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

	Unaudited 30 June 2015 Males	**Unaudited 30 June 2015 Females**	Unaudited 30 June 2014 Males	Unaudited 30 June 2014 Females	Audited 31 December 2014 Males	Audited 31 December 2014 Females
Retiring today	**24.2**	**26.4**	24.2	26.2	24.2	26.3
Retiring in 20 years	**26.5**	**28.6**	26.5	28.1	26.4	28.5

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 2015 £'000	**Unaudited Laurence Keen Scheme 30 June 2015 £'000**	Unaudited Rathbone 1987 Scheme 30 June 2014 £'000	Unaudited Laurence Keen Scheme 30 June 2014 £'000	Audited Rathbone 1987 Scheme 31 December 2014 £'000	Audited Laurence Keen Scheme 31 December 2014 £'000
Present value of defined benefit obligations	**(166,066)**	**(15,309)**	(142,093)	(15,915)	(163,859)	(16,770)
Fair value of scheme assets	**155,486**	**15,058**	137,742	16,591	150,582	16,337
Total (deficit)/surplus	**(10,580)**	**(251)**	(4,351)	676	(13,277)	(433)

The group made special contributions into its pension schemes of £2,792,000 during the period (30 June 2014: £1,963,000;31 December 2014: £3,105,000).

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 2014	46,287,664		2,315	65,484	67,799
Shares issued:					
- on placing	1,343,000	1,814.0	66	23,511	23,577
- to Share Incentive Plan	117,859	1,634.0 - 1,946.0	6	2,101	2,107
- to Save As You Earn scheme	26,788	934.0	1	249	250
- on exercise of options	33,976	743.5 - 1,172.0	2	290	292
At 30 June 2014 (unaudited)	47,809,287		2,390	91,635	94,025
Shares issued:					
- to Share Incentive Plan	62,648	1,874.0 - 1,920.0	4	1,194	1,198
- to Save As You Earn scheme	1,834	934.0 - 1,106.0	-	18	18
- on exercise of options	16,500	852.0	1	140	141
At 31 December 2014 (audited)	**47,890,269**		**2,395**	**92,987**	**95,382**
Shares issued:					
- to Share Incentive Plan	**139,573**	**1,934.0 - 2,264.0**	**7**	**2,873**	**2,880**
- to Save As You Earn scheme	**31,813**	**984.0 - 1,556.0**	**1**	**314**	**315**
- on exercise of options	**107**	**1,172.0**	**-**	**1**	**1**
At 30 June 2015 (unaudited)	**48,061,762**		**2,403**	**96,175**	**98,578**

At 30 June 2015, the group held 388,831 own shares (30 June 2014: 420,589; 31 December 2014: 411,195).

14. Financial instruments

The table below analyses group's 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 2015 (unaudited)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Available for sale securities:				
- equity securities	**880**	**-**	**-**	**880**
- money market funds	**-**	**49,971**	**-**	**49,971**
Derivative financial instruments	**-**	**-**	**700**	**700**
Total financial assets	**880**	**49,971**	**700**	**51,551**

At 30 June 2014 (unaudited)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Available for sale securities:				
- equity securities	**491**	**-**	**699**	**1,190**
- money market funds	**-**	**37,651**	**-**	**37,651**
Derivative financial instruments	**-**	**-**	**1,030**	**1,030**
Total financial assets	**491**	**37,651**	**1,729**	**39,871**

At 31 December 2014 (audited)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Available for sale securities:				
- equity securities	**514**	**-**	**-**	**514**
- money market funds	**-**	**15,000**	**-**	**15,000**
Derivative financial instruments	**-**	**-**	**1,030**	**1,030**
Total financial assets	**514**	**15,000**	**1,030**	**16,544**

The group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There have been no transfers between levels during the period.

14. Financial instruments (continued)

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.

Level 3 financial instruments

Derivative financial instruments

As part of its ownership of 19.9% of the ordinary share capital of Vision Independent Financial Planning Limited and Castle Investment Solutions Limited, the group is party to certain option contracts over the remaining 80.1% of the share capital of these companies.

The option contracts are valued together and are carried at fair value. The fair value 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	138	(206)
5 percentage point change in commissions payable	(341)	387
10% change in the rate of growth in funds under management	297	(179)
5 percentage point shift in probability of occurrence between two highest growth scenarios	273	(273)
1 percentage point change in the discount rate	(154)	164

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

	Derivative financial instruments £'000	Total £'000
At 1 January 2015	1,030	1,030
Total unrealised gains and losses recognised in:		
- profit or loss	(330)	(330)
At 30 June 2015 (unaudited)	**700**	**700**

The loss relating to the derivative financial instruments is included within 'other operating costs' in the consolidated interim statement of 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.

The fair values of the group's other financial assets and liabilities are not materially different from their carrying values with the exception of held to maturity investment debt securities. Debt securities comprise bank and building society certificates of deposit, which have fixed coupons and UK treasury bills. The fair value of debt securities at 30 June 2015 was £676,125,000 (30 June 2014:£454,833,000; 31 December 2014: £431,496,000) and the carrying value was £674,177,000 (30 June 2014: £453,714,000; 31 December 2014: £429,974,000). Fair value for held to maturity assets is based on market bid prices.

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.

(b) Capital expenditure authorised and contracted for at 30 June 2015 but not provided for in the condensed consolidated interim financial statements amounted to £653,000 (30 June 2014: £490,000; 31 December 2014: £122,000).

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

	Unaudited 30 June 2015 £’000	Unaudited 30 June 2014 £’000	Audited 31 December 2014 £’000
Guarantees	**578**	578	578
Undrawn commitments to lend of 1 year or less	**17,208**	14,800	14,634
	17,786	15,378	15,212

The fair value of the guarantees is £nil (30 June 2014 and 31 December 2014: £nil).

(d) The arrangements put in place by the Financial Services Compensation Scheme (FSCS) to protect depositors and investors from loss in the event of failure of financial institutions has resulted in significant levies on the industry in recent years. The financial impact of unexpected FSCS levies is largely out of the group’s control as they result from other industry failures.

There is uncertainty over the level of future FSCS levies as they depend on the ultimate cost to the FSCS of industry failures. The group contributes to the deposit class, investment fund management class and investment intermediation levy classes and accrues levy costs for future levy years when the obligation arises.

As detailed in note 1, the group has adopted IFRIC 21 'Levies' in the current period. Comparative figures have been restated for the impact of this. Levies of £686,000 have been included within administrative expenses in 2015 (six months ended 30 June 2014 and year ended 31 December 2014: £634,000). It is only possible for the group to estimate its share of these losses until invoices are received. In addition to the FSCS levies accrued in the year 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 2015 £'000	Unaudited 30 June 2014 £'000	Audited 31 December 2014 £'000
Cash and balances at central banks	**703,338**	591,005	727,178
Loans and advances to banks	**72,280**	75,068	93,638
Available for sale investment securities	**49,971**	37,651	15,000
	825,589	703,724	835,816

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 2015 £'000	Unaudited Six months to 30 June 2014 £'000	Audited Year to 31 December 2014 £'000
Share capital issued (note 13)	**8**	75	80
Share premium on shares issued (note 13)	**3,188**	26,151	27,503
Purchase of newly issued shares for the purposes of share-based schemes	**(1,894)**	(1,250)	(1,655)
	1,302	24,976	25,928

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 £38,000 were paid in the period (six months ended 30 June 2014: £59,000; year ended 31 December 2014: £93,000) in respect of ordinary shares held by key management personnel.

As at 30 June 2015, the group had provided interest-free season ticket loans of £2,000 (30 June 2014 and 31 December 2014: £nil) to key management personnel.

At 30 June 2015, key management personnel and their close family members had gross outstanding deposits of £306,000 (30 June 2014: £1,052,000; 31 December 2014: £838,000) and gross outstanding loans of £4,139,000 (30 June 2014: £6,586,000; 31 December 2014: £3,859,000) 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 21 unit trusts and OEICs during the first half of 2015 (six months ended 30 June 2014: 21 unit trusts and OEICs; year ended 31 December 2014: 21 unit trusts and OEICs). Total management charges of £12,607,000 (six months ended 30 June 2014: £11,188,000; year ended 31 December 2014: £23,061,000) 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 2015 totalled £2,094,000 (30 June 2014: £1,960,000; 31 December 2014: £2,076,000).

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 balance sheet date

On 27 July 2015, the group agreed the issue by Rathbone Investment Management Limited of £20 million of 10-year Tier 2 notes (the Notes). The Notes are repayable in August 2025, with a call option in August 2020 and annually thereafter. Interest is payable at a fixed rate of 5.856% until the first call option date and at a fixed margin of 4.375% over 6 month LIBOR thereafter.

An interim dividend of 21p per share was declared on 27 July 2015 (see note 6). There have been no other material events occurring between the balance sheet date and 27 July 2015.

Statement of directors' responsibilities in respect of the interim statement

Confirmation by the board

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.

Going concern basis of preparation

Details of the group's results, cash flows and resources, together with the risks it faces and other factors likely to affect its future development, performance and position are set out in this interim management report.

Group companies are regulated by the PRA and FCA and perform annual capital adequacy assessments, which include the modelling of certain extreme stress scenarios. The group publishes Pillar 3 disclosures annually on its website, which provide further detail about its regulatory capital resources and requirements. During the first half of 2015, and as at 30 June 2015, the group has had no external borrowings and is wholly funded by equity.

In 2015, the group has generated organic growth in client funds under management and this is expected to continue. We believe that the company is well-placed to manage its business risks successfully despite the continuing uncertain economic and political outlook.

As we have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, we continue to adopt the going concern basis of accounting in preparing the condensed consolidated interim financial statements. In forming our view, we have considered the company's prospects for a period exceeding 12 months from the date the condensed consolidated interim financial statements are approved.

By Order of the Board

Philip Howell
Chief Executive

27 July 2015

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 2015 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 2015 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FCA.

Nicholas Edmonds
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square, London E14 5GL

27 July 2015